

Original sponsor: Rules/Governor

1 IN THE HOUSE BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 126 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the public school foundation
7 program, employer contributions to the Teachers'
8 Retirement System, and community school programs; and
9 providing for an effective date."

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

11 * Section 1. AS 14.17.010 is amended to read:

12 Sec. 14.17.010. PUBLIC SCHOOL FOUNDATION ACCOUNT. (a) The
13 public school foundation account is established. The account consists
14 of appropriations for distribution to districts and [OR] for central-
15 ized correspondence study programs under this chapter.

16 (b) The money of the account may be used only in aid of public
17 schools, including community school programs, and [OR] for centralized
18 correspondence study programs as provided by this chapter.

19 * Sec. 2. AS 14.17.021 is repealed and reenacted to read:

20 Sec. 14.17.021. STATE FOUNDATION AID. (a) The amount of state
21 foundation aid for which a school district may qualify in a fiscal
22 year is calculated by subtracting from the basic need defined in (b)
23 of this section the required local contributions under AS 14.17.025(a)
24 and 90 percent of eligible federal impact aid for that fiscal year.

25 (b) The basic need of a school district is determined by multi-
26 plying the area cost differential of the district under AS 14.17.051
27 by the number of instructional units in the district under AS 14.17.-
28 031 and then multiplying that product by the instructional unit value
29 in AS 14.17.056.

1 * Sec. 3. AS 14.17.022 is amended to read:

2 Sec. 14.17.022. MONEY [FUNDS] FOR CENTRALIZED CORRESPONDENCE
3 STUDY. Money [FUNDS] for providing centralized correspondence study
4 programs for students not enrolled in an approved school district
5 correspondence study program includes [SHALL INCLUDE] an allocation
6 [APPROPRIATION] from the public school foundation account in an amount
7 calculated by multiplying the [BASE] instructional unit value in
8 AS 14.17.056 by the total number of instructional units, as determined
9 by applying the number of correspondence students to the formula for
10 elementary schools in AS 14.17.041(b)(1), then multiplying that prod-
11 uct by 65 percent [AS 14.17.041(a)].

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

13 Sec. 14.17.025. LOCAL CONTRIBUTIONS. (a) Local contributions
14 to a city or borough school district shall include at least the lesser
15 of

16 (1) the equivalent of a four mill tax levy on the full and
17 true value of the taxable real and personal property in the district
18 as of January 1 of the second preceding fiscal year, as determined by
19 the Department of Community and Regional Affairs under AS 14.17.140
20 and AS 29.45.110; or

21 (2) 35 percent of the district's basic need for the preced-
22 ing fiscal year, as determined under AS 14.17.021(b).

23 (b) In addition to the local contributions required under (a) of
24 this section, local contributions to a city or borough school district
25 in a fiscal year may include no more than the greater of

26 (1) the equivalent of a two mill tax levy on the full and
27 true value of the taxable real and personal property in the district
28 as of January 1 of the second preceding fiscal year, as determined by
29 the Department of Community and Regional Affairs under AS 14.17.140

1 and AS 29.45.110; or

2 (2) the product obtained by multiplying

3 (A) 21 percent of the instructional unit value in

4 AS 14.17.056;

5 (B) the number of instructional units approved for the

6 district for the fiscal year; and

7 (C) the area cost differential of the district under

8 AS 14.17.051.

9 (c) The department may by regulation reduce the maximum local
10 contribution specified in (b) of this section if necessary to keep
11 revenue or expenditure disparities among school districts in the state
12 in compliance with federal equalization requirements under sec. 5(d)-
13 (2) of P.L. 81 - 874 (20 U.S.C. 240(d)(2)), as amended, and regula-
14 tions adopted under it.

15 (d) Local contributions are not required in a regional educa-
16 tional attendance area. Interest earnings and other local revenue in
17 a regional educational attendance area are not considered local reve-
18 nue for current operating expenditures, and are subject to regulation
19 and disposition by the department.

