Offered: 4/29/86
Referred: Rules

Original sponsor: Ferguson

1 IN THE SENATE BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 408 (Finance)

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 14.30.285(b) is amended to read:

10 (b) An identified exceptional child may be sent to an education-

11 al program or residential school outside the child's community or

12 school district if the child resides in a community or school district

13 where an appropriate educational program cannot reasonably be made

14 available and if the department determines that provision of special

15 education and related services in another educational program or

16 residential school is appropriate. If the school district and the

17 department approve the enrollment of the exceptional child in another

18 educational program or residential school outside the child's

19 community or school district and the child is enrolled, the child's

20 education expenses shall be paid as follows:

21 (1) except as otherwise provided by (2) of this subsection,

22 the sending [SCHOOL] district shall pay all costs associated with the

23 transfer [THE RECEIVING DISTRICT, PROGRAM, OR SCHOOL AN AMOUNT OF

24 MONEY EQUAL TO THE SENDING DISTRICT'S LOCAL COST-PER-PUPIL RATE];

25 (2) the department may provide financial assistance to the

26 district for a child's education provided for in (1) of this subsec-

27 tion under regulations adopted by the Department [SHALL PAY THE RE-

28 MAINDER OF THE ANNUAL COST OF THE CHILD'S EDUCATION ABOVE THAT PRO-

29 VIDED FOR IN (1) OF THIS SUBSECTION].

1 * Sec. 2. AS 14.17.021 is repealed and reenacted to read:
2 Sec. 14.17.021. STATE AID. (a) The amount of state aid for
3 which each school district may qualify is calculated by multiplying
4 the basic need as defined in (b) of this section by the equalized
5 percentage as defined in (c) of this section.
6 (b) The basic need of each school district is determined by
7 multiplying the instructional unit allotment of the district as de-
8 fined in AS 14.17.051 by the number of instructional units in the
9 district by the instructional unit value.
10 (c) The equalized percentage for each city/borough school dis-
11 trict is computed according to formula Pi = 1 - (1-k) Vi/Vs in which
12 (1) Pi (equalized percentage) = percent of need to be pro-
13 vided by the state;
14 (2) K (minimum level of state support of basic need) = 97
15 percent;
16 (3) Vi (valuation per pupil in average daily membership in
17 the district) = full and true value of taxable real and personal
18 property within the city/borough district divided by the average daily
19 membership of the district;
20 (4) Vs = average of the valuation per pupil in average
21 daily membership for all the city/borough districts of the state;
22 (5) state aid as computed under this section constitutes at
23 least 97 percent of the basic need, of each school district;
24 (6) for the purpose of calculating the amount of equalized
25 percentage under this section, Vi/Vs may not exceed 1.00.
26 * Sec. 3. AS 14.17.023 is repealed and reenacted to read:
27 Sec. 14.17.023. SECONDARY FORMULA ACCOUNT. (a) The Department
28 of Education shall allocate 80 percent of the funds remaining after
29 the allocation under AS 14.17.021 - 14.17.056 are recomputed in

1 accordance with AS 14.17.170 to school districts whose:

2 (1) local contribution to education for each student in
3 average daily membership in the preceding fiscal year exceeds the
4 statewide average local contribution to education for each pupil in
5 average daily membership for the preceding fiscal year; and

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

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

23 (c) Each fiscal year, the Department of Education shall allocate
24 to each school district that qualifies for funds under (a) of this
25 section an amount equal to the portion of the school district's local
26 contribution to education for each student in average daily membership
27 in the preceding fiscal year that exceeds the statewide average local
28 contribution to education for each student in average daily membership
29 in the preceding fiscal year. If the available funds under (a) and

1 (b) of this section are insufficient to meet the allocations author-
2 ized under this section, the available funds shall be distributed pro
3 rata among the eligible school districts. If the available funds
4 under (a) and (b) of this section exceed $20,000,000 the excess funds
5 shall be distributed pro rata among all school districts.
6 (d) In this section:
7 (1) "local contribution to education" means the local tax
8 contribution that was actually expended for education in the preceding
9 fiscal year as determined by the audit conducted under AS 14.14.050;
10 (2) "statewide average" means the total local contribution
11 to education in the state for the preceding fiscal year divided by the
12 total number of students in average daily membership in the preceding
13 fiscal year;
14 (3) "unique circumstances" means factors which cannot be
15 adequately addressed by the formula in AS 14.17.021 and which are
16 unique to remote school districts, such as small high school popula-
17 tions, high intra-district travel costs for education and professional
18 support staff, and high transportation costs to deliver basic goods
19 and supplies to schools within the district.
20 (e) The commissioner of education may expend funds under (b) of
21 this section only in accordance with the following procedures:
22 (1) the commissioner shall submit the proposed expenditures
23 to the Legislative Budget and Audit Committee for review;
24 (2) 45 days shall elapse before commencement of expendi-
25 tures under (b) of this section unless the Legislative Budget and
26 Audit Committee earlier recommends that the expenditures be made;
27 (3) should the Legislative Budget and Audit Committee
28 recommend within the 45-day period that the expenditures not be made,
29 the commissioner shall again review the proposed expenditures and if

