

Introduced: 2/14/86  
Referred: Health, Education &  
Social Services and Finance

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

1 IN THE HOUSE

2 HOUSE BILL NO. 604

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to state support for education; and  
7 providing for an effective date."

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

9 \* Section 1. AS 14.17.021 is repealed and reenacted to read:

10 Sec. 14.17.021. AID TO SCHOOL DISTRICTS. (a) The amount of  
11 assistance for which a school district is eligible from the public  
12 school foundation account in each fiscal year is initially calculated  
13 by multiplying the funding unit value established under AS 14.17.056  
14 by the total number of allowable funding units for the district estab-  
15 lished under AS 14.17.045.

16 (b) The amount of assistance established under (a) of this  
17 section is then reduced by

18 (1) for regional educational attendance areas, 80 percent  
19 of the federal financial assistance received by the district under 20  
20 U.S.C. 236 -- 244 (P.L. 81-874, as amended) for the preceding fiscal  
21 year, or some lower percentage of that assistance if necessary to  
22 comply with 20 U.S.C. 240(d) and the regulations adopted under it (34  
23 C.F.R. Part 222, subpart G);

24 (2) for city or borough school districts, an amount equal  
25 to an assessment of two mills on 100 percent of the full and true  
26 value, as reported by the Department of Community and Regional Affairs  
27 under AS 14.17.140, of the taxable real and personal property in the  
28 district on January 1 of the assessment year preceding the year in  
29 which the fiscal year in (a) of this section begins, up to a limit of

1 \$1,000 per mill, multiplied by the district's ADM/FTE.

2 \* Sec. 2. AS 14.17.022 is amended to read:

3 Sec. 14.17.022. FUNDS FOR CENTRALIZED CORRESPONDENCE STUDY.

4 Funds for providing centralized correspondence study programs for  
5 students not enrolled in an approved school district correspondence  
6 study program must [SHALL] include an amount [APPROPRIATION] from the  
7 public school foundation account [IN AN AMOUNT] calculated by multi-  
8 plying the funding unit value established under AS 14.17.056 by the  
9 number of allowable basic funding units that would be established  
10 under AS 14.17.055(a) for a community with the same ADM/FTE as that of  
11 centralized correspondence study [BASE INSTRUCTIONAL UNIT BY THE TOTAL  
12 NUMBER OF INSTRUCTIONAL UNITS AS DETERMINED BY APPLYING THE NUMBER OF  
13 CORRESPONDENCE STUDENTS TO AS 14.17.041(a)].

14 \* Sec. 3. AS 14.17 is amended by adding a new section to read:

15 Sec. 14.17.025. GUARANTEED FUNDING LEVEL. If the amount of  
16 assistance per ADM/FTE for which a school district is eligible for a  
17 fiscal year under AS 14.17.021 is less than 95 percent of the amount  
18 per ADM/FTE it would have received under sec. 2, ch. 75, SLA 1985, the  
19 district is eligible for 95 percent of the amount per ADM/FTE it would  
20 have received under sec. 2, ch. 75, SLA 1985.

21 \* Sec. 4. AS 14.17 is amended by adding a new section to read:

22 Sec. 14.17.035. LIMITED INCREASE IN FUNDING. If the amount of  
23 assistance per ADM/FTE for which a school district is eligible under  
24 AS 14.17.021 for the fiscal year beginning July 1, 1986 is more than 5  
25 percent greater than the amount of state assistance per ADM/FTE it  
26 received for the preceding fiscal year, the district is entitled only  
27 to five percent more per ADM/FTE than it received for the previous  
28 fiscal year.

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

1           Sec. 14.17.045. ALLOWABLE FUNDING UNITS. The total number of  
2 funding units within each school district for any fiscal year is the  
3 sum of the following, calculated to the third decimal place, for that  
4 fiscal year:

5           (1) the number of basic funding units for each city or  
6 unincorporated community in the district, calculated under AS 14.17.-  
7 055(a);

8           (2) the number of funding units for cities or unincorporat-  
9 ed communities in the district with low school enrollments calculated  
10 under AS 14.17.055(b);

11           (3) the number of funding units for districts with low  
12 school enrollments which have at least one city or unincorporated  
13 community with an ADM/FTE greater than 500, calculated under AS 14.-  
14 17.055(c);

15           (4) the number of funding units for special education  
16 calculated under AS 14.17.055(d);

17           (5) the number of funding units for bilingual/bicultural  
18 education calculated under AS 14.17.055(e);

19           (6) the number of funding units for training and experience  
20 of district personnel calculated under AS 14.17.055(f); and

21           (7) the number of district location units for the district  
22 calculated under AS 14.17.055(g).