20 (e) A state foundation aid payment may not be made to a city or
21 borough school district in which the requirements of (a) of this
22 section have not been met.

23 (f) For the first two fiscal years in which a district is sub-
24 ject to this section, local contributions may be less than the amount
25 that would otherwise be required under (a) of this section. However,
26 local contributions must be at least the greater of

27 (1) the local contributions, excluding any federal impact
28 aid, for the previous fiscal year; or

29 (2) the sum of 10 percent of the district's eligible

1 federal impact aid for that year and, for the first year, the
2 equivalent of a two mill tax levy and for the second year, the
3 equivalent of a three mill tax levy, on the full and true value of the
4 taxable real and personal property in the district as of January 1 of
5 the second preceding fiscal year, as determined by the Department of
6 Community and Regional Affairs under AS 14.17.140 and AS 29.45.110.

7 (g) A school district is eligible for additional state aid in
8 the amount by which the local contributions that would otherwise have
9 been required under (a) of this section exceed the district's actual
10 local contributions under (f) of this section.

11 * Sec. 5. AS 14.17.031 is repealed and reenacted to read:

12 Sec. 14.17.031. ALLOWABLE INSTRUCTIONAL UNITS. (a) The depart-
13 ment shall adopt regulations defining funding communities within each
14 district which reflect geographic and attendance area factors. For
15 the purpose of determining instructional units, students are counted
16 in the district and the funding community from which they receive
17 educational services. The total number of instructional units in a
18 school district is the sum of the following units for each funding
19 community within the district, as determined by the department:

20 (1) the number of units for elementary and secondary stu-
21 dents determined under AS 14.17.041(a) or (b);

22 (2) the number of units for vocational education determined
23 under AS 14.17.043;

24 (3) the number of units for special education determined
25 under AS 14.17.045; and

26 (4) the number of units for bilingual education determined
27 under AS 14.17.047.

28 (b) For purposes of (a)(1) of this section, in fiscal years
29 beginning after July 1, 1987, 90 percent of the district's total

1 elementary and secondary instructional units for the preceding fiscal
2 year is used if that number is greater than the district's total under
3 (a)(1) of this section for the current fiscal year.

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

5 Sec. 14.17.041. ELEMENTARY AND SECONDARY INSTRUCTIONAL UNITS.

6 (a) For funding communities that have an average daily membership of
7 less than 200 in grades K-6 or less than 200 in grades 7-12, combined
8 elementary and secondary instructional units are determined under the
9 following table:

| 10 | ADM | Units |
|----|-----------|---------------------|
| 11 | 1 - 10 | 2 |
| 12 | 11 - 20 | 2 + ((ADM-10)/5) |
| 13 | 21 - 60 | 4 + ((ADM-20)/8) |
| 14 | 61 - 120 | 9 + ((ADM-60)/12) |
| 15 | 121 - 525 | 14 + ((ADM-120)/15) |

16 (b) For funding communities that are not included under (a) of
17 this section,

18 (1) instructional units for elementary students are de-
19 termined by the formula:

20 units = $15 + ((ADM-200)/17)$, where ADM is the number of
21 students in average daily membership in grades kindergarten through 6;

22 (2) instructional units for secondary students are de-
23 termined by the formula:

24 units = $18 + ((ADM-200)/13)$, where ADM is the number of
25 students in average daily membership in grades 7 through 12.

26 (c) Kindergarten students who attend school less than four hours
27 a day are counted as 0.5 ADM under (a) and (b) of this section.

28 (d) District correspondence or other students who do not regu-
29 larly attend school on a daily basis are counted in the appropriate

1 grade level of the funding community with the highest ADM in the
2 district.

