

Offered: 5/7/86  
Referred: Finance

Original sponsors: Ferguson and Kerttula

1 IN THE SENATE

BY THE HEALTH, EDUCATION AND  
SOCIAL SERVICES COMMITTEE

2 HOUSE CS FOR 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 14.30.285(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 AS 14.30.285(b) is repealed and reenacted to read:

2 (b) An identified exceptional child may be sent to an  
3 educational program or residential school outside the child's school  
4 district if the child resides in a school district where an  
5 appropriate educational program cannot reasonably be made available  
6 and if the department determines that provision of special education  
7 and related services in another educational program or residential  
8 school is appropriate. If the school district and the department  
9 approve the enrollment of the exceptional child in another educational  
10 program or residential school outside the child's school district and  
11 the child is enrolled, the child's education expenses shall be paid as  
12 follows:

13 (1) the sending school district shall pay the receiving  
14 district, program, or school an amount of money equal to the sending  
15 district's local cost-per-pupil rate;

16 (2) the department shall pay the remainder of the annual  
17 cost of the child's education above that provided for in (1) of this  
18 subsection.

19 \* Sec. 3. AS 14.17.021 is repealed and reenacted to read:

20 Sec. 14.17.021. STATE AID. (a) The amount of state aid for  
21 which each school district may qualify is calculated by multiplying  
22 the basic need as defined in (b) of this section by the equalized  
23 percentage as defined in (c) of this section.

24 (b) The basic need of each school district is determined by  
25 multiplying the instructional unit allotment of the district as de-  
26 fined in AS 14.17.051 by the number of instructional units in the  
27 district by the instructional unit value.

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

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

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

5                   (3)  $V_i$  (valuation per pupil in average daily membership in  
6                   the district) = full and true value of taxable real and personal  
7                   property within the city/borough district divided by the average daily  
8                   membership of the district;

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

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

13                   (6) for the purpose of calculating the amount of equalized  
14                   percentage under this section,  $V_i/V_s$  may not exceed 1.00.

15 \* Sec. 4. AS 14.17.021 is repealed and reenacted to read:

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

21                   (b) If permitted under sec. 5(d)(2) of P.L. 81-874, as amended,  
22                   (20 U.S.C. 240(d)) and the regulations adopted under it (45 C.F.R.  
23                   115.60 - 115.66), the amount of basic state aid to a district may be  
24                   reduced by up to 80 percent of the entitlement of the district to  
25                   federal financial assistance under P.L. 81-874, as amended, (20 U.S.C.  
26                   236 - 244), for the prior fiscal year.

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

28                   Sec. 14.17.023. SECONDARY FORMULA ACCOUNT. (a) The Department  
29                   of Education shall allocate 80 percent of the funds remaining after

1 the allocation under AS 14.17.021 - 14.17.056 are recomputed in accor-  
2 dance with AS 14.17.170 to school districts whose:

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

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

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

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

1 in the preceding fiscal year. If the available funds under (a) and  
2 (b) of this section are insufficient to meet the allocations author-  
3 ized under this section, the available funds shall be distributed pro  
4 rata among the eligible school districts. If the available funds  
5 under (a) and (b) of this section exceed \$20,000,000 the excess funds  
6 shall be distributed pro rata among all school districts.

7 (d) In this section:

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

11 (2) "statewide average" means the total local contribution  
12 to education in the state for the preceding fiscal year divided by the  
13 total number of students in average daily membership in the preceding  
14 fiscal year;

15 (3) "unique circumstances" means factors which cannot be  
16 adequately addressed by the formula in AS 14.17.021, such as small  
17 high school populations, high intra-district travel costs for  
18 education and professional support staff, and high transportation  
19 costs to deliver basic goods and supplies to schools within the  
20 district.

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

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

25 (2) 45 days shall elapse before commencement of expendi-  
26 tures under (b) of this section unless the Legislative Budget and  
27 Audit Committee earlier recommends that the expenditures be made;

28 (3) should the Legislative Budget and Audit Committee  
29 recommend within the 45-day period that the expenditures not be made,

1 the commissioner shall again review the proposed expenditures and if  
2 the commissioner determines to authorize the expenditures, the commis-  
3 sioner shall provide the Legislative Budget and Audit Committee with a  
4 statement of the commissioner's reasons before commencement of the  
5 expenditures.

