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For Today's Calendar

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 HOUSE CS FOR CS FOR SENATE BILL NO. 199 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to support for schools and amending
7 the public school foundation program; and providing for
8 an effective date."

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 * Section 1. AS 14.08.111 is amended by adding a new paragraph to read:

11 (9) submit to the commissioner by June 1 of each fiscal year,
12 a report describing the improvements which will be made in the quality
13 or quantity of instructional services provided to students in attendance
14 in the district for the following fiscal year; the report submitted for
15 fiscal years beginning after June 30, 1981, shall include an evaluation
16 of the extent to which the improvements proposed for the prior fiscal
17 year have been achieved.

18 * Sec. 2. AS 14.14.090 is amended by adding a new paragraph to read:

19 (7) submit to the commissioner by June 1 of each fiscal year,
20 a report describing the improvements which will be made in the quality
21 or quantity of instructional services provided to students in attendance
22 in the district for the following fiscal year; the report submitted for
23 fiscal years beginning after June 30, 1981, shall include a detailed
24 evaluation of the extent to which the improvements proposed for the
25 prior fiscal year have been achieved.

26 * Sec. 3. AS 14.17.021 is repealed and re-enacted to read:

27 Sec. 14.17.021. BASIC STATE AID. (a) The amount of basic state
28 aid for which each district is eligible is calculated by multiplying the
29 instructional unit allotment of the district as established under AS 14.-

1 17.052 by the number of allowable instructional units in the district as
2 established under AS 14.17.031 and 14.17.041.

3 (b) To the maximum extent permitted under sec. 5(d)(2) of P.L.
4 81-874, as amended, (20 U.S.C. 240(d)) and the regulations adopted under
5 it (45 C.F.R. 115.60-115.66), the amount of basic state aid to a district
6 shall be reduced by the entitlement of the district to federal financial
7 assistance under P.L. 81-874, as amended, (20 U.S.C. 236-244), for the
8 prior fiscal year.

9 * Sec. 4. AS 14.17.022 is amended to read:

10 Sec. 14.17.022. FUNDS FOR CENTRALIZED CORRESPONDENCE STUDY. Funds
11 for providing centralized correspondence study programs for students not
12 enrolled in an approved school district correspondence study program may
13 [SHALL] include an appropriation [FROM THE PUBLIC SCHOOL FOUNDATION
14 ACCOUNT] in an amount not to exceed the amount calculated by multiplying
15 the base instructional unit by the total number of instructional units
16 as determined by applying the number of correspondence students to
17 AS 14.17.041(a).

18 * Sec. 5. AS 14.17 is amended by adding a new section to read:

19 Sec. 14.17.023. SUPPLEMENTAL EQUALIZATION AID. (a) In addition
20 to basic state aid under AS 14.17.021, each district is entitled to
21 supplemental equalization aid, as determined in (b), (c) and (d) of this
22 section.

23 (b) The amount of supplemental equalization aid for a district is
24 calculated by multiplying the ADM of the district as reported for the
25 prior fiscal year under AS 14.17.180 by the amount per ADM calculated in
26 (c) of this section.

27 (c) The amount per ADM of supplemental equalization aid is calcu-
28 lated as the amount equal to the average local tax contributions per
29 pupil in average daily membership for school operating costs in the city

1 and borough school districts in the prior fiscal year, or in the fiscal
2 year ending July 30, 1979, whichever is higher.

3 (d) The amount of supplemental equalization aid determined in (b)
4 of this section shall be reduced in those districts that provide local
5 tax contributions by the amount of the average local tax contributions
6 per pupil determined in the district under (c) of this section.

7 * Sec. 6. AS 14.17.031(b) is amended to read:

8 (b) A school district shall compute separately the number of
9 allowable instructional units for each of its elementary and secondary
10 schools except as provided in (c) of this section.

11 * Sec. 7. AS 14.17.031(d) is amended to read:

12 (d) If the instructional units which a school district is entitled
13 to under (a) of this section decrease by 10 percent or more from one
14 year to the next, the school district may use the last year before the
15 reduction as a base year and offset its reduction according to the
16 following schedule: (1) for the first year after the base year, the
17 school district is entitled to the instructional units determined under
18 (a)(1) [(a)] of this section plus 75 percent of the difference in in-
19 structional units between the base year and the first year; (2) for the
20 second year after the base year, the school district is entitled to the
21 instructional units determined under (a)(1) [(a)] of this section plus
22 50 percent of the difference in instructional units between the base
23 year and the second year; (3) for the third year after the base year,
24 the school district is entitled to the instructional units determined
25 under (a)(1) [(a)] of this section plus 25 percent of the difference in
26 instructional units between the base year and the third [SECOND] year.
27 The schedule established in this subsection is available to a school
28 district for the three years following the base year only so long as the
29 entitlement to instructional units under (a)(1) [(a)] of this section

1 for each year is less than the entitlement in the base year. This sub-
2 section does not apply to a decrease in instructional units resulting
3 from a loss of enrollment which occurs as a result of a boundary change
4 under AS 29.

