

HB

313

<TARGET><BILL>HB 313</BILL><SUBJECT>HB
313</SUBJECT><COMM>HEDC27</COMM></TARGET>

CS FOR HOUSE BILL NO. 313(EDC)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SEVENTH LEGISLATURE - SECOND SESSION

BY THE HOUSE EDUCATION COMMITTEE

Offered:

Referred:

Sponsor(s): REPRESENTATIVE FEIGE

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to student counts, unreserved school operating fund balances,
2 restrictions on school district money, and estimates for public school funding; and
3 providing for an effective date."

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

5 * Section 1. AS 14.11.100(o) is amended to read:

6 (o) The total amount of school construction projects approved for
7 reimbursement by the department under (a)(10) of this section

8 (1) may not exceed \$190,644,901; and

9 (2) after June 30, 1998, and until July 1, 2006, shall be allocated as

10 follows:

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12 school enrollment of 25,000 or more students in fiscal year 2000, as
13 determined under former AS 14.17.500;

14 (B) \$14,571,000 to projects in a municipality with a public

1 school enrollment of at least 15,000 but less than 25,000 students in fiscal year
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28 enrollment of at least 500 but less than 525 students in fiscal year 2000, as
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30 (L) \$2,224,000 to projects in a municipality with a public
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2 (M) \$2,550,000 to projects in a municipality with a public
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29 (c) Except as otherwise provided by municipal ordinance, the borough school
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 2 available from local sources for school purposes and shall furnish the school board
 3 with a statement of the sum to be made available. If the assembly does not, within 30
 4 days, furnish the school board with a statement of the sum to be made available, the
 5 amount requested in the budget is automatically approved. Except as otherwise
 6 provided by municipal ordinance, by June 30, the assembly shall appropriate the
 7 amount to be made available from local sources from money available for the purpose.
 8 **The assembly may not reallocate or reappropriate for another purpose the**
 9 **amount appropriated from local sources to the district for school purposes unless**
 10 **the unrestricted portion of the year-end balance in the district's school operating**
 11 **fund exceeds the amount set in AS 14.17.505(a).**

12 * Sec. 5. AS 14.16.050(a) is amended to read:

13 (a) The following provisions apply with respect to the operation and
 14 management of a state boarding school as if it were a school district:

15 (1) requirements relating to school district operations:

16 (A) AS 14.03.030 - 14.03.050 (defining the school term, day in
 17 session, and school holidays);

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 21 AS 14.07.020(a) that are applicable to school districts and their schools, unless
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 23 regulation;

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 25 participate in the services of a regional resource center);

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30 (G) AS 14.14.140(b) (establishing a prohibition on
 31 employment of a relative of the chief school administrator);

1 (H) AS 14.18 (prohibiting discrimination based on sex in
2 public education);

3 (2) requirements relating to the public school funding program and the
4 receipt and expenditure of that funding:

5 (A) [AS 14.17.500 (RELATING TO STUDENT COUNT
6 ESTIMATES);

7 (B)] AS 14.17.505 (relating to school operating fund balances);

8 **(B) AS 14.17.505 - 14.17.910** [(C) AS 14.17.500 - 14.17.910]
9 (setting out the procedure for payment of public school funding and imposing
10 general requirements and limits on money paid);

11 (3) requirements relating to teacher employment and retirement:

12 (A) AS 14.14.105 and 14.14.107 (relating to sick leave);

13 (B) AS 14.20.095 - 14.20.215 (relating to the employment and
14 tenure of teachers);

15 (C) AS 14.20.220 (relating to the salaries of teachers
16 employed);

17 (D) AS 14.20.280 - 14.20.350 (relating to sabbatical leave
18 provisions for teachers);

19 (E) AS 23.40.070 - 23.40.260 (authorizing collective
20 bargaining by certificated employees), except with regard to teachers who are
21 administrators and except that the board may delegate some or all of its
22 responsibilities under those statutes;

23 (F) AS 14.25 (provisions regarding the teachers' retirement
24 system);

25 (4) requirements relating to students and educational programs:

26 (A) AS 14.30.180 - 14.30.350 (relating to educational services
27 for children with disabilities);

28 (B) AS 14.30.360 - 14.30.370 (establishing health education
29 program standards);

30 (C) AS 14.30.400 - 14.30.410 (relating to bilingual and
31 bicultural education).