1 the commissioner determines to authorize the expenditures, the commis-
2 sioner shall provide the Legislative Budget and Audit Committee with a
3 statement of the commissioner's reasons before commencement of the
4 expenditures.
5 * Sec. 4. 14.17 is amended by adding a new section to read:
6 Sec. 14.17.027. REVENUE ADJUSTMENT. The Department of Educa-
7 tion shall submit a supplemental appropriation request to the legisla-
8 ture in any fiscal year in which the PL-874 funds received by a school
9 district or area are less than the preceding fiscal year.
10 * Sec. 5. AS 14.17.031 is repealed and reenacted to read:
11 Sec. 14.17.031. INSTRUCTIONAL UNITS. (a) The total number of
12 instructional units within each school district is the sum of:
13 (1) the number of units for elementary schools and the
14 number of units for secondary schools as determined under AS 14.17.-
15 041(a) and (b) or (f);
16 (2) the number of units for vocational education as deter-
17 mined under AS 14.17.041(c) as approved by the department;
18 (3) the number of units from special education as deter-
19 mined under AS 14.17.041(d) as approved by the department;
20 (4) if the district has five or more correspondence pupils
21 enrolled in an approved district correspondence study program, the
22 number of units shall be determined under AS 14.17.041(a) or (f);
23 (5) the number of units for bilingual education as deter-
24 mined under AS 14.17.041(e) as approved by the department.
25 (b) A school district shall compute separately the number of
26 allowable instructional units for each of its secondary schools except
27 as provided in (c) of this section.
28 (c) The commissioner shall authorize any school in a remote
29 location to establish an associated secondary school when the sum of

1 the average daily membership in grades five through eight is greater
2 than 20. Notwithstanding AS 14.17.041, any school or school district
3 operating a remote elementary school with 20 or fewer total average
4 daily membership within grades five through eight may conduct a
5 secondary program subject to approval of the commissioner and use the
6 following table to calculate the number of allowable instructional
7 units for the combined elementary and secondary program of the remote
8 school:

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

13 (d) If the total amount of state aid that a school district is
14 entitled to under AS 14.17.041(a) and (b) or (f) decreases by 10
15 percent or more from one year to the next, the school district may use
16 the last year before the reduction as a base year and offset its
17 reduction according to the following schedule: (1) for the first year
18 after the base year, the school district is entitled to the state aid
19 determined under (a) of this section plus 75 percent of the difference
20 in state aid between the base year and the first year; (2) for the
21 second year after the base year, the school district is entitled to
22 the state aid determined under (a) of this section plus 50 percent of
23 the difference in state aid between the base year and the second year;
24 (3) for the third year after the base year, the school district is
25 entitled to the state aid determined under (a) of this section plus 25
26 percent of the difference in state aid between the base year and the
27 second year. The schedule established in this subsection is available
28 to a school district for the three years following the base year only
29 so long as the entitlement to state aid under AS 14.17.041(a) and (b)

or (f) for each year is less than entitlements in the base year. This section does not apply to a decrease in the number of instructional units or loss of entitlements which occurs in district organizations under AS 29.

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

* Sec. 6. AS 14.17.041 is repealed and reenacted to read:

Sec. 14.17.041. TABLE OF ALLOWABLE INSTRUCTIONAL UNITS. (a) Elementary schools:

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

(b) Secondary schools:

ADM	No. Instructional Units
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

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

ADM	No. Instructional Units
1 - 10	2
11 - 20	4
21 - 30	6
31 - 40	8
41 - 50	10
51 - 60	12

61 - 499	12 plus 1 for every 12 pupils or fraction of 12.
500 - 999	12 plus 1 for every 15 pupils or fraction of 15.

