

**S B**

**387**

STEVE COWPER, GOVERNOR

**DEPARTMENT OF EDUCATION**

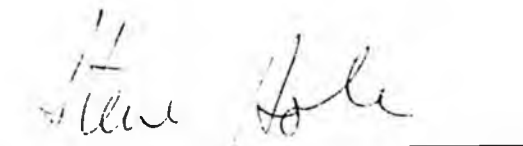
OFFICE OF THE COMMISSIONER

GOLDBELT PLACE  
801 WEST 10TH STREET  
P.O. BOX F  
JUNEAU, ALASKA 99811-0500

**Position Paper on SB 387**

Second Session  
16th Alaska Legislature

The Department of Education supports the concept of early funding appropriations for the components in the K-12 Support BRU.



William G. Demmert  
Commissioner



Date



# Alaska State Legislature

Senator Mike Szymanski

While in Session:  
P.O. Box V  
Juneau, Alaska 99911  
(907) 465-4978

---

Interim:  
3111 C Street, Suite 510  
Anchorage, Alaska 99503  
(907) 561-7617

or  
165 E. Parks Highway  
Wasilla, Alaska 99687  
(907) 376-6453

POSITION PAPER

SENATE BILL 387

Senate Bill 387 embodies two familiar concepts regarding education: early funding and full funding.

\* As an appropriation measure, separate from the budget, SB 387 will provide full state funding at an earlier date for K-12 support and the school construction debt reimbursement program. This is critical to local communities for timely school district budgeting.

\* SB 387 provides full funding for: 1) the education foundation formula, 2) pupil transportation and 3) the school debt reimbursement program. Full funding for education programs is a concept supported by many legislators, and many constituent groups feel that the legislature should live up to its constitutional obligation.

\* Full funding means appropriating the amount required to provide foundation aid to school districts as outlined in AS 14.17.021. This funding would also be used to meet contract requirements for pupil transportation and to fulfill the state's obligation for school debt retirement.

\* There is strong public and private sector support for this approach to school funding. It allows school districts to complete their budgets early in the year and removes uncertainties regarding fluctuating funding levels.

Senate District E

Mat-Su Borough • Sitka Anchorage • Bar/Indian • Girdwood • Nikiski • Copper Landing • Hope • Seward • Prince William Sound

*Alaska*  
**MUNICIPAL**  
*League*


TELEPHONE  
(907) 586-1325  
FAX 463-5480

217 SECOND STREET, SUITE 200  
JUNEAU, ALASKA 99801

January 22, 1990

MEMORANDUM

TO: Senator Mike Szymanski, Chairman  
Members of the Senate Community and Regional Affairs Committee

FROM: Scott A. Burgess, Executive Director: 

SUBJECT: SB 387 - Education Funding

The Alaska Municipal League supports SB 387 and full funding for education as a legislative priority this year. Full funding should include the foundation formula and school debt reimbursement at the funding levels included in the bill as introduced.

I have attached a copy of our position paper on full funding from our Municipal Platform which has been distributed to all legislators. Thank you for hearing SB 387 and for your favorable consideration of the bill.

## **Full Funding for Education**

The Alaska Municipal League requests full funding for public education, including the Education Foundation Formula and the School Construction Debt Reimbursement Program, in recognition of the State's constitutional responsibility to provide education to all of Alaska's children.

Article VII, Section 1 of the Alaska Constitution provides that the State shall establish and maintain a system of public education open to all children living within Alaska. The equal protection clause of the Constitution, Article I, Section 1, provides that all persons are equal and entitled to equal rights, opportunities, and protection under the law. Taken together, these two provisions establish the fundamental constitutional duty of the State to establish and maintain a system of public schools and to provide school-age children with an equal education throughout Alaska.

Funding for education is the largest single item in the state budget, approximately 25 percent, and is the largest single transfer of funds from the State to local governments or, rather, through local governments. The State's transfer payments in support of education are simply payments of the State's share of the total cost of educating young Alaskans and are in addition to the local support required from municipal school districts and federal funding for various special programs.

There are two types of school districts in Alaska: municipal school districts and Regional Education Attendance Areas (REAs). Municipal districts are required to contribute to the operating costs of their school districts (see below) as well as to provide financial security for debt incurred for school building construction. Regional Education Attendance Areas, on the other hand, receive all their funding, for both operations and capital expenditures, directly from the State.

Local governments already bear the burden for a significant share of the costs of operating Alaska's schools (26 percent, statewide). It is the responsibility of the State Legislature to provide full funding for its share of the cost of education, including both the Education Foundation Formula (for operating expenses) and the School Construction Debt Reimbursement Program.

### **Education Foundation Formula**

The Alaska Municipal League requests full funding for the Education Foundation Formula for FY 91, an estimated \$512,771,092, to make it possible for Alaska's municipalities to provide basic education for all children.

The main component of the state government's support of education for all Alaskan children is the Foundation Formula. This formula distributes funds to local school districts and the Regional Education Attendance Areas (REAs) at a rate of \$60,000 per instructional unit. Minimum state aid to city and borough districts is now defined as 65

percent of basic need (with local governments required to contribute 35 percent of basic need or a 4-mill equivalency, whichever is less). The REAAs, on the other hand, are funded by the State Legislature at 100 percent of basic need.

**Table 4: School Foundation Formula Funding**

Fiscal Year	Entitlement	State Appropriation	% <sup>a</sup>
1986	\$491,159,214	\$491,159,214	100.0
1987	451,529,200	414,729,423	91.9
1988	437,438,385	437,438,385	100.0
1989	454,094,843	454,094,843	100.0
1990	494,782,860 <sup>b</sup>	475,398,100	96.1 <sup>c</sup>
1991	512,771,092 <sup>b</sup>	512,771,092 <sup>d</sup>	100.0

<sup>a</sup> Ratio of state appropriation (reimbursement to municipalities) to entitlement.

<sup>b</sup> Estimated

<sup>c</sup> The intent of the Legislature was to fully fund the program. It is anticipated that a supplemental appropriation will be made during the 1990 session.

<sup>d</sup> Requested. This amount includes \$485,131,892 from the General Fund and \$27,639,200 from the Alaska Public School Fund and federal PL 874 funds.

