

SB 2

# SENATE COMMITTEE REPORT

FURTHER:

DATE TURNED INTO OFFICE 3/24/87

Mr. President:

FINANCE

Committee considered SB 2

relating to deadlines for action on funding of public education; efd.

and recommended:

replace with CS FOR \_\_\_\_\_ )  same title  
 or adopt \_\_\_\_\_ CS FOR \_\_\_\_\_ )  new title

attached amendment(s) and

do pass

do not pass

no recommendation

individual recommendations

further referral to \_\_\_\_\_

letter of intent adopted \_\_\_\_\_

Committee  attached or  adopted fiscal note(s)

new  updated or  previous

zero  fiscal impact

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

*Chad ...*  
*Paul ...*  
*...*  
*...*  
*...*

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

*...*  
Chairman signature and recommendation

DO PASS

Committee Backup Attached

**STATE OF ALASKA 1987 LEGISLATIVE SESSION  
FISCAL NOTE**

**REQUEST:** \_\_\_\_\_

Bill Version : SB-2

Publish Date : \_\_\_\_\_

Revision Date: \_\_\_\_\_

Agency Affected : Education

Title : ...deadlines for action on  
funding of public education...

BRU : K-12, Debt Retirement

Sponsor : Senator Abood

Components : \_\_\_\_\_

Requestor : Senate HESS

**EXPENDITURES/REVENUES: (Thousands of Dollars)**

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>		0	0	0	0	0

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

**FUNDING: (Thousands of Dollars)**

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>						

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

**ANALYSIS :** (Attach a separate page if necessary)

The bill has no fiscal impact on this department.

Prepared by : Steve Hole  
Division : Commissioner's Office

Phone : 465-2800  
Date : January 23, 1987

Approved by Commissioner : Marshall L. Lind  
Agency : Education

Date : January 23, 1987

**Distribution (by preparer) :**

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)
- Senate Secretary

Introduced: 1/19/87  
Referred: Health, Education and  
Social Services and  
Finance

5-0:27A

1 IN THE SENATE

BY AROOD AND SZYMANSKI

2

SENATE BILL NO. 2

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 deadlines for action on funding  
7 of public education; and providing for an effective  
8 date."

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

10 \* Section 1. AS 14.11.100(c) is amended to read:

11 (c) The school construction account is established. Funds to  
12 carry out the provisions of this section may be appropriated annually  
13 by the legislature to the account. The legislature shall pass a  
14 budget before March 16 that establishes the amount of funds available  
15 to school districts under this section for the next fiscal year. If  
16 amounts in the account are insufficient for the purpose of providing  
17 the share to which a borough or city is entitled under this section,  
18 those funds that are available shall be distributed pro rata among the  
19 eligible local governments.

20 \* Sec. 2. AS 14.14.060(c) is amended to read:

21 (c) The borough school board shall submit the school budget for  
22 the following school year to the borough assembly by April 15 [1] for  
23 approval of the total amount. Within 30 days after receipt of the  
24 budget the assembly shall determine the total amount of money to be  
25 made available from local sources for school purposes and shall fur-  
26 nish the school board with a statement of the sum to be made avail-  
27 able. If the assembly does not, within 30 days, furnish the school  
28 board with a statement of the sum to be made available, the amount  
29 requested in the budget is automatically approved. By May 31, the

1 assembly shall appropriate the amount to be made available from local  
2 sources from money available for the purpose.

3 \* Sec. 3. AS 14.17.225(b) is amended to read:

4 (b) Funds to carry out the provisions of AS 14.17.010 - 14.17.-  
5 190 may be appropriated annually by the legislature into the public  
6 school foundation account. The legislature shall pass a budget before  
7 March 16 that establishes the amount of funds for direct and indirect  
8 services and other funding under this chapter for the next fiscal  
9 year. If amounts in the account are insufficient to meet the alloca-  
10 tions authorized under AS 14.17.010 - 14.17.190, such funds as are  
11 available shall be distributed pro rata among each district based upon  
12 the district's basic need.

13 \* Sec. 4. AS 37.07.030 is amended to read:

14 Sec. 37.07.030. RESPONSIBILITIES OF THE LEGISLATURE. The legis-  
15 lature shall

16 (1) provide for a budget review function;

17 (2) analyze the comprehensive operating and capital im-  
18 provements programs and financial plans recommended by the governor;

19 (3) adopt legislation to authorize implementation of the  
20 governor's comprehensive operating and capital improvements programs  
21 and financial plans or appropriate alternatives to those plans;

22 (4) provide for a post-audit function, to cover financial  
23 transactions, program accomplishment and compliance with legislative  
24 intent;

25 (5) adopt or revise the estimate or receipts required to  
26 balance the succeeding fiscal year's budget in order that proposed  
27 expenditures do not exceed estimated receipts for that fiscal year;

28 (6) adopt, revise, or initiate revenue measures in order to  
29 balance the succeeding fiscal year's budget and the capital

1 improvements section of the budget for the succeeding six years;  
2 (7) appropriate money for public education for school  
3 construction debt retirement under AS 14.11.100, public school founda-  
4 tion program under AS 14.17 and for the secondary formula account,  
5 pupil transportation, student lunch program, cigarette tax distribu-  
6 tion, tuition students, boarding home grants, youth in detention, and  
7 schools for the handicapped no later than March 16 of each year for  
8 the succeeding fiscal year.