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

24           Sec. 14.17.055. CALCULATION OF ALLOWABLE UNITS. (a) The number  
25 of basic funding units for each district is the sum of units calculat-  
26 ed by the department for each city or unincorporated community within  
27 the district according to the following table:

- 28           (1) Kindergarten           ADM/FTE x 1.3  
29           (2) Grades 1 -- 2         ADM/FTE x 1.15

- 1                   (3) Grades 3 -- 6           ADM/FTE x 1.0
- 2                   (4) Grades 7 -- 12           ADM/FTE x 1.25

3                   (b) Small school funding units for cities or unincorporated  
 4 communities with K -- 12 ADM/FTE of 500 or less are calculated accord-  
 5 ing to the following table:

6                   ADM/FTE	UNITS
7                   1 -- 10	25
8                   11 -- 15	25 + (4 x (ADM-10))
9                   16 -- 25	45 + (1 x (ADM-15))
10                  26 -- 200	55 + (0.5 x (ADM-25))
11                  201 -- 500	142.5 + (0.025 x (ADM-200))

12                  (c) Small district funding units are calculated according to the  
 13 following formula for school districts with K -- 12 ADM/FTE greater  
 14 than 500 and no more than 3,500, and with at least one city or unin-  
 15 corporated community with an ADM/FTE greater than 500:

16                   Units =  $\frac{(3,500 - \text{District ADM/FTE})}{3,000} \times 150$

17  
 18                  (d) Special education funding units according to the following  
 19 table are added for each city or unincorporated community within the  
 20 district based on the number of students enrolled in each program  
 21 category on the last day of the counting period under AS 14.17.170  
 22 which is used to determine state aid:

23                   (1) Resource Services	
24                   Enrollment	Funding Units
25                   1 -- 8	10.000
26                   9 -- 18	20.000
27                   Over 18	20 x (Enrollment/18)
28                   (2) Self-Contained Services	
29                   Enrollment	Funding Units

1                    1 -- 5            10.000  
 2                    6 -- 10           20.000  
 3                    Over 10           20 x (Enrollment/10)

4                    (3) Gifted-Talented Services

5                    Enrollment        Funding Units  
 6                    1 -- 9            5.000  
 7                    10 -- 19          10.000  
 8                    20 -- 29          15.000  
 9                    30 -- 40          20.000  
 10                   Over 40           20 x (Enrollment/40)

11                   (4) Intensive Services

12                   Enrollment        Funding Units  
 13                   3                  20.000  
 14                   Over 3            20 x (Enrollment/3)

15                   (e) Bilingual/bicultural funding units are calculated by multi-  
 16                   plying by 0.7 the number of students enrolled in bilingual classes,  
 17                   approved by the department, as of the last day of the counting period  
 18                   under AS 14.17.170 which is used to determine state aid.

19                   (f) District training and experience funding units for any  
 20                   fiscal year are calculated by multiplying 40 percent of the subtotal  
 21                   of units calculated under (a), (b), (c), (d), and (e) of this section  
 22                   for that fiscal year by the district's training and experience index.  
 23                   The training and experience index is determined as follows:

24                   (1) the department shall assign each district teacher to a  
 25                   value in the following table in accordance with regulations adopted by  
 26                   the department:

Years of Experience	Training					
	BA	BA+	MA	MA+18	MA+36	MA+54
1	1	2	3	4	5	6

1	0	0.00	0.05	0.15	0.20	0.25	0.30
2	2	0.10	0.15	0.25	0.30	0.35	0.40
3	5	0.25	0.30	0.40	0.45	0.50	0.55
4	8	0.35	0.40	0.50	0.55	0.60	0.65
5	10		0.50	0.60	0.65	0.70	0.75
6	12			0.65	0.70	0.75	0.80
7	15			0.75	0.80	0.85	1.00