6 \* Sec. 6. AS 14.17.023 is repealed and reenacted to read:

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

11 (b) The amount of supplemental equalization aid for a district  
12 is calculated by multiplying the ADM of the district as reported for  
13 the prior fiscal year under AS 14.17.180 by the amount per ADM  
14 calculated in (c) of this section. This amount shall be reduced by the  
15 amount of the average local tax contributions per pupil in average  
16 daily membership for school operating costs in that district in the  
17 prior fiscal year or in the fiscal year ending June 30, 1979,  
18 whichever is higher.

19 (c) The amount per ADM of supplemental equalization aid is  
20 calculated as the amount equal to the average local tax contributions  
21 per pupil in average daily membership for school operating costs in  
22 the city and borough school districts in the prior fiscal year.

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

26 \* Sec. 7. AS 14.17 is amended by adding a new section to read:

27 Sec. 14.17.027. REVENUE ADJUSTMENT. The Department of Educa-  
28 tion shall submit a supplemental appropriation request to the legisla-  
29 ture in any fiscal year in which the PL-874 funds received by a school

1 district or area are less than the preceding fiscal year.

2 \* Sec. 8. AS 14.17.031 is repealed and reenacted to read:

3 Sec. 14.17.031. INSTRUCTIONAL UNITS. (a) The total number of  
4 instructional units within each school district is the sum of the  
5 following, calculated to the third decimal place and rounded to the  
6 nearest hundredth, for that fiscal year:

7 (1) the number of units for elementary schools and the  
8 number of units for secondary schools as determined under AS 14.17.-  
9 041(a) and (b) or (f);

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

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

14 (4) if the district has five or more correspondence pupils  
15 enrolled in an approved district correspondence study program, the  
16 number of units shall be determined under AS 14.17.041(a) or (f);

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

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

22 (c) The commissioner shall authorize any school in a remote  
23 location to establish an associated secondary school when the sum of  
24 the average daily membership in grades five through eight is greater  
25 than 20. Notwithstanding AS 14.17.041, any school or school district  
26 operating a remote elementary school with 20 or fewer total average  
27 daily membership within grades five through eight may conduct a  
28 secondary program subject to approval of the commissioner and use the  
29 following table to calculate the number of allowable instructional

1 units for the combined elementary and secondary program of the remote  
2 school:

3	ADM	No. Instructional Units
4	under 12	3
5	12 - 20	4
6	21 - 32	5

7 (d) If the total amount of state aid that a school district is  
8 entitled to under AS 14.17.041(a) and (b) or (f) decreases by 10  
9 percent or more from one year to the next, the school district may use  
10 the last year before the reduction as a base year and offset its  
11 reduction according to the following schedule: (1) for the first year  
12 after the base year, the school district is entitled to the state aid  
13 determined under (a) of this section plus 75 percent of the difference  
14 in state aid between the base year and the first year; (2) for the  
15 second year after the base year, the school district is entitled to  
16 the state aid determined under (a) of this section plus 50 percent of  
17 the difference in state aid between the base year and the second year;  
18 (3) for the third year after the base year, the school district is  
19 entitled to the state aid determined under (a) of this section plus 25  
20 percent of the difference in state aid between the base year and the  
21 second year. The schedule established in this subsection is available  
22 to a school district for the three years following the base year only  
23 so long as the entitlement to state aid under AS 14.17.041(a) and (b)  
24 or (f) for each year is less than entitlements in the base year. This  
25 section does not apply to a decrease in the number of instructional  
26 units or loss of entitlements which occurs in district organizations  
27 under AS 29.

28 (e) For purposes of calculating state aid under this section, a  
29 school district with a school site offering only grades kindergarten

1 through eight shall compute the number of instructional units for that  
2 site using the schedule under AS 14.17.041(a).

3 \* Sec. 9. AS 14.17.031 is repealed and reenacted to read:

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

6 (1) the number of units for elementary schools and the  
7 number of units for secondary schools as determined from AS  
8 14.17.041(a), (b), (c), or (d);

9 (2) the number of units for vocational education determined  
10 from AS 14.17.041(e) as approved by the department;

11 (3) the number of units from special education determined  
12 from AS 14.17.041(f) as approved by the department;

13 (4) if the district has five or more correspondence pupils  
14 enrolled in an approved district correspondence study program, the  
15 number of units for correspondence pupils determined by applying the  
16 number of correspondence pupils to AS 14.17.041(a); and

17 (5) the number of units for bilingual education determined  
18 from AS 14.17.041(g) as approved by the department.