9 \* Sec. 5. This Act takes effect July 1, 1987.  
10

SECTIONAL ANALYSIS FOR SB 2

"An Act relating to deadlines for action on funding of public education; and providing for an effective date."

SECTION 1 - Adds language which would set a deadline, of March 16, for passage of an education budget for the next fiscal year, including funds for the school construction account.

SECTION 2 - Changes the date from April 1 to April 15 for the borough school board to submit the following fiscal year's school budget to the borough assembly.

SECTION 3 - Adds language which would set a deadline, of march 16, for passage of an education budget for the school foundation account.

SECTION 4 - Includes, as a responsibility of the legislature, the appropriation of money for public education no later than March 16 for the following fiscal year.

SECTION 5 - Effective date of July 1, 1987.

**Municipality  
of  
Anchorage**



P.O. BOX 6650  
ANCHORAGE, ALASKA 99502-0650  
(907) 264-4311

ANCHORAGE ASSEMBLY

**RECEIVED**

DEC 09 1986

December 4, 1986

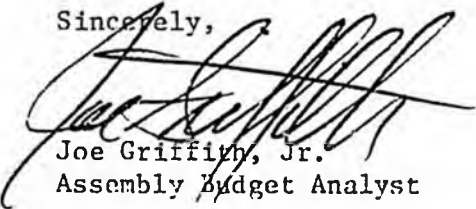
Senator Mitch Abood  
Senate District G-A  
1024 W. 6th Avenue  
Anchorage, AK 99501

Dear Senator Abood:

It was my pleasure to work with you on the revision of Title 14. I believe the document you have drafted will do much to solve various school district's difficulties; however, it may be difficult to get it through the Legislature.

Best of luck in the upcoming session and do not hesitate to call on me if I can be of further service.

Sincerely,

  
Joe Griffith, Jr.  
Assembly Budget Analyst

JG:jn

ASSOCIATION OF ALASKA SCHOOL BOARDS

316 W. 11th St. • Juneau, Alaska 99801-1510 • (907) 586-1083

December 2, 1986

Mitch Abood, Senator  
1024 West 6th Avenue  
Room 110  
Anchorage, AK 99501

Dear Senator Abood:

I have received the draft legislation you sent me relative to establishing a deadline for legislative action on state funding of public education.

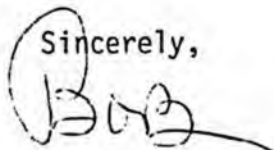
The draft looks fine to me with one apparent omission. I was under the impression that we were also going to consider moving the date contained in A.S. 14.14.060(c) to April fifteen instead of April one. I also recall that we discussed the language in that same section to read, ...for approval of the local effort. [total amount].

It was sort of my recollection that the Mat-Su folks thought that was O.K. Lee Sharp gave me that impression, anyway.

If this complicates anything, let me know.

Thank you again for your efforts.

Sincerely,

A handwritten signature in black ink, appearing to read "Bob", written over a circular stamp or mark.

Robert C. Graene  
Executive Director

# Alaska State Legislature

INTERIM OFFICE  
1024 WEST SIXTH AVENUE  
ANCHORAGE, ALASKA 99501  
(907) 274-2843

WHILE IN SESSION  
POUCH V  
JUNEAU, ALASKA 99811  
(907) 465-4747



CHAIRMAN  
STATE AFFAIRS  
MEMBER  
BUDGET & AUDIT  
TRANSPORTATION

Senator Mitch Abood  
SENATE DISTRICT G-A

November 20, 1986

Mr. Bob Cooksey  
NEA-Alaska  
147 S Franklin #407  
Juneau, AK 99801

Dear Bob:

Enclosed you will find the completed draft resulting from our recent meeting to discuss the education budget timelines.

I would appreciate your reviewing the draft and responding, with a letter to my office, no later than December 15, either approving or disapproving of the language. If you detect an error or have a question, please indicate it on the draft and return it with your letter. On the other hand, if you approve of the draft, please return the draft with an okay, signature, and date. Any back-up material or position papers which you would like to include with the bill package should be included with the returned draft -- as you are well aware, any additional information that can be provided to simplify explanation of the bill is helpful.

Thank you again for your time spent working with myself and the other individuals present at the meetings. Hopefully everyone's effort will pay off with an improvement to the education budgeting process.

Kindest regards,

*Mitch Abood*  
Mitch Abood  
Senator

/ds

Enclosure (1)

*Mitch, the draft looks good to me. Can support as is; however, if this version can't fly, hopefully we can support changes which would accomplish the same purpose...ie) make the school funding decision early.*

*Thank you again for including me in your effort with this issue.*  
*Bob Cooksey*



ANCHORAGE  
SCHOOL DISTRICT

4600 DeBarr Avenue  
P.O. Box 196614  
Anchorage, Alaska 99519-6614  
AREA CODE [907] 333-9561

SCHOOL BOARD

Jean Buchanan  
President

William Frick  
Vice President

Carol Stolpe  
Clerk

Bethye Davis  
Clerk Pro Tem  
Immediate Past President

Martha Rodorck  
Treasurer

Darryl Jordan  
Assistant Treasurer

Jim Robinson  
Parliamentarian  
Past President

SUPERINTENDENT

E.E. (Gene) Davis, Ed.D.