3 * Sec. 7. AS 14.17 is amended by adding new sections to read:

4 Sec. 14.17.043. VOCATIONAL EDUCATION INSTRUCTIONAL UNITS. Voca-
5 tional education instructional units for vocational education courses
6 approved by the department are calculated as the sum, for all of those
7 courses in the funding community, of the products obtained by multi-
8 plying 0.05 by the ADM full-time equivalent of the course, and then by
9 the cost weighting factor for the course determined under department
10 regulations. A funding community in which a vocational education
11 course approved by the department is operated receives a minimum of
12 0.10 instructional units for vocational education, or each district in
13 which a vocational education course is operated receives a minimum of
14 1.00 instructional units, whichever is greater.

15 Sec. 14.17.045. SPECIAL EDUCATION INSTRUCTIONAL UNITS. (a) An
16 exceptional child, as defined in AS 14.30.350, who is enrolled in a
17 special education program, approved by the department, on the last day
18 of the counting period for which a determination is being made, gener-
19 ates 0.025 instructional units if the child receives gifted services,
20 0.056 instructional units if the child receives resource services, 0.1
21 instructional units if the child receives self-contained services, or
22 0.333 instructional units if the child receives intensive or hospi-
23 tal/homebound services, as those categories of service are defined by
24 the department by regulation, in the funding community in which the
25 child is served. A child may be counted in one special education
26 category only.

27 (b) Notwithstanding (a) of this section, in a district that
28 offers a special education program each funding community receives a
29 minimum of 0.25 instructional units for special education for each

1 funding community in which a child is served or the district receives
2 a minimum of 1.00 instructional units for special education, whichever
3 is greater.

4 Sec. 14.17.047. BILINGUAL EDUCATION INSTRUCTIONAL UNITS. A
5 student for whom an appropriate bilingual program must be provided
6 under regulations adopted by the department, and who is enrolled in a
7 bilingual program, approved by the department, as of the last day of
8 the counting period for which a determination is being made, gener-
9 ates, in the funding community in which the student is served, the
10 number of bilingual education instructional units that is the product
11 obtained by multiplying 0.042 by the student's language dominance
12 category weight under department regulations. A funding community in
13 which a bilingual program approved by the department is operated
14 receives a minimum of 0.10 instructional units for bilingual educa-
15 tion, or a district in which a bilingual program is operated receives
16 a minimum of 1.00 instructional units, whichever is greater.

17 * Sec. 8. AS 14.17.051 is repealed and reenacted to read:

18 Sec. 14.17.051. AREA COST DIFFERENTIAL. The area cost differen-
19 tial for a school district is as follows:

| 20 | School District | Area Cost Differential |
|----|-----------------|------------------------|
| 21 | Adak | 1.27 |
| 22 | Alaska Gateway | 1.19 |
| 23 | Aleutian Region | 1.31 |
| 24 | Anchorage | 1.00 |
| 25 | Annette Island | 1.03 |
| 26 | Bering Strait | 1.39 |
| 27 | Bristol Bay | 1.27 |
| 28 | Chatham | 1.03 |
| 29 | Chugach | 1.14 |

| | | |
|----|-------------------|------|
| 1 | Copper River | 1.14 |
| 2 | Cordova | 1.11 |
| 3 | Craig | 1.03 |
| 4 | Delta/Greely | 1.16 |
| 5 | Dillingham | 1.27 |
| 6 | Fairbanks | 1.04 |
| 7 | Galena | 1.30 |
| 8 | Haines | 1.05 |
| 9 | Hoonah | 1.08 |
| 10 | Hydaburg | 1.03 |
| 11 | Iditarod | 1.33 |
| 12 | Juneau | 1.00 |
| 13 | Kake | 1.03 |
| 14 | Kashunamiut | 1.33 |
| 15 | Kenai | 1.00 |
| 16 | Ketchikan | 1.00 |
| 17 | King Cove | 1.27 |
| 18 | Klawock | 1.03 |
| 19 | Kodiak | 1.09 |
| 20 | Kuspuk | 1.33 |
| 21 | Lake & Peninsula | 1.31 |
| 22 | Lower Kuskokwim | 1.42 |
| 23 | Lower Yukon | 1.35 |
| 24 | Matanuska-Susitna | 1.00 |
| 25 | Nenana | 1.20 |
| 26 | Nome | 1.34 |
| 27 | North Slope | 1.45 |
| 28 | Northwest Arctic | 1.45 |
| 29 | Pelican | 1.08 |