1 * **Sec. 6.** AS 14.17.410(b) is amended to read:

2 (b) Public school funding consists of state aid, a required local contribution,
3 and eligible federal impact aid determined as follows:

4 (1) state aid equals basic need minus a required local contribution and
5 90 percent of eligible federal impact aid for that fiscal year; basic need equals the sum
6 obtained under (D) of this paragraph, multiplied by the base student allocation set out
7 in AS 14.17.470; district adjusted ADM is calculated as follows:

8 (A) the ADM of each school in the district is calculated by
9 applying the school size factor to the student count as set out in AS 14.17.450;

10 (B) the number obtained under (A) of this paragraph is
11 multiplied by the district cost factor described in AS 14.17.460;

12 (C) the ADMs of each school in a district, as adjusted
13 according to (A) and (B) of this paragraph, are added; the sum is then
14 multiplied by the special needs factor set out in AS 14.17.420(a)(1) and the
15 high school vocational education factor set out in AS 14.17.420(a)(3);

16 (D) the number obtained for intensive services under
17 AS 14.17.420(a)(2) and the number obtained for correspondence study under
18 AS 14.17.430 are added to the number obtained under (C) of this paragraph;

19 (E) notwithstanding (A) - (C) of this paragraph, if a school
20 district's ADM adjusted for school size under (A) of this paragraph decreases
21 by five percent or more from one fiscal year to the next fiscal year, the school
22 district may use the last fiscal year before the decrease as a base fiscal year to
23 offset the decrease, according to the following method:

24 (i) for the first fiscal year after the base fiscal year
25 determined under this subparagraph, the school district's ADM adjusted
26 for school size determined under (A) of this paragraph is calculated as
27 the district's ADM adjusted for school size, plus 75 percent of the
28 difference in the district's ADM adjusted for school size between the
29 base fiscal year and the first fiscal year after the base fiscal year;

30 (ii) for the second fiscal year after the base fiscal year
31 determined under this subparagraph, the school district's ADM adjusted

1 for school size determined under (A) of this paragraph is calculated as
 2 the district's ADM adjusted for school size, plus 50 percent of the
 3 difference in the district's ADM adjusted for school size between the
 4 base fiscal year and the second fiscal year after the base fiscal year;

5 (iii) for the third fiscal year after the base fiscal year
 6 determined under this subparagraph, the school district's ADM adjusted
 7 for school size determined under (A) of this paragraph is calculated as
 8 the district's ADM adjusted for school size, plus 25 percent of the
 9 difference in the district's ADM adjusted for school size between the
 10 base fiscal year and the third fiscal year after the base fiscal year;

11 (F) the method established in (E) of this paragraph is available
 12 to a school district for the three fiscal years following the base fiscal year
 13 determined under (E) of this paragraph only if the district's ADM adjusted for
 14 school size determined under (A) of this paragraph for each fiscal year is less
 15 than the district's ADM adjusted for school size in the base fiscal year;

16 (G) the method established in (E) of this paragraph does not
 17 apply to a decrease in the district's ADM adjusted for school size resulting
 18 from a loss of enrollment that occurs as a result of a boundary change under
 19 AS 29;

20 **(H) notwithstanding (A) - (C) of this paragraph, if a**
 21 **district's ADM adjusted for school size under (A) of this paragraph**
 22 **increases by the lesser of 200 students or three percent or more from one**
 23 **fiscal year to the next fiscal year, the department shall provide**
 24 **supplemental funding that is equal to the increase in the adjusted ADM**
 25 **for the current fiscal year; however, if a district is otherwise unable to**
 26 **meet current fiscal year funding needs and the district does not qualify for**
 27 **supplemental funding under this subparagraph, the district may apply to**
 28 **the department for, and the department may provide, supplemental**
 29 **funding for the current fiscal year;**

30 (2) the required local contribution of a city or borough school district is
 31 the equivalent of a four mill tax levy on the full and true value of the taxable real and

1 personal property in the district as of January 1 of the second preceding fiscal year, as
2 determined by the Department of Commerce, Community, and Economic
3 Development under AS 14.17.510 and AS 29.45.110, not to exceed 45 percent of a
4 district's basic need for the preceding fiscal year as determined under (1) of this
5 subsection.