December 9, 1986

The Honorable Mitch Abood  
Alaska State Legislature  
1024 West Sixth Avenue  
Anchorage, Alaska 99501

Dear Senator Abood:

In regards to your letter of November 20 the following is suggested:

1. The community schools' funding should probably be included as revenue under Section 37.07.030.
2. Also note that the present statute states that city and borough school districts must submit their budgets not later than April 1 of each year to the local governments. At one point we discussed making that date April 15. This would allow the school districts ample time to make changes to their budgets.

Thank you for taking the lead in this particular problem. I believe it will help not only school districts but local governments and legislators. If I can be of further assistance, please contact me.

Sincerely,

L. T. Freeman  
Assistant Superintendent  
for Business Management



ANCHORAGE  
SCHOOL DISTRICT

4600 DeBarr Avenue  
P.O. Box 196614  
Anchorage, Alaska 99519-6614  
AREA CODE [907] 333-9561

SCHOOL BOARD

Jean Buchanan  
President

William Frick  
Vice President

Carol Stolpe  
Clerk

Bettye Davis  
Clerk Pro Tem  
Immediate Past President

Martha Roderick  
Treasurer

Darryl Jordan  
Assistant Treasurer

Jim Robinson  
Parliamentarian  
Past President

SUPERINTENDENT

E.E. (Gene) Davis, Ed.D.

December 9, 1986

The Honorable Mitch Abood  
Alaska State Legislature  
1024 West Sixth Avenue  
Anchorage, Alaska 99501

Dear Senator Abood:

Thank you for considering the Anchorage School District to assist in this much needed legislation.

I believe that the timelines of this bill will assist school districts throughout the State in arriving at their budget figures.

If there is any further information you need, please do not hesitate to call upon us.

Sincerely,

E. E. (Gene) Davis, Ed.D.  
SUPERINTENDENT

c1

cc L. T. Freeman, Assistant Superintendent, Business Management

Alaska State Legislat



Senator Mitch Abood  
SENATE DISTRICT G-A

INTERIM OFFICE  
2024 WEST SIXTH AVENUE  
ANCHORAGE, ALASKA 99501  
(907) 274-2843

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JUNEAU, ALASKA 99811  
(907) 465-4747

*Lee,  
Dorothy would  
like you to initial &  
do you concur w/ her  
statement? Return  
to Dorothy.*

November 20, 1986

The Honorable Dorothy Jones  
Mayor, Mat-Su Borough  
P.O. Box 1608  
Palmer, AK 99645

Dear Ms. Jones:

Enclosed you will find the completed dra:  
our recent meeting to discuss the educat:  
timelines.

I would appreciate your reviewing the dra:  
with a letter to my office, no later than  
either approving or disapproving of the language. If you  
detect an error or have a question, please indicate it on  
the draft and return it with your letter. On the other  
hand, if you approve of the draft, please return the draft  
with an okay, signature, and date. Any back-up material or  
position papers which you would like to include with the  
bill package should be included with the returned draft --  
as you are well aware, any additional information that can  
be provided to simplify explanation of the bill is helpful.

Thank you again for your time spent working with myself and  
the other individuals present at the meetings. Hopefully  
everyone's effort will pay off with an improvement to the  
education budgeting process.

Kindest regards,

Mitch Abood  
Senator

/ds

Enclosure (1)

*Dorothy,  
Looks good  
this earlier date  
would be helpful  
in setting up all  
pieces.  
Lee*

# Alaska State Legislature

INTERIM OFFICE  
1024 WEST SIXTH AVENUE  
ANCHORAGE, ALASKA 99501  
(907) 274-2843

WHILE IN SESSION  
POUCH V  
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CHAIRMAN  
STATE AFFAIRS  
MEMBER  
BUDGET & AUDIT  
TRANSPORTATION

Senator Mitch Abood  
SENATE DISTRICT G-A

## MEMORANDUM

DATE: January 22, 1987

TO: Senator Paul Fischer  
Chairman, Senate Health, Education, and Social Services  
Committee

FROM: Senator Mitch Abood 

RE: SB 2 "An Act relating to deadlines for action on  
funding of public education; and providing for an  
effective date."

Over the last few years, while working with the National Education Association and the Association of Alaska School Boards, it was brought to my attention that there is a problem in the area of timelines for the education budget. Attached you will find a copy of SB 2, "An Act relating to deadlines for action on funding of public education; and providing for an effective date." which is currently in your committee. This legislation is the result of several work sessions held during the interim, in an attempt to alleviate the budgeting problem. Also, attached for your review is a sectional analysis and additional backup.

Should you have any questions, please give me a call.



# NEA-ALASKA

AFFILIATED WITH THE NATIONAL EDUCATION ASSOCIATION

## ANCHORAGE REGIONAL OFFICE

1411 W. 33RD AVENUE  
ANCHORAGE, ALASKA 99503  
(907) 274-0536

## JUNEAU OFFICE

105 MUNICIPAL WAY, SUITE 302  
JUNEAU, ALASKA 99801  
(907) 586-3090

## FAIRBANKS REGIONAL OFFICE

2118 CUSHMAN STREET  
FAIRBANKS, ALASKA 99701  
(907) 456-4435

### Jean Krause, President

Judy Selo  
Vice-President  
4510 Kenaitze Court  
Kenai, Alaska 99611

Susan Siltham  
NEA Director  
P.O. Box 80913, College Station  
Fairbanks, Alaska 99708