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

22 (c) The commissioner shall authorize any school in a remote  
23 location to establish an associated secondary school when the sum of  
24 the average daily membership in grades five through eight is greater  
25 than 20. Notwithstanding AS 14.17.041, any school or school district  
26 operating a remote elementary school with 20 or fewer total average  
27 daily membership in grades five through eight may conduct a secondary  
28 program subject to approval of the commissioner and use the following  
29 table to calculate the number of allowable instructional units for the

1 combined elementary and secondary program of the remote school:

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

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

28 (e) The commissioner may authorize a school district operating a  
29 school in a remote area to calculate the number of instructional units

1 to which the remote school would be entitled if that school were a  
2 separate school district and to include that number of instructional  
3 units in the total number of instructional units for the district.

4 \* Sec. 10. AS 14.17.041 is repealed and reenacted to read:

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

6 Elementary schools:

7	ADM	No. Instructional Units
8	under 20	2
9	20 - 32	3
10	33 - 46	4
11	47 - 62	5
12	63 - 80	6
13	81 and over	6 plus 1 for each 18 pupils
14		over 80 or fraction of 18

15 (b) Secondary schools:

16	ADM	No. Instructional Units
17	under 28	4
18	29 - 41	5
19	42 - 56	6
20	57 - 73	7
21	74 and over	7 plus 1 for each 16 pupils
22		over 73 or fraction of 16

23 (c) Vocational education schedule:

24	ADM	No. Instructional Units
25	5 - 10	1
26	11 - 25	2
27	26 - 40	3
28	41 and over	3 plus 1 for each 20 pupils
29		over 40 or fraction of 20

1		pupils Full-Time Equivalent ADM
2	(d) Special education schedule:	
3	ADM	No. Instructional Units
4	1 - 15	1
5	16 - 30	2
6	31 - 45	3
7	46 and over	4 plus 1 for each 11 pupils
8		over 45 or fraction of 11 pupils

9	(e) Bilingual education schedule:	
10	Weighted ADM	No. Instructional Units
11	1 - 12	1
12	13 - 18	2
13	19 - 42	3
14	43 and over	3 plus 1 for each 24
15		weighted ADM over 42 or
16		fraction of 24 weighted ADM

17	(f) Single city and borough districts under 750 ADM:	
18	ADM	No. Instructional Units
19	1 - 10	2
20	11 - 20	4
21	21 - 30	6
22	31 - 40	8
23	41 - 50	10
24	51 - 60	12
25	61 - 749	12 plus 1 for every 12
26		pupils or fraction of 12.

27 \* Sec. 11. AS 14.17.041 is repealed and reenacted to read:

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

29 Elementary schools:

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

8 (b) Secondary schools:

9	<b>ADM</b>	<b>No. Instructional Units</b>
10	under 30	4
11	30 - 59	6
12	60 - 89	8
13	90 and over	10 plus 1 for each 18 pupils
14		or fraction of 18

15 (c) Vocational education schedule:

16	<b>ADM</b>	<b>No. Instructional Units</b>
17	<b>Full-Time Equivalent</b>	
18	5 - 10	1
19	11 - 25	2
20	26 - 40	3
21	41 and over	3 plus 1 for each 20 pupils
22		or fraction of 20 pupils in
23		Full-Time Equivalent ADM

24 (d) Special education schedule:

- 25 (1) in districts with ADM of less than 3,000, one
- 26 instructional unit for each 15 special education pupils or fraction of
- 27 15 pupils in ADM;
- 28 (2) in districts with ADM of 3,000 or more, one
- 29 instructional unit for each 11 special education pupils or fraction of

1 11 pupils in ADM.

2 (e) Bilingual education schedule:

3 Weighted ADM	No. Instructional Units
4 1 - 12	1
5 13 - 18	2
6 19 - 42	3
7 43 and over	3 plus 1 for each 24
8	or fraction of 24 weighted ADM

9 \* Sec. 12. AS 14.17.051 is repealed and reenacted to read:

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

13 (1) for Skagway City School District, Annette Island School  
14 District, Petersburg City School District, and Wrangell City School  
15 District, Adak Regional School District, Cordova City School District,  
16 Ketchikan Gateway Borough, and Chatham School District the district is  
17 entitled to 100 percent of the base instructional unit allotment;