6 * **Sec. 7.** AS 14.17.505(a) is amended to read:

7 (a) A district may not accumulate in a fiscal year an unreserved portion of its
8 year-end fund balance in its school operating fund, as defined by department
9 regulations, that is greater than 15 [10] percent of its expenditures for that fiscal year.

10 * **Sec. 8.** AS 14.17.600(a) is amended to read:

11 (a) Within two weeks after the end of the 20-school-day period ending the
12 fourth Friday in October, each district shall transmit a report to the department that,
13 under regulations adopted by the department, reports its ADM for that count period
14 and other student count information that will aid the department in making a
15 determination of its state aid for the succeeding fiscal year following the count
16 period under the public school funding program. For centralized correspondence
17 study, the October report shall be based on the period from July 1 through the fourth
18 Friday in October. The department may make necessary corrections in the report
19 submitted and shall notify the district of changes made. The commissioner shall notify
20 the governor of additional appropriations the commissioner estimates to be necessary
21 to fully finance the public school funding program for the current fiscal year.

22 * **Sec. 9.** AS 14.17.600 is amended by adding new subsections to read:

23 (c) A student count shall be adjusted for the current fiscal year as provided
24 under AS 14.17.410(b)(1).

25 (d) Part-time students shall be included in the student count data in accordance
26 with regulations adopted by the department.

27 (e) When reporting a district's ADM, a part-time student who is a
28 correspondence student may not be counted as more than one full-time equivalent
29 student.

30 * **Sec. 10.** AS 14.17.500 is repealed.

31 * **Sec. 11.** This Act takes effect July 1, 2014.

①

CONCEPTUAL AMENDMENT HB 313 Version M

Change Sec. 6 AS 14.17.410(b)(1)(H) by deleting [FIVE] and inserting **three**.

*increase by the loss of 200 students or more per year...
Adopted
as amended*

CONCEPTIONAL AMENDMENT HB 313 Version M

- subsection H

Add a new section to read: "If a district is unable to meet current year funding needs and is not protected by the provisions of AS 14.17.410(b)(1)(H), the district may apply to the department for supplemental funding for the current fiscal year."

[Handwritten scribbles]



intent of District out of reserves, and only if they find themselves without reserves because of a change in student count; can apply for supplemental funding for the current year.

adds new Section I?
not related to H
total change to ADM

subsection H only applies to the 3% only applies to districts w/ school count change

* related to ADM *

REPRESENTATIVE
ERIC FEIGE
House District 12

House Resources Committee Co-Chair
Education Committee
Transportation Committee
Joint Armed Services Committee

Alaska State Legislature



During Session:
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House of Representatives

Sectional Analysis/CS Comparison

HB 313 – Version A/M

Title Change – Incorporates new provisions in Version M that are not in Version A.

Sec. 1, Sec. 2, Sec. 3 – Necessary conforming language pertaining to previous school construction funding caused by repealing AS 14.17.500 – Student Count Estimate in Sec. 10 Version M (Sec. 8 Version A). Statute placed limits on the funding based upon the student count estimate. It now applies to the actual account.

Sec. 4 – Adds a provision to the bill prohibiting a municipal assembly from taking funds away from a school district after having allocated the funding to the district. (Not in Version A of the bill).

Sec. 5 – (Sec. 4 Version A) Necessary conforming language due to the repeal of AS 14.17.500 – Student Count Estimate in Sec. 10 Version M (Sec. 8 Version A). Statute required boarding schools to provide the state a student count estimate for funding purposes, which is no longer needed.

Sec. 6 – (Sec. 5 Version A) Amends AS 14.17.410(b) adding a part (H) to provide a hold harmless provision providing supplemental funding to a district that has a one year increase of five percent in enrollment based upon the average daily membership count adjusted for the school size factor.

Sec. 7 – Amends AS 14.17.505(a) to increase the amount of funds a district may retain in its unrestricted reserve account from 10 percent to 15 percent. (Not in Version A of the bill).

Sec. 8 – (Sec. 6 Version A) Amends AS 14.17.600(a) to apply the student count to funding for the succeeding fiscal year.

Sec. 9 – (Sec. 7 Version A) Amends AS 14.17.600 to replace provisions of AS 14.17.500 that are repealed by the bill but necessary to properly apply the student count to school funding, moving the provisions from AS 14.17.500 to AS 14.17.600.