| | | |
|----|------------------|------|
| 1 | Petersburg | 1.00 |
| 2 | Pribilof | 1.30 |
| 3 | Railbelt | 1.23 |
| 4 | Sand Point | 1.27 |
| 5 | Sitka | 1.00 |
| 6 | Skagway | 1.05 |
| 7 | Southeast Island | 1.04 |
| 8 | Southwest Region | 1.31 |
| 9 | St. Mary's | 1.30 |
| 10 | Tanana | 1.30 |
| 11 | Unalaska | 1.27 |
| 12 | Valdez | 1.11 |
| 13 | Wrangell | 1.00 |
| 14 | Yakutat | 1.08 |
| 15 | Yukon Flats | 1.46 |
| 16 | Yukon-Koyukuk | 1.34 |
| 17 | Yupiit | 1.41 |

18 * Sec. 9. AS 14.17.056 is amended to read:

19 Sec. 14.17.056. [BASE] INSTRUCTIONAL UNIT VALUE. The [BASE]
20 instructional unit value [FOR FISCAL YEARS BEGINNING ON OR AFTER
21 JULY 1, 1986,] is \$60,000 [\$42,184].

22 * Sec. 10. AS 14.17.080 is repealed and reenacted to read:

23 Sec. 14.17.080. STUDENT COUNT ESTIMATES. Each district shall
24 prepare and submit to the department, by October 15 of each fiscal
25 year, in the manner and on forms prescribed by the department, an
26 estimate of its average daily membership and other student count data
27 for the succeeding fiscal year, upon which computations can be made of
28 the amount of estimated state foundation aid for which the district
29 will be eligible under AS 14.17.021 in that fiscal year. In making

1 this estimate, the district shall consider its average daily member-
2 ship, other student count data, the pattern of growth or decline in
3 preceding years, and other pertinent information available to the
4 district. The preliminary reports required by this section are the
5 basis for estimating the need for state foundation aid for the next
6 fiscal year.

7 * Sec. 11. AS 14.17.082 is repealed and reenacted to read:

8 Sec. 14.17.082. FUND BALANCE IN SCHOOL OPERATING FUND. (a) A
9 district may not accumulate in a fiscal year an unreserved portion of
10 its year-end fund balance in its school operating fund, as defined by
11 department regulations, that is greater than 10 percent of its expen-
12 ditures for that fiscal year.

13 (b) The department shall review the annual audit of each dis-
14 trict for the preceding fiscal year to ascertain its year-end operat-
15 ing fund balance. The amount by which the unreserved portion of that
16 balance exceeds the amount permitted in (a) of this section shall be
17 deducted from the state foundation aid that would otherwise be paid to
18 the district in the current fiscal year.

19 * Sec. 12. AS 14.17.140 is amended to read:

20 Sec. 14.17.140. DETERMINATION OF FULL AND TRUE VALUE BY DEPART-
21 MENT OF COMMUNITY AND REGIONAL AFFAIRS. (a) To determine the amount
22 of local effort under AS 14.17.025 and to aid the department and the
23 legislature in planning, [EQUALIZED PERCENTAGE TO BE APPLIED TO BASIC
24 NEED UNDER AS 14.17.021] the Department of Community and Regional
25 Affairs, in consultation with the assessor for each district, shall
26 determine the full value of the taxable real and personal property in
27 each city or borough district. [EXEMPTIONS GRANTED UNDER CH. 129, SLA
28 1957, KNOWN AS THE ALASKA INDUSTRIAL INCENTIVE ACT (AS 43.25), SHALL
29 BE HONORED.] If there is no local assessor or current local assess-