5 * Sec. 8. AS 14.17.031 is amended by adding a new subsection to read:

6 (e) The commissioner may authorize a school district operating a
7 school in a remote area to calculate the number of instructional units
8 to which the remote school would be entitled if that school were a
9 separate school district and to include that number of instructional
10 units in the total number of instructional units for the district.

11 * Sec. 9. AS 14.17.041(a) is repealed and re-enacted to read:

12 (a) Elementary schools:

13 ADM	No. Instructional Units
14 under 32	3
15 32 - 46	4
16 47 - 62	5
17 63 - 80	6
18 81 and over	6 plus 1 for each 18 19 pupils in ADM or 20 fraction of 18

21 * Sec. 10. AS 14.17.041(c) is repealed and re-enacted to read:

22 (c) Secondary schools:

23 ADM	No. Instructional Units
24 under 30	4
25 30 - 59	6
26 60 - 89	8
27 90 and over	10 plus 1 for each 28 20 pupils or 29 fraction of 20

1 * Sec. 11. AS 14.17.041(c) is amended to read:

2 (c) Secondary schools:

3 ADM	No. Instructional Units
4 under 30	4
5 30 - 59	6
6 60 - 89	8
7 90 and over	10 plus 1 for each
	8
	18 [20] pupils or
	fraction of 18 [20]

10 * Sec. 12. AS 14.17.051(8) is amended to read:

11 (8) for Pribilof Islands School District, Aleutian Chain
12 School District, King Cove City School District, Sand Point City School
13 District, and Unalaska City School District, the district or area is en-
14 titled to receive 150 percent of the base instructional unit allotment;

15 * Sec. 13. AS 14.17 is amended by adding a new section to read:

16 Sec. 14.17.052. INSTRUCTIONAL UNIT ALLOTMENT DIFFERENTIAL AND
17 REVISION. (a) The commissioner shall establish by regulation, effec-
18 tive July 1, 1981, a table of differential instructional unit allotment
19 values for all school districts, with the Anchorage district as the base
20 unit value.

21 (b) The commissioner shall revise the table of differential in-
22 structional unit allotment values for the following fiscal years bi-
23 ennially by January 15 by regulation. The revision shall be based on a
24 biennial study made by the University of Alaska. The study shall estab-
25 lish the appropriate differential elements and weighting factors for
26 instructional units and shall include a process for periodic revisions
27 of the differential instructional unit allotment values.

28 (c) The commissioner shall use the table of differential instruc-
29 tional unit allotment values and the revisions to that table in deter-

1 mining state aid under this chapter.

2 * Sec. 14. AS 14.17.056 is repealed and re-enacted to read:

3 Sec. 14.17.056. BASE INSTRUCTIONAL UNIT VALUE. The base instruc-
4 tional unit value for fiscal years beginning on or after July 1, 1980,
5 is \$34,228.

6 * Sec. 15. AS 14.17.056 is amended to read:

7 Sec. 14.17.056. BASE INSTRUCTIONAL UNIT VALUE. The base instruc-
8 tional unit value for fiscal years beginning on or after July 1, 1981
9 [1980], is \$37,000 [\$34,228].

10 * Sec. 16. AS 14.17 is amended by adding a new section to read:

11 Sec. 14.17.081. MINIMUM EXPENDITURE FOR INSTRUCTION. (a) Each
12 district shall budget for and spend a minimum of 55 percent of its
13 school operating fund in each fiscal year on the instructional component
14 of the district budget.

15 (b) The commissioner shall reject a district budget which does not
16 comply with this section, and shall withhold payments of state aid from
17 that district until the school board of the district revises the dis-
18 trict budget to conform with this section.

19 (c) The commissioner shall review the annual audits of each dis-
20 trict for compliance with the expenditure requirements of this section.
21 If a district does not meet those requirements, the commissioner shall
22 calculate the percentage of deficiency in required expenditures and
23 withhold that percentage from state aid paid to the district in the next
24 fiscal year.

25 (d) The commissioner shall submit an annual report on state aid
26 payments withheld under (c) of this section to the Legislative Budget
27 and Audit Committee by January 15 of each year.

