

ALASKA LEGISLATURE COMMITTEE FILES 1997-1998 8672

9112 HOUSE HEALTH EDUCATION & SOCIAL SERVICES

1 calculating a district's adjusted ADM to determine equalization funding, the ADM of
 2 each funding community in a district shall be multiplied by a funding community size
 3 factor as set out in the following table:

ADM	Funding Community Size Factor
10 - 20	2.75
21 - 40	2.20
41 - 80	1.90
81 - 160	1.55
161 - 400	1.40
401 - 1,000	1.10
over 1,000	1.00.

12 (b) For a district that consists of one funding community with an ADM of 900
 13 or less, the district ADM shall be multiplied according to AS 14.17.410(b)(1) by the
 14 appropriate factor as set out in the following table:

ADM	Factor
10 - 250	1.12
251 - 525	1.08
526 - 900	1.06

19 **Sec. 14.17.470. Area cost and transportation factors.** (a) For purposes of
 20 calculating a district's adjusted ADM under AS 14.17.410(b)(1), the department shall
 21 adopt in regulation an area cost factor for each funding community. In adopting the
 22 regulations, the department shall consider factors that affect the cost of providing
 23 public educational services in a funding community, including student transportation.

24 (b) For purposes of calculating a district's adjusted ADM under
 25 AS 14.17.410(b)(1), the department shall adopt by regulation a transportation factor
 26 for each district.

27 **Sec. 14.17.475. Base student allocation.** The base student allocation is
 28 \$4,150.

29 **Article 2. Preparation of Public School Funding Budget.**

30 **Sec. 14.17.500. Student count estimate.** (a) A district shall prepare and
 31 submit to the department by October 15 of each fiscal year, in the manner and on

1 forms prescribed by the department, an estimate of its ADM and other student count
2 data for the succeeding fiscal year upon which computations can be made to estimate
3 the amount of public school funding for which the district may be eligible under
4 AS 14.17.400 in the succeeding fiscal year. In making its report, the district shall
5 consider its ADM, other student count data, the pattern of growth or decline of the
6 student population in preceding years, and other pertinent information available to the
7 district.

8 (b) Part-time students and district correspondence students shall be included
9 in the student count data in accordance with regulations adopted by the department.

10 **Sec. 14.17.505. Fund balance in school operating fund.** (a) A district may
11 not accumulate in a fiscal year an unreserved portion of its year-end fund balance in
12 its school operating fund, as defined by department regulations, that is greater than 10
13 percent of its expenditures for that fiscal year.

14 (b) The department shall review each district's annual audit under
15 AS 14.14.050 for the preceding fiscal year to ascertain its year-end operating fund
16 balance. The amount by which the unreserved portion of that balance exceeds the
17 amount permitted in (a) of this section shall be deducted from the public school
18 funding that would otherwise be paid to the district in the current fiscal year.

19 **Sec. 14.17.510. Determination of full and true value by Department of**
20 **Community and Regional Affairs.** (a) To determine the amount of required local
21 contribution under AS 14.17.440 and to aid the department and the legislature in
22 planning, the Department of Community and Regional Affairs, in consultation with the
23 assessor for each district in a city or borough, shall determine the full and true value
24 of the taxable real and personal property in each district in a city or borough. If there
25 is no local assessor or current local assessment for a city or borough school district,
26 then the Department of Community and Regional Affairs shall make the determination
27 of full and true value from information available. In making the determination, the
28 Department of Community and Regional Affairs shall be guided by AS 29.45.110.
29 The determination of full and true value shall be made by October 1 and sent by
30 certified mail, return receipt requested, on or before that date to the president of the
31 school board in each city or borough school district. Duplicate copies shall be sent to

1 the commissioner. The governing body of a city or borough that is a school district
2 may obtain judicial review of the determination. The superior court may modify the
3 determination of the Department of Community and Regional Affairs only upon a
4 finding of abuse of discretion or upon a finding that there is no substantial evidence
5 to support the determination.

6 (b) Motor vehicles subject to the motor vehicle registration tax under
7 AS 28.10.431 shall be treated as taxable property under this section.

8 Article 3. Procedure for Payments of Public School Funding.

9 Sec. 14.17.600. Student counting periods. (a) Within two weeks after the
10 end of the 20-school-day periods ending the fourth Friday in October and the second
11 Friday in February, each district shall transmit a report to the department that, under
12 regulations adopted by the department, reports its ADM for that counting period and
13 other student count information that will aid the department in making a determination
14 of its state aid under the public school funding program. For centralized
15 correspondence study, the October report shall be based on the period from July 1
16 through the fourth Friday in October, except that summer school students shall be
17 counted as a proportionate fraction as determined by the department. The department
18 may make necessary corrections in the report submitted and shall notify the district of
19 changes made. The commissioner shall notify the governor of additional
20 appropriations the commissioner estimates to be necessary to fully finance the public
21 school funding program for the current fiscal year.

22 (b) Upon written request and for good cause shown, the commissioner may
23 permit a district to use a 20-school-day counting period other than the periods set out
24 in (a) of this section. However, a counting period approved under this subsection must
25 be 20 consecutive school days unless one or more alternate counting periods are
26 necessary to permit a district to implement flexible scheduling that meets the district's
27 needs and goals without jeopardizing the public school funding for which the district
28 would be ordinarily be eligible under this chapter.

29 Sec. 14.17.610. Distribution of public school funding. (a) The department
30 shall determine the public school funding for each school district in a fiscal year on
31 the basis of the district's student count data reported under AS 14.17.600. On or

1 before the 15th day of each of the first nine months of each fiscal year, one-twelfth
 2 of each district's public school funding shall be distributed on the basis of the data
 3 reported for the preceding fiscal year. On or before the 15th day of each of the last
 4 three months of each fiscal year, one-third of the balance of each district's public
 5 school funding shall be distributed, after the balance has been recomputed on the basis
 6 of student count and other data reported for the current fiscal year.

7 (b) If a district receives more public school funding than it is entitled to
 8 receive under this chapter, the district shall immediately remit the amount of
 9 overpayment to the commissioner, to be returned to the public school account.

10 (c) Upon an adequate showing of a cash flow shortfall of a district, and in the
 11 discretion of the commissioner, the department may make advance payments to a
 12 district. The total of advance payments may not exceed the amount of public school
 13 funding for which the district is eligible for the fiscal year.

14 Article 4. General Provisions.

15 **Sec. 14.17.900. Construction and implementation of chapter.** (a) This
 16 chapter does not create a debt of the state. Each district shall establish, maintain, and
 17 operate under a balanced budget. The state is not responsible for the debts of a school
 18 district.

19 (b) Money to carry out the provisions of this chapter may be appropriated
 20 annually by the legislature into the public school account. If the amount in the
 21 account is insufficient to meet the allocations authorized under AS 14.17.400 -
 22 14.17.475 for a fiscal year, public school funding shall be reduced according to
 23 AS 14.17.400(b).

24 **Sec. 14.17.910. Restrictions governing receipt and expenditure of district**
 25 **money.** (a) Each district shall maintain complete financial records of the receipt and
 26 disbursement of public school funding, money acquired from local effort, and other
 27 money received or held by the district. The records must be in the form required by
 28 the department and are subject to audit by the department at a time and place
 29 designated by the department.

30 (b) Public school funding provided under this chapter is for general operational
 31 purposes of the district. All district money, including public school funding, shall be

1 received, held, allocated, and expended by the district under applicable local law and
 2 state and federal constitutional provisions, statutes, and regulations, including those
 3 related to ethical standards and accounting principles.

4 (c) The department may conduct an audit in a district to determine compliance
 5 with this section.

6 **Sec. 14.17.920. Regulations.** The department shall adopt regulations to
 7 interpret and implement this chapter.

8 **Sec. 14.17.990. Definitions.** In this chapter, unless the context requires
 9 otherwise,

10 (1) "ADM or average daily membership" means the aggregate number
 11 of full-time equivalent students enrolled in a funding community during the student
 12 count period for which a determination is being made, divided by the actual number
 13 of days that school is in session for the student count period for which the
 14 determination is being made;

15 (2) "district" means a city or borough school district or a regional
 16 educational attendance area;

17 (3) "district adjusted ADM" means the number resulting from the
 18 calculations under AS 14.17.410(b)(1);

19 (4) "district ADM" means the sum of the ADMs in a district;

20 (5) "local contribution" means appropriations and the value of in-kind
 21 services made by a city or borough to its district;

22 (6) "public school funding" means money provided under the public
 23 school funding program established in this chapter;

24 (7) "taxable real and personal property" means all real and personal
 25 property taxable under the laws of the state.

26 * Sec. 3. AS 14.03.120(g) is amended to read:

27 (g) In this section, "district" has the meaning given in AS 14.17.990
 28 [AS 14.17.250].

29 * Sec. 4. AS 14.03.125(e) is amended to read:

30 (e) In this section, "district" has the meaning given in AS 14.17.990
 31 [AS 14.17.250].

1 * Sec. 5. AS 14.03.150(c) is amended to read:

2 (c) The department may not award a school construction or major maintenance
3 grant under AS 14.11 to a municipality that is a school district or a regional
4 educational attendance area that is not in compliance with (a) of this section. The
5 department shall reduce the amount of public school funding [STATE FOUNDATION
6 AID] under AS 14.17.400 [AS 14.17.021] for which a school district may qualify [,]
7 by the amount, if any, paid by the department under (b) of this section.

8 * Sec. 6. AS 14.03.160(f)(2) is amended to read:

9 (2) "district" has the meaning given in AS 14.17.990 [AS 14.17.250].

10 * Sec. 7. AS 14.03.260(c) is amended to read:

11 (c) The charter school shall provide the financial and accounting information
12 requested by the local school board or the Department of Education [,] and shall
13 cooperate with the local school district or the department in complying with the
14 requirements of AS 14.17.910 [AS 14.17.190].

15 * Sec. 8. AS 14.09.010 is repealed and reenacted to read:

16 Sec. 14.09.010. Transportation of students. (a) A district may provide for
17 the transportation of students.

18 (b) A district that provides for the transportation of students is eligible for
19 adjustments in public school funding as set out in AS 14.17.470(b).

20 (c) A district that provides for the transportation of students may determine
21 and establish a system for the transportation of students to address needs and priorities
22 of the district. However, the district shall comply with applicable statutes, regulations,
23 and local laws related to minimum standards for school buses, school bus driver
24 training courses, certification of course instructors, certification of bus drivers, and
25 other safety concerns related to the transportation of students.

26 * Sec. 9. AS 14.11.008(b) is amended to read:

27 (b) The required participating share for a municipal school district is based on
28 the district's full value per average daily membership (ADM), which is calculated
29 by dividing the full and true value of the taxable real and personal property in the
30 district, calculated as described in AS 14.17.510 [AS 14.17.025(a)(1),] by the district
31 ADM [AVERAGE DAILY MEMBERSHIP (ADM)] as defined in AS 14.17.990

1 [AS 14.17.250], for the same fiscal year for which the valuation was made. The
 2 municipal district's full value per ADM determines the district's required participating
 3 share, as follows:

4 Full Value Per ADM	District Participating Share
5 \$1 - \$100,000	5 percent
6 100,001 - 200,000	10 percent
7 200,001 - 600,000	30 percent
8 over 600,000	35 percent.

9 * Sec. 10. AS 14.14.115(c)(2) is amended to read:

10 (2) "district" has the meaning given in AS 14.17.990 [AS 14.17.250].

11 * Sec. 11. AS 14.16.050(a)(2) is amended to read:

12 (2) requirements relating to the public school funding program
 13 [STATE FINANCIAL ASSISTANCE FOR EDUCATION] and the receipt and
 14 expenditure of that funding [ASSISTANCE]:

15 (A) AS 14.17.500 [AS 14.17.080] (relating to student count
 16 estimates);

17 (B) AS 14.17.505 [AS 14.17.082] (relating to school operating
 18 fund balances);

19 (C) AS 14.17.500 - 14.17.910 [AS 14.17.160 - 14.17.220]
 20 (setting out the procedure for payment of public school funding [FINANCIAL
 21 ASSISTANCE.] and imposing general requirements and limits on money paid);

22 * Sec. 12. AS 14.16.080(a) is amended to read:

23 (a) AS 14.17.435 [AS 14.17.024] applies to the calculation of public school
 24 funding [STATE AID] payable for operation of a state boarding school.

25 * Sec. 13. AS 14.20.177(a) is amended to read:

26 (a) A school district may implement a layoff plan under this section if it is
 27 necessary for the district to reduce the number of tenured teachers because

28 (1) school attendance in the district has decreased; [OR]

29 (2) the state support for [BASIC NEED OF] the school district
 30 determined under AS 14.17.410(b)(1) [AS 14.17.021(c) AND ADJUSTED UNDER
 31 AS 14.17.225(b)] decreases by three percent or more from the previous year; OR

1 **(3) the state share of equalization funding is reduced under**
 2 **AS 14.17.400(b) by three percent or more in a fiscal year.**

3 * Sec. 14. AS 14.30.305 is amended to read:

4 **Sec. 14.30.305. State support of programs for children hospitalized or**
 5 **confined to their homes. A child who is hospitalized or confined to home and who**
 6 **receives at least 10 hours of special education and related services per week may be**
 7 **counted as a pupil in average daily membership when computing state support under**
 8 **the public school funding [FOUNDATION] program.**

9 * Sec. 15. AS 14.30.315(a) is amended to read:

10 **(a) To be eligible for state support under the public school funding**
 11 **[FOUNDATION] program, special education and related services for gifted children**
 12 **must be provided in a program that has been approved in advance by the department.**

13 * Sec. 16. AS 14.30.347 is amended to read:

14 **Sec. 14.30.347. Transportation of exceptional children. When transportation**
 15 **is required to be provided as related services, an exceptional child [CHILDREN] shall**
 16 **be carried with other children if the district provides transportation to other**
 17 **children in the district [,] except when the nature of the [THEIR] physical or mental**
 18 **disability [DISABILITIES] is such that it is in the best interest of the exceptional**
 19 **child [CHILDREN], as determined by the school district, that the child [THEY] be**
 20 **transported separately. A district is responsible for the costs associated with**
 21 **providing transportation as a related service to an exceptional child [STATE**
 22 **REIMBURSEMENT FOR TRANSPORTATION OF EXCEPTIONAL CHILDREN**
 23 **SHALL BE AS PROVIDED FOR TRANSPORTATION OF ALL OTHER PUPILS**
 24 **EXCEPT THAT ELIGIBILITY FOR REIMBURSEMENT IS NOT SUBJECT TO**
 25 **RESTRICTION BASED ON THE MINIMUM DISTANCE BETWEEN THE**
 26 **SCHOOL AND THE RESIDENCE OF THE EXCEPTIONAL CHILD].**

27 * Sec. 17. AS 14.30.650 is repealed and reenacted to read:

28 **Sec. 14.30.650. Funding. (a) Subject to legislative appropriation, each fiscal**
 29 **year the department may allocate to the agency an amount equal to 18 percent of the**
 30 **unadjusted statewide ADM multiplied by \$85.**

31 **(b) In this section, "statewide ADM" means the sum of all district ADMs in**

1 the state as calculated under AS 14.17.

