

Offered: 4/25/86  
Referred: Rules

Original sponsor: Ferguson

1 IN THE SENATE

BY THE HEALTH, EDUCATION AND  
SOCIAL SERVICES COMMITTEE

2 CS FOR SENATE BILL NO. 408 (HESS)

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 aid to 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 AS 14.17.021 is repealed and reenacted to read: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. STATE AID. (a) The amount of state aid for  
11 which each school district may qualify is calculated by multiplying  
12 the basic need as defined in (b) of this section by the equalized  
13 percentage as defined in (c) of this section.

14 (b) The basic need of each school district is determined by  
15 multiplying the instructional unit allotment of the district as de-  
16 fined in AS 14.17.051 by the number of instructional units in the  
17 district by the instructional unit value.

18 (c) The equalized percentage for each city/borough school dis-  
19 trict is computed according to formula  $P_i = 1 - (1-k) V_i/V_s$  in which

20 (1)  $P_i$  (equalized percentage) = percent of need to be pro-  
21 vided by the state;

22 (2)  $K$  (minimum level of state support of basic need) = 97  
23 percent;

24 (3)  $V_i$  (valuation per pupil in average daily membership in  
25 the district) = full and true value of taxable real and personal  
26 property within the city/borough district divided by the average daily  
27 membership of the district;

28 (4)  $V_s$  = average of the valuation per pupil in average  
29 daily membership for all the city/borough districts of the state;

1 (5) state aid as computed under this section constitutes at  
2 least 97 percent of the basic need, of each school district;

3 (6) for the purpose of calculating the amount of equalized  
4 percentage under this section, Vi/Vs may not exceed 1.00.

5 \* Sec. 2. AS 14.17.023 is repealed and reenacted to read:

6 Sec. 14.17.023. SECONDARY FORMULA ACCOUNT. (a) The Department  
7 of Education shall allocate 80 percent of the funds remaining after  
8 the allocation under AS 14.17.021 - 14.17.056 are recomputed in accor-  
9 dance with AS 14.17.170 to school districts whose:

10 (1) local contribution to education for each student in  
11 average daily membership in the preceding fiscal year exceeds the  
12 statewide average local contribution to education for each pupil in  
13 average daily membership for the preceding fiscal year; and

14 (2) local contribution to education for the preceding  
15 fiscal year exceeds the amount that would be generated by a two-mill  
16 levy on the full and true value of taxable real and personal property  
17 in the district, as determined under AS 14.17.140, for the preceding  
18 fiscal year.

19 (b) The Department of Education may use funds remaining after  
20 the allocations under (a) of this section to help a school district  
21 remedy unique or emergency circumstances that cannot be remedied using  
22 other funds available to the school district for the current fiscal  
23 year. The Department of Education may use funds allocated under this  
24 subsection to address any shortfall in funding for special education  
25 in those districts who successfully demonstrate their existing level  
26 of service is significantly impacted under this chapter. Each fiscal  
27 year, a school district may apply to the commissioner of education for  
28 financial assistance under this subsection. The commissioner shall  
29 adopt regulations to establish standards of eligibility and

1 expenditure of funds under this subsection.

2 (c) Each fiscal year, the Department of Education shall allocate  
3 to each school district that qualifies for funds under (a) of this  
4 section an amount equal to the portion of the school district's local  
5 contribution to education for each student in average daily membership  
6 in the preceding fiscal year that exceeds the statewide average local  
7 contribution to education for each student in average daily membership  
8 in the preceding fiscal year. If the available funds under (a) and  
9 (b) of this section are insufficient to meet the allocations author-  
10 ized under this section, the available funds shall be distributed pro  
11 rata among the eligible school districts. If the available funds  
12 under (a) and (b) of this section exceed \$20,000,000 the excess funds  
13 shall be distributed pro rata among all school districts.

14 (d) In this section:

15 (1) "local contribution to education" means the local tax  
16 contribution that was actually expended for education in the preceding  
17 fiscal year as determined by the audit conducted under AS 14.14.050;

18 (2) "statewide average" means the total local contribution  
19 to education in the state for the preceding fiscal year divided by the  
20 total number of students in average daily membership in the preceding  
21 fiscal year;

22 (3) "unique circumstances" means factors which cannot be  
23 adequately addressed by the formula in AS 14.17.021 and which are  
24 unique to remote school districts, such as small high school popula-  
25 tions, high intra-district travel costs for education and professional  
26 support staff, and high transportation costs to deliver basic goods  
27 and supplies to schools within the district.