8 In the training side of this table,

9 (A) column 1 refers to a salary based upon a bache-  
10 lor's degree;

11 (B) column 2 refers to a salary based upon semester  
12 hours beyond a bachelor's degree but less than a master's degree;

13 (C) column 3 refers to a salary based upon a master's  
14 degree or its equivalent;

15 (D) column 4 refers to a salary based upon a master's  
16 degree plus 18 or more, but fewer than 36, semester hours of  
17 training or the equivalent;

18 (E) column 5 refers to a salary based upon a master's  
19 degree plus 36 or more, but fewer than 54, semester hours of  
20 training or the equivalent;

21 (F) column 6 refers to a salary based upon a master's  
22 degree and 54 or more semester hours of training or the equiva-  
23 lent;

24 (2) each district's training and experience index is the  
25 average of the values assigned to all teachers in the district under  
26 (1) of this subsection, minus the average of the district with the  
27 lowest average.

28 (g) District location units for each district are calculated by  
29 multiplying 60 percent of the district's subtotal of units under (a),

1 (b), (c), (d) and (e) of this section by the district's location index  
2 in the following table:

3	District	District Location Index
4	Adak	0.500
5	Alaska Gateway	0.300
6	Aleutians	1.000
7	Anchorage	0.000
8	Annette	0.350
9	Bering Strait	0.850
10	Bristol Bay	0.500
11	Chatham	0.350
12	Chugach	0.180
13	Copper River	0.300
14	Cordova	0.130
15	Craig	0.350
16	Delta	0.300
17	Dillingham	0.500
18	Fairbanks	0.100
19	Galena	0.500
20	Haines	0.130
21	Hoonah	0.130
22	Hydaburg	0.350
23	Iditarod	0.750
24	Juneau	0.050
25	Kake	0.350
26	Kashunamiut	0.650
27	Kenai	0.050
28	Ketchikan	0.050
29	King Cove	0.500

1	Klawock	0.350
2	Kodiak	0.180
3	Kuspuk	0.750
4	Lake & Peninsula	0.850
5	Lower Kuskokwim	0.650
6	Lower Yukon	0.650
7	Matanuska-Susitna	0.000
8	Nenana	0.300
9	Nome	0.500
10	North Slope	1.000
11	Northwest	0.850
12	Pelican	0.350
13	Petersburg	0.050
14	Pribilofs	0.650
15	Railbelt	0.300
16	Sand Point	0.500
17	Sitka	0.050
18	Skagway	0.130
19	Southeast	0.350
20	Southwest	0.850
21	St. Mary's	0.650
22	Tanana	0.650
23	Unalaska	0.650
24	Valdez	0.130
25	Wrangell	0.050
26	Yakutat	0.350
27	Yukon Flats	0.850
28	Yukon Koyukuk	0.850
29	Yupitit	0.650

1 \* Sec. 7. AS 14.17.056 is amended to read:

2           Sec. 14.17.056. [BASE INSTRUCTIONAL] UNIT VALUE. The funding  
3 [BASE INSTRUCTIONAL] unit value for fiscal years beginning on or after  
4 July 1, 1986 [1982], is \$2,770 [\$42,450. THE BASE INSTRUCTION UNIT  
5 VALUE FOR THE FISCAL YEAR BEGINNING JULY 1, 1981, IS \$38,590].

6 \* Sec. 8. AS 14.17.080 is amended to read:

7           Sec. 14.17.080. PRELIMINARY REPORTS [COMPUTATION] BY DISTRICTS  
8 [DISTRICT]. By October 15 [30] of the pre-fiscal year each district  
9 shall submit to the department, in the manner and on forms to be  
10 prescribed by the commissioner, a preliminary report of estimates and  
11 data upon which computations can be made [FOR THE FOLLOWING FISCAL  
12 YEAR] of the amount of [BASIC] state aid for which the district is  
13 eligible the following fiscal year under AS 14.17.021[; AND THE AMOUNT  
14 FOR SUPPLEMENTAL PROGRAMS WHICH HAS BEEN APPROVED FOR FUNDING CONSID-  
15 ERATION BY THE COMMISSIONER. EACH DISTRICT SHALL MAKE THE COMPUTA-  
16 TIONS IN THE MANNER PRESCRIBED BY AS 14.17.080 -- 14.17.150]. The  
17 preliminary reports required by this section [COMPUTATIONS] are the  
18 basis for requesting legislative appropriations and for making prelim-  
19 inary payments under the public school foundation program for the  
20 following fiscal year.