Sec. 10 – (Sec. 8 Version A) Repeals AS 14.17.500 – Student Count Estimates because they are no longer necessary under the new application of the student count data to the succeeding fiscal year.

Sec. 11 – (Sec. 9 Version A) Makes the bill effective with funding for FY 2015 funding.

Prepared by the office of Rep. Eric Feige, March 2, 2012

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4 ESTIMATES);

5 (B)] AS 14.17.505 (relating to school operating fund balances);

6 **(B) AS 14.17.505 - 14.17.910** [(C) AS 14.17.500 - 14.17.910]
7 (setting out the procedure for payment of public school funding and imposing
8 general requirements and limits on money paid);

9 (3) requirements relating to teacher employment and retirement:

10 (A) AS 14.14.105 and 14.14.107 (relating to sick leave);

11 (B) AS 14.20.095 - 14.20.215 (relating to the employment and
12 tenure of teachers);

13 (C) AS 14.20.220 (relating to the salaries of teachers
14 employed);

15 (D) AS 14.20.280 - 14.20.350 (relating to sabbatical leave
16 provisions for teachers);

17 (E) AS 23.40.070 - 23.40.260 (authorizing collective
18 bargaining by certificated employees), except with regard to teachers who are
19 administrators and except that the board may delegate some or all of its
20 responsibilities under those statutes;

21 (F) AS 14.25 (provisions regarding the teachers' retirement
22 system);

23 (4) requirements relating to students and educational programs:

24 (A) AS 14.30.180 - 14.30.350 (relating to educational services
25 for children with disabilities);

26 (B) AS 14.30.360 - 14.30.370 (establishing health education
27 program standards);

28 (C) AS 14.30.400 - 14.30.410 (relating to bilingual and
29 bicultural education).

30 * **Sec. 6.** AS 14.17.410(b) is amended to read:

31 (b) Public school funding consists of state aid, a required local contribution,

1 and eligible federal impact aid determined as follows:

2 (1) state aid equals basic need minus a required local contribution and
3 90 percent of eligible federal impact aid for that fiscal year; basic need equals the sum
4 obtained under (D) of this paragraph, multiplied by the base student allocation set out
5 in AS 14.17.470; district adjusted ADM is calculated as follows:

6 (A) the ADM of each school in the district is calculated by
7 applying the school size factor to the student count as set out in AS 14.17.450;

8 (B) the number obtained under (A) of this paragraph is
9 multiplied by the district cost factor described in AS 14.17.460;

10 (C) the ADMs of each school in a district, as adjusted
11 according to (A) and (B) of this paragraph, are added; the sum is then
12 multiplied by the special needs factor set out in AS 14.17.420(a)(1) and the
13 high school vocational education factor set out in AS 14.17.420(a)(3);

14 (D) the number obtained for intensive services under
15 AS 14.17.420(a)(2) and the number obtained for correspondence study under
16 AS 14.17.430 are added to the number obtained under (C) of this paragraph;

17 (E) notwithstanding (A) - (C) of this paragraph, if a school
18 district's ADM adjusted for school size under (A) of this paragraph decreases
19 by five percent or more from one fiscal year to the next fiscal year, the school
20 district may use the last fiscal year before the decrease as a base fiscal year to
21 offset the decrease, according to the following method:

22 (i) for the first fiscal year after the base fiscal year
23 determined under this subparagraph, the school district's ADM adjusted
24 for school size determined under (A) of this paragraph is calculated as
25 the district's ADM adjusted for school size, plus 75 percent of the
26 difference in the district's ADM adjusted for school size between the
27 base fiscal year and the first fiscal year after the base fiscal year;

28 (ii) for the second fiscal year after the base fiscal year
29 determined under this subparagraph, the school district's ADM adjusted
30 for school size determined under (A) of this paragraph is calculated as
31 the district's ADM adjusted for school size, plus 50 percent of the

1 difference in the district's ADM adjusted for school size between the
2 base fiscal year and the second fiscal year after the base fiscal year;

3 (iii) for the third fiscal year after the base fiscal year
4 determined under this subparagraph, the school district's ADM adjusted
5 for school size determined under (A) of this paragraph is calculated as
6 the district's ADM adjusted for school size, plus 25 percent of the
7 difference in the district's ADM adjusted for school size between the
8 base fiscal year and the third fiscal year after the base fiscal year;

