

Original sponsors: Dankworth, Stimson
and Sturgulewski

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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) am H

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 AS 14.17.021 is repealed and re-enacted to read: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 is amended by adding a new section to read:

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

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

18 (c) The amount per ADM of supplemental equalization aid is calcu-
19 lated as the amount equal to the average local tax contributions per
20 pupil in average daily membership for school operating costs in the city
21 and borough school districts in the prior fiscal year, or in the fiscal
22 year ending July 30, 1979, whichever is higher.

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

27 * Sec. 5. AS 14.17.031(b) is amended to read:

28 (b) A school district shall compute separately the number of
29 allowable instructional units for each of its elementary and secondary

1 schools except as provided in (c) of this section.

2 * Sec. 6. AS 14.17.031(d) is amended to read:

3 (d) If the instructional units which a school district is entitled
4 to under (a) of this section decrease by 10 percent or more from one
5 year to the next, the school district may use the last year before the
6 reduction as a base year and offset its reduction according to the
7 following schedule: (1) for the first year after the base year, the
8 school district is entitled to the instructional units determined under
9 (a)(1) [(a)] of this section plus 75 percent of the difference in in-
10 structional units between the base year and the first year; (2) for the
11 second year after the base year, the school district is entitled to the
12 instructional units determined under (a)(1) [(a)] of this section plus
13 50 percent of the difference in instructional units between the base
14 year and the second year; (3) for the third year after the base year,
15 the school district is entitled to the instructional units determined
16 under (a)(1) [(a)] of this section plus 25 percent of the difference in
17 instructional units between the base year and the third [SECOND] year.
18 The schedule established in this subsection is available to a school
19 district for the three years following the base year only so long as the
20 entitlement to instructional units under (a)(1) [(a)] of this section
21 for each year is less than the entitlement in the base year. This sub-
22 section does not apply to a decrease in instructional units resulting
23 from a loss of enrollment which occurs as a result of a boundary change
24 under AS 29.

25 * Sec. 7. AS 14.17.031 is amended by adding a new subsection to read:

26 (e) The commissioner may authorize a school district operating a
27 school in a remote area to calculate the number of instructional units
28 to which the remote school would be entitled if that school were a
29 separate school district and to include that number of instructional

1 units in the total number of instructional units for the district.

2 * Sec. 8. AS 14.17.041(a) is repealed and re-enacted to read:

3 (a) Elementary schools:

4 ADM	No. Instructional Units
5 under 32	3
6 32 - 46	4
7 47 - 62	5
8 63 - 80	6
9 81 and over	6 plus 1 for each 18
	pupils in ADM or
	fraction of 18

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

13 (c) Secondary schools:

14 ADM	No. Instructional Units
15 under 30	4
16 30 - 59	6
17 60 - 89	8
18 90 and over	10 plus 1 for each
	20 pupils or
	fraction of 20

21 * Sec. 10. AS 14.17.041(c) is amended 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
	<u>18</u> [20] pupils or
	fraction of <u>18</u> [20]

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1 * Sec. 11. AS 14.17.051(8) is amended to read:

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

6 * Sec. 12. AS 14.17 is amended by adding a new section to read:

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

12 (b) The commissioner shall revise the table of differential in-
13 structional unit allotment values for the following fiscal years bi-
14 ennially by January 15 by regulation. The revision shall be based on a
15 biennial study made by the University of Alaska. The study shall estab-
16 lish the appropriate differential elements and weighting factors for
17 instructional units and shall include a process for periodic revisions
18 of the differential instructional unit allotment values.

19 (c) The commissioner shall use the table of differential instruc-
20 tional unit allotment values and the revisions to that table in deter-
21 mining state aid under this chapter.

22 * Sec. 13. AS 14.17.056 is repealed and re-enacted to read:

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

26 * Sec. 14. AS 14.17.056 is amended to read:

27 Sec. 14.17.056. BASE INSTRUCTIONAL UNIT VALUE. The base instruc-
28 tional unit value for fiscal years beginning on or after July 1, 1981
29 [1980], is \$37,000 [\$34,228].