18 (2) for City and Borough of Juneau School District,  
19 Anchorage School District, Sitka Borough School District, Matanuska-  
20 Susitna Borough School District, Hydaburg City School District,  
21 Klawock City School District, and Kenai Peninsula Borough School Dis-  
22 trict, the district is entitled to receive 104 percent of the base  
23 instructional unit allotment;

24 (3) for Pribilof Islands School District, the area is  
25 entitled to receive 105 percent of the base instructional unit allot-  
26 ment;

27 (4) for Southeast Island School District, the area is  
28 entitled to receive 108 percent of the base instructional unit allot-  
29 ment;

1 (5) for Pelican City School District, the district is  
2 entitled to receive 110 percent of the base instructional unit allot-  
3 ment;

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

7 (7) for North Star Borough School District, the district is  
8 entitled to receive 113 percent of the base instructional unit allot-  
9 ment;

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

14 (9) for Lower Yukon School District, Craig City School  
15 District, and Unalaska City School District, the district or area is  
16 entitled to receive 120 percent of the base instructional unit allot-  
17 ment;

18 (10) for Nenana City School District, Chugach School Dis-  
19 trict, Southwest Regional School District, Aleutian Chain School  
20 District, and Alaska Gateway School District, the district or area is  
21 entitled to receive 125 percent of the base instructional unit allot-  
22 ment;

23 (11) for Kodiak Island School District, the district is  
24 entitled to receive 135 percent of the base instructional unit allot-  
25 ment;

26 (12) for King Cove City School District, Copper River School  
27 District, Tanana School District, and Kashunamiut School District, the  
28 district or area is entitled to receive 140 percent of the base in-  
29 structional unit allotment;

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

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

7 (15) for Bristol Bay Borough School District, Lower  
8 Kuskokwim School District, Galena City School District, Northwest  
9 Arctic School District, and Nome City School District, the district or  
10 area is entitled to receive 155 percent of the base instructional unit  
11 allotment;

12 (16) for Kuspuk School District, the area is entitled to  
13 receive 160 percent of the base instructional unit allotment;

14 (17) for Yukon Flats School District, and Iditarod Area  
15 School District, the area is entitled to receive 165 percent of the  
16 base instructional unit allotment;

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

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

23 (20) for Yupiit School District, the area is entitled to  
24 receive 185 percent of the base instructional unit allotment.

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

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

29 (1) for Gateway Borough School District, City and Borough

1 of Juneau School District, and Anchorage School District, the district  
2 is entitled to receive the base instructional unit allotment;

3 (2) for Annette Island School District, Petersburg City  
4 School District, Wrangell City School District, Sitka Borough School  
5 District, and Matanuska-Susitna Borough School District, the district  
6 or area is entitled to receive 104 percent of the base instructional  
7 unit allotment;

8 (3) for Craig City School District, Hydaburg City School  
9 District, Klawock City School District, Kake City School District,  
10 Chatham School District, Skagway City School District, Southeast  
11 Island School District, and Kenai Peninsula Borough School District,  
12 the district or area is entitled to receive 108 percent of the base  
13 instructional unit allotment;

14 (4) for Pelican City School District, Hoonah City School  
15 District, and North Star Borough School District, the district or area  
16 is entitled to receive 112 percent of the base instructional unit  
17 allotment;

18 (5) for Cordova City School District, Valdez City School  
19 District, and Haines Borough School District, the district or area is  
20 entitled to receive 115 percent of the base instructional unit  
21 allotment;

22 (6) for Nenana City School District, Delta School District,  
23 Alaska Gateway School District, Upper Railbelt Regional School  
24 District, Yakutat City School District, Chugach School District, and  
25 Copper River School District, the district or area is entitled to  
26 receive 120 percent of the base instructional unit allotment;

27 (7) for Adak Regional School District the area is entitled  
28 to receive 140 percent of the base instructional unit allotment;

29 (8) for Pribilof Islands School District, Aleutian Chain

1 School District, King Cove City School District, Sand Point City  
2 School District, and Unalaska City School District, the district or  
3 area is entitled to receive 150 percent of the base instructional unit  
4 allotment;

5 (9) for Yukon Flats School District, Dillingham City School  
6 District, Bristol Bay Borough School District, Southwest Regional  
7 School District, Lake Peninsula School District, Lower Kuskokwim  
8 School District, Galena City School District, Kuspuk School District,  
9 Yukon-Koyukuk School District, Northwest Arctic School District,  
10 Selawik City School District, Nome City School District, Bering  
11 Straits School District, Iditarod Area School District, North Slope  
12 Borough School District, Lower Yukon School District, and St. Mary's  
13 City School District, the district or area is entitled to receive 155  
14 percent of the base instructional unit allotment;

15 (10) for Kodiak Island School District, the district is  
16 entitled to receive 116 percent of the base instructional unit  
17 allotment.