9 (F) the method established in (E) of this paragraph is available
10 to a school district for the three fiscal years following the base fiscal year
11 determined under (E) of this paragraph only if the district's ADM adjusted for
12 school size determined under (A) of this paragraph for each fiscal year is less
13 than the district's ADM adjusted for school size in the base fiscal year;

14 (G) the method established in (E) of this paragraph does not
15 apply to a decrease in the district's ADM adjusted for school size resulting
16 from a loss of enrollment that occurs as a result of a boundary change under
17 AS 29;

18 **(H) notwithstanding (A) - (C) of this paragraph, if a**
19 **district's ADM adjusted for school size under (A) of this paragraph**
20 **increases by ³five percent or more from one fiscal year to the next fiscal**
21 **year, the department shall provide supplemental funding that is equal to**
22 **the increase in the adjusted ADM for the current fiscal year;**

23 (2) the required local contribution of a city or borough school district is
24 the equivalent of a four mill tax levy on the full and true value of the taxable real and
25 personal property in the district as of January 1 of the second preceding fiscal year, as
26 determined by the Department of Commerce, Community, and Economic
27 Development under AS 14.17.510 and AS 29.45.110, not to exceed 45 percent of a
28 district's basic need for the preceding fiscal year as determined under (1) of this
29 subsection.

30 * Sec. 7. AS 14.17.505(a) is amended to read:

31 (a) A district may not accumulate in a fiscal year an unreserved portion of its

1 year-end fund balance in its school operating fund, as defined by department
2 regulations, that is greater than **15** [10] percent of its expenditures for that fiscal year.

3 * **Sec. 8.** AS 14.17.600(a) is amended to read:

4 (a) Within two weeks after the end of the 20-school-day period ending the
5 fourth Friday in October, each district shall transmit a report to the department that,
6 under regulations adopted by the department, reports its ADM for that count period
7 and other student count information that will aid the department in making a
8 determination of its state aid **for the succeeding fiscal year following the count**
9 **period** under the public school funding program. For centralized correspondence
10 study, the October report shall be based on the period from July 1 through the fourth
11 Friday in October. The department may make necessary corrections in the report
12 submitted and shall notify the district of changes made. The commissioner shall notify
13 the governor of additional appropriations the commissioner estimates to be necessary
14 to fully finance the public school funding program for the current fiscal year.

15 * **Sec. 9.** AS 14.17.600 is amended by adding new subsections to read:

16 (c) A student count shall be adjusted for the current fiscal year as provided
17 under AS 14.17.410(b)(1).

