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1 IN THE SENATE

BY THE FREE CONFERENCE COMMITTEE

2 FREE CONFERENCE CS FOR SENATE BILL NO. 199

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 the management and support of
7 schools and amending the public school foundation
8 program; and providing for an effective date."

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

10 * Section 1. AS 14.08.121(a) is amended to read:

11 (a) The legislature shall fund the operational costs of the
12 regional educational attendance area schools in the following manner:

13 (1) the amount of basic need as defined in AS 14.17.021(b),
14 reduced by deducting, if [TO THE MAXIMUM EXTENT] permitted under
15 sec. 5(d)(2) of P.L. 81-874, as amended, (20 U.S.C. 240(d)) and the
16 regulations adopted under it (45 C.F.R. 115.60 - 115.66), up to 80
17 percent of the amount of the regional educational attendance area's
18 entitlement to federal financial assistance under P.L. 81-874, as
19 amended, (20 U.S.C. 236 - 244) for the prior fiscal year; and

20 (2) an additional amount equal to the average local tax
21 contributions per pupil in average daily membership (ADM) for school
22 operating costs in the city and borough school districts in the prior
23 fiscal year, but not less than \$880 per ADM in the fiscal year ending
24 June 30, 1981.

25 * Sec. 2. AS 14.14.140 is amended by adding a new subsection to read:

26 (c) A school board member may receive compensation for time spent
27 in the performance of his duties as a school board member if the
28 compensation is authorized by resolution adopted by the school board.
29 The restriction in (a) of this section does not apply to this compen-

1 sation.

2 * Sec. 3. AS 14.17.021(a) is amended to read:

3 (a) The amount of state aid for which each school district may
4 qualify is calculated by multiplying the basic need as defined in (b) of
5 this section by the equalized percentage as defined in (c) of this
6 section. If [TO THE MAXIMUM EXTENT] permitted under sec. 5(d)(2) of
7 P.L. 81-874, as amended, (20 U.S.C. 240(d)) and the regulations adopted
8 under it (45 C.F.R. 115.60 - 115.66), the amount of state aid may
9 [SHALL] be reduced by up to 80 percent of the amount of the school
10 district's entitlement to federal financial assistance under P.L.
11 81-874, as amended, (20 U.S.C. 236 - 244), for the prior fiscal year.

12 * Sec. 4. AS 14.17.021 is repealed and re-enacted to read:

13 Sec. 14.17.021. BASIC STATE AID. (a) The amount of basic state
14 aid for which each district is eligible is calculated by multiplying the
15 instructional unit allotment of the district as established under
16 AS 14.17.051 by the number of allowable instructional units in the
17 district as established under AS 14.17.041.

18 (b) If permitted under sec. 5(d)(2) of P.L. 81-874, as amended,
19 (20 U.S.C. 240(d)) and the regulations adopted under it (45 C.F.R.
20 115.60 - 115.66), the amount of basic state aid to a district may be
21 reduced by up to 80 percent of the entitlement of the district to
22 federal financial assistance under P.L. 81-874, as amended, (20 U.S.C.
23 236 - 244), for the prior fiscal year.

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

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

29 (b) The amount of supplemental equalization aid for a district is

1 calculated by multiplying the ADM of the district as reported for the
2 prior fiscal year under AS 14.17.180 by the amount per ADM calculated in
3 (c) of this section. This amount shall be reduced by the amount of the
4 average local tax contributions per pupil in average daily membership
5 for school operating costs in that district in the prior fiscal year or
6 in the fiscal year ending June 30, 1979, whichever is higher.

7 (c) The amount per ADM of supplemental equalization aid is calcu-
8 lated as the amount equal to the average local tax contributions per
9 pupil in average daily membership for school operating costs in the city
10 and borough school districts in the prior fiscal year.

11 (d) The amount of supplemental equalization aid for each district
12 determined in (b) of this section shall be adjusted by the district's
13 instructional unit allotment established in AS 14.17.051.