18 \* Sec. 14. AS 14.17.056 is repealed and reenacted to read:

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

22 \* Sec. 15. AS 14.17.056 is repealed and reenacted to read:

23 Sec. 14.17.056. BASE INSTRUCTIONAL UNIT VALUE. The base  
24 instructional unit value for fiscal years beginning on or after  
25 July 1, 1987, is \$42,450.

26 \* Sec. 16. AS 14.17.080 is amended to read:

27 Sec. 14.17.080. PRELIMINARY REPORTS [COMPUTATION] BY DISTRICTS  
28 [DISTRICT]. By October 15 [30] of the pre-fiscal year each district  
29 shall submit to the department, in the manner and on forms to be

1 prescribed by the commissioner, a preliminary report pursuant to this  
2 chapter of estimates and data upon which computations can be made [FOR  
3 THE FOLLOWING FISCAL YEAR] of the amount of [BASIC] state aid for  
4 which the district is eligible the following fiscal year under AS 14.-  
5 17.021[; AND THE AMOUNT FOR SUPPLEMENTAL PROGRAMS WHICH HAS BEEN  
6 APPROVED FOR FUNDING CONSIDERATION BY THE COMMISSIONER. EACH DISTRICT  
7 SHALL MAKE THE COMPUTATIONS IN THE MANNER PRESCRIBED BY AS 14.17.080 -  
8 14.17.150]. The preliminary reports required by this section [COMPU-  
9 TATIONS] are the basis for requesting legislative appropriations and  
10 for making preliminary payments under the public school foundation  
11 program for the following fiscal year.

12 \* Sec. 17. AS 14.17.080 is repealed and reenacted to read:

13 Sec. 14.17.080. COMPUTATION BY DISTRICT. By October 30 of the  
14 pre-fiscal year each district shall submit to the commissioner a  
15 preliminary report of computations for the following fiscal year of  
16 the amount of basic state aid for which the district is eligible under  
17 AS 14.17.021; and the amount for supplemental programs which has been  
18 approved for funding consideration by the commissioner. Each district  
19 shall make the computations in the manner prescribed by AS 14.17.080 -  
20 14.17.150. The computations are the basis for requesting legislative  
21 appropriations and for making preliminary payments under the public  
22 school foundation program.

23 \* Sec. 18. AS 14.17.082(a) is amended to read:

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

1        ADM/FTE of less than 500 [400 INSTRUCTIONAL UNITS] may accumulate an  
2        unrestricted, undesignated [A] fund balance of 10 percent of its  
3        expenditures for the preceding fiscal year.

4        \* Sec. 19. AS 14.17.082(a) is repealed and reenacted to read:

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

10       \* Sec. 20. AS 14.17.082(b) is amended to read:

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

16       \* Sec. 21. AS 14.17.082(b) is repealed and reenacted to read:

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

22       \* Sec. 22. AS 14.17 is amended by adding a new section to read:

23            Sec. 14.17.084. MINIMUM EXPENDITURE FOR INSTRUCTION. (a) Each  
24        district shall budget for and spend a minimum of 55 percent of its  
25        school operating expenditures in each fiscal year on the instructional  
26        component of the district budget.

27            (b) The commissioner shall reject a district budget which does  
28        not comply with (a) of this section and, unless a waiver has been  
29        granted by the board under (d) of this section, shall withhold

1 payments of state aid from that district, beginning with the payment  
2 for the second full month after rejection and continuing until the  
3 school board of the district revises the district budget to comply  
4 with (a) of this section.

5 (c) The commissioner shall review the annual audit of each  
6 district for compliance with the expenditure requirements of (a) of  
7 this section. If the commissioner determines that a district does not  
8 meet those requirements, the commissioner shall advise the district of  
9 the determination and calculate the percentage of deficiency in  
10 required expenditure and deduct that percentage from state aid paid to  
11 the district for the current fiscal year, beginning with the payment  
12 for the second full month after the determination, unless a waiver has  
13 been granted by the board under (d) of this section.