2 * Sec. 18. AS 14.36.030(a) is amended to read:

3 (a) A district operating a community school program under an approved plan
4 of operation may receive an annual grant from the state of one-half of one percent of
5 its public school funding [FOUNDATION SUPPORT] or \$10,000, whichever is
6 greater.

7 * Sec. 19. AS 29.45.020(a) is amended to read:

8 (a) If a municipality levies and collects property taxes, the governing body
9 shall provide the following notice:

10 "NOTICE TO TAXPAYER

11 For the current fiscal year the (city)(borough) has been allocated the following amount
12 of state aid for school and municipal purposes under the applicable financial assistance
13 Acts:

14	PUBLIC SCHOOL <u>FUNDING</u> [FOUNDATION]	
15	PROGRAM [ASSISTANCE] (AS 14.17)	\$
16	STATE AID FOR RETIREMENT OF SCHOOL	
17	CONSTRUCTION DEBT (AS 14.11.100)	\$
18	MUNICIPAL TAX RESOURCE EQUALIZATION	
19	(AS 29.60.010 - 29.60.080)	\$
20	PRIORITY REVENUE SHARING FOR	
21	MUNICIPAL SERVICES (AS 29.60.100 - 29.60.180)	\$
22	REVENUE SHARING FOR SAFE COMMUNITIES	
23	(AS 29.60.350 - 29.60.375)	\$
24	TOTAL AID	\$

25 The millage equivalent of this state aid, based on the dollar value of a mill in the
26 municipality during the current assessment year and for the preceding assessment year,
27 is:

28		MILLAGE EQUIVALENT	
29		PREVIOUS YEAR	THIS YEAR
30	PUBLIC SCHOOL <u>FUNDING</u>		
31	[FOUNDATION] PROGRAM		

1	ASSISTANCE	.... MILLS	.... MILLS
2	STATE AID FOR RETIREMENT		
3	OF SCHOOL CONSTRUCTION		
4	DEBT	... .MILLS	... .MILLS
5	MUNICIPAL TAX RESOURCE		
6	EQUALIZATION	... .MILLS	... .MILLS
7	PRIORITY REVENUE FOR SHARING		
8	MUNICIPAL SERVICES	... .MILLS	... .MILLS
9	REVENUE SHARING FOR SAFE		
10	COMMUNITIES	... .MILLS	... .MILLS
11	TOTAL MILLAGE		
12	EQUIVALENT	... .MILLS	... .MILLS"

13 Notice shall be provided by

14 (1) [BY] furnishing a copy of the notice with tax statements mailed for
 15 the fiscal year for which aid is received; or

16 (2) [BY] publishing in a newspaper of general circulation in the
 17 municipality a copy of the notice once each week for a period of three successive
 18 weeks, with publication to occur not later than 45 days after the final adoption of the
 19 municipality's budget.

20 * Sec. 20. AS 29.60.030(d) is amended to read:

21 (d) The full and true assessed property value shall be determined by the
 22 department in the manner provided for the computation of state aid to education under
 23 AS 14.17.510 [AS 14.17.140]. When the determination of locally generated revenue
 24 includes revenue of a utility received under AS 29.60.010(c)(1)(E), the full and true
 25 assessed prop ty value must include the computed assessed value of the utility,
 26 determined by dividing the amount of the payment in place of taxes made by the
 27 utility by the millage rate that would apply to the utility if the utility were subject to
 28 levy and collection of taxes under AS 29.45.

29 * Sec. 21. AS 36.10.090(b) is amended to read:

30 (b) A local government or school district covered by the provisions of this
 31 chapter that is found to be in violation of these provisions may be required to forfeit

1 all or part of the state aid made available for the project in which the violation occurs
 2 and in addition may be denied up to 12 months of state revenue sharing or public
 3 school funding [FOUNDATION MONEY]. A state department or agency head found
 4 to be in violation of this chapter may be required to forfeit the position of department
 5 or agency head.

6 * Sec. 22. AS 36.10.125(c) is amended to read:

7 (c) In an action brought under (b) of this section, the court may, in its
 8 discretion, order denial of state revenue sharing or public school funding
 9 [FOUNDATION MONEY], forfeiture of office or position, or injunctive or other
 10 relief. If the court finds for the plaintiff in an action brought under (b) of this section,
 11 it may award the plaintiff an amount equal to the actual costs and attorney fees
 12 incurred by the plaintiff.

13 * Sec. 23. AS 44.47.305(c) is amended to read:

14 (c) A grant under (a) of this section may not exceed \$50 per month for each
 15 child the child care facility cares for, or for each full-time equivalent, as determined
 16 by the department. The grant shall be adjusted on a geographic basis by the same
 17 percentages as funding communities [INSTRUCTIONAL UNIT ALLOTMENTS] are
 18 adjusted under AS 14.17.470 [AS 14.17.051].

19 * Sec. 24. AS 14.09.020; AS 14.17.010, 14.17.021, 14.17.022, 14.17.024, 14.17.025,
 20 14.17.026, 14.17.031, 14.17.041, 14.17.043, 14.17.045, 14.17.047, 14.17.051, 14.17.056,
 21 14.17.080, 14.17.082, 14.17.140, 14.17.160, 14.17.170, 14.17.190, 14.17.200, 14.17.210,
 22 14.17.220, 14.17.225, 14.17.250; and AS 14.30.010(b)(7) are repealed.

23 * Sec. 25. TRANSITION: AREA COST FACTORS. (a) Notwithstanding AS 14.17.470,
 24 enacted by sec. 2 of this Act, for the fiscal years beginning July 1, 1998, and July 1, 1999,
 25 and for the purposes of calculating public school funding under AS 14.17, as enacted by sec. 2
 26 of this Act, the area cost factor of a funding community of a school district is as follows:

27	DISTRICT	FUNDING COMMUNITY	AREA COST FACTOR
28	Alaska Gateway	Alcan Border	1.14
29	Alaska Gateway	Dot Lake	1.14
30	Alaska Gateway	Eagle	1.14
31	Alaska Gateway	Mentasta	1.14

1	Alaska Gateway	Northway	1.14
2	Alaska Gateway	Tanacross	1.14
3	Alaska Gateway	Tetlin	1.14
4	Alaska Gateway	Tok	1.14
5	Aleutians East	Akutan	1.32
6	Aleutians East	Cold Bay	1.32
7	Aleutians East	False Pass	1.32
8	Aleutians East	King Cove	1.32
9	Aleutians East	Nelson Lagoon	1.32
10	Aleutians East	Sand Point	1.32
11	Aleutians Region	Atka	1.32
12	Alyeska Central School	Alyeska Central School	1.00
13	Anchorage	Anchorage	1.00
14	Anchorage	Eagle River	1.00
15	Anchorage	Girdwood	1.00
16	Annette Island	Annette	1.05
17	Bering Strait	Brevig Mission	1.40
18	Bering Strait	Diomede	1.55
19	Bering Strait	Elim	1.40
20	Bering Strait	Gambell	1.55
21	Bering Strait	Golovin	1.40
22	Bering Strait	Koyuk	1.40
23	Bering Strait	Savoonga	1.55
24	Bering Strait	Shaktoolik	1.40
25	Bering Strait	Shishmaref	1.40
26	Bering Strait	St. Michael	1.40
27	Bering Strait	Stebbins	1.40
28	Bering Strait	Teller	1.40
29	Bering Strait	Unalakleet	1.40
30	Bering Strait	Wales	1.40
31	Bering Strait	White Mountain	1.40

1	Bristol Bay	Bristol Bay	1.40
2	Bristol Bay	South Naknek	1.40
3	Chatham	Angoon	1.05
4	Chatham	Cube Cove	1.05
5	Chatham	Elfin Cove	1.05
6	Chatham	Gustavus	1.05
7	Chatham	Hobart Bay	1.05
8	Chatham	Klukwan	1.05
9	Chatham	Tenakee Springs	1.05
10	Chugach	Chenega Bay	1.14
11	Chugach	Icy Bay	1.14
12	Chugach	Tatitlek	1.14
13	Chugach	Whittier	1.05
14	Chugach	Yakataga	1.14
15	Copper River	Chistochina	1.05
16	Copper River	Copper Center	1.05
17	Copper River	Gakona	1.05
18	Copper River	Glennallen	1.05
19	Copper River	Kenny Lake	1.05
20	Copper River	Lottie Sparks	1.05
21	Copper River	Slana	1.05
22	Cordova	Cordova	1.14
23	Craig	Craig	1.05
24	Delta/Greely	Delta Junction	1.14
25	Delta/Greely	Healy Lake	1.14
26	Denali	Anderson	1.14
27	Denali	Cantwell	1.14
28	Denali	Healy	1.14
29	Dillingham	Dillingham	1.32
30	Fairbanks	Eielson	1.00
31	Fairbanks	Fairbanks	1.00

1	Fairbanks	North Pole	1.00
2	Fairbanks	Salcha	1.05
3	Fairbanks	Two Rivers	1.05
4	Galena	Galena	1.32
5	Haines	Haines	1.05
6	Haines	Mosquito Lake	1.05
7	Hoonah	Hoonah	1.05
8	Hydaburg	Hydaburg	1.05
9	Iditarod	Anvik	1.32
10	Iditarod	Grayling	1.32
11	Iditarod	Holy Cross	1.32
12	Iditarod	Lake Minchumina	1.32
13	Iditarod	Lime Village	1.32
14	Iditarod	McGrath	1.32
15	Iditarod	Nikolai	1.32
16	Iditarod	Shageluk	1.32
17	Iditarod	Takotna	1.32
18	Iditarod	Telida	1.32
19	Juneau	Juneau	1.00
20	Kake	Kake	1.05
21	Kashunamiut	Chevak	1.32
22	Kenai Peninsula	Anchor Point	1.00
23	Kenai Peninsula	Cooper Landing	1.00
24	Kenai Peninsula	Homer	1.00
25	Kenai Peninsula	Hope	1.00
26	Kenai Peninsula	Kachemak Selo	1.05
27	Kenai Peninsula	Kasilof	1.00
28	Kenai Peninsula	Kenai	1.00
29	Kenai Peninsula	McNeil Canyon	1.00
30	Kenai Peninsula	Moose Pass	1.00
31	Kenai Peninsula	Nanwalek	1.05

1	Kenai Peninsula	Nikiski	1.00
2	Kenai Peninsula	Nikolaevsk	1.05
3	Kenai Peninsula	Ninilchik	1.00
4	Kenai Peninsula	Port Graham	1.05
5	Kenai Peninsula	Razdolna	1.05
6	Kenai Peninsula	Seldovia	1.05
7	Kenai Peninsula	Seward	1.00
8	Kenai Peninsula	Soldotna	1.00
9	Kenai Peninsula	Sterling	1.00
10	Kenai Peninsula	Tyonek	1.05
11	Kenai Peninsula	Voznesenka	1.05
12	Ketchikan	Ketchikan	1.00
13	Klawock	Klawock	1.05
14	Kodiak Island	Akhiok	1.14
15	Kodiak Island	Big Sandy Lake	1.14
16	Kodiak Island	Chiniak	1.05
17	Kodiak Island	Danger Bay	1.14
18	Kodiak Island	Karluk	1.14
19	Kodiak Island	Kodiak	1.05
20	Kodiak Island	Larsen Bay	1.14
21	Kodiak Island	Old Harbor	1.14
22	Kodiak Island	Ouzinkie	1.14
23	Kodiak Island	Port Lions	1.14
24	Kuspuk	Aniak	1.32
25	Kuspuk	Chuathbaluk	1.32
26	Kuspuk	Crooked Creek	1.32
27	Kuspuk	Lower Kalskag	1.32
28	Kuspuk	Red Devil	1.32
29	Kuspuk	Sleetmute	1.32
30	Kuspuk	Stony River	1.32
31	Kuspuk	Upper Kalskag	1.32

1	Lake and Peninsula	Chignik Bay	1.32
2	Lake and Peninsula	Chignik Lagoon	1.32
3	Lake and Peninsula	Chignik Lake	1.32
4	Lake and Peninsula	Egegik	1.32
5	Lake and Peninsula	Igiugig	1.32
6	Lake and Peninsula	Ivanof Bay	1.32
7	Lake and Peninsula	Kokhanok	1.32
8	Lake and Peninsula	Levelok	1.32
9	Lake and Peninsula	Newhalen	1.32
10	Lake and Peninsula	Nondalton	1.32
11	Lake and Peninsula	Pedro Bay	1.32
12	Lake and Peninsula	Perryville	1.32
13	Lake and Peninsula	Pilot Point	1.32
14	Lake and Peninsula	Port Alsworth	1.32
15	Lake and Peninsula	Port Heiden	1.32
16	Lower Kuskokwim	Akiuk	1.32
17	Lower Kuskokwim	Akula	1.32
18	Lower Kuskokwim	Atmaultluk	1.32
19	Lower Kuskokwim	Bethel	1.32
20	Lower Kuskokwim	Cheformak	1.32
21	Lower Kuskokwim	Eek	1.32
22	Lower Kuskokwim	Goodnews Bay	1.32
23	Lower Kuskokwim	Kipnuk	1.32
24	Lower Kuskokwim	Kongiganak	1.32
25	Lower Kuskokwim	Kwethluk	1.32
26	Lower Kuskokwim	Kwigillingok	1.32
27	Lower Kuskokwim	Mekoryuk	1.40
28	Lower Kuskokwim	Napakiak	1.32
29	Lower Kuskokwim	Napaskiak	1.32
30	Lower Kuskokwim	Newtok	1.32
31	Lower Kuskokwim	Nightmute	1.32

1	Lower Kuskokwim	Nunapitchuk	1.32
2	Lower Kuskokwim	Oscarville	1.32
3	Lower Kuskokwim	Platinum	1.32
4	Lower Kuskokwim	Quinhagak	1.32
5	Lower Kuskokwim	Toksook Bay	1.32
6	Lower Kuskokwim	Tuntutuliak	1.32
7	Lower Kuskokwim	Tununak	1.32
8	Lower Yukon	Alakanak	1.32
9	Lower Yukon	Emmonak	1.32
10	Lower Yukon	Hooper Bay	1.32
11	Lower Yukon	Kotlik	1.32
12	Lower Yukon	Marshall	1.32
13	Lower Yukon	Mountain Village	1.32
14	Lower Yukon	Pilot Station	1.32
15	Lower Yukon	Pitkas Point	1.32
16	Lower Yukon	Russian Mission	1.32
17	Lower Yukon	Scammon Bay	1.32
18	Lower Yukon	Sheldon Point	1.32
19	Matanuska-Susitna	Beryozava	1.05
20	Matanuska-Susitna	Big Lake	1.00
21	Matanuska-Susitna	Butte	1.00
22	Matanuska-Susitna	Colony	1.00
23	Matanuska-Susitna	Glacier View	1.00
24	Matanuska-Susitna	Houston	1.00
25	Matanuska-Susitna	Matanuska-Susitna Valley	1.00
26	Matanuska-Susitna	Palmer	1.00
27	Matanuska-Susitna	Pt. McKenzie	1.00
28	Matanuska-Susitna	Skwentna	1.05
29	Matanuska-Susitna	Sutton	1.00
30	Matanuska-Susitna	Talkeetna	1.00
31	Matanuska-Susitna	Trapper Creek	1.00