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

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

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

19 (d) If the instructional units which a school district is entitled
20 to under (a) of this section decrease by 10 percent or more from one
21 year to the next, the school district may use the last year before the
22 reduction as a base year and offset its reduction according to the
23 following schedule: (1) for the first year after the base year, the
24 school district is entitled to the instructional units determined under
25 (a)(1) [(a)] of this section plus 75 percent of the difference in in-
26 structional units between the base year and the first year; (2) for the
27 second year after the base year, the school district is entitled to the
28 instructional units determined under (a)(1) [(a)] of this section plus
29 50 percent of the difference in instructional units between the base

1 year and the second year; (3) for the third year after the base year,
 2 the school district is entitled to the instructional units determined
 3 under (a)(1) [(a)] of this section plus 25 percent of the difference in
 4 instructional units between the base year and the third [SECOND] year.
 5 The schedule established in this subsection is available to a school
 6 district for the three years following the base year only so long as the
 7 entitlement to instructional units under (a)(1) [(a)] of this section
 8 for each year is less than the entitlement in the base year. This sub-
 9 section does not apply to a decrease in instructional units resulting
 10 from a loss of enrollment which occurs as a result of a boundary change
 11 under AS 29.

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

13 (e) The commissioner may authorize a school district operating a
 14 school in a remote area to calculate the number of instructional units
 15 to which the remote school would be entitled if that school were a
 16 separate school district and to include that number of instructional
 17 units in the total number of instructional units for the district.

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

19 (a) Elementary schools:

ADM	No. Instructional Units
20 under 32	3
21 32 - 46	4
22 47 - 62	5
23 63 - 80	6
24 81 and over	6 plus 1 for each 18
	25 pupils in ADM or
	26 fraction of 18

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

28 (c) Secondary schools:

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

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

(c) Secondary schools:

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

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

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

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

Sec. 14.17.056. BASE INSTRUCTIONAL UNIT VALUE. The base instructional unit value for fiscal years beginning on or after July 1, 1980, is \$34,935.

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

Sec. 14.17.056. BASE INSTRUCTIONAL UNIT VALUE. The base instructional unit value for fiscal years beginning on or after July 1, 1981 [1980], is \$38,590 [\$34,935].

1 * Sec. 15. AS 14.17 is amended by adding new sections 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 expenditures in each fiscal year on the instructional
5 component of the district budget.

6 (b) The commissioner shall reject a district budget which does not
7 comply with (a) of this section and, unless a waiver has been granted by
8 the state Board of Education under (d) of this section, shall withhold
9 payments of state aid from that district, beginning with the payment for
10 the second full month after rejection and continuing until the school
11 board of the district revises the district budget to comply with (a) of
12 this section.

13 (c) The commissioner shall review the annual audit of each dis-
14 trict for compliance with the expenditure requirements of (a) of this
15 section. If he determines that a district does not meet those require-
16 ments, the commissioner shall advise the district of his determination
17 and calculate the percentage of deficiency in required expenditure and
18 deduct that percentage from state aid paid to the district for the
19 current fiscal year, beginning with the payment for the second full
20 month after his determination, unless a waiver has been granted by the
21 state Board of Education under (d) of this section.

22 (d) A district which has been determined by the commissioner to be
23 out of compliance with the requirements of this section may, within 20
24 days of the commissioner's determination, request a waiver by the state
25 Board of Education of the imposition by the commissioner of any re-
26 duction in state aid payments under (b) or (c) of this section. The
27 request must be submitted to the Legislative Budget and Audit Committee
28 and must be in writing and include an analysis of the reasons and causes
29 for the district's inability to comply with the requirements of this

1 section. The Legislative Budget and Audit Committee shall review the
2 district's request and forward it, along with the committee's recom-
3 mendations on it, to the state Board of Education which shall either
4 grant or deny the waiver.

5 (e) The commissioner shall submit an annual report on actions
6 taken by him or the state Board of Education under this section to the
7 Legislative Budget and Audit Committee by April 15 of each year.

