

Offered: 5/17/87  
Referred: Rules

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Original sponsor: Rules/Governor

1 IN THE HOUSE BY THE FINANCE COMMITTEE  
2 SENATE CS FOR 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 AS 14.17.021 is repealed and reenacted to read:  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 or in a municipal school district until the  
17 expiration of the fiscal year in which the municipality was incor-  
18 porated. Interest earnings and other local revenue in a regional  
19 educational attendance area are not considered local revenue for  
20 current operating expenditures.  
21 (e) A state foundation aid payment may not be made to a city or  
22 borough school district in which the requirements of (a) of this  
23 section have not been met.  
24 (f) For the first three fiscal years in which a district is sub-  
25 ject to this section, local contributions may be less than the amount  
26 that would otherwise be required under (a) of this section. However,  
27 local contributions must be at least the greater of  
28 (1) the local contributions, excluding any federal impact  
29 aid, for the previous fiscal year; or

1           (2) the sum of 10 percent of the district's eligible feder-  
2 al impact aid for that year and, for the first year the equivalent of  
3 a one mill tax levy, for the second year the equivalent of a two mill  
4 tax levy, and for the third year the equivalent of a three mill tax  
5 levy, on the full and true value of the taxable real and personal  
6 property in the district as of January 1 of the second preceding  
7 fiscal year, as determined by the Department of Community and Regional  
8 Affairs under AS 14.17.140 and AS 29.45.110.

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

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 AS 14.17.031 is repealed and reenacted to read:

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

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

24           (2) the number of units for vocational education determined  
25 under AS 14.17.043;

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

28           (4) the number of units for bilingual education determined  
29 under AS 14.17.047.

1 (b) For purposes of (a)(1) of this section, in fiscal years  
2 beginning after July 1, 1987, 90 percent of the district's total  
3 elementary and secondary instructional units for the preceding fiscal  
4 year is used if that number is greater than the district's total under  
5 (a)(1) of this section for the current fiscal year.

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

7 Sec. 14.17.041. ELEMENTARY AND SECONDARY INSTRUCTIONAL UNITS.

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

12	ADM	Units
13	1 - 15	3
14	16 - 20	$3 + ((ADM-15)/5)$
15	21 - 60	$4 + ((ADM-20)/8)$
16	61 - 120	$9 + ((ADM-60)/12)$
17	121 - 525	$14 + ((ADM-120)/15)$

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

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

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

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

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

28 (c) A district that is a single funding community with an  
29 average daily membership of 525 or less receives additional units

1 determined under the following table:

2	ADM	Units
3	100 - 120	2.00
4	121 - 160	1.75
5	161 - 250	1.50
6	251 - 400	1.00
7	401 - 525	0.75

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

10 (e) District correspondence or other students who do not regu-  
11 larly attend school on a daily basis are counted in the appropriate  
12 grade level of the funding community with the highest ADM in the  
13 district.

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

15 Sec. 14.17.043. VOCATIONAL EDUCATION INSTRUCTIONAL UNITS. Voca-  
16 tional education instructional units for vocational education courses  
17 approved by the department are calculated as the sum, for all of those  
18 courses in the funding community, of the products obtained by multi-  
19 plying 0.05 by the ADM full-time equivalent of the course, and then by  
20 the cost weighting factor for the course determined under department  
21 regulations. A funding community in which a vocational education  
22 course approved by the department is operated receives a minimum of  
23 0.10 instructional units for vocational education, or each district in  
24 which a vocational education course is operated receives a minimum of  
25 1.00 instructional units, whichever is greater.

26 Sec. 14.17.045. SPECIAL EDUCATION INSTRUCTIONAL UNITS. (a) An  
27 exceptional child, as defined in AS 14.30.350, who is enrolled in a  
28 special education program, approved by the department, on the last day  
29 of the counting period for which a determination is being made,

1 generates 0.025 instructional units if the child receives gifted  
2 services, 0.056 instructional units if the child receives resource  
3 services, 0.1 instructional units if the child receives self-contained  
4 services, or 0.333 instructional units if the child receives intensive  
5 or hospital/homebound services, as those categories of service are  
6 defined by the department by regulation, in the funding community in  
7 which the child is served. A child may be counted in one special  
8 education category only.