14 (d) A district which has been determined by the commissioner to  
15 be out of compliance with the requirements of this section may, within  
16 20 days of the commissioner's determination, request a waiver by the  
17 board of the imposition by the commissioner of any reduction in state  
18 aid payments under (b) or (c) of this section. The request must be  
19 submitted to the Legislative Budget and Audit Committee and must be in  
20 writing and include an analysis of the reasons and causes for the  
21 district's inability to comply with the requirements of this section.  
22 The Legislative Budget and Audit Committee shall review the district's  
23 request and forward it, along with the committee's recommendations on  
24 it, to the board which shall either grant or deny the waiver.

25 (e) The commissioner shall submit an annual report on actions  
26 taken by the commissioner or the board under this section to the  
27 Legislative Budget and Audit Committee by April 15 of each year.

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

29 Sec. 14.17.139. NEW SCHOOL DISTRICTS. Notwithstanding any other

1 provision of law, a new school district may not be formed if the total  
2 number of pupils for the proposed school district is less than 250  
3 unless the commissioner of education determines that formation of a  
4 new school district with less than 250 pupils would be in the best  
5 interest of the state and the proposed school district.

6 \* Sec. 24. AS 14.17.140 is repealed and reenacted to read:

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

28       (b) Motor vehicles subject to the motor vehicle registration tax  
29       under AS 28.10.255 shall be treated as taxable property for purposes

1 of (a) of this section.

2 \* Sec. 25. AS 14.17.140 is repealed and reenacted to read:

3 Sec. 14.17.140. DETERMINATION OF FULL AND TRUE VALUE BY  
4 DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS. (a) The Department of  
5 Community and Regional Affairs, in consultation with the assessor for  
6 each district, shall determine the full value of the taxable real and  
7 personal property in each district. Exemptions granted under AS 43.25  
8 shall be honored. If there is no local assessor or current local  
9 assessment for a district, then the Department of Community and  
10 Regional Affairs shall make the determination of full value from  
11 information available. In making the determination, the Department of  
12 Community and Regional Affairs shall be guided by AS 29.45.110. The  
13 determination of full value shall be made before October 1 and sent by  
14 certified mail, return receipt requested, before that date to the  
15 president of the school board in each district. Duplicate copies shall  
16 be sent to the commissioner. The governing body of the municipality  
17 that is the district may obtain judicial review of the determination  
18 by filing a motion in the superior court of the judicial district in  
19 which the district is located within 30 days after receipt of the  
20 determination. The superior court may modify the determination of the  
21 Department of Community and Regional Affairs only upon a finding of  
22 abuse of discretion or upon a finding that there is no substantial  
23 evidence to support the determination.

24 (b) Motor vehicles subject to the motor vehicle registration  
25 tax under AS 28.10.431 shall be treated as taxable property for  
26 purposes of (a) of this section.

27 (c) To determine the debt-to-valuation ratio to be applied to  
28 the determination of state aid for school construction under AS 14.-  
29 11.100 - 14.11.135, the Department of Community and Regional

1 Affairs, in consultation with the responsible financial officer of  
2 each municipality which is a school district, shall annually determine  
3 the debt of the municipality and report the determination to the mayor  
4 of the municipality and the commissioner of the Department of  
5 Education. The determination shall be made by October 1 of each year  
6 and shall report the outstanding debt as of July 1 each year.

7 \* Sec. 26. AS 14.17.170 is amended to read:

8 Sec. 14.17.170. PAYMENT UNDER ADJUSTED COMPUTATIONS. Each  
9 district shall make a report at the end of the 20-school-day period  
10 ending the fourth Friday in October, and may make a report at the end  
11 of the 20-school-day period ending the second Friday in February  
12 [FIRST NINE WEEKS OF SCHOOL], which, in accordance with regulations  
13 adopted by the department, reports [CONTAINS A NEW ESTIMATE OF] its  
14 average daily membership for that counting period, [THE FISCAL YEAR]  
15 and other information which will aid the commissioner in making a more  
16 accurate determination of each district's state aid. The October  
17 report, or the February report if it makes the district eligible for  
18 more state aid, is [THIS NEW ESTIMATE AND INFORMATION OF AVERAGE DAILY  
19 MEMBERSHIP SHALL BE] the basis for the computation and distribution of  
20 each district's state aid for the balance of the fiscal year. As soon  
21 as possible after receiving each district's report [THE COMMISSIONER  
22 SHALL, ON THE BASIS OF THIS NEW ESTIMATE AND INFORMATION, MAKE A  
23 RECOMPUTATION OF EACH DISTRICT'S STATE AID. BEFORE DECEMBER 2], the  
24 commissioner shall notify each district of changes made in the number  
25 of funding units calculated for that district [ITS STATE AID]. The  
26 commissioner shall also determine whether the money in the public  
27 school foundation account is sufficient to meet each district's state  
28 aid for the fiscal year, and, if the money is not sufficient, the  
29 commissioner shall immediately inform the governor of the amount of