8 Sec. 14.17.082. FUND BALANCE CHANGES IN SCHOOL OPERATING FUND.

9 (a) Each district having at least 400 instructional units under
10 AS 14.17.031(a) may accumulate a fund balance in the school operating
11 fund of seven percent of its expenditures. Each district having less
12 than 400 instructional units may accumulate a fund balance of 10 percent
13 of its expenditures.

14 (b) The commissioner shall review the annual audit of each
15 district to ascertain changes in the year-end operating fund balance of
16 the districts, and notify districts and the state Board of Education,
17 through a written report, of any fund balance accumulation greater than
18 that permitted under (a) of this section.

19 (c) The state Board of Education shall review the reports sub-
20 mitted to it under (b) of this section and submit a report making
21 recommendations with respect to the legislative treatment of the fund
22 balances of those districts to the Legislative Budget and Audit Com-
23 mittee by April 15 of each year.

24 * Sec. 16. AS 14.17.180 is amended to read:

25 Sec. 14.17.180. PAYMENT UNDER FINAL COMPUTATION. Before June 16
26 each district shall transmit to the commissioner a final computation of
27 the district's state aid. The commissioner shall process each dis-
28 trict's computation in the manner provided by AS 14.17.150(a). However,
29 in no event may the entitlement of a school district to state aid under

1 AS 14.17.021 be less than that computed under this section for the pre-
2 ceding year, except as otherwise provided in AS 14.17.031, or under
3 AS 14.17.170, whichever is greater. Additional state aid shall be
4 obligated by the commissioner before June 30. If the district received
5 more state aid money than it was entitled to under this chapter, it
6 shall immediately, after notice from the commissioner of the overpay-
7 ment, remit the amount of overpayment to the commissioner to be returned
8 to the public school foundation account.

9 * Sec. 17. AS 14.17.250(3) is amended to read:

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

12 * Sec. 18. AS 14.17.250(9) is repealed and re-enacted to read:

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

19 (A) the school is conducted in a separate school plant
20 facility;

21 (B) the school is accredited by the Northwest Accre-
22 diting Association;

23 (C) the school, if a middle or junior high school, in-
24 cludes a minimum ADM of 10 students in any combination of grades
25 seven, eight or nine, if the school was in operation before July 1,
26 1980; or

27 (D) the school, if a middle or junior high school,
28 includes a minimum ADM of 20 students in any combination of grades
29 seven, eight or nine, if the school first began operation on or

1 after July 1, 1980;

2 * Sec. 19. AS 39.05.065 is amended by adding a new subsection to read:

3 (b) A member of the Board of Education may also be a member of a
4 district school board.

5 * Sec. 20. AS 14.17.041(b), 14.17.041(d) and 14.17.215 are repealed.

6 * Sec. 21. AS 14.08.121 and AS 14.17.071 are repealed.

7 * Sec. 22. The amendments made to AS 14.17.031(d) by sec. 7 of this Act,
8 substituting references to AS 14.17.031(a)(1) for references to AS 14.17.-
9 031(a), do not apply to a school district using a base year ending on or
10 before June 30, 1980, for instructional unit computation under the schedule
11 of instructional unit reductions set out in AS 14.17.031(d) for a period of
12 three years following the base year.

13 * Sec. 23. The Legislative Budget and Audit Committee shall undertake a
14 study of the differential instructional unit values applicable to school
15 districts under AS 14.17.051. The study shall establish the appropriate
16 differential elements and weighting factors for instructional units and shall
17 include a process for periodic revisions of the differential instructional
18 unit allotment values. The committee shall submit the study and its recom-
19 mendations on the study to the legislature no later than January 15, 1981.

20 * Sec. 24. Sections 2 and 8 of this Act are retroactive to July 1, 1978.

21 * Sec. 25. Sections 1, 3, 6, 7, 9, 10, 13, 15, 16, 18, 20 and 22 of this
22 Act take effect July 1, 1980.

23 * Sec. 26. Sections 4, 5, 11, 14, 17 and 21 of this Act take effect
24 July 1, 1981.

25 * Sec. 27. Sections 2, 8, 12, 19, 23 and 24 - 27 of this Act take effect
26 immediately in accordance with AS 01.10.070(c).

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