21 \* Sec. 9. AS 14.17.082 is amended to read:

22           Sec. 14.17.082. FUND BALANCE [CHANGES] IN SCHOOL OPERATING FUND.  
23 (a) Each district having an ADM/FTE of 500 or more [AT LEAST 400  
24 INSTRUCTIONAL UNITS UNDER AS 14.17.031(a)] may accumulate an unre-  
25 stricted, undesignated [A] fund balance, as defined by the department  
26 by regulation, in the school operating fund of seven percent of its  
27 expenditures for the preceding fiscal year. Each district having an  
28 ADM/FTE of less than 500 [400 INSTRUCTIONAL UNITS] may accumulate an  
29 unrestricted, undesignated [A] fund balance of 10 percent of its

1        expenditures for the preceding fiscal year.

2            (b) The commissioner shall review the annual audit of each  
3 district to ascertain changes in the year-end operating fund balance  
4 of the districts, and notify districts and the board, through a writ-  
5 ten report, of any unrestricted, undesignated fund balances [BALANCE  
6 ACCUMULATION] greater than that permitted under (a) of this section.

7            (c) The amount of additional assistance for which a district is  
8 eligible under the guaranteed funding level provision of AS 14.17.025,  
9 or the amount by which a district's eligibility for state assistance  
10 under AS 14.17.021 or 14.17.035 exceeds the amount per ADM/FTE that it  
11 received for the preceding fiscal year, must be reduced in any fiscal  
12 year by the amount by which the district's unrestricted, undesignated  
13 fund balances exceed the amount permitted under (a) of this section  
14 [THE BOARD SHALL REVIEW THE REPORTS SUBMITTED TO IT UNDER (b) OF THIS  
15 SECTION AND SUBMIT A REPORT MAKING RECOMMENDATIONS WITH RESPECT TO THE  
16 LEGISLATIVE TREATMENT OF THE FUND BALANCES OF THOSE DISTRICTS TO THE  
17 LEGISLATIVE BUDGET AND AUDIT COMMITTEE BY APRIL 15 OF EACH YEAR].

18 \* Sec. 10. AS 14.17.150 is amended to read:

19            Sec. 14.17.150. DUTY OF COMMISSIONER TO EXAMINE AND TABULATE  
20 COMPUTATIONS. (a) The commissioner shall examine the preliminary  
21 reports submitted by each district under AS 14.17.080, to determine  
22 that data are correctly reported and estimates and computations are  
23 made in accordance with the department's regulations [THEY ARE COR-  
24 RECTLY COMPUTED]. If the reports contain errors in data, estimates,  
25 or computations [ALLOTMENTS ARE INCORRECTLY COMPUTED], the commission-  
26 er shall either (1) obtain corrections [A CORRECT COMPUTATION] from  
27 the district, or (2) make corrections [A CORRECT COMPUTATION] based on  
28 information available, and give notice of the corrections [CORRECTED  
29 COMPUTATION] to the district. [THE COMMISSIONER SHALL REVIEW

1 SUPPLEMENTAL PROGRAM APPLICATIONS AND NOTIFY THE DISTRICT WHETHER ITS  
2 SUPPLEMENTAL PROGRAM IS APPROVED FOR INCLUSION IN ITS FOUNDATION  
3 PROGRAM COMPUTATIONS.]