Alan Dill  
Region I Director  
P.O. Box 423  
Sitka, Alaska 99835

Phil Myerchin  
Region I Director  
717 Canyon Road  
Ketchikan, Alaska 99901

Teresa Benolkin  
Region II Director  
P.O. Box 874335  
Wasilla, Alaska 99687

Beverly Goad  
Region II Director  
443  
Copper Center, Alaska 99573

Don Oberg  
Region III Director  
Box 1084  
Kenai, Alaska 99611

Phil Brady  
Region IV Director  
Scammon Bay Schools  
Scammon Bay, Alaska 99662

Myra Poage  
Region IV Director  
Box 973  
Nome, Alaska 99762

Joann Walker  
Region IV Director  
Box 570  
Kotzebue, Alaska 99752

Mary Lou Brent  
Region V Director  
Box 80074  
Fairbanks, Alaska 99708

Carol Merritt  
Region V Director  
P.O. Box 60475  
Fairbanks, Alaska 99708

Loretta Christie  
Region VI Director  
2220 Yorkshire Lane  
Anchorage, Alaska 99504

Pam McCarl  
Region VI Director  
2115 Sorbus Way  
Anchorage, Alaska 99508

Pam Reynolds  
Region VI Director  
8031 Evans Circle  
Anchorage, Alaska 99507

Dave Schwantes  
Region VI Director  
8148 E. 4th Avenue  
Anchorage, Alaska 99504

Peg Stout  
Region VI Director  
6208 E. 34th Avenue  
Anchorage, Alaska 99504

January 26, 1987

To: Senator Mitch Abood, Chair  
Members, Senate State Affairs Committee

Re: Senate Bill No. 2, "An Act relating to dead-  
lines for action on funding of public educa-  
tion; and providing for an effective date."

NEA-Alaska strongly supports and encourages  
passage of this legislation.

Because local school district budgets are so  
dependent on the level of state funding support, it  
is essential that they know as early in the budget  
process as possible the level of State support.  
Effective program planning, collective bargaining  
relationships, and determination of the ability of  
the district to meet unique needs are all directly  
impacted by State funding decisions.

Further, the calendar chronology relative to  
the submission of school district budgets to the  
borough assembly is adversely effected when this  
submission must be done absent accurate knowledge of  
the State funding support.

SB 2 correctly focuses on the need for earlier  
knowledge of these levels of support. To move any  
of these dates "down" the calendar delays important  
decision making and makes the entire planning  
process far less effective than it needs to be.

We encourage your support of SB 2.

Respectively Submitted

*Robert Manners*

Robert Manners,  
Executive Secretary

BM30/d1

# Municipality of Anchorage

## MEMORANDUM

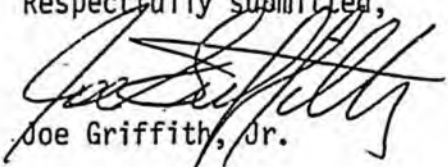
DATE: January 27, 1987  
TO: Senator Mitch Abood  
FROM: Assembly Budget Analyst  
SUBJECT: SB 2

*D for*  
*SB 2*  
*(initials)*

Thank you for the opportunity to address your committee on SB 2. As we discussed during the drafting phase, I believe this relatively minor change in the law will greatly aid our school district in their budgetary process and will have little deleterious effect on the Municipality's setting of the tax levy. In short I believe this is a positive step which will make government more efficient.

I have included a copy of the chart (which we referenced early) showing the various budgetary milestones and fiscal years which are influenced by SB 2. It is apparent from the graphic presentation that any action by the legislature to make the school funding allocation decision earlier aids the whole process. Of course, the principle benefit is to the school district; however, as I mentioned earlier, the fifteen-day shift would have little impact on the Municipal government budgeting process.

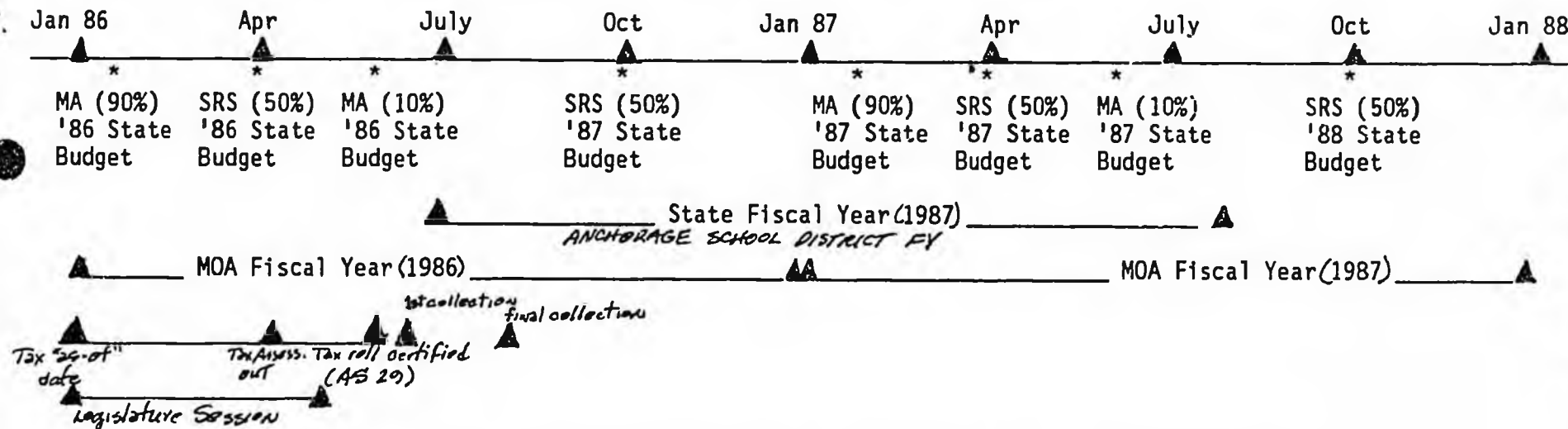
Respectfully submitted,

  
Joe Griffith, Jr.