1	Matanuska-Susitna	Wasilla	1.00
2	Matanuska-Susitna	Willow	1.00
3	Mt. Edgecumbe	Mt. Edgecumbe	1.00
4	Nenana	Nenana	1.14
5	Nome	Nome	1.32
6	North Slope	Anaktuvuk Pass	1.55
7	North Slope	Atkasuk	1.55
8	North Slope	Barrow	1.55
9	North Slope	Kaktovik	1.55
10	North Slope	Nuiqsut	1.55
11	North Slope	Point Hope	1.55
12	North Slope	Point Lay	1.55
13	North Slope	Wainwright	1.55
14	Northwest Arctic	Ambler	1.45
15	Northwest Arctic	Buckland	1.45
16	Northwest Arctic	Deering	1.45
17	Northwest Arctic	Kiana	1.45
18	Northwest Arctic	Kivalina	1.45
19	Northwest Arctic	Kobuk	1.45
20	Northwest Arctic	Kotzebue	1.45
21	Northwest Arctic	Noatak	1.45
22	Northwest Arctic	Noorvik	1.45
23	Northwest Arctic	Selawik	1.45
24	Northwest Arctic	Shungnak	1.45
25	Pelican	Pelican	1.05
26	Petersburg	Petersburg	1.00
27	Pribilof	St. George	1.40
28	Pribilof	St. Paul	1.40
29	Sitka	Sitka	1.00
30	Skagway	Skagway	1.05
31	Southeast Island	Craig	1.05

1	Southeast Island	Edna Bay	1.05
2	Southeast Island	Hollis	1.05
3	Southeast Island	Howard Valentine	1.05
4	Southeast Island	Jr. Gildersleeve	1.05
5	Southeast Island	Kasaan	1.05
6	Southeast Island	Naukati	1.05
7	Southeast Island	Polk Inlet	1.05
8	Southeast Island	Port Alexander	1.05
9	Southeast Island	Port Protection	1.05
10	Southeast Island	Thorne Bay	1.05
11	Southeast Island	Whale Pass	1.05
12	Southwest Region	Aleknagik North	1.32
13	Southwest Region	Clarks Point	1.32
14	Southwest Region	Ekwok	1.32
15	Southwest Region	Koliganek	1.32
16	Southwest Region	Manokotak	1.32
17	Southwest Region	New Stuyahok	1.32
18	Southwest Region	Portage	1.32
19	Southwest Region	Togiak	1.32
20	Southwest Region	Twin Hills	1.32
21	St. Mary's	St. Mary's	1.32
22	Tanana	Tanana	1.40
23	Unalaska	Unalaska	1.32
24	Valdez	Valdez	1.05
25	Wrangell	Wrangell	1.00
26	Yakutat	Yakutat	1.14
27	Yukon Flats	Arctic Village	1.45
28	Yukon Flats	Beaver	1.45
29	Yukon Flats	Birch Creek	1.45
30	Yukon Flats	Central	1.32
31	Yukon Flats	Chalkyitsik	1.45

1	Yukon Flats	Circle	1.32
2	Yukon Flats	Fort Yukon	1.45
3	Yukon Flats	Northern Lights	1.32
4	Yukon Flats	Rampart	1.45
5	Yukon Flats	Stevens Village	1.45
6	Yukon Flats	Venetie	1.45
7	Yukon/Koyukuk	Allakaket	1.40
8	Yukon/Koyukuk	Bettles	1.40
9	Yukon/Koyukuk	Hughes	1.40
10	Yukon/Koyukuk	Huslia	1.40
11	Yukon/Koyukuk	Kaltag	1.40
12	Yukon/Koyukuk	Koyukuk	1.40
13	Yukon/Koyukuk	Manley Hot Springs	1.40
14	Yukon/Koyukuk	Minto	1.32
15	Yukon/Koyukuk	Nulato	1.40
16	Yukon/Koyukuk	Ruby	1.40
17	Yupiiit	Akiachak	1.32
18	Yupiiit	Akiak	1.32
19	Yupiiit	Tuluksak	1.32

20 (b) For the period during which the area cost factors set out in (a) of this section serve
 21 as the public school funding area cost factors under AS 14.17, as amended by this Act, those
 22 area cost factors apply for purposes of geographic adjustments to child care grants under
 23 AS 44.47.305(c), as amended by sec. 23 of this Act.

24 • Sec. 26. TRANSITION: STUDENT TRANSPORTATION. Notwithstanding
 25 AS 14.09.010(b), as repealed and reenacted by sec. 8 of this Act, and AS 14.17.470(b),
 26 enacted by sec. 2 of this Act, for the fiscal years beginning July 1, 1998, and July 1, 1999,
 27 and for the purposes of calculating public school funding under AS 14.17, as amended by this
 28 Act, a school district that provides student transportation shall have its adjusted ADM
 29 multiplied by a transportation factor as follows:

30	DISTRICT	TRANSPORTATION FACTOR
31	Alaska Gateway	1.07

1	Aleutian Region	1.00
2	Aleutians East	1.01
3	Anchorage	1.04
4	Annette Islands	1.00
5	Bering Strait	1.00
6	Bristol Bay	1.07
7	Chatham	1.00
8	Chugach	1.00
9	Copper River	1.09
10	Cordova	1.01
11	Craig	1.00
12	Delta/Greely	1.10
13	Denali	1.07
14	Dillingham	1.04
15	Fairbanks	1.05
16	Galena	1.02
17	Haines	1.04
18	Hoonah	1.01
19	Hydaburg	1.00
20	Iditarod	1.01
21	Juneau	1.04
22	Kake	1.01
23	Kashunamiut	1.00
24	Kenai Peninsula	1.05
25	Ketchikan	1.04
26	Klawock	1.00
27	Kodiak Island	1.03
28	Kuspuk	1.02
29	Lake and Peninsula	1.02
30	Lower Kuskokwim	1.01
31	Lower Yukon	1.00

1	Matanuska-Susitna	1.08
2	Nenana	1.05
3	Nome	1.03
4	North Slope	1.02
5	Northwest Arctic	1.00
6	Pelican	1.00
7	Petersburg	1.02
8	Pribilof	1.00
9	Sitka	1.04
10	Skagway	1.00
11	Southeast Island	1.03
12	Southwest Region	1.02
13	St. Mary's	1.00
14	Tanana	1.01
15	Unalaska	1.03
16	Valdez	1.04
17	Wrangell	1.03
18	Yakutat	1.03
19	Yukon Flats	1.01
20	Yukon/Koyukuk	1.01
21	Yupit	1.00

22 * Sec. 27. TRANSITION: HOLD HARMLESS. (a) Notwithstanding the provisions of
 23 secs. 1 - 26 of this Act and except as provided in (c) of this section, if, for a fiscal year
 24 beginning July 1, 1998, through July 1, 2001, a school district would receive less public
 25 school funding under AS 14.17.410, enacted by sec. 2 of this Act, than the district would have
 26 received as state aid for the fiscal year beginning July 1, 1998, and if the district meets the
 27 requirements of (b) of this section, the district is eligible to receive instead a percentage of
 28 the state aid the district would have received for the fiscal year beginning July 1, 1998,
 29 according to the following table:

30	For the fiscal year beginning	Percentage of state aid for the fiscal year
31		beginning July 1, 1998

1	July 1, 1998	100
2	July 1, 1999	80
3	July 1, 2000	60
4	July 1, 2001	40
5	July 1, 2002	20

6 (b) A school district in a city or borough is not entitled to the hold harmless
7 percentage set out in (a) of this section for a fiscal year unless the city or borough makes a
8 local contribution to the district for that fiscal year as required under this subsection. For the
9 hold harmless for the fiscal year beginning July 1, 1998, the required local contribution is the
10 equivalent of a four mill tax levy; for the fiscal year beginning July 1, 1999, the required local
11 contribution is the equivalent of a five mill tax levy; for the fiscal year beginning
12 July 1, 2000, the required local contribution is the equivalent of a six mill tax levy; and for
13 the fiscal year beginning July 1, 2001, the required local contribution is the equivalent of a
14 seven mill tax levy.

15 (c) For the purposes of the reduction required under AS 14.17.400(b), enacted by
16 sec. 2 of this Act, hold harmless funding authorized under (a) and (b) of this section is treated
17 the same as the state share of equalization funding under AS 14.17.410, enacted by sec. 2 of
18 this Act.

19 (d) For purposes of this section, "state aid" means state foundation aid distributed
20 under the provisions of AS 14.17, repealed by this Act, additional district support appropriated
21 by the legislature, and student transportation support reimbursed by the Department of
22 Education.

23 • **Sec. 28. TRANSITION: REGULATIONS.** To the extent the regulations are not
24 inconsistent with the language and purposes of this Act, regulations relating to state aid for
25 public schools adopted by the Department of Education before the effective date of this Act
26 remain in effect as valid regulations implementing this Act; all other regulations relating to
27 state aid for public schools adopted by the Department of Education before the effective date
28 of this Act are annulled. The Department of Education may administer and enforce those
29 previously adopted regulations relating to state foundation aid for public schools.

30 • **Sec. 29. TRANSITION: BASE STUDENT ALLOCATION.** Notwithstanding
31 AS 14.17.475, enacted in sec. 2 of this Act, the base student allocation is as follows:

	For the fiscal year beginning	Base student allocation
1		
2	July 1, 1998	\$3,840
3	July 1, 1999	4,010
4	July 1, 2000	4,060
5	July 1, 2001	4,105
6	* Sec. 30. This Act takes effect July 1, 1998.	

0-LS0605H

Ford

1/24/98

CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 148(HES)**IN THE LEGISLATURE OF THE STATE OF ALASKA****TWENTIETH LEGISLATURE - SECOND SESSION****BY THE HOUSE HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE****Offered:****Referred:****Sponsor(s): HOUSE HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE****A BILL****FOR AN ACT ENTITLED**

1 "An Act relating to the public school funding program; relating to the definition
2 of a school district, to the transportation of students, to school district layoff
3 plans, to the special education service agency, to the child care grant program,
4 and to compulsory attendance in public schools; and providing for an effective
5 date."

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

7 • **Section 1. PURPOSE OF SECTION 2.** The purpose of sec. 2 of this Act is to provide
8 a level of funding through the public school funding program that allows for an equitable level
9 of educational opportunities and outcomes for those students attending the public schools of
10 the state, to promote local decision-making, and, through increased control of funding, to
11 provide more local responsibility and accountability for decisions affecting public schools.

12 • **Sec. 2.** AS 14.17 is amended by adding new sections to read:

13 **Article 1. State Funding to Public Schools.**

1 **Sec. 14.17.300. Public school account.** (a) The public school account is
2 established. The account consists of appropriations for distribution to school districts,
3 state boarding schools, and for the centralized correspondence study program under
4 this chapter.

5 (b) The money in the account may be used only in aid of public schools,
6 including community school programs, and for centralized correspondence study
7 programs under this chapter.

8 **Sec. 14.17.400. State funding for districts.** (a) The state funding for which
9 a school district is eligible in a fiscal year is equal to the amount for which a district
10 qualifies under AS 14.17.410 (equalization funding).

11 (b) If the amount in the public school account is insufficient to meet the
12 amounts authorized under (a) of this section for a fiscal year, the department shall
13 reduce pro rata the state share of equalization funding for which districts are eligible
14 by the necessary percentage as determined by the department. If the state share of
15 equalization funding is reduced under this subsection, the department shall also reduce
16 state funding for centralized correspondence study and state boarding schools by the
17 same percentage.

18 **Sec. 14.17.410. Equalization funding.** (a) A district is eligible for
19 equalization funding in an amount equal to the sum calculated under this section.

20 (b) Except as provided in (d) of this section, equalization funding consists of
21 a state share and a local contribution, determined as follows:

22 (1) the state share equals need minus local contribution; need equals
23 the district adjusted ADM, multiplied by the base student allocation set out at
24 AS 14.17.475, plus any intensive services funding for which the district qualifies under
25 AS 14.17.420(a)(2); district adjusted ADM is calculated as follows:

26 (A) the ADM of a funding community is multiplied by the
27 funding community size factor set out in AS 14.17.460;

28 (B) the product obtained under (A) of this paragraph is
29 multiplied by the funding community area cost factor described in
30 AS 14.17.470(a) and set out in regulations adopted by the department;

31 (C) if a funding community is the only funding community in

1 a district with an ADM of 900 or less, the product obtained under (B) of this
2 paragraph is multiplied by the appropriate factor set out in AS 14.17.460(b);

3 (D) the ADMs of each funding community in a district, as
4 adjusted according to (A) - (C) of this paragraph, are added; the sum is then
5 multiplied by the special needs factor set out in AS 14.17.420(a)(1);

6 (E) the product obtained under (D) of this paragraph is
7 multiplied by a district's student transportation factor described in
8 AS 14.17.470(b) and set out in regulations by the department; the resulting
9 product is the district's adjusted ADM;

10 (2) for the fiscal year beginning July 1, 1998, the local contribution is
11 the equivalent of a three mill tax levy on the full and true value of the taxable real and
12 personal property in the district as of January 1 of the second preceding fiscal year,
13 as determined by the Department of Community and Regional Affairs under
14 AS 14.17.510 and AS 29.45.110, not to exceed 35 percent of a district's need as
15 determined under (1) of this subsection for the preceding fiscal year; for the fiscal year
16 beginning July 1, 1999, and subsequent fiscal years, the required mill equivalent shall
17 be increased by one-fourth of a mill each year until the local contribution is the
18 equivalent of a four mill tax levy, but, in each year, a district's local contribution may
19 not exceed 35 percent of the district's need for the preceding fiscal year, as determined
20 under (1) of this subsection.

21 (c) Equalization funding may not be provided to a city or borough school
22 district if the local contributions required under (b) of this section have not been made.

23 (d) In a regional educational attendance area, funding consists of need,
24 calculated under (b)(1) of this section for that regional educational attendance area.

25 **Sec. 14.17.420. Special needs and intensive services funding.** (a) As a
26 component of equalization funding, a district is eligible for special needs funding and
27 may be eligible for intensive services funding as follows:

28 (1) special needs funding is available to a district to assist the district
29 in providing special education, gifted and talented education, vocational education, and
30 bilingual education to its students; a special needs funding factor of 1.20 shall be
31 applied as set out in AS 14.17.410(b)(1);

1 (2) in addition to the special needs funding for which a district is
2 eligible under (1) of this subsection, a district is eligible for intensive services funding
3 for each special education student who needs and receives intensive services and is
4 enrolled on the last day of the count period; for each such student, intensive services
5 funding is equal to \$22,500 multiplied by the area cost factor of the funding
6 community in which the student is enrolled.