Source: Department of Education

On a statewide basis in FY 88, approximately 67 percent of the cost of operating Alaska's schools was funded by the State, 26 percent by local governments, and 7 percent by the federal government with PL 874 grants for federally impacted school districts.

#### **School Construction Debt Reimbursement Program**

The Alaska Municipal League requests full funding for the School Construction Debt Reimbursement Account for FY 91, at an estimated cost of \$131,500,000.

In 1970, the Legislature established a program to reimburse municipalities for a portion of their school construction debt in recognition of the requirement of the Alaska Constitution that the State provide education for its children. Under this program (AS 14.11.100), sixteen municipalities have issued bonds for the entire cost of a school construction project and have been reimbursed annually for a portion of the cost of their debt service.

Over the years, the program has changed several times. At one time, the percentage of debt reimbursement was 100 percent. Currently, municipalities are eligible for reimbursement of from 80 to 100 percent of their costs, depending on when their projects were originally approved. However, because of the continuing underfunding of the program, not only are they not being reimbursed at their entitlement level, but they do not know what the reimbursement level will be until after the Legislature completes its annual appropriation process. As the table below shows, in the last five years the reimbursement has ranged from 92.2 to 96.9 percent of the districts' statutory entitlement.

Municipalities and their voters have made financial decisions based on the reimbursement rate in effect when they proposed bonding for school construction, and long-range budget decisions and financial plans have been based on this obligation and commitment

of the State. Nevertheless, as state resources have shrunk in recent years and the Legislature has underfunded this entitlement program, those plans and decisions have been undermined by uncertainty. The funds available for the debt reimbursement program have been prorated to eligible communities, and the municipal budget process has been upset because the debt service than was anticipated and budgeted for.

The unpredictability of reimbursement rates has been especially critical in the areas of Alaska with high growth during the early 1980s. It will continue to be a major problem during the lifetime of the bonds issued for construction in these areas if full funding of the entitlement is not guaranteed.

**Table 5: School Debt Reimbursement**

Fiscal Year	Entitlement	State Appropriation	Shortfall/ Cost to Municipalities	% <sup>a</sup>
1986	\$109,707,963	\$106,315,600	\$3,392,363	96.9
1987	125,272,615	115,845,000	9,427,615	92.4
1988	118,701,313	109,472,700	9,228,613	92.2
1989	118,446,601 <sup>b</sup>	109,472,700	8,973,901	92.4
1990	114,759,609 <sup>b</sup>	107,831,000	6,928,609	94.0
1991	131,500,000 <sup>b</sup>	131,500,000 <sup>c</sup>	0	100.0

<sup>a</sup> Ratio of state appropriation (reimbursement to municipalities) to the districts' full entitlement.

<sup>b</sup> Estimated

<sup>c</sup> Requested

Source: Department of Education

As the table shows, the FY 89 shortfall in funding to fully reimburse local governments for school construction debt service amounted to \$8,973,901; in FY 90, the shortfall is estimated at nearly \$7.0 million.



• ALASKA COUNCIL OF SCHOOL ADMINISTRATORS •  
326 Fourth St., Suite 408 Juneau, Alaska 99801 586-9702

## POSITION PAPER

### SB387

The Alaska Council of School Administrators supports SB 387 with the recommendation to increase the amount of the foundation program to reflect a 10% increase in the instructional unit value.

We believe the increase only reinstates funds which have been eliminated from the program since 1986 and allows school districts to meet the demands placed upon school districts today.

We support the full funding outlined in SB 387 for tuition and debt retirement in addition to the other categorical funds listed in the bill and commend the sponsors for their willingness to address the issue of fully funding the state's share of providing a public education for Alaska.

Please find attached Resolution 89-90-4 supporting the request for increasing the foundation instructional unit and further justification for our request.



ALASKA ASSOCIATION OF ELEMENTARY SCHOOL PRINCIPALS  
ALASKA ASSOCIATION OF SECONDARY SCHOOL PRINCIPALS  
ALASKA ASSOCIATION OF SCHOOL ADMINISTRATORS

• ALASKA COUNCIL OF SCHOOL ADMINISTRATORS •  
326 Fourth St., Suite 408 Juneau, Alaska 99801 586-9702

### HOW DO WE JUSTIFY REQUESTING A 10% INCREASE?

The Governor's proposed budget does have a request for an increase to the foundation fund to maintain the instructional unit at \$60,000. While we appreciate his willingness to at-least maintain, we feel that an increase is necessary if we are to meet the growing demands places of the public educational system the Alaska.

If the instructional unit remains the same, it will be the fourth year. Meanwhile, if the districts desire to maintain their current level of instruction, the local effort must increase to make up the increase in cost. It is wishfull thinking to assume if you keep the state support the same the cost of doing business will stay the same. This is not true.

Since the beginning of the current formula additional financial burdens have been placed on the local district. Fuel prices have increased, health insurance has increased significately, the price of text books and teaching materials have continued to increase over the past four years. School districts have assumed the full contribution rate to teachers retirement. Even without negotiated salary increases, districts must meet their obligation to pay teachers who move vertically and horizontally on their salary scale. Although the average teacher's salary is \$42,000 the past four years of the National CPI are calculated into the average, the real average has changed from 1986 with the average of \$39,447 to 1990 average of \$36,146. If this trend continues, it will not be long before Alaska loses its ability to attract the best available talent to its classrooms.

A number of adverse impacts have been felt in school districts throughout the state. Class sizes have increased. Staffs are being reduced and programs have been eliminated. At the same time, more demands are being placed upon our schools. Various reports and studies have identified critical needs in a number of areas: At Risk Students, Suicide Prevention, Early Childhood Education, Alcohol and Substance Abuse, Child Abuse Prevention, AIDS Education and Pupil Teacher Ratios/Class size.

We believe the foundation formula is the place for creating the funding for meeting the additional needs. Any special appropriation will be at the whim of the future legislatures or could be seen as a one time appropriation only. Placing adequate funds within the foundation funding formula could provide an opportunity to address these issues over a period of several years.