28 * Sec. 17. AS 14.17 is amended by adding a new section to read:

29 Sec. 14.17.082. DEDUCTION OF STATE AID FOR FUND BALANCE INCREASE.

1 The commissioner shall review the annual audit of each district to
2 ascertain changes in the year-end operating fund balance of the district.
3 If an annual audit indicates that a district has an increase in its
4 year-end operating fund balance over the year-end operating fund balance
5 for the preceding year, and the resulting balance exceeds eight percent
6 of the school operating fund expenditures, the commissioner shall deduct
7 50 percent of that increase in calculating state aid for that district
8 under AS 14.17.021. The commissioner shall submit an annual report of
9 deductions made under this section to the Legislative Budget and Audit
10 Committee by January 15 of each year.

11 * Sec. 18. AS 14.17.180 is amended to read:

12 Sec. 14.17.180. PAYMENT UNDER FINAL COMPUTATION. Before June 16
13 each district shall transmit to the commissioner a final computation of
14 the district's state aid. The commissioner shall process each dis-
15 trict's computation in the manner provided by AS 14.17.150(a). However,
16 in no event may the entitlement of a school district to state aid under
17 AS 14.17.021 be less than that computed under this section for the pre-
18 ceding fiscal year, except as otherwise provided in AS 14.17.031 [AS 14.-
19 17.170]. Additional state aid shall be obligated by the commissioner
20 before June 30. If the district received more state aid money than it
21 was entitled to under this chapter, it shall immediately, after notice
22 from the commissioner of the overpayment, remit the amount of over-
23 payment to the commissioner to be returned to the public school foun-
24 dation account.

25 * Sec. 19. AS 14.17.190 is amended by adding a new subsection to read:

26 (c) A district may not be paid money appropriated to the foundation
27 account in any fiscal year unless its board has submitted the report
28 required by AS 14.14.090(7) or AS 14.08.111(9).

29 * Sec. 20. AS 14.17.225 is repealed and re-enacted to read:

1 Sec. 14.17.225. CONSTRUCTION AND IMPLEMENTATION OF CHAPTER. (a)
2 This chapter may not be construed so as to create a debt of the state.

3 (b) Money to carry out the provisions of AS 14.17.021 - 14.17.023
4 may be appropriated annually by the legislature into the public school
5 foundation account.

6 (c) If the amount of money in the public school foundation account
7 is insufficient to pay the state aid authorized under AS 14.17.021 -
8 14.17.024, the available money shall be distributed as follows:

- 9 (1) first for full allocation under AS 14.17.021;
10 (2) next for full allocation under AS 14.17.022; and
11 (3) last for allocation under AS 14.17.023.

12 (d) If the amount of money in the public school foundation account
13 is insufficient to provide a full allocation under (c)(1) - (3) of this
14 section, the amount of money available shall be distributed pro rata
15 among the districts.

16 (e) Money necessary to carry out the provisions of AS 14.17.205
17 may be appropriated annually to the department. If the amount appro-
18 priated is insufficient to meet the allocations authorized under AS 14.-
19 17.205, the amount shall be distributed pro rata among eligible dis-
20 tricts.

21 * Sec. 21. AS 14.17.250(3) is amended to read:

22 (3) "district" means any city or borough school district or
23 regional educational attendance area;

24 * Sec. 22. AS 14.17.250(9) is repealed and re-enacted to read:

25 (9) "secondary school" means a school of grades seven through
26 twelve, or an appropriate combination of grades within that range; when
27 grades seven, eight, nine, or ten are organized separately as a middle
28 or junior high school, or grades ten through twelve are organized sepa-
29 rately as a senior high school, each school is considered a separate

1 secondary school for the purposes of this chapter if

2 (A) the school is conducted in a separate school plant
3 facility, or

4 (B) the school is accredited by the Northwest Accrediting Association, or

5 (C) if a middle or junior high school, the school includes a minimum ADM of 20 students in grades seven and eight;

6 * Sec. 23. AS 14.17.041(d) and 14.17.215 are repealed.

7 * Sec. 24. AS 14.08.121; AS 14.17.041(b), 14.17.051 and 14.17.071 are
8 repealed.

9 * Sec. 25. Section 8 of this Act is retroactive to July 1, 1978.

10 * Sec. 26. Sections 1, 2, 4, 6, 7, 10, 13, 14, 16 - 19, 22 and 23 of this
11 Act take effect July 1, 1980.

12 * Sec. 27. Sections 3, 5, 9, 11, 15, 20, 21 and 24 of this Act take
13 effect July 1, 1981.

14 * Sec. 28. Sections 8 and 12 of this Act take effect immediately in
15 accordance with AS 01.10.070(c).

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