7 (b) In this section, "intensive services" has the meaning given by the
8 department by regulation adopted under AS 14.30.180 - 14.30.350.

9 **Sec. 14.17.430. State funding for correspondence study.** Except as provided
10 in AS 14.17.400(b), funding for the state centralized correspondence study program or
11 a district correspondence program includes an allocation from the public school
12 account in an amount calculated by multiplying the ADM of the correspondence
13 program by the base student allocation and multiplying that product by 65 percent.

14 **Sec. 14.17.435. State funding for state boarding schools.** Except as provided
15 in AS 14.17.400(b), funding for a state boarding school established under
16 AS 14.16.010 includes an allocation from the public school account in an amount
17 calculated by multiplying the ADM of the state boarding school by the special needs
18 factor in AS 14.17.420(a)(1) and multiplying that product by the base student
19 allocation. A state boarding school is also eligible for intensive services funding under
20 AS 14.17.420(a)(2).

21 **Sec. 14.17.440. Local contribution.** (a) The required local contribution to
22 a city or borough school district is a district's local contribution as calculated
23 according to AS 14.17.410(b)(2).

24 (b) Nothing in this section prohibits a city or borough from contributing to its
25 district amounts in excess of the local contribution required under this section if the
26 local contribution is also in compliance with federal law.

27 **Sec. 14.17.450. Funding communities.** The department shall adopt
28 regulations defining funding communities within each district that reflect geographic
29 and attendance area factors. The regulations may not allow for funding communities
30 smaller than 10 ADM.

31 **Sec. 14.17.460. Funding community size factor.** (a) For purposes of

1 calculating a district's adjusted ADM to determine equalization funding, the ADM of
 2 each funding community in a district shall be multiplied by a funding community size
 3 factor as set out in the following table:

ADM	Funding Community Size Factor
10 - 20	2.75
21 - 40	2.20
41 - 80	1.90
81 - 160	1.55
161 - 400	1.40
401 - 1,000	1.10
over 1,000	1.00.

12 (b) For a district that consists of one funding community with an ADM of 900
 13 or less, the district ADM shall be multiplied according to AS 14.17.410(b)(1) by the
 14 appropriate factor as set out in the following table:

ADM	Factor
1 - 250	1.12
251 - 525	1.08
526 - 900	1.06

19 **Sec. 14.17.470. Area cost and transportation factors.** (a) For purposes of
 20 calculating a district's adjusted ADM under AS 14.17.410(b)(1), the department shall
 21 adopt in regulation an area cost factor for each funding community. In adopting the
 22 regulations, the department shall consider factors that affect the cost of providing
 23 public educational services in a funding community, including student transportation.

24 (b) For purposes of calculating a district's adjusted ADM under
 25 AS 14.17.410(b)(1), the department shall adopt by regulation a transportation factor
 26 for each district.

27 **Sec. 14.17.475. Base student allocation.** The base student allocation is
 28 \$4,045.

29 **Article 2. Preparation of Public School Funding Budget.**

30 **Sec. 14.17.500. Student count estimate.** (a) A district shall prepare and
 31 submit to the department by October 15 of each fiscal year, in the manner and on

1 forms prescribed by the department, an estimate of its ADM and other student count
2 data for the succeeding fiscal year upon which computations can be made to estimate
3 the amount of public school funding for which the district may be eligible under
4 AS 14.17.400 in the succeeding fiscal year. In making its report, the district shall
5 consider its ADM, other student count data, the pattern of growth or decline of the
6 student population in preceding years, and other pertinent information available to the
7 district.

8 (b) Part-time students and district correspondence students shall be included
9 in the student count data in accordance with regulations adopted by the department.

10 **Sec. 14.17.505. Fund balance in school operating fund.** (a) A district may
11 not accumulate in a fiscal year an unreserved portion of its year-end fund balance in
12 its school operating fund, as defined by department regulations, that is greater than 10
13 percent of its expenditures for that fiscal year.

14 (b) The department shall review each district's annual audit under
15 AS 14.14.050 for the preceding fiscal year to ascertain its year-end operating fund
16 balance. The amount by which the unreserved portion of that balance exceeds the
17 amount permitted in (a) of this section shall be deducted from the public school
18 funding that would otherwise be paid to the district in the current fiscal year.

19 **Sec. 14.17.510. Determination of full and true value by Department of**
20 **Community and Regional Affairs.** (a) To determine the amount of required local
21 contribution under AS 14.17.440 and to aid the department and the legislature in
22 planning, the Department of Community and Regional Affairs, in consultation with the
23 assessor for each district in a city or borough, shall determine the full and true value
24 of the taxable real and personal property in each district in a city or borough. If there
25 is no local assessor or current local assessment for a city or borough school district,
26 then the Department of Community and Regional Affairs shall make the determination
27 of full and true value from information available. In making the determination, the
28 Department of Community and Regional Affairs shall be guided by AS 29.45.110.
29 The determination of full and true value shall be made by October 1 and sent by
30 certified mail, return receipt requested, on or before that date to the president of the
31 school board in each city or borough school district. Duplicate copies shall be sent to

1 the commissioner. The governing body of a city or borough that is a school district
2 may obtain judicial review of the determination. The superior court may modify the
3 determination of the Department of Community and Regional Affairs only upon a
4 finding of abuse of discretion or upon a finding that there is no substantial evidence
5 to support the determination.

6 (b) Motor vehicles subject to the motor vehicle registration tax under
7 AS 28.10.431 shall be treated as taxable property under this section.

8 **Article 3. Procedure for Payments of Public School Funding.**

9 **Sec. 14.17.600. Student counting periods.** (a) Within two weeks after the
10 end of the 20-school-day periods ending the fourth Friday in October and the second
11 Friday in February, each district shall transmit a report to the department that, under
12 regulations adopted by the department, reports its ADM for that counting period and
13 other student count information that will aid the department in making a determination
14 of its state aid under the public school funding program. For centralized
15 correspondence study, the October report shall be based on the period from July 1
16 through the fourth Friday in October, except that summer school students shall be
17 counted as a proportionate fraction as determined by the department. The department
18 may make necessary corrections in the report submitted and shall notify the district of
19 changes made. The commissioner shall notify the governor of additional
20 appropriations the commissioner estimates to be necessary to fully finance the public
21 school funding program for the current fiscal year.

22 (b) Upon written request and for good cause shown, the commissioner may
23 permit a district to use a 20-school-day counting period other than the periods set out
24 in (a) of this section. However, a counting period approved under this subsection must
25 be 20 consecutive school days unless one or more alternate counting periods are
26 necessary to permit a district to implement flexible scheduling that meets the district's
27 needs and goals without jeopardizing the public school funding for which the district
28 would be ordinarily be eligible under this chapter.

29 **Sec. 14.17.610. Distribution of public school funding.** (a) The department
30 shall determine the public school funding for each school district in a fiscal year on
31 the basis of the district's student count data reported under AS 14.17.600. On or

1 before the 15th day of each of the first nine months of each fiscal year, one-twelfth
2 of each district's public school funding shall be distributed on the basis of the data
3 reported for the preceding fiscal year. On or before the 15th day of each of the last
4 three months of each fiscal year, one-third of the balance of each district's public
5 school funding shall be distributed, after the balance has been recomputed on the basis
6 of student count and other data reported for the current fiscal year.

7 (b) If a district receives more public school funding than it is entitled to
8 receive under this chapter, the district shall immediately remit the amount of
9 overpayment to the commissioner, to be returned to the public school account.

10 (c) Upon an adequate showing of a cash flow shortfall of a district, and in the
11 discretion of the commissioner, the department may make advance payments to a
12 district. The total of advance payments may not exceed the amount of public school
13 funding for which the district is eligible for the fiscal year.

14 Article 4. General Provisions.

15 Sec. 14.17.900. Construction and implementation of chapter. (a) This
16 chapter does not create a debt of the state. Each district shall establish, maintain, and
17 operate under a balanced budget. The state is not responsible for the debts of a school
18 district.

19 (b) Money to carry out the provisions of this chapter may be appropriated
20 annually by the legislature into the public school account. If the amount in the
21 account is insufficient to meet the allocations authorized under AS 14.17.400 -
22 14.17.475 for a fiscal year, public school funding shall be reduced according to
23 AS 14.17.400(b).

24 Sec. 14.17.910. Restrictions governing receipt and expenditure of district
25 money. (a) Each district shall maintain complete financial records of the receipt and
26 disbursement of public school funding, money acquired from local effort, and other
27 money received or held by the district. The records must be in the form required by
28 the department and are subject to audit by the department at a time and place
29 designated by the department.

30 (b) Public school funding provided under this chapter is for general operational
31 purposes of the district. All district money, including public school funding, shall be

1 received, held, allocated, and expended by the district under applicable local law and
2 state and federal constitutional provisions, statutes, and regulations, including those
3 related to ethical standards and accounting principles.

4 (c) The department may conduct an audit in a district to determine compliance
5 with this section.

6 Sec. 14.17.920. Regulations. The department shall adopt regulations to
7 interpret and implement this chapter.

8 Sec. 14.17.990. Definitions. In this chapter, unless the context requires
9 otherwise,

10 (1) "ADM or average daily membership" means the aggregate number
11 of full-time equivalent students enrolled in a funding community during the student
12 count period for which a determination is being made, divided by the actual number
13 of days that school is in session for the student count period for which the
14 determination is being made;

15 (2) "district" means a city or borough school district or a regional
16 educational attendance area;

17 (3) "district adjusted ADM" means the number resulting from the
18 calculations under AS 14.17.410(b)(1);

19 (4) "district ADM" means the sum of the ADMs in a district;

20 (5) "local contribution" means appropriations and the value of in-kind
21 services made by a city or borough to its district;

22 (6) "public school funding" means money provided under the public
23 school funding program established in this chapter;

24 (7) "taxable real and personal property" means all real and personal
25 property taxable under the laws of the state.

26 • Sec. 3. AS 14.03.120(g) is amended to read:

27 (g) In this section, "district" has the meaning given in AS 14.17.990
28 [AS 14.17.250].

29 • Sec. 4. AS 14.03.125(e) is amended to read:

30 (e) In this section, "district" has the meaning given in AS 14.17.990
31 [AS 14.17.250].

1 * Sec. 5. AS 14.03.150(c) is amended to read:

2 (c) The department may not award a school construction or major maintenance
3 grant under AS 14.11 to a municipality that is a school district or a regional
4 educational attendance area that is not in compliance with (a) of this section. The
5 department shall reduce the amount of public school funding [STATE FOUNDATION
6 AID] under AS 14.17.400 [AS 14.17.021] for which a school district may qualify [,]
7 by the amount, if any, paid by the department under (b) of this section.

8 * Sec. 6. AS 14.03.160(f)(2) is amended to read:

9 (2) "district" has the meaning given in AS 14.17.990 [AS 14.17.250].

10 * Sec. 7. AS 14.03.260(c) is amended to read:

11 (c) The charter school shall provide the financial and accounting information
12 requested by the local school board or the Department of Education [,] and shall
13 cooperate with the local school district or the department in complying with the
14 requirements of AS 14.17.910 [AS 14.17.190].

15 * Sec. 8. AS 14.09.010 is repealed and reenacted to read:

16 Sec. 14.09.010. Transportation of students. (a) A district may provide for
17 the transportation of students.

18 (b) A district that provides for the transportation of students is eligible for
19 adjustments in public school funding as set out in AS 14.17.470(b).

20 (c) A district that provides for the transportation of students may determine
21 and establish a system for the transportation of students to address needs and priorities
22 of the district. However, the district shall comply with applicable statutes, regulations,
23 and local laws related to minimum standards for school buses, school bus driver
24 training courses, certification of course instructors, certification of bus drivers, and
25 other safety concerns related to the transportation of students.

26 * Sec. 9. AS 14.11.008(b) is amended to read:

27 (b) The required participating share for a municipal school district is based on
28 the district's full value per average daily membership (ADM), which is calculated
29 by dividing the full and true value of the taxable real and personal property in the
30 district, calculated as described in AS 14.17.510 [AS 14.17.025(a)(1),] by the district
31 ADM [AVERAGE DAILY MEMBERSHIP (ADM)] as defined in AS 14.17.990

1 [AS 14.17.250], for the same fiscal year for which the valuation was made. The
 2 municipal district's full value per ADM determines the district's required participating
 3 share, as follows:

Full Value Per ADM	District Participating Share
\$1 - \$100,000	5 percent
100,001 - 200,000	10 percent
200,001 - 600,000	30 percent
over 600,000	35 percent.

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9 • Sec. 10. AS 14.14.115(c)(2) is amended to read:

10 (2) "district" has the meaning given in AS 14.17.290 [AS 14.17.250].

11 • Sec. 11. AS 14.16.050(a)(2) is amended to read:

12 (2) requirements relating to the public school funding program
 13 [STATE FINANCIAL ASSISTANCE FOR EDUCATION] and the receipt and
 14 expenditure of that funding [ASSISTANCE];

15 (A) AS 14.17.500 [AS 14.17.080] (relating to student count
 16 estimates);

17 (B) AS 14.17.505 [AS 14.17.082] (relating to school operating
 18 fund balances);

19 (C) AS 14.17.500 - 14.17.910 [AS 14.17.160 - 14.17.220]
 20 (setting out the procedure for payment of public school funding [FINANCIAL
 21 ASSISTANCE.] and imposing general requirements and limits on money paid);

22 • Sec. 12. AS 14.16.080(a) is amended to read:

23 (a) AS 14.17.435 [AS 14.17.024] applies to the calculation of public school
 24 funding [STATE AID] payable for operation of a state boarding school.

25 • Sec. 13. AS 14.20.177(a) is amended to read:

26 (a) A school district may implement a layoff plan under this section, if it is
 27 necessary for the district to reduce the number of tenured teachers because

28 (1) school attendance in the district has decreased; [OR]

29 (2) the state support for [BASIC NEED OF] the school district
 30 determined under AS 14.17.410(b)(1) [AS 14.17.021(c)] AND ADJUSTED UNDER
 31 AS 14.17.225(b)] decreases by three percent or more from the previous year; or

1 (3) the state share of equalization funding is reduced under
2 AS 14.17.400(b) by three percent or more in a fiscal year.

3 • Sec. 14. AS 14.30.305 is amended to read:

4 Sec. 14.30.305. State support of programs for children hospitalized or
5 confined to their homes. A child who is hospitalized or confined to home and who
6 receives at least 10 hours of special education and related services per week may be
7 counted as a pupil in average daily membership when computing state support under
8 the public school funding [FOUNDATION] program.