9 (b) Notwithstanding (a) of this section, in a district that  
10 offers a special education program each funding community receives a  
11 minimum of 0.25 instructional units for special education for each  
12 funding community in which a child is served or the district receives  
13 a minimum of 1.00 instructional units for special education, whichever  
14 is greater.

15 Sec. 14.17.047. BILINGUAL EDUCATION INSTRUCTIONAL UNITS. A  
16 student for whom an appropriate bilingual program must be provided  
17 under regulations adopted by the department, and who is enrolled in a  
18 bilingual program, approved by the department, as of the last day of  
19 the counting period for which a determination is being made, gener-  
20 ates, in the funding community in which the student is served, the  
21 number of bilingual education instructional units that is the product  
22 obtained by multiplying 0.042 by the student's language dominance  
23 category weight under department regulations. A funding community in  
24 which a bilingual program approved by the department is operated  
25 receives a minimum of 0.10 instructional units for bilingual educa-  
26 tion, or a district in which a bilingual program is operated receives  
27 a minimum of 1.00 instructional units if the weighted ADM is less than  
28 13 and a minimum of 2.00 instructional units if the weighted ADM is 13  
29 or more, whichever is greater.

1 \* Sec. 8. AS 14.17.051 is repealed and reenacted to read:  
2 Sec. 14.17.051. AREA COST DIFFERENTIAL. The area cost differen-  
3 tial for a school district is as follows:

4	School District	Area Cost Differential
5	Adak	1.27
6	Alaska Gateway	1.19
7	Aleutian Region	1.31
8	Anchorage	1.00
9	Annette Island	1.03
10	Bering Strait	1.39
11	Bristol Bay	1.27
12	Chatham	1.03
13	Chugach	1.14
14	Copper River	1.14
15	Cordova	1.11
16	Craig	1.03
17	Delta/Greely	1.16
18	Dillingham	1.27
19	Fairbanks	1.04
20	Galena	1.30
21	Haines	1.05
22	Hoonah	1.08
23	Hydaburg	1.03
24	Iditarod	1.33
25	Juneau	1.00
26	Kake	1.03
27	Kashunamiut	1.33
28	Kenai	1.00
29	Ketchikan	1.00

1	King Cove	1.27
2	Klawock	1.03
3	Kodiak	1.09
4	Kuspuk	1.46
5	Lake & Peninsula	1.31
6	Lower Kuskokwim	1.42
7	Lower Yukon	1.35
8	Matanuska-Susitna	1.00
9	Nenana	1.20
10	Nome	1.34
11	North Slope	1.45
12	Northwest Arctic	1.45
13	Pelican	1.08
14	Petersburg	1.00
15	Pribilof	1.30
16	Railbelt	1.23
17	Sand Point	1.27
18	Sitka	1.00
19	Skagway	1.05
20	Southeast Island	1.04
21	Southwest Region	1.31
22	St. Mary's	1.30
23	Tanana	1.30
24	Unalaska	1.27
25	Valdez	1.11
26	Wrangell	1.00
27	Yakutat	1.08
28	Yukon Flats	1.46
29	Yukon-Koyukuk	1.46



1 travel costs for education and professional support staff, and high  
2 transportation costs to deliver basic goods and supplies to schools in  
3 the district.

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

10 \* Sec. 12. AS 14.17.140 is amended to read:

11 Sec. 14.17.140. DETERMINATION OF FULL AND TRUE VALUE BY DEPART-  
12 MENT OF COMMUNITY AND REGIONAL AFFAIRS. (a) To determine the amount  
13 of local effort under AS 14.17.025 and to aid the department and the  
14 legislature in planning, [EQUALIZED PERCENTAGE TO BE APPLIED TO BASIC  
15 NEED UNDER AS 14.17.021] the Department of Community and Regional  
16 Affairs, in consultation with the assessor for each district, shall  
17 determine the full value of the taxable real and personal property in  
18 each city or borough district. [EXEMPTIONS GRANTED UNDER CH. 129, SLA  
19 1957, KNOWN AS THE ALASKA INDUSTRIAL INCENTIVE ACT (AS 43.25), SHALL  
20 BE HONORED.] If there is no local assessor or current local assess-  
21 ment for a district, then the Department of Community and Regional  
22 Affairs shall make the determination of full value from information  
23 available. In making the determination, the Department of Community  
24 and Regional Affairs shall be guided by AS 29.45.110. The determina-  
25 tion of full value shall be made by [BEFORE] October 1 and sent by  
26 certified mail, return receipt requested, on or before that date to  
27 the president of the school board in each district. Duplicate copies  
28 shall be sent to the commissioner. The governing body of a [THE]  
29 borough or city that [WHICH] is a school [THE] district may obtain

1 judicial review of the determination. The superior court may modify  
2 the determination of the Department of Community and Regional Affairs  
3 only upon a finding of abuse of of [OR] discretion or upon a finding that  
4 there is no substantial evidence to support the determination.