28 (e) The commissioner of education may expend funds under (b) of  
29 this section only in accordance with the following procedures:

1 (1) the commissioner shall submit the proposed expenditures  
2 to the Legislative Budget and Audit Committee for review;

3 (2) 45 days shall elapse before commencement of expendi-  
4 tures under (b) of this section unless the Legislative Budget and  
5 Audit Committee earlier recommends that the expenditures be made;

6 (3) should the Legislative Budget and Audit Committee  
7 recommend within the 45-day period that the expenditures not be made,  
8 the commissioner shall again review the proposed expenditures and if  
9 the commissioner determines to authorize the expenditures, the commis-  
10 sioner shall provide the Legislative Budget and Audit Committee with a  
11 statement of the commissioner's reasons before commencement of the  
12 expenditures.

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

14 Sec. 14.17.027. REVENUE ADJUSTMENT. The Department of Educa-  
15 tion shall submit a supplemental appropriation request to the legisla-  
16 ture in any fiscal year in which the PL-874 funds received by a school  
17 district or area are less than the preceding fiscal year.

18 \* Sec. 4. AS 14.17.031 is repealed and reenacted to read:

19 Sec. 14.17.031. INSTRUCTIONAL UNITS. (a) The total number of  
20 instructional units within each school district is the sum of:

21 (1) the number of units for elementary schools and the  
22 number of units for secondary schools as determined under AS 14.17.-  
23 041(a) and (b) or (f);

24 (2) the number of units for vocational education as deter-  
25 mined under AS 14.17.041(c) as approved by the department;

26 (3) the number of units from special education as deter-  
27 mined under AS 14.17.041(d) as approved by the department;

28 (4) if the district has five or more correspondence pupils  
29 enrolled in an approved district correspondence study program, the

1 number of units shall be determined under AS 14.17.041(a) or (f);

2 (5) the number of units for bilingual education as deter-  
3 mined under AS 14.17.041(e) as approved by the department.

4 (b) A school district shall compute separately the number of  
5 allowable instructional units for each of its secondary schools except  
6 as provided in (c) of this section.

7 (c) The commissioner shall authorize any school in a remote  
8 location to establish an associated secondary school when the sum of  
9 the average daily membership in grades five through eight is greater  
10 than 20. Notwithstanding AS 14.17.041, any school or school district  
11 operating a remote elementary school with 20 or fewer total average  
12 daily membership within grades five through eight may conduct a  
13 secondary program subject to approval of the commissioner and use the  
14 following table to calculate the number of allowable instructional  
15 units for the combined elementary and secondary program of the remote  
16 school;

17 ADM	No. Instructional Units
18 under 12	3
19 12 - 20	4
20 21 - 32	5

21 (d) If the total amount of state aid that a school district is  
22 entitled to under AS 14.17.041(a) and (b) or (f) decreases by 10  
23 percent or more from one year to the next, the school district may use  
24 the last year before the reduction as a base year and offset its  
25 reduction according to the following schedule: (1) for the first year  
26 after the base year, the school district is entitled to the state aid  
27 determined under (a) of this section plus 75 percent of the difference  
28 in state aid between the base year and the first year; (2) for the  
29 second year after the base year, the school district is entitled to

1 the state aid determined under (a) of this section plus 50 percent of  
 2 the difference in state aid between the base year and the second year;  
 3 (3) for the third year after the base year, the school district is  
 4 entitled to the state aid determined under (a) of this section plus 25  
 5 percent of the difference in state aid between the base year and the  
 6 second year. The schedule established in this subsection is available  
 7 to a school district for the three years following the base year only  
 8 so long as the entitlement to state aid under AS 14.17.041(a) and (b)  
 9 or (f) for each year is less than entitlements in the base year. This  
 10 section does not apply to a decrease in the number of instructional  
 11 units or loss of entitlements which occurs in district organizations  
 12 under AS 29.

13 (e) For purposes of calculating state aid under this section, a  
 14 school district with a school site offering only grades kindergarten  
 15 through eight shall compute the number of instructional units for that  
 16 site using the schedule under AS 14.17.041(a).

17 \* Sec. 5. AS 14.17.041 is repealed and reenacted to read:

18 Sec. 14.17.041. TABLE OF ALLOWABLE INSTRUCTIONAL UNITS. (a)

19 Elementary schools:

ADM	No. Instructional Units
20 under 20	2
21 20 - 32	3
22 33 - 46	4
23 47 - 62	5
24 63 - 80	6
25 81 and over	6 plus 1 for each 18 pupils
	over 80 or fraction of 18

26 (b) Secondary schools:

ADM	No. Instructional Units
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under 28	4
29 - 41	5
42 - 56	6
57 - 73	7
74 and over	7 plus 1 for each 16 pupils over 73 or fraction of 16

(c) Vocational education schedule:

ADM	No. Instructional Units
5 - 10	1
11 - 25	2
26 - 40	3
41 and over	3 plus 1 for each 20 pupils over 40 or fraction of 20 pupils Full-Time Equivalent ADM

(d) Special education schedule:

ADM	No. Instructional Units
1 - 15	1
16 - 30	2
31 - 45	3
46 and over	4 plus 1 for each 11 pupils over 45 or fraction of 11 pupils

(e) Bilingual education schedule:

Weighted ADM	No. Instructional Units
1 - 12	1
13 - 18	2
19 - 42	3
43 and over	3 plus 1 for each 24 weighted ADM over 42 or fraction of 24 weighted ADM

1 (f) Single city and borough districts under 1,000 ADM:

2 ADM	No. Instructional Units
3 1 - 10	2
4 11 - 20	4
5 21 - 30	6
6 31 - 40	8
7 41 - 50	10
8 51 - 60	12
9 61 - 499	12 plus 1 for every 12
	pupils or fraction of 12.
11 500 - 999	12 plus 1 for every 15
	pupils or fraction of 15.

13 \* Sec. 6. AS 14.17.051 is repealed and reenacted to read:

14 Sec. 14.17.051. INSTRUCTIONAL UNIT ALLOTMENT. The instructional  
15 unit allotment for each school district or regional educational atten-  
16 dance area is as follows:

17 (1) for Skagway City School District the district is en-  
18 titled to receive 80 percent of the base instructional unit allotment;

19 (2) for Annette Island School District, Petersburg City  
20 School District, Wrangell City School District, and Chatham School  
21 District, the district or area is entitled to receive 90 percent of  
22 the base instructional unit allotment;

23 (3) for Adak Regional School District, and Cordova City  
24 School District, the district or area is entitled to receive 95 per-  
25 cent of the base instructional unit allotment;

26 (4) for Ketchikan Gateway Borough the district is entitled  
27 to 100 percent of the base instructional unit allotment;

28 (5) for City and Borough of Juneau School District,  
29 Anchorage School District, Sitka Borough School District, Matanuska-

1 Susitna Borough School District, Hydaburg City School District,  
2 Klawock City School District, and Kenai Peninsula Borough School Dis-  
3 trict, the district is entitled to receive 104 percent of the base  
4 instructional unit allotment;

5 (6) for Pribilof Islands School District, the area is  
6 entitled to receive 105 percent of the base instructional unit allot-  
7 ment;

8 (7) for Southeast Island School District, the area is  
9 entitled to receive 108 percent of the base instructional unit allot-  
10 ment;

11 (8) for Pelican City School District, the district is  
12 entitled to receive 110 percent of the base instructional unit allot-  
13 ment;

14 (9) for Kake City School District, Haines Borough School  
15 District, and Hoonah City School District, the district is entitled to  
16 receive 112 percent of the base instructional unit allotment;

17 (10) for North Star Borough School District, the district is  
18 entitled to receive 113 percent of the base instructional unit allot-  
19 ment;

20 (11) for Valdez City School District, Yakutat City School  
21 District, Sand Point City School District, and Delta School District,  
22 the district or area is entitled to receive 115 percent of the base  
23 instructional unit allotment.

24 (12) for Lower Yukon School District, Craig City School  
25 District, and Unalaska City School District, the district or area is  
26 entitled to receive 120 percent of the base instructional unit allot-  
27 ment;

28 (13) for Nenana City School District, Chugach School Dis-  
29 trict, Southwest Regional School District, Aleutian Chain School

1 District, and Alaska Gateway School District, the district or area is  
2 entitled to receive 125 percent of the base instructional unit allot-  
3 ment;

4 (14) for Kodiak Island School District, the district is  
5 entitled to receive 135 percent of the base instructional unit allot-  
6 ment;

7 (15) for King Cove City School District, Copper River School  
8 District, Tanana School District, and Kashunamiut School District, the  
9 district or area is entitled to receive 140 percent of the base in-  
10 structional unit allotment;

11 (16) for Lake Peninsula School District, and Bering Strait  
12 School District, the area is entitled to receive 145 percent of the  
13 base instructional unit allotment;

14 (17) for Yukon-Koyukuk School District, and Dillingham City  
15 School District, the district or area is entitled to receive 150  
16 percent of the base instructional unit allotment;

17 (18) for Bristol Bay Borough School District, Lower  
18 Kuskokwim School District, Galena City School District, Northwest  
19 Arctic School District, and Nome City School District, the district or  
20 area is entitled to receive 155 percent of the base instructional unit  
21 allotment;

22 (19) for Kuspuk School District, the area is entitled to  
23 receive 160 percent of the base instructional unit allotment;

24 (20) for Yukon Flats School District, and Iditarod Area  
25 School District, the area is entitled to receive 165 percent of the  
26 base instructional unit allotment;

27 (21) for Upper Railbelt Regional School District, and North  
28 Slope Borough School District, the district or area is entitled to  
29 receive 175 percent of the base instructional unit allotment;

1 (22) for St. Mary's City School District, the district is  
2 entitled to receive 180 percent of the base instructional unit allot-  
3 ment;

4 (23) for Yupit School District, the area is entitled to  
5 receive 185 percent of the base instructional unit allotment.