Local communities cannot continue to increase local effort. It is time the State of Alaska provide more relief than just the maintenance of the current value of the instructional unit.

We cannot settle for a status quo. There are justifiable needs which can only be met with additional funding within the foundation formula.



• ALASKA COUNCIL OF SCHOOL ADMINISTRATORS •  
326 Fourth St., Suite 408 Juneau, Alaska 99801 586-9702

RESOLUTION 89-90-4  
FOUNDATION FUNDING FOR DISTRICTS

The Alaska council of School Administrators requests that the Alaska State Legislature and the Governor increase the value of the instructional unit by a minimum of \$6,000.

RATIONALE:

The value of the instructional unit has not increased in three years. However, the cost of providing education in individual school districts has continued to increase due to increased cost of utilities, and overall continued increases in maintenance, operations, supplies, and equipment and personnel costs. Local school districts have adsorbed the increases by increased local support, by budget reductions, closing of facilities, and cut backs in program(s).

The Alaska Constitution mandates the establishment and maintenance of a system of public education open to all children. It is the State's responsibility to provide a quality educational program.



# 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

January 22, 1990

To: Sen. Mike Szymanski, Chair  
Members, Community & Regional Affairs Committee

Re: Senate Bill No. 387  
"An Act making appropriations to the Department of Education for K-12 support and school construction debt retirement; and providing for an effective date."

NEA-Alaska strongly supports SB 387 and we encourage quick and favorable action by the Committee.

We request however, that the Foundation Program figure on line 23 of page 1 be increased to reflect an Instructional Unit value of \$66,000, a 10% increase over the current \$60,000 funding level.

This amendment is critical if SB 387 is to address in a meaningful way the current needs of public education in Alaska.

In August, 1986, with the drop in oil prices state support for public education was reduced by 10%. Subsequently, the current foundation formula was implemented using an instructional unit value of \$60,000. Neither this figure nor the total funding levels have since been increased to reflect inflation. It is also arguable that the basic overall need has since been under-funded as well. Additionally, in 1987 the State share of the TRS contribution of nearly \$30 million was passed along as an additional cost to local school districts.

It is time to restore some level of the funding which has recently been lost to public education in Alaska.

We are encouraged that the Committee is dealing with this critical issue early in the Session. We hope that you will restore the financial support which is so urgently needed in our public schools.

Thank you for your consideration of our position.

Respectfully submitted,

Bob Manners  
Executive Director

Don Oberg  
President

cc: Alaska Association of School Boards  
Alaska Council of School Administrators

tion of the responsibilities requested. After receipt of a request by a regional school board under this subsection, the department may provide for the assumption of the responsibilities requested.

(b) If a municipality that is a school district or a regional educational attendance area assumes the responsibilities under this section, the department shall grant to the municipality or regional educational attendance area money appropriated for the school or education-related facility. The department may transfer the appropriations to a special construction account in the state treasury. Under the fiscal control of the department, a municipality or regional educational attendance area that assumes responsibilities for the project as provided in this section may draw on the account for costs of the project.

(c) The construction management costs of a project assumed under this section may not exceed four percent of the amount of appropriations for the facility if the amount of appropriations is \$500,000 or less. The construction management costs of a project assumed under this section may not exceed three percent of the amount of appropriations for the facility if the amount of appropriations is over \$500,000 but less than \$5,000,000. The construction management costs of a project assumed under this section may not exceed two percent of the amount of appropriations for the facility if the amount of appropriations is \$5,000,000 or more. For purposes of this subsection "construction management" means management of the project's schedule, quality, and budget during any phase of the planning, design, and construction of the facility by a private contractor engaged by the municipality or regional educational attendance area.

(d) The commissioner shall adopt necessary regulations implementing this section, and setting out the requirements for agreements between the department and a municipality or regional educational attendance area relating to the assumption by the municipality or regional educational attendance area of responsibilities for the planning, design, and construction of a project. (§ 3 ch 92 SLA 1982)

Revisor's notes. — Enacted as AS 14.07.190. Renumbered in 1982.

#### Sec. 14.11.100. State aid for costs 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 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 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.

(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 except that the legislature may direct that additional debt service on refunding bonds that exceeds the total debt service on the refunded bonds be disregarded in whole or in part.

(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 1981.]*

(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 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 sport. 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) Except as provided in (i) of this section, 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, the project is approved by the commissioner before the local vote on the bond issue for the project, and the local vote occurs before July 1, 1987, or after June 30, 1988. 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 total interest, estimated annual operation and maintenance costs, the estimated amounts that will be paid by the state and by the municipality, and the approximate amount that would be due in annual taxes on \$100,000 in assessed value to retire the debt;

(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.

(l) Bonds may be refunded without compliance with (j)(2) and (3) of this section if the refunding bonds are issued after June 30, 1987, and before January 1, 1989, and the time remaining for repayment on the original bonds is more than five years. The repayment term on refunding bonds may not exceed 20 years. For the purposes of determining the level of reimbursement, refunding bonds are considered to be issued as of the date of the first issue of bonds, notes, or other indebtedness or of the bonds that refund the bonds, whichever is later.

(m) In this section, "outstanding bonds, notes, or other indebtedness" includes bonds issued to refund bonds, notes, or other indebtedness issued to pay costs of school construction or to refund the bonds. Refunded bonds, notes, or other indebtedness are not considered outstanding. (§ 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; am §§ 1 — 3 ch 73 SLA 1987)

**Revisor's notes.** — Formerly AS 43.18.100. Renumbered in 1983.

Subsection (m) of this section was enacted as a part of (l). Reorganized and renumbered in 1987.

**Cross references.** — For present provisions of former subsection (g) of this section, see AS 14.11.135(3).

**Effect of amendments.** — The 1983 amendment in paragraph (a)(4), inserted "up to" in the introductory language, inserted "and authorized by the qualified voters of the municipality before July 1, 1983" in (A), inserted "and before July 1, 1983" in (B), added "and" to the end of (B), and added (C). The amendment also added paragraph (a)(5) and subsection (j).

The 1984 amendment repealed former subsection (g), which defined "commissioner" and "cost of school construction."