9 • Sec. 15. AS 14.30.315(a) is amended to read:

10 (a) To be eligible for state support under the public school funding
11 [FOUNDATION] program, special education and related services for gifted children
12 must be provided in a program that has been approved in advance by the department.

13 • Sec. 16. AS 14.30.347 is amended to read:

14 Sec. 14.30.347. Transportation of exceptional children. When transportation
15 is required to be provided as related services, an exceptional child [CHILDREN] shall
16 be carried with other children if the district provides transportation to other
17 children in the district [.] except when the nature of the [THEIR] physical or mental
18 disability [DISABILITIES] is such that it is in the best interest of the exceptional
19 child [CHILDREN], as determined by the school district, that the child [THEY] be
20 transported separately. A district is responsible for the costs associated with
21 providing transportation as a related service to an exceptional child [STATE
22 REIMBURSEMENT FOR TRANSPORTATION OF EXCEPTIONAL CHILDREN
23 SHALL BE AS PROVIDED FOR TRANSPORTATION OF ALL OTHER PUPILS
24 EXCEPT THAT ELIGIBILITY FOR REIMBURSEMENT IS NOT SUBJECT TO
25 RESTRICTION BASED ON THE MINIMUM DISTANCE BETWEEN THE
26 SCHOOL AND THE RESIDENCE OF THE EXCEPTIONAL CHILD].

27 • Sec. 17. AS 14.30.650 is repealed and reenacted to read:

28 Sec. 14.30.650. Funding. (a) Subject to legislative appropriation, each fiscal
29 year the department may allocate to the agency an amount equal to 18 percent of the
30 unadjusted statewide ADM multiplied by \$85.

31 (b) In this section, "statewide ADM" means the sum of all district ADMs in

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the state as calculated under AS 14.17.

* Sec. 18. AS 14.36.030(a) is amended to read:

(a) A district operating a community school program under an approved plan of operation may receive an annual grant from the state of one-half of one percent of its public school funding [FOUNDATION SUPPORT] or \$10,000, whichever is greater.

* Sec. 19. AS 29.45.020(a) is amended to read:

(a) If a municipality levies and collects property taxes, the governing body shall provide the following notice:

"NOTICE TO TAXPAYER

For the current fiscal year the (city)(borough) has been allocated the following amount of state aid for school and municipal purposes under the applicable financial assistance Acts:

PUBLIC SCHOOL <u>FUNDING</u> [FOUNDATION]	
PROGRAM [ASSISTANCE] (AS 14.17)	\$
STATE AID FOR RETIREMENT OF SCHOOL	
CONSTRUCTION DEBT (AS 14.11.100)	\$
MUNICIPAL TAX RESOURCE EQUALIZATION	
(AS 29.60.010 - 29.60.080)	\$
PRIORITY REVENUE SHARING FOR	
MUNICIPAL SERVICES (AS 29.60.100 - 29.60.180)	\$
REVENUE SHARING FOR SAFE COMMUNITIES	
(AS 29.60.350 - 29.60.375)	\$
TOTAL AID	\$

The millage equivalent of this state aid, based on the dollar value of a mill in the municipality during the current assessment year and for the preceding assessment year, is:

	MILLAGE EQUIVALENT	
	PREVIOUS YEAR	THIS YEAR
PUBLIC SCHOOL <u>FUNDING</u>		
[FOUNDATION] PROGRAM		

1	ASSISTANCE	... MILLS	.... MILLS
2	STATE AID FOR RETIREMENT		
3	OF SCHOOL CONSTRUCTION		
4	DEBT	... MILLS	... MILLS
5	MUNICIPAL TAX RESOURCE		
6	EQUALIZATION	... MILLS	... MILLS
7	PRIORITY REVENUE FOR SHARING		
8	MUNICIPAL SERVICES	... MILLS	... MILLS
9	REVENUE SHARING FOR SAFE		
10	COMMUNITIES	... MILLS	... MILLS
11	TOTAL MILLAGE		
12	EQUIVALENT	... MILLS	... MILLS"

13 Notice shall be provided by

14 (1) [BY] furnishing a copy of the notice with tax statements mailed for
15 the fiscal year for which aid is received; or

16 (2) [BY] publishing in a newspaper of general circulation in the
17 municipality a copy of the notice once each week for a period of three successive
18 weeks, with publication to occur not later than 45 days after the final adoption of the
19 municipality's budget.

20 * Sec. 20. AS 29.60.030(d) is amended to read:

21 (d) The full and true assessed property value shall be determined by the
22 department in the manner provided for the computation of state aid to education under
23 AS 14.17.510 [AS 14.17.140]. When the determination of locally generated revenue
24 includes revenue of a utility received under AS 29.60.010(c)(1)(E), the full and true
25 assessed property value must include the computed assessed value of the utility,
26 determined by dividing the amount of the payment in place of taxes made by the
27 utility by the millage rate that would apply to the utility if the utility were subject to
28 levy and collection of taxes under AS 29.45.

29 * Sec. 21. AS 36.10.090(b) is amended to read:

30 (b) A local government or school district covered by the provisions of this
31 chapter that is found to be in violation of these provisions may be required to forfeit

1 all or part of the state aid made available for the project in which the violation occurs
 2 and in addition may be denied up to 12 months of state revenue sharing or public
 3 school funding [FOUNDATION MONEY]. A state department or agency head found
 4 to be in violation of this chapter may be required to forfeit the position of department
 5 or agency head.

6 * Sec. 22. AS 36.10.125(c) is amended to read:

7 (c) In an action brought under (b) of this section, the court may, in its
 8 discretion, order denial of state revenue sharing or public school funding
 9 [FOUNDATION MONEY], forfeiture of office or position, or injunctive or other
 10 relief. If the court finds for the plaintiff in an action brought under (b) of this section,
 11 it may award the plaintiff an amount equal to the actual costs and attorney fees
 12 incurred by the plaintiff.

13 * Sec. 23. AS 44.47.305(c) is amended to read:

14 (c) A grant under (a) of this section may not exceed \$50 per month for each
 15 child the child care facility cares for, or for each full-time equivalent, as determined
 16 by the department. The grant shall be adjusted on a geographic basis by the same
 17 percentages as funding communities [INSTRUCTIONAL UNIT ALLOTMENTS] are
 18 adjusted under AS 14.17.470 [AS 14.17.051].

19 * Sec. 24. AS 14.09.020; AS 14.17.010, 14.17.021, 14.17.022, 14.17.024, 14.17.025,
 20 14.17.026, 14.17.031, 14.17.041, 14.17.043, 14.17.045, 14.17.047, 14.17.051, 14.17.056,
 21 14.17.080, 14.17.082, 14.17.140, 14.17.160, 14.17.170, 14.17.190, 14.17.200, 14.17.210,
 22 14.17.220, 14.17.225, 14.17.250; and AS 14.30.010(b)(7) are repealed.

23 * Sec. 25. TRANSITION: AREA COST FACTORS. (a) Notwithstanding AS 14.17.470,
 24 enacted by sec. 2 of this Act, for the fiscal years beginning July 1, 1998, and July 1, 1999,
 25 and for the purposes of calculating public school funding under AS 14.17, as enacted by sec. 2
 26 of this Act, the area cost factor of a funding community of a school district is as follows:

DISTRICT	FUNDING COMMUNITY	AREA COST FACTOR
Alaska Gateway	Alcan Border	1.14
Alaska Gateway	Dot Lake	1.14
Alaska Gateway	Eagle	1.14
Alaska Gateway	Mentasta	1.14

1	Alaska Gateway	Northway	1.14
2	Alaska Gateway	Tanacross	1.14
3	Alaska Gateway	Tetlin	1.14
4	Alaska Gateway	Tok	1.14
5	Aleutians East	Akutan	1.32
6	Aleutians East	Cold Bay	1.32
7	Aleutians East	False Pass	1.32
8	Aleutians East	King Cove	1.32
9	Aleutians East	Nelson Lagoon	1.32
10	Aleutians East	Sand Point	1.32
11	Aleutians Region	Atka	1.32
12	Alyeska Central School	Alyeska Central School	1.00
13	Anchorage	Anchorage	1.00
14	Anchorage	Eagle River	1.00
15	Anchorage	Girdwood	1.00
16	Annette Island	Annette	1.05
17	Bering Strait	Brevig Mission	1.40
18	Bering Strait	Diomede	1.55
19	Bering Strait	Elim	1.40
20	Bering Strait	Gambell	1.55
21	Bering Strait	Golovin	1.40
22	Bering Strait	Koyuk	1.40
23	Bering Strait	Savoonga	1.55
24	Bering Strait	Shaktoolik	1.40
25	Bering Strait	Shishmaref	1.40
26	Bering Strait	St. Michael	1.40
27	Bering Strait	Stebbins	1.40
28	Bering Strait	Teller	1.40
29	Bering Strait	Unalakleet	1.40
30	Bering Strait	Wales	1.40
31	Bering Strait	White Mountain	1.40

WORK DRAFT

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1	Bristol Bay	Bristol Bay	1.40
2	Bristol Bay	South Naknek	1.40
3	Chatham	Angoon	1.05
4	Chatham	Cube Cove	1.05
5	Chatham	Elfin Cove	1.05
6	Chatham	Gustavus	1.05
7	Chatham	Hobart Bay	1.05
8	Chatham	Klukwan	1.05
9	Chatham	Tenakee Springs	1.05
10	Chugach	Chenega Bay	1.14
11	Chugach	Icy Bay	1.14
12	Chugach	Tatitlek	1.14
13	Chugach	Whittier	1.05
14	Chugach	Yakataga	1.14
15	Copper River	Chistochina	1.05
16	Copper River	Copper Center	1.05
17	Copper River	Gakona	1.05
18	Copper River	Glennallen	1.05
19	Copper River	Kenny Lake	1.05
20	Copper River	Lottie Sparks	1.05
21	Copper River	Slana	1.05
22	Cordova	Cordova	1.14
23	Craig	Craig	1.05
24	Delta/Greely	Delta Junction	1.14
25	Delta/Greely	Healy Lake	1.14
26	Denali	Anderson	1.14
27	Denali	Cantwell	1.14
28	Denali	Healy	1.14
29	Dillingham	Dillingham	1.32
30	Fairbanks	Eielson	1.00
31	Fairbanks	Fairbanks	1.00

1	Fairbanks	North Pole	1.00
2	Fairbanks	Salcha	1.05
3	Fairbanks	Two Rivers	1.05
4	Galena	Galena	1.32
5	Haines	Haines	1.05
6	Haines	Mosquito Lake	1.05
7	Hoonah	Hoonah	1.05
8	Hydaburg	Hydaburg	1.05
9	Iditarod	Anvik	1.32
10	Iditarod	Grayling	1.32
11	Iditarod	Holy Cross	1.32
12	Iditarod	Lake Minchumina	1.32
13	Iditarod	Lime Village	1.32
14	Iditarod	McGrath	1.32
15	Iditarod	Nikolai	1.32
16	Iditarod	Shageluk	1.32
17	Iditarod	Takoma	1.32
18	Iditarod	Telida	1.32
19	Juneau	Juneau	1.00
20	Kake	Kake	1.05
21	Kashunamiut	Chevak	1.32
22	Kenai Peninsula	Anchor Point	1.00
23	Kenai Peninsula	Cooper Landing	1.00
24	Kenai Peninsula	Homer	1.00
25	Kenai Peninsula	Hope	1.00
26	Kenai Peninsula	Kachemak Selo	1.05
27	Kenai Peninsula	Kasilof	1.00
28	Kenai Peninsula	Kenai	1.00
29	Kenai Peninsula	McNeil Canyon	1.00
30	Kenai Peninsula	Moose Pass	1.00
31	Kenai Peninsula	Nanwalek	1.05

1	Kenai Peninsula	Nikiski	1.00
2	Kenai Peninsula	Nikolaevsk	1.05
3	Kenai Peninsula	Ninilchik	1.00
4	Kenai Peninsula	Port Graham	1.05
5	Kenai Peninsula	Razdolna	1.05
6	Kenai Peninsula	Seldovia	1.05
7	Kenai Peninsula	Seward	1.00
8	Kenai Peninsula	Soldotna	1.00
9	Kenai Peninsula	Sterling	1.00
10	Kenai Peninsula	Tyonek	1.05
11	Kenai Peninsula	Voznesenka	1.05
12	Ketchikan	Ketchikan	1.00
13	Klawock	Klawock	1.05
14	Kodiak Island	Akhiok	1.14
15	Kodiak Island	Big Sandy Lake	1.14
16	Kodiak Island	Chiniak	1.05
17	Kodiak Island	Danger Bay	1.14
18	Kodiak Island	Karluk	1.14
19	Kodiak Island	Kodiak	1.05
20	Kodiak Island	Larsen Bay	1.14
21	Kodiak Island	Old Harbor	1.14
22	Kodiak Island	Ouzinkie	1.14
23	Kodiak Island	Port Lions	1.14
24	Kuspuk	Aniak	1.32
25	Kuspuk	Chuathbaluk	1.32
26	Kuspuk	Crooked Creek	1.32
27	Kuspuk	Lower Kalskag	1.32
28	Kuspuk	Red Devil	1.32
29	Kuspuk	Sleetmute	1.32
30	Kuspuk	Stony River	1.32
31	Kuspuk	Upper Kalskag	1.32

1	Lake and Peninsula	Chignik Bay	1.32
2	Lake and Peninsula	Chignik Lagoon	1.32
3	Lake and Peninsula	Chignik Lake	1.32
4	Lake and Peninsula	Egegik	1.32
5	Lake and Peninsula	Igiugig	1.32
6	Lake and Peninsula	Ivanof Bay	1.32
7	Lake and Peninsula	Kokhanok	1.32
8	Lake and Peninsula	Levelok	1.32
9	Lake and Peninsula	Newhalen	1.32
10	Lake and Peninsula	Nondalton	1.32
11	Lake and Peninsula	Pedro Bay	1.32
12	Lake and Peninsula	Perryville	1.32
13	Lake and Peninsula	Pilot Point	1.32
14	Lake and Peninsula	Port Alsworth	1.32
15	Lake and Peninsula	Port Heiden	1.32
16	Lower Kuskokwim	Akiuk	1.32
17	Lower Kuskokwim	Akula	1.32
18	Lower Kuskokwim	Atmautlauk	1.32
19	Lower Kuskokwim	Bethel	1.32
20	Lower Kuskokwim	Chefomak	1.32
21	Lower Kuskokwim	Eek	1.32
22	Lower Kuskokwim	Goodnews Bay	1.32
23	Lower Kuskokwim	Kipnuk	1.32
24	Lower Kuskokwim	Kongiganak	1.32
25	Lower Kuskokwim	Kwethluk	1.32
26	Lower Kuskokwim	Kwigillingok	1.32
27	Lower Kuskokwim	Mekoryuk	1.40
28	Lower Kuskokwim	Napakiak	1.32
29	Lower Kuskokwim	Napaskiak	1.32
30	Lower Kuskokwim	Newtok	1.32
31	Lower Kuskokwim	Nightmute	1.32