4 (b) The commissioner shall reduce the data, estimates, and  
5 computations reported by the districts and the computations made by  
6 the department [THESE COMPUTATIONS] to a report in tabular [FORM] or  
7 other [ANOTHER] form helpful in determining the amount of state aid  
8 for which each district is eligible [EXAMINING THE COMPUTATIONS OF THE  
9 DISTRICTS] and shall transmit the report to the governor. The commis-  
10 sioner shall maintain additional copies of this report in the commis-  
11 sioner's office as a matter of public record. This report must  
12 [SHALL] be entitled "Public School Foundation Program Computations."

13 \* Sec. 11. AS 14.17.160 is amended to read:

14 Sec. 14.17.160. ALLOCATION OF FUNDS ON PRELIMINARY COMPUTATIONS.  
15 The commissioner shall determine the state aid for each school dis-  
16 trict for each fiscal year based on the pre-fiscal year estimates  
17 contained in the preliminary reports submitted under AS 14.17.080 [ON  
18 THE BASIS OF THE PRE-FISCAL YEAR COMPUTATIONS]. Beginning July 15 of  
19 each [THE] fiscal year and on the 15th day of each month[,] for the  
20 next eight [SEVEN SUCCESSIVE] months, one-twelfth of each district's  
21 state aid as so determined must [SHALL] be distributed.

22 \* Sec. 12. AS 14.17.170 is amended to read:

23 Sec. 14.17.170. PAYMENT UNDER ADJUSTED COMPUTATIONS. Each  
24 district shall make a report at the end of the 20-school-day period  
25 ending the fourth Friday in October, and may make a report at the end  
26 of the 20-school-day period ending the second Friday in February  
27 [FIRST NINE WEEKS OF SCHOOL], which, in accordance with regulations  
28 adopted by the department, reports [CONTAINS A NEW ESTIMATE OF] its  
29 average daily membership for that counting period, [THE FISCAL YEAR]

1 and other information which will aid the commissioner in making a more  
2 accurate determination of each district's state aid. The October  
3 report, or the February report if it makes the district eligible for  
4 more state aid, is [THIS NEW ESTIMATE AND INFORMATION OF AVERAGE DAILY  
5 MEMBERSHIP SHALL BE] the basis for the computation and distribution of  
6 each district's state aid for the balance of the fiscal year. As soon  
7 as possible after receiving each district's report [THE COMMISSIONER  
8 SHALL, ON THE BASIS OF THIS NEW ESTIMATE AND INFORMATION, MAKE A  
9 RECOMPUTATION OF EACH DISTRICT'S STATE AID. BEFORE DECEMBER 2], the  
10 commissioner shall notify each district of changes made in the number  
11 of funding units calculated for that district [ITS STATE AID]. The  
12 commissioner shall also determine whether the money in the public  
13 school foundation account is sufficient to meet each district's state  
14 aid for the fiscal year, and, if the money is not sufficient, the  
15 commissioner shall immediately inform the governor of the amount of  
16 additional appropriation the commissioner estimates will be necessary  
17 to carry out the public school foundation program for the rest of the  
18 fiscal year. Beginning April [FEBRUARY] 15 and on the 15th of each  
19 subsequent month, one-third [ONE-FIFTH] of the recomputed balance of  
20 each district's state aid must [SHALL] be distributed. [HOWEVER,  
21 ONE-HALF OF THE JUNE PAYMENT SHALL BE WITHHELD PENDING A FINAL DETER-  
22 MINATION OF THE DISTRICT'S STATE AID.]

23 \* Sec. 13. AS 14.17.180 is amended to read:

24 Sec. 14.17.180. [PAYMENT UNDER] FINAL COMPUTATION. Before June  
25 16 each district shall transmit to the commissioner a final report of  
26 its enrollment and other information required by the commissioner  
27 [COMPUTATION OF THE DISTRICT'S STATE AID. THE COMMISSIONER SHALL  
28 PROCESS EACH DISTRICT'S COMPUTATION IN THE MANNER PROVIDED BY AS 14.-  
29 17.150(a). HOWEVER, IN NO EVENT MAY THE ENTITLEMENT OF A SCHOOL