1 ment for a district, then the Department of Community and Regional
2 Affairs shall make the determination of full value from information
3 available. In making the determination, the Department of Community
4 and Regional Affairs shall be guided by AS 29.45.110. The determina-
5 tion of full value shall be made by by [BEFORE] October 1 and sent by
6 certified mail, return receipt requested, on or before that date to
7 the president of the school board in each district. Duplicate copies
8 shall be sent to the commissioner. The governing body of a [THE]
9 borough or city that [WHICH] is a school [THE] district may obtain
10 judicial review of the determination. The superior court may modify
11 the determination of the Department of Community and Regional Affairs
12 only upon a finding of abuse of [OR] discretion or upon a finding that
13 there is no substantial evidence to support the determination.

14 (b) Motor vehicles subject to the motor vehicle registration tax
15 under AS 28.10.431 [AS 28.10.255] shall be treated as taxable property
16 under [FOR PURPOSES OF (a) OF] this section.

17 * Sec. 13. AS 14.17.160 is repealed and reenacted to read:

18 Sec. 14.17.160. STUDENT COUNTING PERIODS. (a) Within two weeks
19 after the end of the 20-school-day period ending the fourth Friday in
20 October, each district shall transmit a report to the department that,
21 under regulations adopted by the department, reports its average daily
22 membership for that counting period, and other student count informa-
23 tion that will aid the department in making a determination of its
24 state foundation aid. If it makes the district eligible for more
25 state foundation aid, a district may transmit, within two weeks after
26 the 20-school-day period ending the second Friday in February, a
27 similar report for that counting period. For centralized correspon-
28 dence study, the October report shall be based on the period from
29 July 1 through the fourth Friday in October, except that summer school

1 students shall be counted as a proportionate fraction as determined by
2 the department. The department may make necessary corrections in the
3 report submitted, and shall notify the district of changes made. The
4 commissioner shall notify the governor of additional appropriations
5 the commissioner estimates to be necessary to fully fund the public
6 school foundation program for the current fiscal year.

7 (b) Upon written request and for good cause shown, the commis-
8 sioner may permit a district to use a 20-school-day counting period
9 other than the periods set out in (a) of this section. However, the
10 counting period must be 20 consecutive school days.

11 * Sec. 14. AS 14.17.170 is repealed and reenacted to read:

12 Sec. 14.17.170. DISTRIBUTION OF STATE FOUNDATION AID. (a) The
13 department shall determine the state foundation aid for each school
14 district in a fiscal year on the basis of the district's data reported
15 under AS 14.17.160 for the counting period that makes the district
16 eligible for the greatest number of instructional units. On or before
17 the 15th day of each of the first nine months of each fiscal year,
18 1/12 of each district's state foundation aid shall be distributed on
19 the basis of the data reported for the preceding fiscal year. On or
20 before the 15th day of each of the last three months of each fiscal
21 year, 1/3 of the balance of each district's state foundation aid shall
22 be distributed, after the balance has been recomputed on the basis of
23 student count and other data reported for the current fiscal year.

24 (b) If a district receives more state aid money than it is
25 entitled to receive under this chapter, it shall immediately remit the
26 amount of overpayment to the commissioner, to be returned to the
27 public school foundation account. Upon an adequate showing of a cash
28 flow shortfall, and in the discretion of the commissioner, the depart-
29 ment may make advance payments to a school district. The total of

1 advance payments may not exceed the amount of state foundation aid for
2 which the district is eligible for the fiscal year.

3 * Sec. 15. AS 14.17.190(b) is amended to read:

4 (b) Each district shall maintain complete financial records of
5 the receipt and disbursement of public school foundation money, [AND]
6 money acquired from local effort, and other money received by the
7 district. The records must be in the form required by the department
8 [COMMISSIONER] and are subject to audit by the department [COMMIS-
9 SIONER OR THE BOARD] at any time.