1 Attachment  
Graphic display of Municipal budget process.

RECEIVED  
JAN 29 1986

MUNICIPAL BUDGET



Municipal Assistance (MA) payments received in February and June. MOA receives payment in the same numbered fiscal year as the State budget appropriating the funds. February payment is approximately 90% of the appropriated amount. Remainder in June subsequent to State receipt of data from all communities.

State Revenue Sharing (SRS) payments received in April and October of each year. From the State perspective, the first payment each fiscal year occurs in October and the second in April. Current State procedures (new for the State FY87 budget) evenly divides the appropriation between the two payments. Due to the overlapping fiscal years, each MOA fiscal year contains a Revenue Sharing payment from two State appropriations. The State Budget is generally passed in May.



Jan 30, 1987	Delivery of budget materials to School Board
Feb 2-6, 1987	Delivery of budget materials to: Budget Advisory Commission Schools and Departments Municipality of Anchorage Employee Bargaining Groups Libraries
Feb 3-12, 1987	Public Hearings on Preliminary Financial Plan Feb 3 (Tuesday) - 1st Hearing Feb 5 (Thursday) - 2nd Hearing Feb 10 (Tuesday) - 3rd Hearing Feb 12 (Thursday) - 4th Hearing
Feb 17, 1987	First School Board Reading (Tuesday)
Feb 24, 1987	Final Reading and Approval (Tuesday)
Feb 25-March 24	Revision of Preliminary Financial Plan (similar process to that of Jan 12 - Jan 31, 1987)
March 25-26, 1987	Printing of Proposed Financial Plan, Financial Plan Summary, and related budget materials
March 27, 1987	Delivery of Proposed Financial Plan, etc. to Municipal Assembly
April 1987	Municipal Assembly review, public hearings, and approval
May-June 1987	Revisions to Proposed Financial Plan expenditure budgets and revenue budget Preparation of Adopted Financial Plan
July-August 1987	Printing and distribution of Adopted Financial Plan

BASIS .

A/R Alaska Statute

A 14.11.100(C)

A 14.14.060(C)

A 14.17.225(B)

A 37.07.030

Statutes Modified by SB 2

A/R Alaska Statute

A/R Alaska Statute

Selection=>

PF1	PF2	PF3	PF4	PF5	PF6	PF7	PF8	PF9	PF10	PF11	PF12
HELP		EXIT	MENU			BWD	FWD		FIRST	LAST	QUIT

(3) provide the governor with a copy of the report of the assembly, council, or regional school board that requested each project approved by the department;

(4) provide to the legislature within the first 10 days of each regular session a summary of the projects requested by each assembly, council, or regional school board.

(c) In establishing priorities among requested projects the department shall evaluate at least the following factors:

(1) priorities assigned by the assembly, council, or school board to the projects requested;

(2) emergency requirements;

(3) the number of students without classroom space;

(4) new local elementary or secondary programs;

(5) existing regional, community, and school facilities and the condition of the facilities;

(6) the economic and social stability of the municipality or region.

(d) The provisions of this section do not affect a municipality's eligibility for reimbursement under AS 14.11.100. (§ 3 ch 92 SLA 1982)

Editor's notes. — This section is set out above to correct a minor error in the title pamphlet.

**Sec. 14.11.100. State aid for retirement of school construction debt.** (a) During each fiscal year, the state shall allocate to a municipality that is a school district, the following sums:

(1) payments made by the municipality during the fiscal year two years earlier for the retirement of principal and interest on outstanding bonds, notes or other indebtedness incurred before July 1, 1977 to pay costs of school construction;

(2) 90 percent of

(A) payments made by the municipality during the fiscal year two years earlier for the retirement of principal and interest on outstanding bonds, notes or other indebtedness incurred after June 30, 1977 and before July 1, 1978 to pay costs of school construction;

(B) cash payments made after June 30, 1976 and before July 1, 1978 by the municipality during the fiscal year two years earlier to pay costs of school construction;

(3) 90 percent of

(A) payments made by the municipality during the fiscal year two years earlier for the retirement of principal and interest on outstanding bonds, notes or other indebtedness incurred after June 30, 1978 and before January 1, 1982 to pay costs of school construction projects approved under AS 14.07.020(11);

(B) cash payments made after June 30, 1978 and before July 1, 1982 by the municipality during the fiscal year two years earlier to

pay costs of school construction projects approved under AS 14.07.020(11);

(4) subject to (h) and (i) of this section up to 90 percent of

(A) payments made by the municipality during the current fiscal year for the retirement of principal and interest on outstanding bonds, notes or other indebtedness incurred after December 31, 1981, and authorized by the qualified voters of the municipality before July 1, 1983, to pay costs of school construction, additions to schools, and major rehabilitation projects that exceed \$25,000 and are approved under AS 14.07.020(11); and

(B) cash payments made after June 30, 1982, and before July 1, 1983, by the municipality during the fiscal year two years earlier to pay costs of school construction, additions to schools, and major rehabilitation projects that exceed \$25,000 and are approved under AS 14.07.020(11); and