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

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

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

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

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

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

20 Sec. 14.17.082. DEDUCTION OF STATE AID FOR FUND BALANCE INCREASE.
21 The commissioner shall review the annual audit of each district to
22 ascertain changes in the year-end operating fund balance of the district.
23 If an annual audit indicates that a district has an increase in its
24 year-end operating fund balance over the year-end operating fund balance
25 for the preceding year, and the resulting balance exceeds eight percent
26 of the school operating fund expenditures, the commissioner shall deduct
27 50 percent of that increase in calculating state aid for that district
28 under AS 14.17.021. The commissioner shall submit an annual report of
29 deductions made under this section to the Legislative Budget and Audit

1 Committee by January 15 of each year.

2 * Sec. 17. AS 14.17.180 is amended to read:

3 Sec. 14.17.180. PAYMENT UNDER FINAL COMPUTATION. Before June 16
4 each district shall transmit to the commissioner a final computation of
5 the district's state aid. The commissioner shall process each dis-
6 trict's computation in the manner provided by AS 14.17.150(a). However,
7 in no event may the entitlement of a school district to state aid under
8 AS 14.17.021 be less than that computed under this section for the pre-
9 ceding fiscal year, except as otherwise provided in AS 14.17.031 [AS 14.-
10 17.170]. Additional state aid shall be obligated by the commissioner
11 before June 30. If the district received more state aid money than it
12 was entitled to under this chapter, it shall immediately, after notice
13 from the commissioner of the overpayment, remit the amount of over-
14 payment to the commissioner to be returned to the public school foun-
15 dation account.

16 * Sec. 18. AS 14.17.190 is amended by adding a new subsection to read:

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

20 * Sec. 19. AS 14.17.225 is repealed and re-enacted to read:

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

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

26 (c) If the amount of money in the public school foundation account
27 is insufficient to pay the state aid authorized under AS 14.17.021 -
28 14.17.024, the available money shall be distributed as follows:

29 (1) first for full allocation under AS 14.17.021;

1 (2) last for allocation under AS 14.17.023.

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

6 (e) Money necessary to carry out the provisions of AS 14.17.205
7 may be appropriated annually to the department. If the amount appro-
8 priated is insufficient to meet the allocations authorized under AS 14.-
9 17.205, the amount shall be distributed pro rata among eligible dis-
10 tricts.

11 * Sec. 20. AS 14.17.250(3) is amended to read:

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

14 * Sec. 21. AS 14.17.250(9) is repealed and re-enacted to read:

15 (9) "secondary school" means a school of grades seven through
16 twelve, or an appropriate combination of grades within that range; when
17 grades seven, eight, nine, or ten are organized separately as a middle
18 or junior high school, or grades ten through twelve are organized sepa-
19 rately as a senior high school, each school is considered a separate
20 secondary school for the purposes of this chapter if

21 (A) the school is conducted in a separate school plant
22 facility, or

23 (B) the school is accredited by the Northwest Accre-
24 diting Association, or

25 (C) if a middle or junior high school, the school in-
26 cludes a minimum ADM of 20 students in grades seven and eight;

27 * Sec. 22. AS 14.17.041(d) and 14.17.215 are repealed.

28 * Sec. 23. AS 14.08.121; AS 14.17.041(b), 14.17.051 and 14.17.071 are
29 repealed.

1 * Sec. 24. Section 7 of this Act is retroactive to July 1, 1978.
2 * Sec. 25. Sections 1, 2, 5, 6, 9, 12, 13, 15 - 18, 21 and 22 of this
3 Act take effect July 1, 1980.
4 * Sec. 26. Sections 3, 4, 8, 10, 14, 19, 20 and 23 of this Act take
5 effect July 1, 1981.
6 * Sec. 27. Sections 7 and 11 of this Act take effect immediately in
7 accordance with AS 01.10.070(c).

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