10 * Sec. 16. AS 14.17.220 is amended to read:

11 Sec. 14.17.220. PURPOSE. It is the intention of the legisla-
12 ture, in enacting this public school foundation program, to assure an
13 equitable [ADEQUATE] level of educational opportunities for those in
14 attendance in the public schools of the state. Except for the limita-
15 tions of AS 14.17.025, this [THIS] chapter may [SHALL] not be inter-
16 preted as preventing a public school district from providing educa-
17 tional services and facilities beyond those assured by the foundation
18 program.

19 * Sec. 17. AS 14.17.225 is repealed and reenacted to read:

20 Sec. 14.17.225. CONSTRUCTION AND IMPLEMENTATION OF CHAPTER. (a)
21 This chapter does not create a debt of the state. Each district shall
22 establish, maintain, and operate under a balanced budget. The state
23 is not responsible for the debts of a school district.

24 (b) Money to carry out the provisions of AS 14.17.010 - 14.-
25 17.190 may be appropriated annually by the legislature into the public
26 school foundation account. If amounts in the account are insufficient
27 to meet the allocations authorized under AS 14.17.010 - 14.17.190 for
28 a fiscal year, each district's basic need shall be reduced pro rata as
29 necessary to make the funds available sufficient to meet the alloca-

1 tions for that fiscal year.

2 * Sec. 18. AS 14.17.250(1) is amended to read:

3 (1) "ADM full-time equivalent" means the [QUOTIENT OF THE]
4 aggregate class periods of pupil membership [PER DAY] in specified
5 classes for the student counting period for which a determination is
6 being made, divided by the total number of all class periods in the
7 student counting period [SCHOOL DAY];

8 * Sec. 19. AS 14.17.250(2) is amended to read:

9 (2) "average daily membership" or "ADM" means the aggregate
10 days of membership of pupils divided by the actual number of days in
11 session for the counting period for which a determination is being
12 made [SCHOOL TERM];

13 * Sec. 20. AS 14.17.250(11) is amended to read:

14 (11) "taxable real and personal property" means all real and
15 personal property taxable under the laws of the state [, BUT DOES NOT
16 INCLUDE HOUSEHOLD GOODS AND PERSONAL EFFECTS];

17 * Sec. 21. AS 14.17.250 is amended by adding new paragraphs to read:

18 (13) "eligible federal impact aid" for a fiscal year means
19 the amount of federal aid received by the district as of March 1 of
20 the fiscal year as payment for its entitlement for the application
21 submitted during the preceding fiscal year, including advance
22 payments, and adjustments received since March 1 of the preceding
23 fiscal year from prior year applications, under secs. 2, 3, and 4 of
24 P.L. 81 - 874 (20 U.S.C. 237 - 239), as amended, except payments
25 received under sec. 3(d)(3)(B)(ii) of that Act 20 U.S.C. 238(d)(3)(B)-
26 (ii)), to the extent the state may consider that aid as local
27 resources under that Act and the regulations adopted under it;

28 (14) "local contributions" means appropriations to the
29 school operating fund by the city or borough, interest earnings that a

1 district is allowed to keep and spend on school operations, state
2 tuition payments, the value of in-kind services performed by the city
3 or borough, and 10 percent of the district's eligible federal impact
4 aid.

5 * Sec. 22. AS 14.25.070 is amended to read:

6 Sec. 14.25.070. CONTRIBUTIONS BY EMPLOYER. An employer shall
7 contribute to the retirement fund an amount equal to [ONE-HALF] the
8 percentage, as certified by the administrator, of the sum total of the
9 base salaries of all teachers that is required in addition to teacher
10 contributions to provide the benefits of this chapter times the sum
11 total of the base salaries paid to teachers by the employer.

12 * Sec. 23. AS 14.36.030 is amended by adding a new subsection to read:

13 (d) If appropriations in a fiscal year are insufficient to fund
14 the grants authorized under (a) of this section, the department shall
15 award the grants to eligible districts on a pro rata basis.