(C) payments made by the municipality during the current fiscal year for the retirement of principal and interest on outstanding bonds, notes, or other indebtedness to pay costs of school construction, additions to schools, and major rehabilitation projects that exceed \$25,000 and are submitted to the Department of Education for approval under AS 14.07.020(11) before July 1, 1983, and approved by the qualified voters of the municipality before October 15, 1983, not to exceed a total project cost of (i) \$6,600,000 if the annual growth rate of average daily membership of the municipality is more than 7 percent but less than 12 percent, or (ii) \$20,000,000 if the annual a growth rate of average daily membership of the municipality is 12 percent or more; payments made by a municipality under this paragraph on total project costs that exceed the amounts set out in (i) and (ii) of this paragraph are subject to (a)(5)(A) of this section.

(5) subject to (h), (i), and (j) of this section, 80 percent of

(A) payments made by the municipality during the fiscal year for the retirement of principal and interest on outstanding bonds, notes or other indebtedness authorized by the qualified voters of the municipality after June 30, 1983, to pay costs of school construction, additions to schools, and major rehabilitation projects that exceed \$25,000 and are approved under AS 14.07.020(11); and

(B) cash payments made after June 30, 1983, by the municipality during the fiscal year two years earlier to pay costs of school construction, additions to schools, and major rehabilitation projects that exceed \$25,000 and are approved under AS 14.07.020(11).

(b) The commissioner shall administer the program of reimbursement authorized under this section and shall provide by regulation for the filing of applications for reimbursement, the form of proof of costs for which application for reimbursement is made, and other regulations necessary to administer the program. The commissioner shall exclude from the total school construction cost of the local district all

state and federal funds included in these costs except funds provided under this section and AS 43.50.140. In approving applications for reimbursement, the commissioner shall

(1) offset against the amount of reimbursement authorized the amount of any funds distributed to the borough or city in the second preceding fiscal year from the school fund provided for in AS 43.50.140;

(2) *[Repealed, § 10 ch 92 SLA 1982.]*

(c) The school construction account is established. Funds to carry out the provisions of this section may be appropriated annually by the legislature to the account. If amounts in the account are insufficient for the purpose of providing the share to which a borough or city is entitled under this section, those funds that are available shall be distributed pro rata among the eligible local governments.

(d) Money in the school construction account which, at the end of the fiscal year for which the money is appropriated, exceeds the amount required for the allocations authorized in this section reverts to the general fund.

(e) The commissioner shall annually provide a report to the legislature on allocations of state aid made under this section, including but not limited to, the amount of state aid paid on a per capita and per student basis and the resultant effect on the rate of levy of taxes by the municipality for educational purposes.

(f) *[Repealed, § 17 ch 147 SLA 1978.]*

(g) *[Repealed, § 47 ch 6 SLA 1984.]*

(h) An allocation under (a)(4) or (5) of this section for school construction begun after July 1, 1982, shall be reduced by the amount of money used for the construction of residential space, hockey rinks, planetariums, saunas, and other facilities for single purpose sporting or recreational uses that are not suitable for other activities and by the money used for construction that exceeds the amount needed for construction of a facility of efficient design as determined by the department. An allocation under (a) (4) or (5) of this section may not be reduced by the amount of money used for construction of a small swimming pool, tank, or water storage facility used for water sports. However, an allocation shall be reduced by the difference between the amount of money used to construct a swimming pool that exceeds the standards adopted by the department and the amount of money that would have been used to construct a small swimming pool, tank, or water storage facility, as determined by the commissioner.

(i) For the purposes of (a)(4) and (5) of this section

(1) an indebtedness for bonds is incurred after the bonds are sold;

(2) reimbursement for a cash payment may only be made after the payment is made to a vendor; and

(3) payments may not be made for costs that are incurred under a contract after the contract has been released.

(j) The state may not allocate money to a municipality for a school construction project under (a)(5) of this section unless the municipality complies with the requirements of (1) — (4) of this subsection and the project is approved by the commissioner before the local vote on the bond issue for the project. In approving a project under this subsection, the commissioner shall require

(1) the municipality to include on the ballot for the bond issue the estimated total cost of each project including estimated annual operation and maintenance costs and the estimated amounts that will be paid by the state and by the municipality;

(2) that the bonds may not be refunded unless the annual debt service on the refunding issue is not greater than the annual debt service on the original issue;

(3) that the bonds must be repaid in approximately equal annual principal payments or approximate equal debt service payments over a period of at least 10 years;

(4) the municipality to demonstrate need for the project by establishing that the school district has

(A) projected long-term student enrollment that indicates the district has inadequate facilities to meet present or projected enrollment; or

(B) facilities that require repair or replacement in order to meet health and safety laws or regulations or building codes.

(k) An amount equal to the interest earned on the investment of the proceeds of bonds issued for a school construction project shall be used by the municipality to

(1) pay the costs of the project;

(2) pay accrued interest on the bond issue;

(3) redeem all or part of the bonds; or

(4) pay the costs of issuing the bonds. (§ 1 ch 249 SLA 1970; am § 1 ch 93 SLA 1971; am § 2 ch 137 SLA 1972; am § 1 ch 28 SLA 1973; am § 47 ch 127 SLA 1974; am §§ 1 — 3 ch 120 SLA 1977; am §§ 12, 17 ch 147 SLA 1978; am § 25 ch 168 SLA 1978; am §§ 8 — 10 ch 92 SLA 1982; am §§ 1 — 3 ch 82 SLA 1983; am § 47 ch 6 SLA 1984; am § 1-5 ch 78 SLA 1985)

Revisor's notes. — Enacted as AS 43.18.100. Renumbered in 1983.

