

**CS FOR SENATE BILL NO. 62(CRA)**  
**IN THE LEGISLATURE OF THE STATE OF ALASKA**  
**EIGHTEENTH LEGISLATURE - SECOND SESSION**

**BY THE SENATE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE**

**Offered: 4/5/94**  
**Referred: HES, FIN**

**Sponsor(s): SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR**

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act relating to the public school foundation program; and providing for an  
 2 effective date."

3 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

4 \* **Section 1.** AS 14.17.021(b) is amended to read:

5 (b) The basic need of a school district is determined by multiplying the school  
 6 price index for [AREA COST DIFFERENTIAL OF] the district under AS 14.17.049  
 7 [AS 14.17.051] by the number of instructional units in the district under AS 14.17.031  
 8 and then multiplying that product by the instructional unit value in AS 14.17.056.

9 \* **Sec. 2.** AS 14.17.024(a) is amended to read:

10 (a) Money for the instructional services provided in a fiscal year by the state  
 11 boarding school established under AS 14.16.010 includes an allocation from the public  
 12 school foundation account in an amount calculated by

13 (1) multiplying the instructional unit value in AS 14.17.056 by the total  
 14 number of instructional units under AS 14.17.031 for that fiscal year, as determined

1 by treating the school as if it were a school district consisting of a single funding  
2 community;

3 (2) multiplying the product determined under (1) of this subsection by  
4 the school price index [AREA COST DIFFERENTIAL] that is applicable to  
5 calculation of the entitlement for the adjacent school district under AS 14.17.049  
6 [AS 14.17.051]; and

7 (3) adding 10 percent of the eligible federal impact aid received for that  
8 fiscal year on behalf of the school plus any federal impact aid received on behalf of  
9 the school which the state, under P.L. 81-874 (20 U.S.C. 236 - 244), as amended, and  
10 regulations adopted under it, could not consider as local resources if the school were  
11 considered a school district.

12 \* Sec. 3. AS 14.17.025(a) is amended to read:

13 (a) Local contributions to a city or borough school district shall include at least  
14 the lesser of

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

19 (2) 50 [35] percent of the district's basic need for the preceding fiscal  
20 year, as determined under AS 14.17.021(b).

21 \* Sec. 4. AS 14.17.031(a) is amended to read:

22 (a) The department shall adopt regulations defining funding communities  
23 within each district that reflect geographic and attendance area factors, and that  
24 include at least 16 students in average daily membership. For the purpose of  
25 determining instructional units, students are counted in the district and the funding  
26 community from which they receive educational services. The total number of  
27 instructional units in a school district is the sum of the following units for each  
28 funding community within the district, as determined by the department:

29 (1) the number of units for elementary and secondary students  
30 determined under AS 14.17.041(a) or (b);

31 (2) the number of units for vocational education determined under

1 AS 14.17.043;

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

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

6 \* Sec. 5. AS 14.17.031(b) is amended to read:

7 (b) If the total elementary and secondary instructional units that a school  
8 district is eligible to receive under (a) of this section decrease by five [10] percent or  
9 more from one fiscal year to the next, the school district may use the last fiscal year  
10 before the reduction as a base fiscal year and offset its reduction according to the  
11 following schedule: (1) for the first fiscal year after the base fiscal year, the school  
12 district is eligible to receive the total elementary and secondary instructional units  
13 determined under (a)(1) of this section plus 75 percent of the difference in total  
14 elementary and secondary instructional units between the base fiscal year and the first  
15 fiscal year after the base fiscal year; (2) for the second fiscal year after the base fiscal  
16 year, the school district is eligible to receive the total elementary and secondary  
17 instructional units determined under (a)(1) of this section plus 50 percent of the  
18 difference in total elementary and secondary instructional units between the base fiscal  
19 year and the second fiscal year after the base fiscal year; (3) for the third fiscal year  
20 after the base fiscal year, the school district is eligible to receive the total elementary  
21 and secondary instructional units determined under (a)(1) of this section plus 25  
22 percent of the difference in total elementary and secondary instructional units between  
23 the base fiscal year and the third fiscal year after the base fiscal year. The schedule  
24 established in this subsection is available to a school district for the three fiscal years  
25 following the base fiscal year only if the total elementary and secondary instructional  
26 units received by the school district under (a)(1) of this section for each fiscal year are  
27 less than the total elementary and secondary instructional units received by the school  
28 district in the base fiscal year. This subsection does not apply to a decrease in total  
29 elementary and secondary instructional units resulting from a loss of enrollment that  
30 occurs as a result of a boundary change under AS 29.