16 * Sec. 24. TRANSITION. (a) For the purpose of calculating the re-
17 quired local contributions under AS 14.17.025(a)(2) for fiscal year 1988,
18 and for the purpose of (d)(2) of this section, each district's basic need
19 for the preceding fiscal year is as determined by the department based on
20 its projections of student count data for fiscal year 1988 and the allow-
21 able instructional units and instructional unit value as contained in this
22 Act.

23 (b) In fiscal years 1988, 1989, and 1990, a district may receive
24 state aid, in addition to its state foundation aid under AS 14.17.021(a),
25 in the lesser amount of

26 (1) $(p \times \text{sum87} \times \text{current ADM/ADM87})$ - current need; or

27 (2) $(p \times \text{state87} \times \text{current ADM/ADM87})$ - current state.

28 (c) In (b) of this section

29 (1) "ADM87" means the average daily membership of the district

1 in the student counting period used for funding for fiscal year 1987;

2 (2) "current ADM" means the average daily membership of the
3 district in the student counting period used for funding for the current
4 fiscal year;

5 (3) "current need" means the basic need of the district under
6 AS 14.17.021(b), as amended by sec. 2 of this Act, for the current fiscal
7 year;

8 (4) "current state" means the state foundation aid to the dis-
9 trict under AS 14.17.021(a), as amended by sec. 2 of this Act, for the
10 current fiscal year;

11 (5) "p" means the transition percentage, which is 90 percent in
12 fiscal year 1988, 80 percent in fiscal year 1989, and 70 percent in fiscal
13 year 1990;

14 (6) "state87" means the state aid received by the district for
15 fiscal year 1987 under AS 14.17.021, as it read before July 1, 1987;

16 (7) "sum87" means the sum of

17 (A) state aid received by the district under AS 14.17.021,
18 as it read before July 1, 1987, for fiscal year 1987;

19 (B) 90 percent of that portion of the federal impact aid
20 received by the district from the application submitted in fiscal year
21 1986 under secs. 2 - 4 of P.L. 81-874 (20 U.S.C. 237 - 239), as amend-
22 ed, to the extent that that money could be considered as local re-
23 sources under that Act and the regulations adopted under it; and

24 (C) for city or borough school districts, the total of

25 (i) the district's revenue from earnings in the dis-
26 trict's operating fund in fiscal year 1987;

27 (ii) state tuition payments to the district in fiscal
28 year 1987; and

29 (iii) city or borough appropriations or in-kind contri-

1 butions for fiscal year 1987.

2 (d) The amount determined under (c)(7)(C) of this section may not
3 exceed the lesser of

4 (1) the equivalent of a four-mill tax levy on the full and true
5 value of taxable real and personal property in the district as of January
6 1, 1986, as determined by the Department of Community and Regional Affairs
7 under AS 14.17.170; or

8 (2) 35 percent of the district's basic need as determined under
9 (a) of this section.

10 (e) Notwithstanding AS 14.17.021(a), in fiscal year 1988 amounts
11 received by a district under P.L. 81-874 (20 U.S.C. 237 - 239), as amended,
12 between March 1, 1987, and July 1, 1987, based upon applications submitted
13 before or during fiscal year 1986 may not be subtracted from the district's
14 basic need under AS 14.17.021(b).

15 * Sec. 25. AS 14.17.023, 14.17.027, 14.17.061, 14.17.090, 14.17.150,
16 14.17.180, 14.17.205, 14.17.250(5), 14.17.250(7), 14.17.250(10), 14.-
17 17.250(12); and AS 14.25.080 are repealed.

18 * Sec. 26. Sections 4 and 24 of this Act take effect immediately under
19 AS 01.10.070(c).

20 * Sec. 27. Sections 1 - 3, 5 - 23, and 25 of this Act take effect July
21 1, 1987.