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

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

9 Sec. 14.17.160. STUDENT COUNTING PERIODS. (a) Within 30 days  
10 after the end of the 20-school-day period ending the fourth Friday in  
11 October, each district shall transmit a report to the department that,  
12 under regulations adopted by the department, reports its average daily  
13 membership for that counting period, and other student count informa-  
14 tion that will aid the department in making a determination of its  
15 state foundation aid. If it makes the district eligible for more  
16 state foundation aid, a district may transmit, within 30 days after  
17 the 20-school-day period ending the second Friday in February, a  
18 similar report for that counting period. The department may make  
19 necessary corrections in the report submitted, and shall notify the  
20 district of changes made. The commissioner shall notify the governor  
21 of additional appropriations the commissioner estimates to be neces-  
22 sary to fully fund the public school foundation program for the cur-  
23 rent fiscal year.

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

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

29 Sec. 14.17.170. DISTRIBUTION OF STATE FOUNDATION AID. (a) The

1 department shall determine the state foundation aid for each school  
2 district in a fiscal year on the basis of the district's data reported  
3 under AS 14.17.160 for the counting period that makes the district  
4 eligible for the greatest number of instructional units. On or before  
5 the 15th day of each of the first nine months of each fiscal year,  
6 1/12 of each district's state foundation aid shall be distributed on  
7 the basis of the data reported for the preceding fiscal year. On or  
8 before the 15th day of each of the last three months of each fiscal  
9 year, 1/3 of the balance of each district's state foundation aid shall  
10 be distributed, after the balance has been recomputed on the basis of  
11 student count and other data reported for the current fiscal year.

12 (b) If a district receives more state aid money than it is  
13 entitled to receive under this chapter, it shall immediately remit the  
14 amount of overpayment to the commissioner, to be returned to the  
15 public school foundation account. Upon an adequate showing of a cash  
16 flow shortfall, and in the discretion of the commissioner, the depart-  
17 ment may make advance payments to a school district. The total of  
18 advance payments may not exceed the amount of state foundation aid for  
19 which the district is eligible for the fiscal year.

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

21 (b) Each district shall maintain complete financial records of  
22 the receipt and disbursement of public school foundation money, [AND]  
23 money acquired from local effort, and other money received by the  
24 district. The records must be in the form required by the department  
25 [COMMISSIONER] and are subject to audit by the department [COMMISS-  
26 SIONER OR THE BOARD] at any time.

27 \* Sec. 16. AS 14.17.220 is amended to read:

28 Sec. 14.17.220. PURPOSE. It is the intention of the legisla-  
29 ture, in enacting this public school foundation program, to assure an

1 equitable [ADEQUATE] level of educational opportunities for those in  
2 attendance in the public schools of the state. Except for the limita-  
3 tions of AS 14.17.025, this [THIS] chapter may [SHALL] not be inter-  
4 preted as preventing a public school district from providing educa-  
5 tional services and facilities beyond those assured by the foundation  
6 program.

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

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

12 (b) Money to carry out the provisions of AS 14.17.010 - 14.-  
13 17.190 may be appropriated annually by the legislature into the public  
14 school foundation account. If amounts in the account are insufficient  
15 to meet the allocations authorized under AS 14.17.010 - 14.17.190 for  
16 a fiscal year, each district's basic need shall be reduced pro rata as  
17 necessary to make the funds available sufficient to meet the alloca-  
18 tions for that fiscal year.