6 \* Sec. 7. AS 14.17.056 is repealed and reenacted to read:

7 Sec. 14.17.056. BASE INSTRUCTIONAL UNIT VALUE. The base in-  
8 structional unit for fiscal years beginning on or after July 1, 1986,  
9 is \$42,184.

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

11 Sec. 14.17.080. PRELIMINARY REPORTS [COMPUTATION] BY DISTRICTS  
12 [DISTRICT]. By October 15 [30] of the pre-fiscal year each district  
13 shall submit to the department, in the manner and on forms to be  
14 prescribed by the commissioner, a preliminary report pursuant to this  
15 chapter of estimates and data upon which computations can be made [FOR  
16 THE FOLLOWING FISCAL YEAR] of the amount of [BASIC] state aid for  
17 which the district is eligible the following fiscal year under AS 14.-  
18 17.021[; AND THE AMOUNT FOR SUPPLEMENTAL PROGRAMS WHICH HAS BEEN  
19 APPROVED FOR FUNDING CONSIDERATION BY THE COMMISSIONER. EACH DISTRICT  
20 SHALL MAKE THE COMPUTATIONS IN THE MANNER PRESCRIBED BY AS 14.17.080 -  
21 14.17.150]. The preliminary reports required by this section [COMPU-  
22 TATIONS] are the basis for requesting legislative appropriations and  
23 for making preliminary payments under the public school foundation  
24 program for the following fiscal year.

25 \* Sec. 9. AS 14.17 is amended by adding a new section to read:

26 Sec. 14.17.139. NEW SCHOOL DISTRICTS. Notwithstanding any other  
27 provision of law, a new school district may not be formed if the total  
28 number of pupils for the proposed school district is less than 250  
29 unless the commissioner of education determines that formation of a

1 new school district with less than 250 pupils would be in the best  
2 interest of the state and the proposed school district.

3 \* Sec. 10. AS 14.17.140 is repealed and reenacted to read:

4 Sec. 14.17.140. DETERMINATION OF FULL AND TRUE VALUE BY DEPART-  
5 MENT OF COMMUNITY AND REGIONAL AFFAIRS. (a) To determine the equalized  
6 percentage to be applied to basic need under AS 14.17.021 the Depart-  
7 ment of Community and Regional Affairs, in consultation with the  
8 assessor for each district, shall determine the full value of the  
9 taxable real and personal property in each district. Exemptions  
10 granted under ch. 129, SLA 1957, known as the Alaska Industrial Incentive  
11 Act (AS 43.25.010 - 43.25.170), shall be honored. If there is no  
12 local assessor or current local assessment for a district, then the  
13 Department of Community and Regional Affairs shall make the determina-  
14 tion of full value from information available. In making the deter-  
15 mination, the Department of Community and Regional Affairs shall be  
16 guided by AS 29.45.110. The determination of full value shall be made  
17 before October 1 and sent by certified mail, return receipt requested,  
18 before that date to the president of the school board in each dis-  
19 trict. Duplicate copies shall be sent to the commissioner. The  
20 governing body of the borough or city which is the district may obtain  
21 judicial review of the determination. The superior court may modify  
22 the determination of the Department of Community and Regional Affairs  
23 only upon a finding of abuse or discretion or upon a finding that  
24 there is no substantial evidence to support the determination.

25 (b) Motor vehicles subject to the motor vehicle registration tax  
26 under AS 28.10.255 shall be treated as taxable property for purposes  
27 of (a) of this section.

28 \* Sec. 11. Section AS 14.17.170 is amended to read:

29 Sec. 14.17.170. PAYMENT UNDER ADJUSTED COMPUTATIONS. Each

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

29 \* Sec. 12. AS 14.17.250(4) is repealed and reenacted to read:

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(4) "elementary school" means a school consisting of grades one through eight, kindergarten through eight, special education pre-elementary through six, or an appropriate combination of grades within this range;

\* Sec. 13. AS 14.17.250(9) is repealed and reenacted to read:

(9) "secondary school" means a school of grades 7 through 12;

\* Sec. 14. AS 14.17.081 is repealed.

\* Sec. 15. This Act takes effect July 1, 1986.