WORK DRAFT

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1	Lower Kuskokwim	Nunapitchuk	1.32
2	Lower Kuskokwim	Oscarville	1.32
3	Lower Kuskokwim	Platinum	1.32
4	Lower Kuskokwim	Quinhagak	1.32
5	Lower Kuskokwim	Toksook Bay	1.32
6	Lower Kuskokwim	Tuntutuliak	1.32
7	Lower Kuskokwim	Tununak	1.32
8	Lower Yukon	Alakanak	1.32
9	Lower Yukon	Emmonak	1.32
10	Lower Yukon	Hooper Bay	1.32
11	Lower Yukon	Kotlik	1.32
12	Lower Yukon	Marshall	1.32
13	Lower Yukon	Mountain Village	1.32
14	Lower Yukon	Pilot Station	1.32
15	Lower Yukon	Pitkas Point	1.32
16	Lower Yukon	Russian Mission	1.32
17	Lower Yukon	Scammon Bay	1.32
18	Lower Yukon	Sheldon Point	1.32
19	Matanuska-Susitna	Beryozava	1.05
20	Matanuska-Susitna	Big Lake	1.00
21	Matanuska-Susitna	Butte	1.00
22	Matanuska-Susitna	Colony	1.00
23	Matanuska-Susitna	Glacier View	1.00
24	Matanuska-Susitna	Houston	1.00
25	Matanuska-Susitna	Matanuska-Susitna Valley	1.00
26	Matanuska-Susitna	Palmer	1.00
27	Matanuska-Susitna	Pt. McKenzie	1.00
28	Matanuska-Susitna	Skwentna	1.05
29	Matanuska-Susitna	Sutton	1.00
30	Matanuska-Susitna	Talkeetna	1.00
31	Matanuska-Susitna	Trapper Creek	1.00

1	Matanuska-Susitna	Wasilla	1.00
2	Matanuska-Susitna	Willow	1.00
3	Mt. Edgecumbe	Mt. Edgecumbe	1.00
4	Nenana	Nenana	1.14
5	Nome	Nome	1.32
6	North Slope	Anaktuvuk Pass	1.55
7	North Slope	Atkasuk	1.55
8	North Slope	Barrow	1.55
9	North Slope	Kaktovik	1.55
10	North Slope	Nuiqsut	1.55
11	North Slope	Point Hope	1.55
12	North Slope	Point Lay	1.55
13	North Slope	Wainwright	1.55
14	Northwest Arctic	Ambler	1.45
15	Northwest Arctic	Buckland	1.45
16	Northwest Arctic	Deering	1.45
17	Northwest Arctic	Kiana	1.45
18	Northwest Arctic	Kivalina	1.45
19	Northwest Arctic	Kobuk	1.45
20	Northwest Arctic	Kotzebue	1.45
21	Northwest Arctic	Noatak	1.45
22	Northwest Arctic	Noorvik	1.45
23	Northwest Arctic	Selawik	1.45
24	Northwest Arctic	Shungnak	1.45
25	Pelican	Pelican	1.05
26	Petersburg	Petersburg	1.00
27	Pribilof	St. George	1.40
28	Pribilof	St. Paul	1.40
29	Sitka	Sitka	1.00
30	Skagway	Skagway	1.05
31	Southeast Island	Craik	1.05

1	Southeast Island	Edna Bay	1.05
2	Southeast Island	Hollis	1.05
3	Southeast Island	Howard Valentine	1.05
4	Southeast Island	Jr. Gildersleeve	1.05
5	Southeast Island	Kasaan	1.05
6	Southeast Island	Naukati	1.05
7	Southeast Island	Polk Inlet	1.05
8	Southeast Island	Port Alexander	1.05
9	Southeast Island	Port Protection	1.05
10	Southeast Island	Thorne Bay	1.05
11	Southeast Island	Whale Pass	1.05
12	Southwest Region	Aleknagik North	1.32
13	Southwest Region	Clarks Point	1.32
14	Southwest Region	Ekwok	1.32
15	Southwest Region	Koliganek	1.32
16	Southwest Region	Manokotak	1.32
17	Southwest Region	New Stuyahok	1.32
18	Southwest Region	Portage	1.32
19	Southwest Region	Togiak	1.32
20	Southwest Region	Twin Hills	1.32
21	St. Mary's	St. Mary's	1.32
22	Tanana	Tanana	1.40
23	Unalaska	Unalaska	1.32
24	Valdez	Valdez	1.05
25	Wrangell	Wrangell	1.00
26	Yakutat	Yakutat	1.14
27	Yukon Flats	Arctic Village	1.45
28	Yukon Flats	Beaver	1.45
29	Yukon Flats	Birch Creek	1.45
30	Yukon Flats	Central	1.32
31	Yukon Flats	Chalkyitsik	1.45

1	Yukon Flats	Circle	1.32
2	Yukon Flats	Fort Yukon	1.45
3	Yukon Flats	Northern Lights	1.32
4	Yukon Flats	Rampart	1.45
5	Yukon Flats	Stevens Village	1.45
6	Yukon Flats	Venetie	1.45
7	Yukon/Koyukuk	Allakaket	1.40
8	Yukon/Koyukuk	Bettles	1.40
9	Yukon/Koyukuk	Hughes	1.40
10	Yukon/Koyukuk	Huslia	1.40
11	Yukon/Koyukuk	Kaltag	1.40
12	Yukon/Koyukuk	Koyukuk	1.40
13	Yukon/Koyukuk	Manley Hot Springs	1.40
14	Yukon/Koyukuk	Minto	1.32
15	Yukon/Koyukuk	Nulato	1.40
16	Yukon/Koyukuk	Ruby	1.40
17	Yupiiit	Akiachak	1.32
18	Yupiiit	Akiak	1.32
19	Yupiiit	Tuluksak	1.32

20 (b) For the period during which the area cost factors set out in (a) of this section serve
 21 as the public school funding area cost factors under AS 14.17, as amended by this Act, those
 22 area cost factors apply for purposes of geographic adjustments to child care grants under
 23 AS 44.47.305(c), as amended by sec. 23 of this Act.

24 * Sec. 26. TRANSITION: STUDENT TRANSPORTATION. Notwithstanding
 25 AS 14.09.010(b), as repealed and reenacted by sec. 8 of this Act, and AS 14.17.470(b),
 26 enacted by sec. 2 of this Act, for the fiscal years beginning July 1, 1998, and July 1, 1999,
 27 and for the purposes of calculating public school funding under AS 14.17, as amended by this
 28 Act, a school district that provides student transportation shall have its adjusted ADM
 29 multiplied by a transportation factor as follows:

30	DISTRICT	TRANSPORTATION FACTOR
31	Alaska Gateway	1.07

1	Aleutian Region	1.00
2	Aleutians East	1.01
3	Anchorage	1.04
4	Annette Islands	1.00
5	Bering Strait	1.00
6	Bristol Bay	1.07
7	Chatham	1.00
8	Chugach	1.00
9	Copper River	1.09
10	Cordova	1.01
11	Craig	1.00
12	Delta/Greely	1.10
13	Denali	1.07
14	Dillingham	1.04
15	Fairbanks	1.05
16	Galena	1.02
17	Haines	1.04
18	Hoonah	1.01
19	Hydaburg	1.00
20	Iditarod	1.01
21	Juneau	1.04
22	Kake	1.01
23	Kashunamiut	1.00
24	Kenai Peninsula	1.05
25	Ketchikan	1.04
26	Klawock	1.00
27	Kodiak Island	1.03
28	Kuspuk	1.02
29	Lake and Peninsula	1.02
30	Lower Kuskokwim	1.01
31	Lower Yukon	1.00

1	Matanuska-Susitna	1.08
2	Nenana	1.05
3	Nome	1.03
4	North Slope	1.02
5	Northwest Arctic	1.00
6	Pelican	1.00
7	Petersburg	1.02
8	Pribilof	1.00
9	Sitka	1.04
10	Skagway	1.00
11	Southeast Island	1.03
12	Southwest Region	1.02
13	St. Mary's	1.00
14	Tanana	1.01
15	Unalaska	1.03
16	Valdez	1.04
17	Wrangell	1.03
18	Yakutat	1.03
19	Yukon Flats	1.01
20	Yukon/Koyukuk	1.01
21	Yupitit	1.00

22 * Sec. 27. TRANSITION: HOLD HARMLESS. (a) Notwithstanding the provisions of
 23 secs. 1 - 26 of this Act and except as provided in (c) of this section, if, for a fiscal year
 24 beginning July 1, 1998, through July 1, 2001, a school district would receive less public
 25 school funding under AS 14.17.410, enacted by sec. 2 of this Act, than the district would have
 26 received as state aid for the fiscal year beginning July 1, 1998, and if the district meets the
 27 requirements of (b) of this section, the district is eligible to receive instead a percentage of
 28 the state aid the district would have received for the fiscal year beginning July 1, 1998,
 29 according to the following table:

30	For the fiscal year beginning	Percentage of state aid for the fiscal year
31		beginning July 1, 1998

1	July 1, 1998	100
2	July 1, 1999	80
3	July 1, 2000	60
4	July 1, 2001	40
5	July 1, 2002	20

6 (b) A school district in a city or borough is not entitled to the hold harmless
7 percentage set out in (a) of this section for a fiscal year unless the city or borough makes a
8 local contribution to the district for that fiscal year as required under this subsection. For the
9 hold harmless for the fiscal year beginning July 1, 1998, the required local contribution is the
10 equivalent of a four mill tax levy; for the fiscal year beginning July 1, 1999, the required local
11 contribution is the equivalent of a five mill tax levy; for the fiscal year beginning
12 July 1, 2000, the required local contribution is the equivalent of a six mill tax levy; and for
13 the fiscal year beginning July 1, 2001, the required local contribution is the equivalent of a
14 seven mill tax levy.

15 (c) For the purposes of the reduction required under AS 14.17.400(b), enacted by
16 sec. 2 of this Act, hold harmless funding authorized under (a) and (b) of this section is treated
17 the same as the state share of equalization funding under AS 14.17.410, enacted by sec. 2 of
18 this Act.

19 (d) For purposes of this section, "state aid" means state foundation aid distributed
20 under the provisions of AS 14.17, repealed by this Act, additional district support appropriated
21 by the legislature, and student transportation support reimbursed by the Department of
22 Education.

23 * Sec. 28. TRANSITION: REGULATIONS. To the extent the regulations are not
24 inconsistent with the language and purposes of this Act, regulations relating to state aid for
25 public schools adopted by the Department of Education before the effective date of this Act
26 remain in effect as valid regulations implementing this Act; all other regulations relating to
27 state aid for public schools adopted by the Department of Education before the effective date
28 of this Act are annulled. The Department of Education may administer and enforce those
29 previously adopted regulations relating to state foundation aid for public schools.

30 * Sec. 29. TRANSITION: BASE STUDENT ALLOCATION. Notwithstanding
31 AS 14.17.475, enacted in sec. 2 of this Act, the base student allocation is as follows:

	For the fiscal year beginning	Base student allocation
1		
2	July 1, 1998	\$3,400
3	July 1, 1999	3,925
4	July 1, 2000	3,970
5	July 1, 2001	4,010
6	* Sec. 30. This Act takes effect July 1, 1998.	

	HB 148 (HES) Proposed State Support	Existing Formula Projected State Support	Difference Between HB 148(HES) and Existing Change in State Support	Transition Funding	Net Change State Aid Plus Transition
ALASKA GATEWAY	4,744,892	5,450,365	(705,473)	705,473	0
ALEUTIAN REGION	1,049,088	1,294,229	(245,141)	245,141	0
ALEUTIANS EAST	3,545,646	3,580,405	(34,759)	34,759	0
ANCHORAGE	202,748,229	198,935,818	3,812,411	0	3,812,411
ANNETTE ISLANDS	2,850,816	1,753,509	1,097,307	0	1,097,307
BERING STRAIT	18,447,980	17,487,346	960,634	0	960,634
BRISTOL BAY	2,543,075	1,871,976	671,099	0	671,099
CHATHAM	2,783,634	2,350,699	432,935	0	432,935
CHUGACH	1,093,670	1,515,697	(422,027)	422,027	0
COPPER RIVER	5,356,827	6,773,428	(1,416,601)	1,416,601	0
CORDOVA	2,875,434	2,921,560	(46,126)	46,126	0
CRAIG	2,279,937	2,523,287	(243,350)	243,350	0
DELTA/GREELY	5,266,054	5,649,074	(382,970)	382,970	0
DENALI	2,645,389	2,953,916	(308,527)	308,527	0
DILLINGHAM	4,317,230	4,308,393	8,837	0	8,837
FAIRBANKS	70,802,271	70,065,669	736,602	0	736,602
GALENA	4,852,457	6,687,958	(1,835,501)	1,835,501	0
HAINES	2,061,442	2,308,996	(247,554)	247,554	0
HOONAH	2,157,029	2,090,539	66,490	0	66,490
HYDABURG	1,055,701	1,194,310	(138,609)	138,609	0
IDITAROD	5,279,700	5,350,447	(70,747)	70,747	0
JUNEAU	21,955,976	21,532,470	423,506	0	423,506
KAKE	1,427,411	1,493,619	(66,208)	66,208	0
KASHUNAMIUT	2,655,026	2,398,514	256,512	0	256,512
KENAI	45,261,182	45,451,156	(189,974)	189,974	0
KETCHIKAN	9,727,487	9,678,750	48,737	0	48,737
KLAWOCK	1,631,435	1,587,820	43,615	0	43,615
KODIAK	14,061,041	14,610,654	(549,613)	549,613	0
KUSPUK	5,410,231	5,646,859	(236,628)	236,628	0
LAKE AND PENINSULA	6,387,875	6,842,467	(454,592)	454,592	0
LOWER KUSKOKWIM	31,190,458	38,943,551	(7,753,093)	7,753,093	0
LOWER YUKON	16,358,532	14,928,605	1,429,927	0	1,429,927
MAT-SU	60,597,244	64,166,524	(3,569,280)	3,569,280	0
NENANA	1,310,400	2,007,842	(697,442)	697,442	0
NOME	5,323,777	5,680,239	(356,462)	356,462	0
NORTH SLOPE	0	12,027,620	(12,027,620)	0	(12,027,620)
NORTHWEST ARCTIC	19,207,443	18,530,116	677,327	0	677,327
PELICAN	412,974	605,426	(192,452)	192,452	0
PETERSBURG	3,626,609	3,509,929	116,680	0	116,680
PRIEBILOF	2,140,286	1,883,539	256,747	0	256,747
SITKA	6,575,645	6,524,402	51,243	0	51,243
SKAGWAY	672,424	800,628	(128,404)	128,404	0
SOUTHEAST	2,672,159	2,937,038	(264,880)	264,880	0
SOUTHWEST	7,627,678	7,694,147	(66,469)	66,469	0
ST. MARYS	1,390,870	1,555,616	(164,746)	164,746	0
TANANA	1,163,719	1,400,031	(236,312)	236,312	0
UNALASKA	2,990,745	2,283,596	707,149	0	707,149
VALDEZ	2,962,034	3,973,405	(1,411,371)	1,411,371	0
WRANGELL	2,428,288	2,647,399	(219,111)	219,111	0
YAKUTAI	1,577,029	1,486,749	90,280	0	90,280
YUKON FLATS	5,403,264	6,227,549	(824,285)	824,285	0
YUKON-KOYUKUK	6,702,078	6,905,455	(203,378)	203,378	0
YUPIIT	3,755,268	4,250,129	(494,861)	494,861	0
ALASKA CORRES.	4,139,316	3,996,324	142,992	0	142,992
MT. EDGECLIFF	1,971,267	1,717,150	254,917	0	254,917
OTHER	2,971,131	28,096,131	0	0	0
TOTAL	674,772,601	689,089,221	(14,316,620)	24,176,947	(139,673)

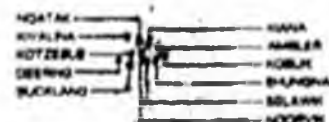
Changes to various components of the formula will change the outcome of the distribution of funds.