Cross references. — For present provisions of former subsection (g) of this section, see AS 14.11.135(f).

Effect of amendments. — The 1982 amendment, substituted "a municipality that" for "an organized borough or a city which" in the introductory language of subsection (a), substituted "the municipality" for "the borough or city" in para-

graphs (1), (2)(A) and (B), and (3)(A) and (B), substituted "90 percent" for "80 percent" in the introductory language of paragraphs (2) and (3), inserted "and before January 1, 1982" in paragraph (3)(A) and (B), and added paragraph (4). The amendment also repealed paragraph (2) of subsection (b), which read "required the borough or city to provide, with its application, a certified copy of the notice to taxpayers required by AS 43.18.030," and added subsections (h) and (i).

Revisor's notes. — The revisor of statutes, pursuant to AS 01.05.031 and § 4, ch. 58, SLA 1982, substituted "the official

custody of the officer" for "his official custody."

**Sec. 14.14.050. Annual audit.** (a) The school board in each school district shall, before October 1, of each year, provide for an audit of all school accounts for the school year ending the preceding June 30. To make the audit the school board shall contract with a public accountant who has no personal interest, direct or indirect, in the fiscal affairs of the district. One certified copy of the audit shall be filed with the commissioner and one certified copy shall be posted in a public place at the principal administrative office of the district.

(b) The audit shall conform in form to requirements established by the commissioner. The commissioner shall withhold all payments of state funds after November 15 to a school district which fails to file a certified copy of the audit with the department.

(c) The commissioner may provide for a reaudit or an audit check in a school district if in the commissioner's judgment it is necessary to substantiate the reported expenditures.

(d) The school board shall not make the audit if an audit which satisfies the requirements of this section and which is filed and posted as required by this section, is made according to AS 29.48.220. (§ 1 ch 98 SLA 1966; am § 22 ch 53 SLA 1973)

Editor's notes. — In subsection (c), "the commissioner's" was substituted for "his" by the revisor of statutes pursuant to AS 01.05.031 and § 4, ch. 58, SLA 1982.

Legislative history reports. — For report on ch. 53, SLA 1973 (CSHB 382), see 1973 House Journal, pp. 793, 885.

**Sec. 14.14.060. Relationship between borough school district and borough.** (a) The borough assembly may by ordinance require that all school money be deposited in a centralized treasury with all other borough money. The borough administrator shall have the custody of, invest and manage all money in the centralized treasury. However, the borough assembly, with the consent of the borough school board, may by ordinance delegate to the borough school board the responsibility of a centralized treasury.

(b) When the borough school board by resolution consents, the borough assembly may by ordinance provide a centralized accounting system for school and all other borough operations. The system shall be operated in accordance with accepted principles of governmental accounting. However, the assembly, with the consent of the borough school board, may by ordinance delegate to the borough school board the responsibilities of the accounting system.

(c) The borough school board shall submit the school budget for the following school year to the borough assembly by April 1 for approval of the total amount. Within 30 days after receipt of the budget the assembly shall determine the total amount of money to be made avail-

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able from local sources for school purposes and shall furnish the school board with a statement of the sum to be made available. If the assembly does not, within 30 days, furnish the school board with a statement of the sum to be made available, the amount requested in the budget is automatically approved. By May 31, the assembly shall appropriate the amount to be made available from local sources from money available for the purpose.

(d) The borough assembly shall determine the location of school buildings with due consideration to the recommendations of the borough school board.

(e) The borough school board is responsible for the design criteria of school buildings. To the maximum extent consistent with education needs, a design of a school building shall provide for multiple use of the building for community purposes. Subject to the approval of the assembly, the school board shall select the appropriate professional personnel to develop the designs. The school board shall submit preliminary and subsequent designs for a school building to the assembly for approval or disapproval; if the design is disapproved, a revised design shall be prepared and presented to the assembly. A design or revised design approved by the assembly shall be submitted by the board to the department in accordance with AS 14.07.020(11).

(f) The borough school board shall provide custodial services and routine maintenance for school buildings and shall appoint, compensate, and otherwise control personnel for these purposes. The borough assembly through the borough administrator, shall provide for all major rehabilitation, all construction and major repair of school buildings. The recommendations of the school board shall be considered in carrying out the provisions of this section.

(g) State law relating to teacher salaries and tenure, to financial support, to supervision by the department and other general laws relating to schools, governs the exercise of the functions by the borough. The school board shall appoint, compensate, and otherwise control all school employees and administration officers in accordance with this title.

(h) School boards within the borough may determine their own policy separate from the borough for the purchase of supplies and equipment. (§ 8 ch 118 SLA 1972; am § 11 ch 147 SLA 1978)

**Revisor's notes.** — In subsection (g), the words "of education" were deleted following "department" by the revisor of statutes under AS 01.05.031. See AS 14.60.010(4).

**Effect of amendments.** — The 1978 amendment added the last sentence of subsection (e).

**Opinions of attorney general.** — A borough mayor may veto a "local source" resolution adopted pursuant to subsection (c) of this section but may not exercise an item veto on it or on the school budget items in the subsequent appropriation for the schools. May 2, 1977, Op. Att'y Gen.

port of a regional educational attendance area school which becomes a city or borough district school.