The 1985 amendment in the introductory language of paragraph (5) of subsection (a) inserted "and (j)" and made related stylistic changes and substituted "80" for "50"; in subsection (h) in the first sentence inserted "or (5)" near the begin-

ning of the sentence and at the end of the sentence added the language beginning "and by the money used," inserted "or (5)" in the second sentence, and in the last sentence substituted "exceeds the standards adopted by the department" for "is competition size or larger"; inserted "and (5)" in the introductory language of (i); in subsection (j) inserted "municipality complies with the requirements of (1) — (4) of this subsection and the," inserted "including estimated annual operation and maintenance costs" in paragraph (1), and re-wrote paragraph (4); and added subsection (k).

The 1987 amendment added the language beginning "except that the legislature may direct" at the end of subsection (c), in subsection (j) in the introductory language substituted "Except as provided in (h) of this section, the" for "The" at the beginning, added "and the local vote occurs before July 1, 1987, or after June 30, 1988" at the end of the first sentence, and made a related stylistic change, and in paragraph (1) inserted "estimated total

interest" and added the language beginning "and the approximate amount" at the end of the paragraph and made a related stylistic change, and added subsections (h) and (m).

**Editor's notes.** — Section 10(a), ch. 78,

SLA 1985 provides that the 1985 amendments to (j) of this section apply only to school construction projects approved by the commissioner of education after July 1, 1985.

**Sec. 14.11.102. Evaluation of projects.** The department shall evaluate projects for which retirement of school construction debt is requested by school districts in accordance with the procedures set out in AS 14.11.010. A request for an allocation of funds under AS 14.11.100 must be submitted to the department by the school district no later than October 15 of the fiscal year before the fiscal year for which the request is made. (§ 6 ch. 78 SLA 1985)

**Sec. 14.11.105. Public school facilities construction advance account.** The public school facilities construction advance account is established. The account consists of appropriations for distribution under AS 14.11.105 — 14.11.135 to boroughs and cities which are school districts to assist in paying the costs of public school facilities projects approved under AS 14.07.020(11) for which construction is commenced after June 30, 1978 and for which no bonding, notes, or other indebtedness was incurred before July 1, 1978. (§ 13 ch 147 SLA 1978)

**Revisor's notes.** — Formerly AS 43.18.105. Renumbered in 1983.

**Sec. 14.11.110. Eligibility.** Eligibility of a proposed construction project for funding assistance under AS 14.11.105 — 14.11.135 shall be determined by the department based on standards and criteria established by regulation. The standards and criteria to be considered in determining eligibility include the following:

- (1) emergency requirements;
- (2) number of unhoused students;
- (3) new elementary or secondary programs;
- (4) existing community and school facilities and their condition; and
- (5) economic and social stability of the community. (§ 13 ch 147 SLA 1978)

**Revisor's notes.** — Formerly AS 43.18.110. Renumbered in 1983.

**Chapter 15. School Districts and City Schools.**

*[Repealed, § 59 ch 98 SLA 1966.]*

**Chapter 17. Public School Foundation Program.**

**Article**

1. State Aid to Local School Districts (§§ 14.17.010 — 14.17.061)
2. Preparation of Public School Foundation Budget (§§ 14.17.080 — 14.17.150)
3. Procedure for Payment of Public School Foundation Funds to Districts (§§ 14.17.160 -- 14.17.190)
4. General Provisions (§§ 14.17.200 — 14.17.250)

**Cross references.** — For applicability of this chapter to state aid for regional educational attendance areas formed under § 2, ch. 66, SLA 1985, see § 3, ch. 66, SLA 1985 in the Temporary and Special Acts.

**Article 1. State Aid to Local School Districts.**

Section	Section
10. Public school foundation account	43. Vocational education instructional units
21. State foundation aid	45. Special education instructional units
22. Money for centralized correspondence study	47. Bilingual education instructional units
25. Local contributions	51. Area cost differential
31. Allowable instructional units	56. Instructional unit value
41. Elementary and secondary instructional units	

**Collateral references.** — 68 Am. Jur. 2d Schools, §§ 85-98.  
 79 C.J.S. Schools and School Districts, §§ 331-353, 376-413.  
 Right of school district to maintain ac-

tion based on misapportionment of school money. 105 ALR 1273.  
 Determination of school attendance, enrollment, or pupil population for purpose of apportionment of funds. 80 ALR2d 953.

**Sec. 14.17.010. Public school foundation account.** (a) The public school foundation account is established. The account consists of appropriations for distribution to districts and for centralized correspondence study programs under this chapter.

(b) The money of the account may be used only in aid of public schools, including community school programs, and for centralized correspondence study programs as provided by this chapter. (§ 1.08 ch 164 SLA 1962; am § 11 ch 95 SLA 1969; am § 2 ch 190 SLA 1975; am § 1 ch 91 SLA 1987)

**Effect of amendments.** — The 1987 amendment substituted "and" for "or" following "districts" in the second sentence of subsection (a) and substituted "including community school programs, and" for "or" in subsection (b).

**NOTES TO DECISIONS**

**Legislature decides what types of education are to be publicly supported.** — In Alaska the power of deciding what types of education are to be publicly supported, either under the School Foundation Act or by tax exemption, is vested with the legislature. *McKee v. Evans*, Sup. Ct. Op. No. 740 (File No. 1382), 490 P.2d 1226 (1971).

*Sec. 14.17.020. State aid. [Repealed, § 1 ch 238 SLA 1970.]*

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

(b) The basic need of a school district is determined by multiplying the area cost differential of the district under AS 14.17.051 by the number of instructional units in the district under AS 14.17.031 and then multiplying that product by the instructional unit value in AS 14.17.056. (§ 4 ch 238 SLA 1970; am §§ 1, 2 ch 81 SLA 1975; am §§ 1, 2 ch 173 SLA 1976; am §§ 2, 3 ch 90 SLA 1977; am §§ 3, 4 ch 26 SLA 1980; am § 2 ch 75 SLA 1986; am § 2 ch 91 SLA 1987)

**Cross references.** — For additional state foundation aid applicable to fiscal years 1988 — 1990, see § 24, ch. 91, SLA 1987 in the Temporary and Special Acts.