1 DISTRICT TO STATE AID UNDER AS 14.17.021 BE LESS THAN THAT COMPUTED  
2 UNDER THIS SECTION FOR THE PRECEDING YEAR, EXCEPT AS OTHERWISE PROVID-  
3 ED IN AS 14.17.031, OR UNDER AS 14.17.170, WHICHEVER IS GREATER.  
4 ADDITIONAL STATE AID SHALL BE OBLIGATED BY THE COMMISSIONER BEFORE  
5 JUNE 30]. If the district received more state aid money than it was  
6 entitled to under this chapter, it shall immediately, after notice  
7 from the commissioner of the overpayment, remit the amount of overpay-  
8 ment to the commissioner to be returned to the public school founda-  
9 tion account. If the remittance is not made within 30 days after the  
10 date of the commissioner's notice, the commissioner shall withhold the  
11 amount of the overpayment from subsequent payments to the district  
12 under this chapter.

13 \* Sec. 14. AS 14.17.190 is amended to read:

14 Sec. 14.17.190. RESTRICTIONS GOVERNING RECEIPT AND EXPENDITURE  
15 OF MONEY FROM PUBLIC SCHOOL FOUNDATION ACCOUNT. (a) The public  
16 school foundation money distributed to a district, together with any  
17 interest earned by the district on the money, must [DURING A YEAR  
18 SHALL] be received, held, and expended by the district subject to the  
19 provisions of law and regulations adopted [PROMULGATED] by the depart-  
20 ment.

21 (b) Each district shall maintain financial records of the re-  
22 ceipt and disbursement of public school foundation money, interest  
23 earned on that money, and money acquired from local effort. The  
24 records must be in the form required by the commissioner and are  
25 subject to audit by the commissioner or the board at any time.

26 \* Sec. 15. AS 14.17.225(b) is amended to read:

27 (b) Money [FUNDS] to carry out the provisions of this chapter  
28 [AS 14.17.010 -- 14.17.190] may be appropriated annually by the legis-  
29 lature into the public school foundation account. If the amount

1 appropriated to the account for any fiscal year exceeds the alloca-  
2 tions otherwise authorized under this chapter, the excess money must  
3 be distributed pro rata among those school districts eligible for less  
4 aid per ADM/FTE under AS 14.17.021 than they would have received under  
5 sec. 2, ch. 75, SLA 1985. The pro rata distribution must be based  
6 upon the funding units for which those districts are eligible under  
7 this chapter. If amounts in the account are insufficient to meet the  
8 allocations authorized under this chapter [AS 14.17.010 -- 14.17.190],  
9 the available money must [SUCH FUNDS AS ARE AVAILABLE SHALL] be dis-  
10 tributed pro rata among centralized correspondence study programs and  
11 each school district based upon the funding units for which they are  
12 eligible under this chapter [DISTRICT'S BASIC NEED].

13 \* Sec. 16. AS 14.17.250(1) is amended to read:

14 (1) "ADM" or "average daily membership" means the aggregate  
15 days of membership of pupils divided by the actual number of days in  
16 session for the school term;

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

18 (17) "ADM/FTE" or "ADM full-time equivalent" means the  
19 average daily membership (ADM) as proportionately reduced, under  
20 regulations adopted by the department, to reflect the enrollment of  
21 part-time students [QUOTIENT OF THE AGGREGATE PERIODS OF PUPIL MEMBER-  
22 SHIP PER DAY IN SPECIFIED CLASSES, DIVIDED BY THE NUMBER OF CLASS  
23 PERIODS IN THE SCHOOL DAY];

24 \* Sec. 18. AS 14.17.023, 14.17.031, 14.17.041, 14.17.051, 14.17.061,  
25 14.17.081, 14.17.090, 14.17.205, 14.17.225(f), and 14.17.250(4), (9), (18),  
26 and (19) are repealed.

27 \* Sec. 19. The Department of Education may adopt regulations under  
28 AS 14.17.200 to implement the changes made by this Act. Those regulations  
29 take effect in accordance with the Administrative Procedure Act (AS 44.62),

1 but not before the effective date of secs. 1 -- 18 of this Act.

2 \* Sec. 20. Section 19 of this Act takes effect immediately in accor-  
3 dance with AS 01.10.070(c).

4 \* Sec. 21. Sections 1 -- 18 of this Act take effect July 1, 1986.