31 \* Sec. 6. AS 14.17.041(b) is amended to read:

1 (b) For funding communities that are not included under (a) of this section,  
 2 (1) instructional units for elementary students are determined by the  
 3 formula: units = 15 + ((ADM-200)/16) [15 + ((ADM-200)/17)], where ADM is the  
 4 number of students in average daily membership in grades kindergarten through 6;  
 5 (2) instructional units for secondary students are determined by the  
 6 formula: units = 18 + ((ADM-200)/13), where ADM is the number of students in  
 7 average daily membership in grades 7 through 12.

8 • Sec. 7. AS 14.17.041 is amended by adding a new subsection to read:

9 (e) A district with an ADM of 900 or less that consists of one funding  
 10 community shall increase the elementary and secondary instructional units received  
 11 under (a) or (b) of this section by multiplying the instructional units by a percentage  
 12 determined under the following table:

District ADM	Percentage
1 - 250	1.12
251 - 525	1.08
526 - 900	1.06.

17 • Sec. 8. AS 14.17 is amended by adding a new section to read:

18 Sec. 14.17.049. SCHOOL PRICE INDEX. (a) The department shall  
 19 determine the school price index for a district based on an average of costs for  
 20 educational goods and services utilized by the school districts receiving aid under this  
 21 chapter. The department, by regulation, shall assign weights for the following  
 22 categories of costs:

- 23 (1) salaries and benefits of certificated employees;
- 24 (2) salaries and benefits of noncertificated employees;
- 25 (3) other expenses for nonpersonnel educational goods and services;
- 26 (4) other factors intended to take into account the extent to which an  
 27 educational program reflects the additional cost of providing free public education in  
 28 particular types of school districts, including a district that is geographically isolated  
 29 or to a particular type of student, including a student with a disability.

30 (b) The department shall adjust the school price index for a district or districts  
 31 in fiscal year 1999 and every third fiscal year thereafter, based on a national

1 elementary and secondary school price index as designated in regulations adopted by  
2 the department. The department shall notify school districts annually of the school  
3 price index for each district.

4 (c) The department may require school districts to submit uniform cost reports  
5 as designated in regulations adopted by the department.

6 (d) The department shall assign a school price index to a new district based  
7 on the school price index for districts that the department determines have similar  
8 characteristics, including remoteness, population density, and geographic location.

9 \* Sec. 9. AS 14.17.080 is amended to read:

10 Sec. 14.17.080. STUDENT COUNT ESTIMATES. Each district shall prepare  
11 and submit to the department, by November 20 [OCTOBER 15] of each fiscal year,  
12 in the manner and on forms prescribed by the department, an estimate of its average  
13 daily membership and other student count data for the succeeding fiscal year, upon  
14 which computations can be made of the amount of estimated state foundation aid for  
15 which the district will be eligible under AS 14.17.021 in that fiscal year. In making  
16 this estimate for the succeeding fiscal year, the district shall consider its average daily  
17 membership in the current fiscal year, other student count data, the pattern of growth  
18 or decline in preceding years, and other pertinent information available to the district.  
19 The preliminary reports required by this section are the basis for estimating the need  
20 for state foundation aid for the next fiscal year.

21 \* Sec. 10. AS 14.17.160(b) is amended to read:

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

26 \* Sec. 11. AS 14.17.160 is amended by adding new subsections to read:

27 (c) Upon written request, and for good cause shown, the commissioner may  
28 permit a district to use, for purposes of reporting its average daily membership, the  
29 October or February counting period report described in (a) of this section, or the  
30 report for another period authorized under (b) of this section, from the immediately  
31 preceding school year. The report must accompany a request under this subsection,

1 and in addition to the October report for the current school year required by (a) of  
2 this section.

3 (d) For purposes of this section, "good cause" includes reduction in student  
4 enrollment.

5 \* Sec. 12. AS 14.17.051 is repealed.

6 \* Sec. 13. **TRANSITION: REGULATIONS.** The Department of Education may  
7 immediately proceed to adopt regulations necessary to implement this Act. The regulations  
8 take effect under the Administrative Procedure Act, but not before July 1, 1994.

9 \* Sec. 14. Sections 1, 2, and 12 of this Act take effect July 1, 1995.

10 \* Sec. 15. Section 13 of this Act takes effect immediately under AS 01.10.070(c).

11 \* Sec. 16. Sections 3 - 11 of this Act take effect July 1, 1994.