**Effect of amendments.** — The 1986 amendment rewrote this section. The 1987 amendment rewrote this section.

**NOTES TO DECISIONS**

**That the legislature has seen fit to delegate certain educational functions to local boards in order that Alaska schools might be adapted to meet the varying conditions of different localities** does not diminish constitutionally mandated state control over education under Alaska Const., art. VII, § 1. *Macauley v. Hildebrand*, Sup. Ct. Op. No. 741 (File No. 1550), 491 P.2d 120 (1971).

**Sec. 14.17.022. Money for centralized correspondence study.** Money for providing centralized correspondence study programs for students not enrolled in an approved school district correspondence study program includes an allocation from the public school foundation account in an amount calculated by multiplying the instructional unit value in AS 14.17.056 by the total number of instructional units, as determined by applying the number of correspondence students to the formula for elementary schools in AS 14.17.041(b)(1), then multiplying that product by 65 percent. (§ 3 ch 190 SLA 1975; am § 3 ch 91 SLA 1987)

**Effect of amendments.** — The 1987 amendment substituted "Money" for "Funds" in the catchline and in the first sentence, "includes" for "shall include," "allocation" for "appropriation" and "the formula for elementary schools in AS

14.17.041(b)(1), then multiplying that product by 65 percent" for "AS 14.17.041(a)," deleted "have" preceding "instructional units," and inserted "value in AS 14.17.056."

*Sec. 14.17.023. Secondary formula account. [Repealed, § 25 ch 91 SLA 1987.]*

**Sec. 14.17.025. Local contributions.** (a) Local contributions to a city or borough school district shall include at least the lesser of

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

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

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

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

(2) the product obtained by multiplying

(A) 21 percent of the instructional unit value in AS 14.17.056;

(B) the number of instructional units approved for the district for the fiscal year; and

(C) the area cost differential of the district under AS 14.17.051.

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

(d) Local contributions are not required in a regional educational attendance area. Interest earnings and other local revenue in a regional educational attendance area are not considered local revenue for current operating expenditures, and are subject to regulation and disposition by the department.

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

(f) For the first two fiscal years in which a district is subject to this section, local contributions may be less than the amount that would

otherwise be required under (a) of this section. However, local contributions must be at least the greater of

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

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

(g) A school district is eligible for additional state aid in the amount by which the local contributions that would otherwise have been required under (a) of this section exceed the district's actual local contributions under (f) of this section. (§ 4 ch 91 SLA 1987)

**Cross references.** — For provisions applicable to the calculation of required local contributions for fiscal year 1988, see § 24(a), ch. 91, SLA 1987 in the Temporary and Special Acts.

*Sec. 14.17.027. Revenue adjustment. [Repealed, § 25 ch 91 SLA 1987.]*

*Sec. 14.17.030. Required local effort. [Repealed, § 11 ch 95 SLA 1969.]*

**Sec. 14.17.031. Allowable instructional units.** (a) The department shall adopt regulations defining funding communities within each district which reflect geographic and attendance area factors. For the purpose of determining instructional units, students are counted in the district and the funding community from which they receive educational services. The total number of instructional units in a school district is the sum of the following units for each funding community within the district, as determined by the department

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

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

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

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

(b) For purposes of (a)(1) of this section, in fiscal years beginning after July 1, 1987, 90 percent of the district's total elementary and secondary instructional units for the preceding fiscal year is used if that number is greater than the district's total under (a)(1) of this section for the current fiscal year. (§ 4 ch 238 SLA 1970; am § 3 ch 81

*Sec. 14.17.070. Attendance center allotment. [Repealed, § 1 ch 238 SLA 1970.]*

*Sec. 14.17.071. Required local effort. [Repealed, § 21 ch 26 SLA 1980.]*

*Sec. 14.17.075. Supplemental allocation. [Repealed, § 1 ch 238 SLA 1970.]*

**Article 2. Preparation of Public School Foundation Budget.**

<p><b>Section</b>                  80. Student count estimates                  82. Fund balance in school operating fund                  139. New school districts</p>	<p><b>Section</b>                  140. Determination of full and true value by Department of Community and Regional Affairs</p>
--	--

*Collateral references. — 68 Am. Jur. 2d Schools, §§ 91-108.  
 78 C.J.S. Schools and School Districts, §§ 83, 90; 79 C.J.S. Schools and School Districts, §§ 325-331.*

**Sec. 14.17.080. Student count estimates.** Each district shall prepare and submit to the department, by October 15 of each fiscal year, in the manner and on forms prescribed by the department, an estimate of its average daily membership and other student count data for the succeeding fiscal year, upon which computations can be made of the amount of estimated state foundation aid for which the district will be eligible under AS 14.17.021 in that fiscal year. In making this estimate, the district shall consider its average daily membership, other student count data, the pattern of growth or decline in preceding years, and other pertinent information available to the district. The preliminary reports required by this section are the basis for estimating the need for state foundation aid for the next fiscal year. (§ 2.01 ch 164 SLA 1962; am § 5 ch 238 SLA 1970; am § 49 ch 6 SLA 1984; am § 9 ch 75 SLA 1986; am § 10 ch 91 SLA 1987)

*Effect of amendments. — The 1986 amendment rewrote this section. The 1987 amendment rewrote this section.*

*Sec. 14.17.081. Minimum expenditure for instruction. [Repealed, § 15 ch 75 SLA 1986.]*

**Sec. 14.17.082. Fund balance in school operating fund.** (a) A district may not accumulate in a fiscal year an unreserved portion of its year-end fund balance in its school operating fund, as defined by department regulations, that is greater than 10 percent of its expenditures for that fiscal year.