Year one - fiscal year 1999
 Student Allotment \$4,150
 NO HOLD HARMLESS

	HB 148 (HES) Proposed State Support	Existing Formula Projected State Support	Difference Between HB 148(HES) and Existing Change in State Support	Transition Funding	Net Change State Aid Plus Transition
ALASKA GATEWAY	5,121,732	5,450,365	(328,633)	0	(328,633)
ALEUTIAN REGION	1,133,780	1,294,229	(160,449)	0	(160,449)
ALEUTIANS EAST	3,755,396	3,580,405	174,991	0	174,991
ANCHORAGE	207,341,956	198,935,818	8,406,138	0	8,406,138
ANNETTE ISLANDS	3,080,960	1,753,509	1,327,451	0	1,327,451
BERING STRAIT	19,926,826	17,487,346	2,439,480	0	2,439,480
BRISTOL BAY	2,580,236	1,871,976	708,260	0	708,260
CHATHAM	3,004,540	2,350,699	653,841	0	653,841
CHUGACH	1,181,962	1,515,697	(333,735)	0	(333,735)
COPPER RIVER	5,783,558	6,773,428	(989,870)	0	(989,870)
CORDOVA	2,971,478	2,921,560	49,918	0	49,918
CRAIG	2,388,813	2,523,287	(134,674)	0	(134,674)
DELTA/GREELY	5,678,754	5,649,024	29,730	0	29,730
DENALI	2,771,848	2,953,916	(182,068)	0	(182,068)
DILLINGHAM	4,533,687	4,308,393	225,294	0	225,294
FAIRBANKS	72,771,953	70,065,669	2,706,284	0	2,706,284
GALENA	5,223,660	6,687,958	(1,464,298)	0	(1,464,298)
HAINES	2,094,291	2,308,996	(214,705)	0	(214,705)
HOONAH	2,293,354	2,090,539	202,815	0	202,815
HYDABURG	1,134,509	1,194,310	(59,801)	0	(59,801)
IDITAROD	5,693,938	5,350,447	343,491	0	343,491
JUNEAU	21,828,000	21,532,470	295,530	0	295,530
KAKE	1,527,584	1,493,619	33,965	0	33,965
KASHUNAMIUT	2,882,172	2,398,514	483,658	0	483,658
KENAI	45,814,669	45,451,156	363,513	0	363,513
KETCHIKAN	9,628,495	9,678,750	(50,255)	0	(50,255)
KLAWOCK	1,747,460	1,587,820	159,640	0	159,640
KODIAK	14,495,129	14,610,654	(115,525)	0	(115,525)
KUSPUK	5,844,597	5,646,859	197,738	0	197,738
LAKE AND PENINSULA	6,850,245	6,842,467	7,778	0	7,778
LOWER KUSKOKWIM	33,650,894	38,943,551	(5,292,657)	0	(5,292,657)
LOWER YUKON	17,676,745	14,928,605	2,748,140	0	2,748,140
MAT-SU	63,404,031	64,166,524	(762,493)	0	(762,493)
NENANA	1,401,430	2,007,842	(606,412)	0	(606,412)
NOME	5,632,538	5,680,239	(47,701)	0	(47,701)
NORTH SLOPE	0	12,027,620	(12,027,620)	0	(12,027,620)
NORTHWEST ARCTIC	20,468,901	18,530,116	1,938,785	0	1,938,785
PELICAN	438,202	605,428	(169,224)	0	(169,224)
PETERSBURG	3,732,591	3,509,929	222,662	0	222,662
PRIIBILOF	2,307,984	1,883,539	424,445	0	424,445
SITKA	6,614,651	6,524,402	90,249	0	90,249
SKAGWAY	620,736	800,828	(180,092)	0	(180,092)
SOUTHEAST	2,884,066	2,937,039	(52,973)	0	(52,973)
SOUTHWEST	8,241,056	7,694,147	546,909	0	546,909
ST. MARY'S	1,493,745	1,555,616	(55,871)	0	(55,871)
TANANA	1,253,255	1,400,031	(146,776)	0	(146,776)
UNALASKA	2,511,209	2,283,596	227,613	0	227,613
VALDEZ	2,042,320	3,973,405	(1,931,085)	0	(1,931,085)
WRANGELL	2,495,449	2,647,399	(151,950)	0	(151,950)
YAKUTAT	1,670,780	1,486,749	184,031	0	184,031
YUKON FLATS	5,839,466	6,227,549	(388,083)	0	(388,083)
YUKON KOYUKUK	7,230,886	6,905,455	325,431	0	325,431
YUPIIT	4,056,030	4,250,129	(194,099)	0	(194,099)
ALYESKA CORRES.	4,473,480	3,996,324	477,156	0	477,156
MT. EDGE CUMBE	2,133,432	1,717,150	416,282	0	416,282
OTHER	26,096,131	26,096,131	0	0	0
TOTAL	699,437,390	699,089,221	348,169	0	348,169

Changes to various components of the formula will change the outcome of the distribution of funds.

Northwest Arctic Borough School District
 BOX 51
 KOTZEBUE, ALASKA 99752
 (907) 442-3472



February 13, 1998

Representative Con Bunde, Chairperson
 H.E.S.S. Committee
 Alaska State Legislature
 State Capitol (MS 3100)
 Juneau, AK 99801-1182

Representative Bunde and members of the H.E.S.S. Committee.

I would like to state my opposition to the McDowell Report for the following reasons. The report suggests that no ACD should be attached to the instructional (personnel) costs associated with district spending. Due to the fact that most average teacher salaries in the state are within 5% of what Anchorage pay's and the Anchorage ACD is at 1.00. I vehemently disagree. Northwest Arctic Borough School District has to pay an additional 15% to a teacher with the exact same qualifications (experience and educational credits) as the Anchorage School District. A scatter gram of the certified personnel in each district indicates the following:

Salary Schedule			
	Lower 1/3	Middle 1/3	Upper 1/3
Northwest Arctic	33%	32%	34%
Anchorage	15%	28%	57%

Using Anchorage's average teacher salary as a base skews the figure to the upper limits due to the fact that 57% of their teachers are in the upper 1/3 of the pay scale. This means that for our average teacher salary to be equal to Anchorage's average teacher salary ($\pm 5\%$) in the lower 1/3 of our salary schedule has to be much higher than Anchorage's. Indeed they are (at least 15%). Incidentally, NWABSD ranks third in teacher salaries when compared to the other three largest Bush districts (North Slope, Lower Kuskokwim and Bering Straits), so those districts are paying a cost of living to their staff that is higher than NWABSD.

In conclusion, to state that we are not having to pay a higher wage than Anchorage due to the fact that our average is equal ($\pm 5\%$) of Anchorage's is absolutely not accurate. Therefore, an ACD must be applied to instructional allocations (personnel costs) as with non-personnel services and administration.

Sincerely,

Lou Matheson
 Superintendent

cc: Senator Al Adams
 Representative Reggie Juule

School Funding Analysis

Elements	Current Foundation Formula	HB 294 Rep. Kubina	SB 36 Senator Phillips	SB 257 & HB 351 Governor Knowles	SB 146 Senate HESS	HB 148 House HESS
Unit vs Per Pupil Allocation	<ul style="list-style-type: none"> Allocations are based on instructional units. 	<ul style="list-style-type: none"> No change from current formula. 	<ul style="list-style-type: none"> No change from current formula. 	<ul style="list-style-type: none"> No change from current formula. 	<ul style="list-style-type: none"> Allocations are distributed on a per student basis adjusted for a number of factors related to the cost of operating schools. 	<ul style="list-style-type: none"> Allocations are distributed on a per student basis adjusted for a number of factors related to the cost of operating schools.
Full Funding Requirement	<ul style="list-style-type: none"> Fully funded in Governor's FY99 budget. 	<ul style="list-style-type: none"> Requires an additional \$37.5 million over FY99 budget to fully fund. 	<ul style="list-style-type: none"> Requires an additional \$35.5 million over FY99 budget to fully fund. Recaptures \$33 million from North Slope Borough 	<ul style="list-style-type: none"> Requires an additional \$24.1 million over FY99 budget to fully fund. 	<ul style="list-style-type: none"> Requires an additional \$4.1 million over FY99 budget to fully fund. 	<ul style="list-style-type: none"> Unknown
Unit Value	<ul style="list-style-type: none"> \$61,000 	<ul style="list-style-type: none"> \$64,000 	<ul style="list-style-type: none"> \$61,000 	<ul style="list-style-type: none"> \$62,550 	<ul style="list-style-type: none"> Per pupil allocation. 	<ul style="list-style-type: none"> Per pupil allocation.
Annual Increase	<ul style="list-style-type: none"> No adjustment. 	<ul style="list-style-type: none"> No adjustment. 	<ul style="list-style-type: none"> No adjustment. 	<ul style="list-style-type: none"> 1% annual increase to the instructional unit value. 	<ul style="list-style-type: none"> Recommended inflationary adjustment based on Anchorage CPI. 	<ul style="list-style-type: none"> No adjustment.
Categorical Funding	<ul style="list-style-type: none"> Categorical revenue based on identification and types of service for students, 4 levels for Special Education, 3 levels for Bilingual Education and 1 level for Vocational Education. 	<ul style="list-style-type: none"> No change from current program. 	<ul style="list-style-type: none"> Categorical revenue for gifted and talented is an allocation based on 4.5% of total students funded separate from Special Education, all other categories remain the same. Consolidates Bilingual to 1 level still requiring identification. Vocational Education, no change from current program. 	<ul style="list-style-type: none"> Categorical revenue for gifted and talented is an allocation based on 4% of total students. Resource/Self Contained is an allocation based on 14% of total students. Bilingual and Vocational Education, no change from current formula. 	<ul style="list-style-type: none"> Special needs (Special Education, Gifted and Talented, Bilingual and Vocational) students are classified as 20% of total students enrolled in schools. Categorical funding is abolished. 	<ul style="list-style-type: none"> Special needs (Special Education, Gifted and Talented, Bilingual and Vocational) students are classified as 20% of total students enrolled in schools. Categorical funding is abolished.
Intensive Service Funding	<ul style="list-style-type: none"> Funding based on a count of students identified as having intensive needs. 	<ul style="list-style-type: none"> No change from current program. 	<ul style="list-style-type: none"> No change from current program. 	<ul style="list-style-type: none"> No change from current program. 	<ul style="list-style-type: none"> No change from current program. 	<ul style="list-style-type: none"> No change from current program.
Required Local Effort	<ul style="list-style-type: none"> Based on 4 mills or 35% of Basic Need. 	<ul style="list-style-type: none"> Based on 4 mills local effort or 40% of Basic Need. 	<ul style="list-style-type: none"> Based on 4.5 mills local effort. Eliminates 35% of Basic Need option 	<ul style="list-style-type: none"> No change from current program. 	<ul style="list-style-type: none"> Based on 3 mills for municipalities and a 3% wage tax in the unorganized borough. 	<ul style="list-style-type: none"> Based on 3 mills local effort increased .25 mills a year, capped at 4 mills.

School Funding Analysis

Elements	Current Foundation Formula	HB 294 Rep. Kubina	SB 36 Senator Phillips	SB 257 & HB 351 Governor Knowles	SB 146 Senate HESS	HB 148 House HESS
Redistribution Based on Property Wealth	<ul style="list-style-type: none"> None 	<ul style="list-style-type: none"> None 	<ul style="list-style-type: none"> Supplemental equalization aid. 	<ul style="list-style-type: none"> None 	<ul style="list-style-type: none"> Normalization of property wealth adjusted for school population. 	<ul style="list-style-type: none"> None
Impact Aid	<ul style="list-style-type: none"> Considers federal impact aid in formula. 	<ul style="list-style-type: none"> No change from current formula. 	<ul style="list-style-type: none"> No change from current formula. 	<ul style="list-style-type: none"> No change from current formula. 	<ul style="list-style-type: none"> Does not consider federal impact aid in formula. 	<ul style="list-style-type: none"> Does not consider federal impact aid in formula.
Local Cap	<ul style="list-style-type: none"> Allows additional local contributions. Capped at 23% of Basic Need in order to meet federal disparity test. 	<ul style="list-style-type: none"> No change from current formula. 	<ul style="list-style-type: none"> No change from current formula. 	<ul style="list-style-type: none"> No change from current formula. 	<ul style="list-style-type: none"> Allows additional local contributions without cap. 	<ul style="list-style-type: none"> Allows additional local contributions without cap.
Single site	<ul style="list-style-type: none"> No adjustment for single site school districts within formula. 	<ul style="list-style-type: none"> No change from current formula. 	<ul style="list-style-type: none"> Adds an adjustment for single site school districts. 	<ul style="list-style-type: none"> Adds an adjustment for single site school districts. 	<ul style="list-style-type: none"> Adds an adjustment for single site school districts. 	<ul style="list-style-type: none"> Adds an adjustment for single site school districts.
Area Cost Differentials	<ul style="list-style-type: none"> Area cost differential are based on 1985 state employee salary adjustments and have not been updated. Assigned at district level. 	<ul style="list-style-type: none"> No change from current formula. 	<ul style="list-style-type: none"> No change from current formula. 	<ul style="list-style-type: none"> No change from current formula. 	<ul style="list-style-type: none"> Requires area cost differential and size adjustment study to be completed and implemented in three years. Assigned at funding community level. 	<ul style="list-style-type: none"> Requires area cost differential study to be completed and implemented in three years. Assigned at funding community level.
School Size	<ul style="list-style-type: none"> Allows funding for schools serving as few as 1 student. 	<ul style="list-style-type: none"> No change from current formula. 	<ul style="list-style-type: none"> Minimum size for funding set at 10 ADM. 	<ul style="list-style-type: none"> Minimum size for funding set at 8 ADM. 	<ul style="list-style-type: none"> Minimum size for funding set at 10 ADM. 	<ul style="list-style-type: none"> Minimum size for funding set at 10 ADM.
Transitional Funding	None	None	<ul style="list-style-type: none"> None 	<ul style="list-style-type: none"> FY99 100% FY00 95% FY01 90% 	<ul style="list-style-type: none"> FY99 100% 4 mills FY00 98% 5 mills FY01 95% 6 mills FY02 90% 7 mills 	<ul style="list-style-type: none"> FY99 100% 4 mills FY00 80% 5 mills FY01 60% 6 mills FY02 40% 7 mills FY03 20% 7 mills
Pupil Transportation Program	<ul style="list-style-type: none"> Pupil transportation reimbursed under separate program. 	<ul style="list-style-type: none"> No change from current program. 	<ul style="list-style-type: none"> Pupil transportation reimbursed under separate program. Requires additional \$1.7 million to fully fund. 	<ul style="list-style-type: none"> No change from current program 	<ul style="list-style-type: none"> No change from current program 	<ul style="list-style-type: none"> Pupil transportation funds are allocated within formula based on weight factors.
Accountability for Student Learning	<ul style="list-style-type: none"> None required. 	<ul style="list-style-type: none"> None required. 	<ul style="list-style-type: none"> None required. 	<ul style="list-style-type: none"> Requires school-based results in reading, writing and math. Holds schools/communities accountable for student Learning. 	<ul style="list-style-type: none"> None required. 	<ul style="list-style-type: none"> None required.