* Sec. 7. AS 14.17.051 is repealed and reenacted to read:

Sec. 14.17.051. INSTRUCTIONAL UNIT ALLOTMENT. The instructional unit allotment for each school district or regional educational attendance area is as follows:

(1) for Skagway City School District the district is entitled to receive 80 percent of the base instructional unit allotment;

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

(3) for Adak Regional School District, and Cordova City School District, the district or area is entitled to receive 95 percent of the base instructional unit allotment;

(4) for Ketchikan Gateway Borough, and Chatham School District the district is entitled to 100 percent of the base instructional unit allotment;

(5) for City and Borough of Juneau School District, Anchorage School District, Sitka Borough School District, Matanuska-Susitna Borough School District, Hydaburg City School District, Klawock City School District, and Kenai Peninsula Borough School District, the district is entitled to receive 104 percent of the base instructional unit allotment;

(6) for Pribilof Islands School District, the area is entitled to receive 105 percent of the base instructional unit allotment;

(7) for Southeast Island School District, the area is entitled to receive 108 percent of the base instructional unit allotment;

(8) for Pelican City School District, the district is entitled to receive 110 percent of the base instructional unit allotment;

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

(10) for North Star Borough School District, the district is entitled to receive 113 percent of the base instructional unit allotment;

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

(12) for Lower Yukon School District, Craig City School District, and Unalaska City School District, the district or area is entitled to receive 120 percent of the base instructional unit allotment;

(13) for Nenana City School District, Chugach School District, Southwest Regional School District, Aleutian Chain School District, and Alaska Gateway School District, the district or area is entitled to receive 125 percent of the base instructional unit allotment;

(14) for Kodiak Island School District, the district is entitled to receive 135 percent of the base instructional unit allotment;

(15) for King Cove City School District, Copper River School

1 District, Tanana School District, and Kashunamiut School District, the
2 district or area is entitled to receive 140 percent of the base in-
3 structional unit allotment;
4 (16) for Lake Peninsula School District, and Bering Strait
5 School District, the area is entitled to receive 145 percent of the
6 base instructional unit allotment;
7 (17) for Yukon-Koyukuk School District, and Dillingham City
8 School District, the district or area is entitled to receive 150
9 percent of the base instructional unit allotment;
10 (18) for Bristol Bay Borough School District, Lower
11 Kuskokwim School District, Galena City School District, Northwest
12 Arctic School District, and Nome City School District, the district or
13 area is entitled to receive 155 percent of the base instructional unit
14 allotment;
15 (19) for Kuspuk School District, the area is entitled to
16 receive 160 percent of the base instructional unit allotment;
17 (20) for Yukon Flats School District, and Iditarod Area
18 School District, the area is entitled to receive 165 percent of the
19 base instructional unit allotment;
20 (21) for Upper Railbelt Regional School District, and North
21 Slope Borough School District, the district or area is entitled to
22 receive 175 percent of the base instructional unit allotment;
23 (22) for St. Mary's City School District, the district is
24 entitled to receive 180 percent of the base instructional unit allot-
25 ment;
26 (23) for Yupiit School District, the area is entitled to
27 receive 185 percent of the base instructional unit allotment.
28 * Sec. 8. AS 14.17.056 is repealed and reenacted to read:
29 Sec. 14.17.056. BASE INSTRUCTIONAL UNIT VALUE. The base

1 instructional unit for fiscal years beginning on or after July 1,
2 1986, is $42,184.
3 * Sec. 9. AS 14.17.080 is amended to read:
4 Sec. 14.17.080. PRELIMINARY REPORTS [COMPUTATION] BY DISTRICTS
5 [DISTRICT]. By October 15 [30] of the pre-fiscal year each district
6 shall submit to the department, in the manner and on forms to be
7 prescribed by the commissioner, a preliminary report pursuant to this
8 chapter of estimates and data upon which computations can be made [FOR
9 THE FOLLOWING FISCAL YEAR] of the amount of [BASIC] state aid for
10 which the district is eligible the following fiscal year under AS 14.-
11 17.021[; AND THE AMOUNT FOR SUPPLEMENTAL PROGRAMS WHICH HAS BEEN
12 APPROVED FOR FUNDING CONSIDERATION BY THE COMMISSIONER. EACH DISTRICT
13 SHALL MAKE THE COMPUTATIONS IN THE MANNER PRESCRIBED BY AS 14.17.080 -
14 14.17.150]. The preliminary reports required by this section [COMPU-
15 TATIONS] are the basis for requesting legislative appropriations and
16 for making preliminary payments under the public school foundation
17 program for the following fiscal year.
18 * Sec. 10. AS 14.17 is amended by adding a new section to read:
19 Sec. 14.17.139. NEW SCHOOL DISTRICTS. Notwithstanding any other
20 provision of law, a new school district may not be formed if the total
21 number of pupils for the proposed school district is less than 250
22 unless the commissioner of education determines that formation of a
23 new school district with less than 250 pupils would be in the best
24 interest of the state and the proposed school district.
25 * Sec. 11. AS 14.17.140 is repealed and reenacted to read:
26 Sec. 14.17.140. DETERMINATION OF FULL AND TRUE VALUE BY DEPART-
27 MENT OF COMMUNITY AND REGIONAL AFFAIRS. (a) To determine the equalized
28 percentage to be applied to basic need under AS 14.17.021 the Depart-
29 ment of Community and Regional Affairs, in consultation with the