(b) The department shall review the annual audit of each district for the preceding fiscal year to ascertain its year-end operating fund balance. The amount by which the unreserved portion of that balance exceeds the amount permitted in (a) of this section shall be deducted from the state foundation aid that would otherwise be paid to the district in the current fiscal year. (§ 15 ch 26 SLA 1980; am § 11 ch 91 SLA 1987)

*Effect of amendments. — The 1987 amendment rewrote this section.*

*Sec. 14.17.090. Estimated average daily membership. [Repealed, § 25 ch 91 SLA 1987.]*

*Secs. 14.17.100 — 14.17.120. Computation of teachers' salary allotment, average daily membership allotment, and attendance center allotment. [Repealed, § 2 ch 238 SLA 1970.]*

*Sec. 14.17.130. Computation of required local effort. [Repealed, § 11 ch 95 SLA 1969.]*

**Sec. 14.17.139. New school districts.** Notwithstanding any other provision of law, a new school district may not be formed if the total number of pupils for the proposed school district is less than 250 unless the commissioner of education determines that formation of a new school district with less than 250 pupils would be in the best interest of the state and the proposed school district. (§ 10 ch 75 SLA 1986)

**Sec. 14.17.140. Determination of full and true value by Department of Community and Regional Affairs.** (a) To determine the amount of local effort under AS 14.17.025 and to aid the department and the legislature in planning, the Department of Community and Regional Affairs, in consultation with the assessor for each district, shall determine the full value of the taxable real and personal property in each city or borough district. If there is no local assessor or current local assessment for a district, then the Department of Community and Regional Affairs shall make the determination of full value from information available. In making the determination, the Department of Community and Regional Affairs shall be guided by AS 29.45.110. The determination of full value shall be made by October 1 and sent by certified mail, return receipt requested, on or before

that date to the president of the school board in each district. Duplicate copies shall be sent to the commissioner. The governing body of a borough or city that is a school district may obtain judicial review of the determination. The superior court may modify the determination of the Department of Community and Regional Affairs only upon a finding of abuse of discretion or upon a finding that there is no substantial evidence to support the determination.

(b) Motor vehicles subject to the motor vehicle registration tax under AS 28.10.431 shall be treated as taxable property under this section. (§ 2.07 ch 164 SLA 1962; am § 2 ch 95 SLA 1969; am § 6 ch 238 SLA 1970; am § 9 ch 200 SLA 1972; am § 1 ch 218 SLA 1976; am § 2 ch 256 SLA 1976; am § 14 ch 147 SLA 1978; am § 12 ch 94 SLA 1980; am § 50 ch 6 SLA 1984; am § 31 ch 74 SLA 1985; am § 11 ch 75 SLA 1986; am § 22 ch 14 SLA 1987; am § 12 ch 91 SLA 1987)

*Effect of amendments.* — The 1984 amendment, in subsection (a), deleted "To determine the equalized percentage to be applied to basic need under AS 14.17.021, and the matching ratio for required local effort under AS 14.17.071" at the beginning of the first sentence and changed the internal reference in the second sentence.

The 1985 amendment in subsection (a) substituted "AS 29.45.110" for "AS 29.53.060" at the end of the third sentence and "municipality that" for "borough or city which" in the next-to-last sentence.

The 1986 amendment rewrote this section.

The 1987 amendment, in subsection (a), in the first sentence substituted "amount of local effort under AS 14.17.025 and to

aid the department and the legislature in planning" for "equalized percentage to be applied to basic need under AS 14.17.021" and inserted "city or borough," deleted the former second sentence, which read: "Exemptions granted under ch. 129, SLA 1957, known as the Alaska Industrial Incentive Act (AS 43.25), shall be honored," in the fourth sentence substituted "by" for "before" and inserted "on or," in the sixth sentence substituted "a borough or city that is a school" for "the borough or city which is the," and in the last sentence substituted "of" for "or" following "abuse"; and in subsection (b) substituted "AS 28.10.431" for "AS 28.10.255" and "under" for "for purposes of (a) of."

*Sec. 14.17.150. Duty of commissioner to examine and tabulate computations. [Repealed, § 25 ch 91 SLA 1987.]*

**Article 3. Procedure for Payment of Public School Foundation Funds to Districts.**

<p><b>Section</b> 160. Student counting periods 170. Distribution of state foundation aid 190. Restrictions governing receipt and</p>	<p>expenditure of money from public school foundation account</p>
---	---

*Collateral references.* — 79 C.J.S. Schools and School Districts, §§ 423-427.  
Right of school district to maintain action based on misapportionment of school money. 105 ALR 1273.

Determination of school attendance, enrollment, or pupil population for purpose of apportionment of funds. 80 ALR2d 953.

**Sec. 14.17.160. Student counting periods.** (a) Within two weeks after the end of the 20-school-day period ending the fourth Friday in October, each district shall transmit a report to the department that, under regulations adopted by the department, reports its average daily membership for that counting period, and other student count information that will aid the department in making a determination of its state foundation aid. If it makes the district eligible for more state foundation aid, a district may transmit, within two weeks after the 20-school-day period ending the second Friday in February, a similar report for that counting period. For centralized correspondence study, the October report shall be based on the period from July 1 through the fourth Friday in October, except that summer school students shall be counted as a proportionate fraction as determined by the department. The department may make necessary corrections in the report submitted, and shall notify the district of changes made. The commissioner shall notify the governor of additional appropriations the commissioner estimates to be necessary to fully fund the public school foundation program for the current fiscal year.

(b) Upon written request and for good cause shown, the commissioner may permit a district to use a 20-school-day county period other than the periods set out in (a) of this section. However, the counting period must be 20 consecutive school days. (§ 3.01 ch 164 SLA 1962; am § 3 ch 95 SLA 1969; am § 8 ch 238 SLA 1970; am § 13 ch 91 SLA 1987)

*Effect of amendments.* — The 1987 amendment rewrote this section.

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

(b) If a district receives more state aid money than it is entitled to receive under this chapter, it shall immediately remit the amount of overpayment to the commissioner, to be returned to the public school foundation account. Upon an adequate showing of a cash flow shortfall, and in the discretion of the commissioner, the department may

make advance payments to a school district. The total of advance payments may not exceed the amount of state foundation aid for which the district is eligible for the fiscal year. (§ 3.02 ch 164 SLA 1962; am § 1 ch 169 SLA 1968; am § 4 ch 95 SLA 1969; am § 9 ch 238 SLA 1970; am § 1 ch 135 SLA 1975; am § 12 ch 75 SLA 1986; am § 14 ch 91 SLA 1987)

**Effect of amendments.** — The 1986 amendment rewrote this section. The 1987 amendment rewrote this section.

*Sec. 14.17.180. Payment under final computation. [Repealed, § 25 ch 91 SLA 1987.]*

**Sec. 14.17.190. Restrictions governing receipt and expenditure of money from public school foundation account.** (a) The public school foundation money distributed to a district during a year shall be received, held, and expended by the district subject to the provisions of law and regulations adopted by the department.