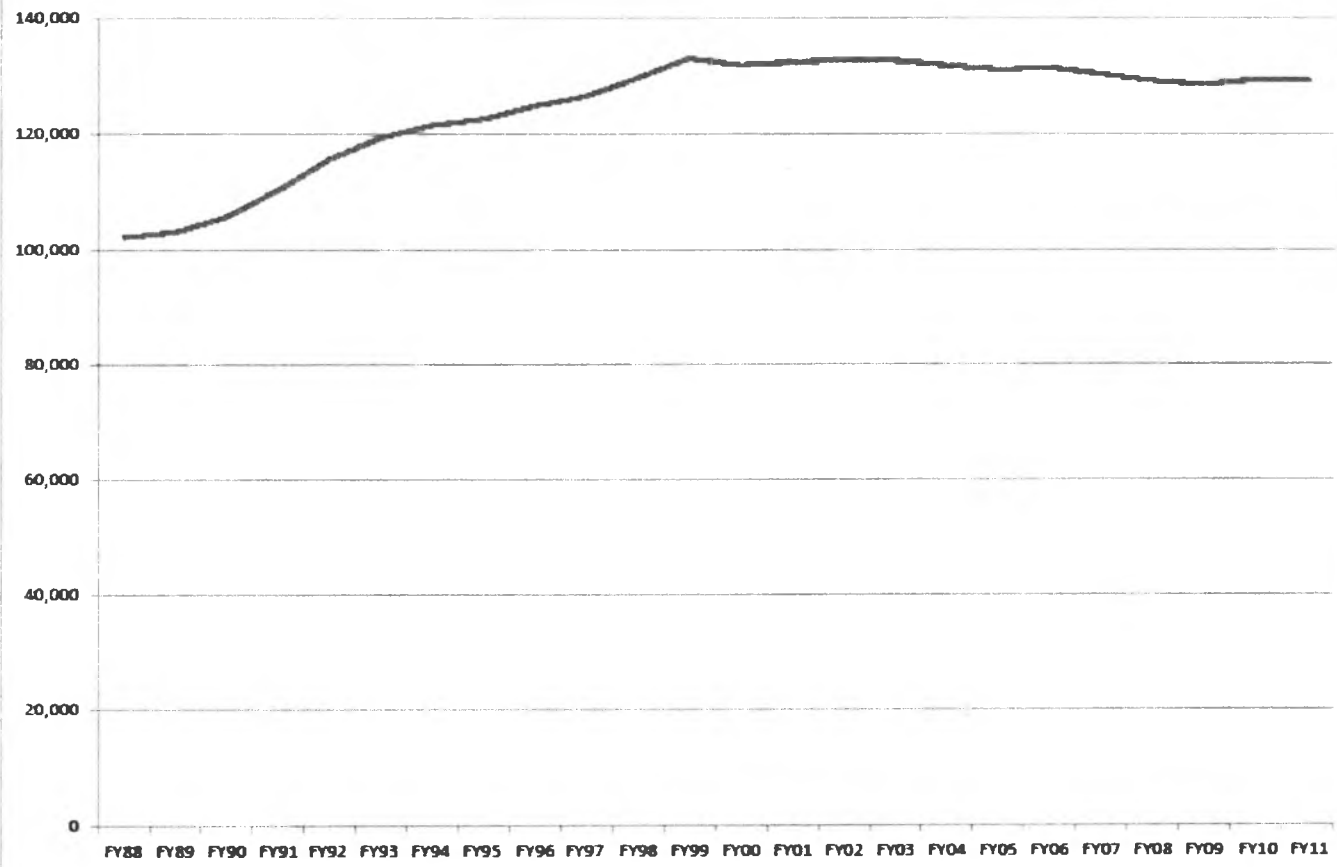
18 (d) Part-time students shall be included in the student count data in accordance
19 with regulations adopted by the department.

20 (e) When reporting a district's ADM, a part-time student who is a
21 correspondence student may not be counted as more than one full-time equivalent
22 student.

23 * **Sec. 10.** AS 14.17.500 is repealed.

24 * **Sec. 11.** This Act takes effect July 1, 2014.

Statewide Average Daily Membership Fiscal Year 1988-2011



	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY12-17 Total	FY13-18 Total
ADM	64	67	68	70	73	73	75		
% CHANGE		4.69%	1.49%	2.94%	4.29%	0.00%	2.74%		
BSA=\$5,680									
Current Method	\$363,520	\$380,560	\$386,240	\$397,600	\$414,640	\$414,640	\$426,000	\$2,357,200	
Proposed Method		\$363,520	\$380,560	\$386,240	\$397,600	\$414,640	\$414,640		\$2,357,200
Difference		-\$17,040	-\$5,680	-\$11,360	-\$17,040	\$0	-\$11,360		

	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY12-17 Total	FY13-18 Total
ADM	64	61	60	58	56	54	52		
% CHANGE		-4.69%	-1.64%	-3.33%	-3.45%	-3.57%	-3.70%		
BSA=\$5,680									
Current Method	\$363,520	\$346,480	\$340,800	\$329,440	\$318,080	\$306,720	\$295,360	\$2,005,040	
Proposed Method		\$363,520	\$346,480	\$340,800	\$329,440	\$318,080	\$306,720		\$2,005,040
Difference		\$17,040	\$5,680	\$11,360	\$11,360	\$11,360	\$11,360		

	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY12-17 Total	FY13-18 Total
ADM	64	61	60	55	54	53	51		
% CHANGE		-4.69%	-1.64%	-8.33%	-1.82%	-1.85%	-3.77%		
BSA=\$5,680									
Current Method	\$363,520	\$346,480	\$340,800	\$333,700	\$320,920	\$308,140	\$289,680	\$2,013,560	
Proposed Method		\$363,520	\$346,480	\$340,800	\$333,700	\$320,920	\$308,140		\$2,013,560
Difference		\$17,040	\$5,680	\$7,100	\$12,780	\$12,780	\$18,460		