1 assessor for each district, shall determine the full value of the
2 taxable real and personal property in each district. Exemptions
3 granted under ch. 129, SLA 1957, known as the Alaska Industrial Incen-
4 tive Act (AS 43.25.010 - 43.25.170), shall be honored. If there is no
5 local assessor or current local assessment for a district, then the
6 Department of Community and Regional Affairs shall make the determina-
7 tion of full value from information available. In making the deter-
8 mination, the Department of Community and Regional Affairs shall be
9 guided by AS 29.45.110. The determination of full value shall be made
10 before October 1 and sent by certified mail, return receipt requested,
11 before that date to the president of the school board in each dis-
12 trict. Duplicate copies shall be sent to the commissioner. The
13 governing body of the borough or city which is the district may obtain
14 judicial review of the determination. The superior court may modify
15 the determination of the Department of Community and Regional Affairs
16 only upon a finding of abuse or discretion or upon a finding that
17 there is no substantial evidence to support the determination.
18 (b) Motor vehicles subject to the motor vehicle registration tax
19 under AS 28.10.255 shall be treated as taxable property for purposes
20 of (a) of this section.
21 * Sec. 12. AS 14.17.170 is amended to read:
22 Sec. 14.17.170. PAYMENT UNDER ADJUSTED COMPUTATIONS. Each
23 district shall make a report at the end of the 20-school-day period
24 ending the fourth Friday in October, and may make a report at the end
25 of the 20-school-day period ending the second Friday in February
26 [FIRST NINE WEEKS OF SCHOOL], which, in accordance with regulations
27 adopted by the department, reports [CONTAINS A NEW ESTIMATE OF] its
28 average daily membership for that counting period. [THE FISCAL YEAR]
29 and other information which will aid the commissioner in making a more

1 accurate determination of each district's state aid. The October
2 report, or the February report if it makes the district eligible for
3 more state aid, is [THIS NEW ESTIMATE AND INFORMATION OF AVERAGE DAILY
4 MEMBERSHIP SHALL BE] the basis for the computation and distribution of
5 each district's state aid for the balance of the fiscal year. As soon
6 as possible after receiving each district's report [THE COMMISSIONER
7 SHALL, ON THE BASIS OF THIS NEW ESTIMATE AND INFORMATION, MAKE A
8 RECOMPUTATION OF EACH DISTRICT'S STATE AID. BEFORE DECEMBER 2], the
9 commissioner shall notify each district of changes made in the number
10 of funding units calculated for that district [ITS STATE AID]. The
11 commissioner shall also determine whether the money in the public
12 school foundation account is sufficient to meet each district's state
13 aid for the fiscal year, and, if the money is not sufficient, the
14 commissioner shall immediately inform the governor of the amount of
15 additional appropriation the commissioner estimates will be necessary
16 to carry out the public school foundation program for the rest of the
17 fiscal year. Beginning April [FEBRUARY] 15 and on the 15th of each
18 subsequent month, one-third [ONE-FIFTH] of the recomputed balance of
19 each district's state aid must [SHALL] be distributed. [HOWEVER,
20 ONE-HALF OF THE JUNE PAYMENT SHALL BE WITHHELD PENDING A FINAL DETER-
21 MINATION OF THE DISTRICT'S STATE AID.]
22 * Sec. 13. AS 14.17.250(4) is repealed and reenacted to read:
23 (4) "elementary school" means a school consisting of grades
24 one through eight, kindergarten through eight, special education
25 pre-elementary through six, or an appropriate combination of grades
26 within this range;
27 * Sec. 14. AS 14.17.250(9) is repealed and reenacted to read:
28 (9) "secondary school" means a school of grades 7 through
29 12;

1 * Sec. 15. AS 14.17.081 is repealed.

2 * Sec. 16. This Act takes effect July 1, 1986.