(b) Each district shall maintain complete financial records of the receipt and disbursement of public school foundation money, money acquired from local effort, and other money received by the district. The records must be in the form required by the department and are subject to audit by the department at any time. (§ 3.04 ch 164 SLA 1962; am § 5 ch 98 SLA 1966; am § 6 ch 95 SLA 1969; am § 15 ch 91 SLA 1987)

**Effect of amendments.** — The 1987 amendment, in subsection (b), in the first sentence inserted "complete," substituted a comma for "and" preceding "money acquired," and added "and other money received by the district," and in the last sentence substituted "department" for "commissioner" in the first instance and "department" for "commissioner or the board" in the second instance.

**NOTES TO DECISIONS**

**Administrative hearing deadline.** — The Department of Education's regulation providing for a 30-day deadline for an administrative hearing on a final action of the department, 4 AAC 40.040, is merely directory; the department's substantial compliance with the regulation is sufficient absent significant prejudice to the other party. *Cooper River School Dist. v. State, Dep't of Educ., Sup. Ct. Op. No. 2945 (File No. S-488), 702 P.2d 625 (1985).*

**Article 4. General Provisions.**

<b>Section</b>	<b>Section</b>
200. Regulations	225. Construction and implementation of chapter
210. State aid to newly established district schools	250. Definitions
220. Purpose	

**Collateral references.** — Validity of legislative delegation of taxing power to school districts in absence of express constitutional provision authorizing such delegation. 113 ALR 1416.

Extent of area within tax exemption extended to property used for educational, religious, or charitable purposes. 134 ALR 1176.

Tax exemption of educational institutions as extending to athletic fields or property used for social or recreation purposes. 143 ALR 274.

Tax exemption of property of religious, educational, or charitable body as extending to property or income thereof used in publication or sale of literature. 154 ALR 895.

Rescission of vote authorizing school district expenditure or tax. 68 ALR2d 1041.

Exemption of public school property

from assessments for local improvements. 15 ALR3d 847.

Garage or parking lot as within tax exemption extended to property of educational, charitable or hospital organizations. 33 ALR3d 938.

Validity of basing public school financing system on local property taxes. 41 ALR3d 1220.

Charitable or educational organization from sales or use taxes. 53 ALR3d 748.

Property of educational body tax exempted extending to property used by personnel as living quarters. 55 ALR3d 485.

Validity, under state constitution and laws, of issuance by state or state agency of revenue bonds to finance or refinance construction projects at private religious-affiliated colleges or universities. 95 ALR3d 1000.

What are educational institutions or schools within state property tax exemption provisions. 34 ALR4th 698.

**Sec. 14.17.200. Regulations.** The department shall adopt regulations to implement this chapter. (§ 4.01 ch 164 SLA 1962; am § 6 ch 98 SLA 1966)

*Sec. 14.17.205. State aid to districts operating approved school food service programs. [Repealed, § 25 ch 91 SLA 1987.]*

**Sec. 14.17.210. State aid to newly established district schools.** (a) A regional educational attendance area school which becomes a city or borough district school is considered a regional educational attendance area school for purposes of financial support until the expiration of a complete fiscal year after the date on which the school becomes a city or borough district school. This subsection does not prevent a local government from spending money to contribute to the financial support 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. (§ 5.02 ch 164 SLA 1962; am § 25 ch 53 SLA 1973; am § 13 ch 124 SLA 1975)

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

**Sec. 14.17.220. Purpose.** It is the intention of the legislature, in enacting this public school foundation program, to assure an equitable level of educational opportunities for those in attendance in the public schools of the state. Except for the limitations of AS 14.17.025, this chapter may 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; am § 16 ch 91 SLA 1987)

**Effect of amendments.** — The 1987 amendment substituted "equitable" for "adequate" in the first sentence and "Except for the limitations of AS 14.17.025, this chapter may" for "This chapter shall" at the beginning of the last sentence.

**Sec. 14.17.225. Construction and implementation of chapter.**

(a) This chapter does not create a debt of the state. Each district shall establish, maintain, and operate under a balanced budget. The state is not responsible for the debts of a school district.

(b) Money 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 for a fiscal year, each district's basic need shall be reduced pro rata as necessary to make the funds available sufficient to meet the allocations for that fiscal year. (§ 8 ch 95 SLA 1969; am § 1 ch 79 SLA 1971; am § 12 ch 90 SLA 1977; am § 51 ch 6 SLA 1984; am § 17 ch 91 SLA 1987)

**Effect of amendments.** — The 1984 amendment repealed former subsection (d), relating to the average daily membership allotment supplemental account. The 1987 amendment rewrote this section.

*Secs. 14.17.230 — 14.17.240. Transition; repealer. [Repealed, § 2 ch 71 SLA 1972.]*

**Sec. 14.17.250. Definitions.** In this chapter, unless the context otherwise requires

(1) "ADM full-time equivalent" means the aggregate class periods of pupil membership in specified classes for the student counting period for which a determination is being made, divided by the total number of all class periods in the student counting period;

(2) "average daily membership" or "ADM" means the aggregate days of membership of pupils divided by the actual number of days in session for the counting period for which a determination is being made;

(3) "commissioner" means the commissioner of the Department of Education;

(4) "district" means any city or borough school district or regional educational attendance area;

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

(6) "fiscal year" means the year beginning July 1 and ending June 30 for which allotments and entitlements are computed or distributed;

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

(8) "pre-fiscal year" means the year immediately before the fiscal year;

(9) "public school foundation account" means the account created by AS 14.17.010 for use in financing education in public elementary and secondary schools;

(10) "taxable real and personal property" means all real and personal property taxable under the laws of the state. (§ 4.02 ch 164 SLA 1962; am §§ 7, 8 ch 98 SLA 1966; am § 3 ch 153 SLA 1966; am § 18 ch 69 SLA 1970; am §§ 3, 11 ch 238 SLA 1970; am § 2 ch 40 SLA 1971; am § 14 ch 124 SLA 1975; am § 8 ch 115 SLA 1978; am §§ 17, 18 ch 26 SLA 1980; am §§ 13, 14 ch 75 SLA 1986; am §§ 18 — 21, 25 ch 91 SLA 1987)

**Revisor's notes.** — Reorganized in 1986 and 1987 to alphabetize the defined terms.

**Effect of amendments.** — The 1986 amendment rewrote former paragraphs (5) and (10), which defined "elementary school" and "secondary school".