half year increase w/ hold harmless

*Perum to cover
Fese: interest
entire year*

	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY12-17 Total	FY13-18 Total
ADM	64	66	68	72	73	75	78		
% CHANGE		3.13%	3.03%	5.88%	1.39%	2.74%	4.00%		
BSA=\$5,680									
Current Method	\$363,520	\$374,880	\$386,240	\$408,960	\$414,640	\$426,000	\$443,040	\$2,374,240	
Proposed Method		\$363,520	\$374,880	\$397,600	\$408,960	\$414,640	\$426,000		\$2,385,600
Difference		-\$11,360	-\$11,360	-\$11,360	-\$5,680	-\$11,360	-\$17,040		

hold harmless

	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY12-17 Total	FY13-18 Total
ADM	64	66	70	72	68	67	64		
% CHANGE		3.13%	6.06%	2.86%	-5.56%	-1.47%	-4.48%		
BSA=\$5,680									
Current Method	\$363,520	\$374,880	\$397,600	\$408,960	\$403,280	\$391,920	\$369,200	\$2,340,160	
Proposed Method		\$363,520	\$386,240	\$397,600	\$408,960	\$403,280	\$391,920		\$2,351,520
Difference		-\$11,360	-\$11,360	-\$11,360	\$5,680	\$11,360	\$22,720		

Seaton:
Any mgn to maintain hold harmless? Hold Harmless delays ↓ in stagg.
75% funds
JKJ means 100%

Alaska State Legislature

REPRESENTATIVE
ERIC FEIGE
House District 12

House Resources Committee Co-Chair
Education Committee
Transportation Committee
Joint Armed Services Committee



During Session:
State Capitol Room 126
Juneau, Alaska 99801-1182
(907) 465-4859
Fax (907) 465-3799
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Ho  sentatives

Sponsor Statement – HB 313

“An Act relating to student counts and estimates for public school funding; and providing for an effective date.”

Our school districts need effective tools to plan and budget for the education of our children.

Under HB 313 -- subject to the hold harmless provisions, changes in the Base Student Allocation, or other legislative changes -- districts will be able to complete the budget process and determine staffing levels earlier, eliminate unnecessary layoff notices, and execute employment contracts to improve the stability of the education climate in the state.

The purpose of the bill is to base the funding for each school district in the state on the count under A.S. 14.17.600 for the preceding fiscal year. For example, the count conducted in October 2012 will establish the funding level for the district for the 2014 Fiscal Year.

The new funding formula will not change the "hold harmless" clause currently in existence. If a decrease in enrollment of five percent or more occurs, the district will continue to receive funding based upon the Average Daily Membership plus the 75/50/25 percent addition over the next three years. Other provisions of the foundation formula will remain as well.

If a district has an actual increase in student count of greater than five percent, this legislation will require the Department of Education to provide supplemental funding to the district for the current fiscal year equal to Average Daily Membership for the current year. For example, if the October 2013 count is five percent larger than the October 2012 count, the Department will provide supplemental funding to the district for Fiscal Year 2014 equal to the increase in the Average Daily Membership between the October 2012 count and the October 2013 count.

The new funding method will implement with the FY 2014 year. Thus, the count conducted in the fall of 2012 will provide the funding level for both FY 2013 and FY 2014, subject to the hold harmless provisions.

An important consideration in this legislation is, except for Fiscal Year 2014, the actual funding given a district will not change, only the timing of the funding.

School Count Changes

The purpose of the proposed legislation is to base the funding for each school district in the state on the count under A.S. 14.17.600 for the proceeding fiscal year. For example, the count conducted in October 2012 will establish the funding level for the district for the 2014 Fiscal Year.

These changes pertain to the use of the student count and do not provide changes to the funding calculations, allocation, or other factors.

The motivation for implementing this change is to provide a better budgeting tool for school administration and boards to help reduce the uncertainty in determining staffing levels for the upcoming school year. Under the proposed legislation -- subject to the hold harmless provisions, changes in the Base Student Allocation, or other legislative changes -- districts will be able to complete the budget process and determine staffing levels earlier, eliminate unnecessary layoff notices, and execute employment contracts to improve the stability of the education climate in the state.

The new funding formula will not change the "hold harmless" clause in A.S. 14.17.410(E). If a decrease in enrollment of five percent or more occurs, the district will continue to receive funding based upon the ADM plus the 75/50/25 percent addition over the next three years. Provisions of 14.17.410(F) and (G) will also remain.