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

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

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

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

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

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

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

6 (13) "eligible federal impact aid" for a fiscal year means  
7 the amount of federal aid received by the district as of March 1 of  
8 the fiscal year as payment for its entitlement for the application  
9 submitted during the preceding fiscal year, including advance pay-  
10 ments, and adjustments received since March 1 of the preceding fiscal  
11 year from prior year applications, under secs. 2, 3, and 4 of P.L.  
12 81 - 874 (20 U.S.C. 237 - 239), as amended, except payments received  
13 under sec. 3(d)(3)(B)(ii) of that Act 20 U.S.C. 238(d)(3)(B)(ii)), to  
14 the extent the state may consider that aid as local resources under  
15 that Act and the regulations adopted under it;

16 (14) "local contributions" means appropriations to the  
17 school operating fund by the city or borough, interest earnings that a  
18 district is allowed to keep and spend on school operations, state  
19 tuition payments, the value of in-kind services performed by the city  
20 or borough, and 10 percent of the district's eligible federal impact  
21 aid.

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

23 Sec. 14.25.070. CONTRIBUTIONS BY EMPLOYER. An employer shall  
24 contribute to the retirement fund an amount equal to [ONE-HALF] the  
25 percentage, as certified by the administrator, of the sum total of the  
26 base salaries of all teachers that is required in addition to teacher  
27 contributions to provide the benefits of this chapter times the sum  
28 total of the base salaries paid to teachers by the employer. The  
29 employer contribution shall be paid during the fiscal year following

1 the fiscal year for which the contribution is calculated.

2 \* Sec. 23. AS 14.25.070 is amended to read:

3 Sec. 14.25.070. CONTRIBUTIONS BY EMPLOYER. An employer shall  
4 contribute to the retirement fund an amount equal to one-half the  
5 percentage, as certified by the administrator, of the sum total of the  
6 base salaries of all teachers that is required in addition to teacher  
7 contributions to provide the benefits of this chapter times the sum  
8 total of the base salaries paid to teachers by the employer. The  
9 employer contribution shall be paid during the fiscal year following  
10 the fiscal year for which the contribution is calculated.

11 \* Sec. 24. AS 14.36.030 is amended by adding a new subsection to read:

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

15 \* Sec. 25. TRANSITION. (a) For the purpose of calculating the re-  
16 quired local contributions under AS 14.17.025(a)(2) for fiscal year 1988,  
17 and for the purpose of (d)(2) of this section, each district's basic need  
18 for the preceding fiscal year is as determined by the department based on  
19 its projections of student count data for fiscal year 1988 and the allow-  
20 able instructional units and instructional unit value as contained in this  
21 Act.

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

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

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

27 (c) In (b) of this section

28 (1) "ADM87" means the average daily membership of the district  
29 in the student counting period used for funding for fiscal year 1987;

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

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

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

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

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

15           (7) "sum87" means the sum of

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

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

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

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

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

28           (iii) city or borough appropriations or in-kind contri-  
29 butions for fiscal year 1987.

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

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

7 (2) 35 percent of the district's basic need as determined under  
8 (a) of this section.

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

14 \* Sec. 26. AS 14.17.023, 14.17.027, 14.17.061, 14.17.090, 14.17.150,  
15 14.17.180, 14.17.205, 14.17.250(5), 14.17.250(7), 14.17.250(10), and 14.-  
16 17.250(12) are repealed.

17 \* Sec. 27. AS 14.25.080 is suspended from July 1, 1987, through  
18 June 30, 1988.

19 \* Sec. 28. AS 14.17 is repealed July 1, 1988, unless

20 (1) before January 1, 1988, the Department of Administration has  
21 compiled data sufficient to establish an area cost differential for each  
22 school district that reflects the total cost of providing educational  
23 services at a constant level in each district and presented a proposed area  
24 cost differential for each district to the Legislative Budget and Audit  
25 Committee; and

26 (2) before the adjournment of the Second Session of the Fif-  
27 teenth Alaska State Legislature, the legislature has enacted legislation  
28 amending or affirming the area cost differentials set out in AS 14.17.051,  
29 as amended by sec. 8 of this Act.

1     \* Sec. 29. Sections 4, 25, and 28 of this Act take effect immediately  
2 under AS 01.10.070(c).

3     \* Sec. 30. Sections 1 - 3, 5 - 10, 12 - 22, 24, 26, and 27 of this Act  
4 take effect July 1, 1987.

5     \* Sec. 31. Sections 11 and 23 of this Act take effect July 1, 1988, if  
6 the conditions described in sec. 28(1) and (2) of this Act are met.