(b) For each subsequent fiscal year, the state shall disburse to the city or borough school district only the money to which the district is entitled under the public school foundation program.

(c) [deleted]. (§ 5.02 ch 164 SLA 1962; am § 25 ch 53 SLA 1973; am § 13 ch 124 SLA 1975)

**Legislative history reports.** — For report on ch. 53, SLA 1973 (CSHB 382), see 1973 House Journal, pp. 793, 885.

**Sec. 14.17.215. State aid to districts affected by state activities.**  
Repealed by § 20 ch 26 SLA 1980.

**Editor's notes.** — The repealed section derived from § 7, ch. 95, SLA 1969.

**Sec. 14.17.220. Purpose.** It is the intention of the legislature, in enacting this public school foundation program, to assure an adequate level of educational opportunities for those in attendance in the public schools of the state. This chapter shall not be interpreted as preventing a public school district from providing educational services and facilities beyond those assured by the foundation program. (§ 1.01 ch 164 SLA 1962)

**Sec. 14.17.225. Construction and implementation of chapter.**  
(a) This chapter may not be construed so as to create a debt of the state.

(b) Funds to carry out the provisions of AS 14.17.010 — 14.17.190 may be appropriated annually by the legislature into the public school foundation account. If amounts in the account are insufficient to meet the allocations authorized under AS 14.17.010 — 14.17.190, such funds as are available shall be distributed pro rata among each district based upon the district's basic need.

(c) Repealed by § 1 ch 79 SLA 1971.

(d) The average daily membership allotment supplemental account is established. Funds to carry out the provisions of AS 14.17.215 may be appropriated annually by the legislature to the account. If amounts in the account are insufficient to meet the allocations authorized under AS 14.17.215, such funds as are available shall be distributed pro rata among eligible districts based upon AS 14.17.215.

(e) Repealed by § 1 ch 79 SLA 1971.

(f) Funds necessary to carry out the provisions of AS 14.17.205 may be appropriated annually to the Department of Education. If amounts appropriated are insufficient to meet the allocations authorized under AS 14.17.205, such funds as are available shall be distributed pro rata among eligible districts. (§ 8 ch 95 SLA 1969; am § 1 ch 79 SLA 1971; am § 12 ch 90 SLA 1977)

government. The budget submitted by the governor shall be organized so that the proposed expenditures for each agency are presented separately. The budget shall be accompanied by a general appropriation bill to authorize the proposed expenditures, and a bill or bills covering recommendations in the budget for new or additional revenues.

(b) In addition to the budget and general appropriation bill, the governor shall submit a capital improvements program and financial plan covering the succeeding six fiscal years.

(c) Proposed expenditures may not exceed estimated revenues for the succeeding fiscal year. The expenditures proposed in the six-year capital improvements program and financial plan shall not exceed the estimated revenues and bond authorizations passed and proposed.

(d) The governor shall annually, before the convening of the legislature, report to the legislature through the Legislative Budget and Audit Committee the long-range fiscal and economic consequences of

(1) alternate levels of capitalization of the investment funds of the state; and

(2) alternative investment policy for the general fund surplus. (§ 1 ch 188 SLA 1970; am § 3 ch 168 SLA 1978; am § 4 ch 18 SLA 1980; am § 3 ch 2 SLA 1982)

*Effect of amendments.* — The 1980 amendment added subsection (d).

The 1982 amendment added the present second sentence of subsection (a).

**Sec. 37.07.030. Responsibilities of the legislature.** The legislature shall

(1) provide for a budget review function;

(2) analyze the comprehensive operating and capital improvements programs and financial plans recommended by the governor;

(3) adopt legislation to authorize implementation of the governor's comprehensive operating and capital improvements programs and financial plans or appropriate alternatives to those plans;

(4) provide for a post-audit function, to cover financial transactions, program accomplishment and compliance with legislative intent;

(5) adopt or revise the estimate or receipts required to balance the succeeding fiscal year's budget in order that proposed expenditures do not exceed estimated receipts for that fiscal year;

(6) adopt, revise, or initiate revenue measures in order to balance the succeeding fiscal year's budget and the capital improvements section of the budget for the succeeding six years. (§ 1 ch 188 SLA 1970; am § 4 ch 168 SLA 1978)

SENATE COMMITTEE REPORT

FIRST COMMITTEE OF REFERRAL

Date of 1/23/87 5-DAY NOTICE  
IN ACCORDANCE WITH UNIFORM RULE 23

FURTHER: FINANCE

\*\*FISCAL NOTE(S) ATTACHED other \*\*  
IN ACCORDANCE WITH AS 24.08.035  
(see below)

1/19/87

DATE TURNED INTO OFFICE \_\_\_\_\_

Mr. President:

HESS

Committee considered SB 2

relating to deadlines for action on funding of public education; efd.

and recommended:

replace with CS \_\_\_\_\_  same title  
 attached amendment(s) and  new title

do pass

do not pass

no recommendation

individual recommendations

further referral to \_\_\_\_\_

letter of intent adopted and attached

\*\* Committee  attached or  adopted fiscal note(s)  
 zero  fiscal impact

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

loyd Jones

Joe Amey

Rich Halford

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Paul Frick No Pass  
Chairman signature and recommendation

Committee Backup Attached