1 additional appropriation the commissioner estimates will be necessary  
2 to carry out the public school foundation program for the rest of the  
3 fiscal year. Beginning April [FEBRUARY] 15 and on the 15th of each  
4 subsequent month, one-third [ONE-FIFTH] of the recomputed balance of  
5 each district's state aid must [SHALL] be distributed. [HOWEVER,  
6 ONE-HALF OF THE JUNE PAYMENT SHALL BE WITHHELD PENDING A FINAL DETER-  
7 MINATION OF THE DISTRICT'S STATE AID.]

8 \* Sec. 27. AS 14.17.170 is repealed and reenacted to read:

9       Sec. 14.17.170. PAYMENT UNDER ADJUSTED COMPUTATIONS. Each  
10 district shall make a report at the end of the first nine weeks of  
11 school, which contains a new estimate of its average daily membership  
12 for the fiscal year and other information which will aid the  
13 commissioner in making a more accurate determination of each  
14 district's state aid. This new estimate and information of average  
15 daily membership shall be the basis for the computation and  
16 distribution of each district's state aid for the balance of the  
17 fiscal year. The commissioner shall, on the basis of this new  
18 estimate and information, make a recomputation of each district's  
19 state aid. Before December 2, the commissioner shall notify each  
20 district of changes made in its state aid. The commissioner shall  
21 also determine whether the money in the public school foundation  
22 account is sufficient to meet each district's state aid for the fiscal  
23 year, and, if the money is not sufficient, the commissioner shall  
24 immediately inform the governor of the amount of additional  
25 appropriation the commissioner estimates will be necessary to carry  
26 out the public school foundation program for the rest of the fiscal  
27 year. Beginning February 15 and on the 15th of each subsequent month,  
28 one-fifth of the recomputed balance of each district's state aid shall  
29 be distributed. However, one-half of the June payment shall be

1 withheld pending a final determination of the district's state aid.

2 \* Sec. 28. AS 14.17.250(4) is repealed and reenacted to read:

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

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

8 (4) "elementary school" means a school consisting of grades  
9 one through eight, kindergarten through eight, or an appropriate  
10 combination of grades within this range;

11 \* Sec. 30. AS 14.17.250(9) is repealed and reenacted to read:

12 (9) "secondary school" means a school of grades 7 through  
13 12;

14 \* Sec. 31. AS 14.17.250(9) is repealed and reenacted to read:

15 (9) "secondary school" means a school of grades seven  
16 through twelve, or an appropriate combination of grades within that  
17 range; when grades seven, eight, nine, or ten are organized separately  
18 as a middle or junior high school, or grades ten through twelve are  
19 organized separately as a senior high school, each school is  
20 considered a separate secondary school for the purposes of AS  
21 14.17.010 - 14.17.250 if

22 (A) the school is conducted in a separate school plant  
23 facility;

24 (B) the school is accredited by the Northwest  
25 Accrediting Association;

26 (C) the school, if a middle or junior high school,  
27 includes a minimum ADM of 10 students in any combination of  
28 grades seven, eight or nine, if the school was in operation  
29 before July 1, 1980; or

1                   (D) the school, if a middle or junior high school,  
2 includes a minimum ADM of 20 students in any combination of  
3 grades seven, eight or nine, if the school first began operation  
4 on or after July 1, 1980;

5   \* Sec. 32. AS 14.17.081 is repealed.

6   \* Sec. 33. Sections 1, 3, 5, 7, 8, 10, 12, 14, 16, 18, 20, 23, 24, 26,  
7 28, and 30 of this Act are repealed June 30, 1987.

8   \* Sec. 34. Sections 2, 4, 6, 9, 11, 13, 15, 17, 19, 21, 22, 25, 27, 29,  
9 and 31 of this Act take effect on July 1, 1987.

10   \* Sec. 35. This Act takes effect July 1, 1986.