The 1987 amendment rewrote paragraph (1); in paragraph (2), inserted "or

ADM" and substituted "counting period for which a determination is being made" for "school term"; deleted "but does not include household goods and personal effects" at the end of paragraph (10), added paragraphs (5) and (7), and repealed the paragraphs defining "elementary school," "instructional unit," "secondary school," and "weighted ADM."

Amend Title to following:

"An Act making appropriations to the Department of Education for K-12 support and school construction and school construction debt retirement; and providing for an effective date."

Add new section 2: The sum of \$80,914,600 is appropriated from the general fund to the Department of Education to be allocated to the following school districts in the amounts and for the purposes that follow:

Ketchikan Gateway Borough School District-	
Ketchikan High New Building/Asbestos Removal	21,188,000
Cordova City School District -	
Mt. Eccles School Renovation Phase I	1,073,000
Nome City School District -	
Nome-Beltz Life Safety Upgrade/Asbestos Removal	3,850,000
Lake and Peninsula School District-	
Newhalen-Iliamna Elementary School	750,000
Annette Island School District-	
Elementary/Middle School Fire Sprinkler System	285,000
Iditarod Area School District -	
McGrath School Reroof	603,000
Lower Yukon School District-	
Emmonak Elementary School Replacement	5,000,000
Southeast Island School District-	
Thorne Bay School Relocation/Final Phase	3,467,300
Lower Kuskokwim School District-	
Kasigluk Elementary School Replacement	4,779,000
Lower Kuskokwim School District-	
Nunapitchuk Elementary School	4,856,200
Lower Kuskokwim School District-	
Chefornak Elementary School Addition	3,265,400
Yukon Koyukuk School District-	
Instructional Center/Office Code Upgrade	130,000
Lower Yukon School District-	
Mountain Village Ph II, Elementary Replacement	2,653,000
Northwest Arctic Borough School District	
Selawik Elementary School Addition	2,019,700

Copper River School District	
Glenallen Secondary School Final Phase	5,028,200
Southwest Region School District	
Togiak School Addition	2,195,700
Yupiiit School District	
Akiachak Elementary Replacement/Renovation	5,400,000
Bering Straits School District	
Gambell Elementary School	3,000,000
Yukon Koyukuk School District	
Allakaket School Addition	1,051,600
Pribilof School District	
St. George-Media Center & Kitchen Addition	540,000
Southeast Island School District	
Edna Bay School Construction	890,700
Southeast Island School District	
Kasaan School Addition	691,800
Bering Straits School District	
Stebbins School Replacement	8,197,000

Renumber existing other sections of bill accordingly.

Add final section 5:

Appropriation made in section 2 of this Act are for capital projects and lapse under AS 37.25.020.

Priority One Projects  
for Fiscal Year 1991

<u>District</u>	<u>Project</u>	<u>Enrollment</u>	<u>Amount (in thousands)</u>
Ketchikan Gateway Borough Schools	Ketchikan High Major New Bldg./Asbestos	620	21,188.0
Cordova City Schools	Mt. Eccles School Renovation Phase I	423	1,073.0
Nome City Schools	Nome-Beltz Life Safety Upgrade/Asbestos	278	3,850.0
Lake & Peninsula Schools	Newhalen-Iliamna Elementary School	73	750.0
Annette Island Schools	Elementary/Middle Fire Sprinkler System	310	285.0
Iditarod Area Schools	McGrath School Reroof	158	603.0
Lower Yukon Schools	Emmonak Elementary School Replacement	150	5,000.0
Southeast Island Schools	Thorne Bay School Relocation/Final Phase	143	3,467.3
Lower Kuskokwim Schools	Kasigluk Elementary School Replacement	126	4,779.0
Lower Kuskokwim Schools	Nunapitchuk Elementary School	97	4,856.2
Lower Kuskokwim Schools	Chefornak Elementary School Addition	78	3,265.4
Yukon/Koyukuk Schools	Instructional Center/Office Code Upgrade	10	<u>130.0</u>
		Total	49,246.9
<u>NOTE:</u>			
*Lower Yukon Schools	Mt. Village/Phase II/Elementary Replace	117	2,653.0

Although this project was not listed as a priority 1 or 2 it is a phased project, partially funded by previous legislation, and under HB37 should be considered as a top priority. Highlighted on these two pages are the other two phased projects which should be included in this consideration.

Priority Two Projects  
for Fiscal Year 1991

<u>District</u>	<u>Project</u>	<u>Enrollment</u>	<u>Amount (in thousands)</u>
Northwest Arctic Borough	Selawik Elementary Addition	188	2,019.7
Copper River Schools	Glennallen Secondary School Final Phase	250	5,028.2
Southwest Region Schools	Togiak School Addition	158	2,195.7
Yupit Schools	Akiachak Elementary Replace/Renovate	141	5,400.0
Bering Strait Schools	Gambell Elementary	120	3,000.0
Yukon/Koyukuk Schools	Allakaket School Addition	43	1,051.6
Pribilof School District	St. George/Media Center & Kitchen Add.	37	540.0
Southeast Island Schools	Edna Bay School Construction	20	890.7
Southeast Island Schools	Kasaan School Addition	11	691.8
Bering Straits Schools	Stebbins School Replacement	138	<u>8,197.0</u>
	Total		29,014.7

The total of priority one and two projects with the addition of Mt. Village is: \$80,914,600.