If a district has an actual increase in student count of greater than five percent, legislation will require the Department of Education to provide supplemental funding to the district for the current fiscal year equal to Average Daily Membership for the current fiscal year. For example, the October 2013 count, if five percent larger than the October 2012 count, the Department will provide supplemental funding to the district for Fiscal Year 2014 equal to the increase in the Average Daily Membership between the October 2012 count and the October 2013 count.

The proposed legislation will repeal the requirements of A.S. 14.17.500 requiring a student count estimate.

The new funding method will implement with the FY 2014 year. Thus, the count conducted in the fall of 2012 will provide the funding level for both FY 2013 and FY 2014, subject to the hold harmless provisions.

An important consideration in this legislation is, except for Fiscal Year 2014, the actual funding given a district will not change, only the timing of the funding.

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

cost # codes

Bill Version

HB313

Fiscal Note Number

Publish Date

Identifier (file name) HB313-EED-ESS-2-14-12

Dept. Affected Education & Early Development

Title "An Act relating to student counts and estimates for public school funding; and providing for an effective date."

Appropriation K-12 Support

Allocation Foundation Program

Sponsor Representative Feige

Requester House Education

OMB Component Number 141

Expenditures/Revenues

(Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	FY13 Appropriation Requested	Included in Governor's FY13 Request	Out-Year Cost Estimates					
			FY13	FY13	FY14	FY15	FY16	FY17
OPERATING EXPENDITURES								
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants, Benefits	0.0	0.0	0.0	1,005.0	1,005.0	1,005.0	1,005.0	
Miscellaneous								
TOTAL OPERATING	0.0	0.0	0.0	1,005.0	1,005.0	1,005.0	1,005.0	

FUND SOURCE

(Thousands of Dollars)

1002	Federal Receipts							
1003	GF Match							
1004	GF	0.0	0.0	0.0	1,005.0	1,005.0	1,005.0	1,005.0
1005	GF/Prgm (DGF)							
1037	GF/MH (UGF)							
1178	temp code (UGF)							
	TOTAL	0.0	0.0	0.0	1,005.0	1,005.0	1,005.0	1,005.0

POSITIONS

Full-time							
Part-time							
Temporary							

CHANGE IN REVENUES

Estimated **SUPPLEMENTAL (FY12) operating costs** _____ (separate supplemental appropriation required)
 (discuss reasons and fund source(s) in analysis section)

Estimated **CAPITAL (FY13) costs** _____ (separate capital appropriation required)
 (discuss reasons and fund source(s) in analysis section)

Why this fiscal note differs from previous version (if initial version, please note as such)

Not applicable initial version

Prepared by Elizabeth Nudelman, Director

Division School Finance & Facilities

Approved by Mike Hanley

Commissioner

Phone 465-8679

Date/Time 2/14/12 12:00 AM

Date 2/14/2012

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

BILL NO. HB313

Analysis

HB 313 repeals AS 14.17.500 Student count estimates.

This bill would base school districts current year public school funding entitlement on the prior year's October count. Currently the law provides that the current year October count provides the current year entitlement. For example, under this bill, the October count during the FY2014 school year would be the funding that districts receive for the FY2015 school year.

In addition, the bill provides supplemental funding when a district's average daily membership for school size increases five percent or more from the prior year. For example, FY2014 sets the FY2015 funding entitlement; when a district's FY2015 ADM for school size increases by 5% or more over the FY2014 October count, the district would receive a supplemental for FY2015. The increase incorporated in the FY2015 count that created the supplemental would also be used for the FY2016 funding. Therefore, this provision would increase the public school funding expenditures to the extent that districts were paid for this provision both as a supplemental in the year of the change, and as funding in following year when the count was used to generate entitlement dollars.

This bill would repeal AS 14.17.500 student count estimates that were previously used to project for the following year.

The bill takes effect July 1, 2014.

Based on a comparison from FY2012 to FY2011 the supplemental provision would cost \$1,005.0. Actual costs for the supplemental provision would be dependent on annual counts.

AS 14.17.610(a) which currently refers to recomputing state aid based on the student count and other data reported for the current fiscal year. This language could be used to distribute the supplemental.

This bill also creates a subsection to add back in the language that part-time students shall be included in the count and that a correspondence student shall not exceed one full-time equivalent which was previous stated in the repealed AS 14.17.500.

Any supplemental funding would require a General Fund transfer to the Public Education Fund.