Alaska State House of Representatives
House District 39



Session
Alaska State Capitol
Juneau, Alaska 99801-1182
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Interim
P.O. Box 137
Akiak, Alaska 99552
Phone: (907) 765-7526

Representative Ivan M. Ivan

MEMORANDUM

TO: Representative Con Brunde, Chair
House Health Education Social Services Committee

FROM: Representative Ivan M. Ivan *Ivan*
House District 39

DATE: February 5, 1998

RE: House Bill 148

My office received a letter from Mr. Matthew Nicolai, President of the Calista Regional Corporation dated February 4, 1998 expressing their opposition to HB 148, an act relating to the public school funding program; relating to the definition of a school district, to the transportation of students, to school district layoff plans, to the special education service agency, to the child care grant program, and to compulsory attendance in public schools. The Calista Regional Corporation encompasses the Yukon-Kuskokwim Delta area.

I am enclosing the letter and ask that this letter become a part of the record on HB 148 testimony.

Quyana.

Calista Corporation

601 W. 5th Avenue, Suite 200 - Anchorage, AK 99501-2226 • (907) 279-5516 Facsimile (907) 272-5060

February 4, 1998

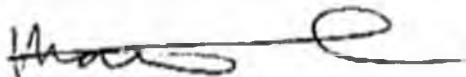
The Honorable Ivan M. Ivan
Alaska State Legislature
State Capitol
Juneau, Alaska 99801-1182

Dear Representative Ivan,

The purpose of my letter is to state our objection to HB 148. Calista Corporation does not support this legislative bill. Urban towns continue to capture funds derived from rural Alaska. Rural Alaska cannot continue to see continued cuts of education at the expense of urban towns.

We urge you not to support HB 148. Thank you for your attention in this matter.

Sincerely,
Calista Corporation



Matthew Nicolai
President/CEO



RapidFax

*This Fax was sent using FAXcillate
The Premier Fax Software for the Apple Macintosh™*

To: HB 148 Roger Liebner, - Kenai LIO

From: D. Roger Liebner, Mariner Investments

Fax Phone Number: (907)262-8362

Date: Fri, Feb 6, 1998 • 12:12 PM

Transmitting (1) pages, including cover sheet.

If there is difficulty with this transmission, please call: 907-262-1339(907)262-1339

Note:

This testimony should be considered in support of HB 148.

Public education has suffered severe cuts in their academic program due to stagnant funding and inflationary costs.

The Kenai Peninsula Borough School District will benefit from various components of this bill. Our district has made many cuts in the past 10 years that have directly involved the lives of our students and a bill of this nature will assist in restoring important resources.

Passage of this bill is an important step in the overall restructuring of our public school funding mechanism. I urge your support.

Sincerely,

Roger Liebner
President-Soldotna High School PTA

liebner@alaska.net

NEA-ALASKA POSITION STATEMENT

PUBLIC SCHOOL FUNDING

NEA-Alaska has historically lobbied and attempted to present the case for funding Alaska's public schools. Preparation of children for the challenges of the new century is critical to the economic development of Alaska. Jobs of the future will demand that our people have special technical and academic skills to master new challenges. Public schools are attempting to teach those skills today.

In 2008, today's first graders will have completed twelve years of instruction. Some of those first graders are today children "at risk;" some come from secure loving families, some don't; some require special education, some don't; some suffer from Fetal Alcohol Syndrome, some don't; some come from dysfunctional families, some don't; and some experience domestic violence on a daily basis, some don't. The promise and responsibility of our public schools is to educate all the children. In educating the children, school employees see first hand that many of the problems of the public schools are societal and some of the them are systemic.

Both parents and school employees recognize that problems confronting children in 1997 don't compare to the problems we experienced as children. The school of 1997 has a totally different set of challenges than the school of 1977 or '67 or '57. The reality is that the pressures and the expectations demanded of our public schools, for the most part, go unfunded.

THE REALITY

For the ten-year period 1983-1993, school enrollment in Alaska grew by more than 25,000 or slightly less than 26 percent. Alaska has historically ranked in the top ten states nationally in the percent increase in student enrollment from one year to the next. In 1983 Alaska ranked 8th nationally, and in 1994 we ranked 2nd in the percent change in public school enrollment from the previous year. In 1994 22.4 percent of the state's population was 5-17 year olds.

From 1984 through 1993, public schools in Alaska employed 762 new teachers (FTE) to accommodate the growth and to address new instructional priorities - special education, alternative programs, etc. Even though districts hired more teachers (FTE), the pupil-teacher ratio increased from 15.2 in 1983 to 17.1 in 1993. During the period, teachers taught more children and at the same time implemented new programs to address the needs of a changing student population. Teachers and the staff that support them were doing more with diminishing state support.

At the same time the administration and legislature sent ominous messages about the health and welfare of public education. Since 1986, public education has suffered severe financial setbacks. Correlated with the drop in oil prices, state support for public education was severely cut back. Between the 1985-86 and 1986-87 school years the level of state support dropped by 15%.

During Alaska's first year as a state, the appropriation for supporting public education was 44% of the total operating budget. Ten years later, 1970-71, the level of state support was at 35% of the total operating budget. Even though the early years of statehood were financially difficult, the level of state support for public education was strong. Since these times, the level of state support for public education as a share of the total operating budget has steadily declined. During 1990-91 the total state share for K-12 public education was 17% of the operating budget, less than one-half of what it was in the first decade of statehood.

Even when local financial commitments are taken into consideration, the total Alaska level of spending for public education is poor. Again, this has not always been the case. During its first decade as a state, 30% to 38% of all state and local operating expenditures went to public education. In 1991-92 all education was only 23.1% of the total general expenditures from local and state government. Alaska's low effort ranked 49th in the nation.

During 1987-88 when the new funding formula was put in place the Instructional Unit value was set at \$60,000 -- a level that was itself 8% lower than the rate of state support in the 1985-86 school year. The unit has been adjusted only one time -- in 1992, an increase of 1.6%. However, this increase has not even begun to offset inflationary ravages. For instance, the current (1996-97 school year) value of the instructional unit, after being adjusted for the inflation that has occurred since 1987 is \$45,888 in 1987 purchasing power. For the instructional unit to have the same purchasing power that it had in 1987, it should have been, for this school year, at a value of \$79,759. Inflation has plundered the investment we make in our children.

Failure to invest in our children simply shortchanges their future. On a per child basis, Alaskan school district expenditures have increased a total of 21% in the decade from 1983 to 1993. At best our investment in our children increased by slightly more than 2% per year.

Alaska is a young state with many school aged children. From 1994 to 1995 public school enrollment increased an estimated 4.2%. This represents the second largest percentage increase in the nation. At the same time, our teachers and support staff were doing excellent jobs improving graduation rates. More children enroll annually, and our public schools succeed in graduating more students. Alaska leads the nation in improving student graduation rates. In 1993-94 Alaska's public schools graduated 5.6% more children than they did ten years earlier. This represented the 7th best performance by a state.

Children have not been the only ones to pay a price for inadequate funding. School employees, through cuts and freezes in compensation and benefits, have subsidized the cost of public education. From 1985 to 1995, the national average for salaries

increased 49.5%. In comparison, Alaska's teachers' average salary increased an estimated 20.9%. From 1994 to 1995 the percent change in the average salary for public school teachers was estimated at 0.1%. The statistics for school support personnel are not any better.

In comparison the relative financial well-being of individuals within Alaska improved more than the well-being of teachers. During roughly the same period of time increases in per capita income fared better than increases for teachers and school employees. From 1984 to 1994 the percent change in Alaska's per capita personal income was 32.7%. Generally the population at large also does better on an annual basis. From 1993 to 1994 the per capita personal income increased 3.7%

CHILDREN IN NEED

In 1991, an NEA-Alaska study found the following concerns and needs were present in our schools:

- * a need for specific programs on parenting skills,
- * a need for more parent involvement and support for their children's educational program,
- * significantly increasing class sizes,
- * inadequate supplies/material/textbooks,
- * the absence of academic and vocational counseling,
- * no meaningful programs for "at risk" students,
- * teachers with increasing numbers of different preparations,
- * reduction and elimination of critical programs,
- * reduced library services,
- * inadequate in-service and staff development programs,
- * limited planning time,
- * additional clerical responsibilities, and
- * less teaching time.

Teachers and school employees want to teach and serve each and every child. We need to do more to help children in many areas, including:

- * substance abuse education,
- * "at risk" children,
- * inclusion and needs of special education students,
- * reducing student violence,
- * teenage pregnancy prevention,
- * suicide prevention, and
- * drop out prevention.

State and local governments' continuing failure to deal with increasing class size and work load problems only serves to exacerbate these and other concerns unique to public education.

The task of preparing our students for today and for the challenges of the new century is expensive, but the cost of not preparing them is greater. Our public schools, teachers, and school district support employees must continue to be

successful in their efforts. By limiting the necessary resources, we are limiting the success potential for everyone, students in particular. Investment in our most precious resource - children - will cost a lot. However, if we don't spend our money on our public schools, we will be forced to spend even more on welfare, new prisons, jails, and public safety.

THE NEA-ALASKA POSITION

The NEA-Alaska Delegate Assembly in January approved the following position as its major priority for the 20th Alaska Legislature:

NEA-Alaska shall lobby the legislature to provide full forward funding for the base instructional unit of \$61,000 plus inflation proofing. NEA-Alaska shall lobby for legislation to secure inflation proof forward funding of the foundation program and legislative action that will correct the funding formula inequities, such as but not limited to, single site districts and PL-874.

Furthermore, NEA-Alaska supports these additional essential components:

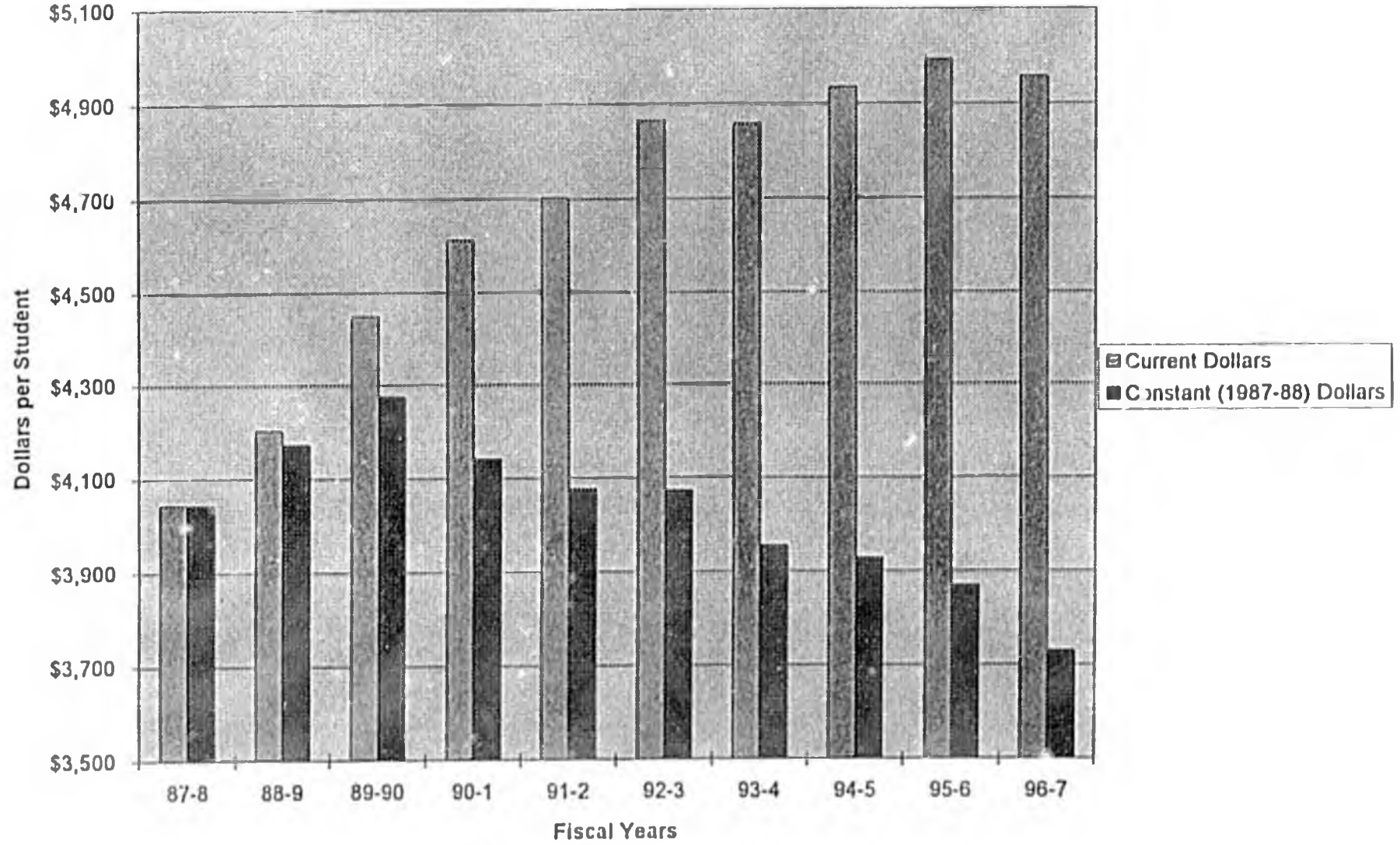
- An early funding decision so that school districts may plan more realistically and so that the continuity of programs and services may be enhanced.
- A formula adjustment more accurately reflecting the needs of the small single site school districts which have been disadvantaged since 1987-88, not by year-to-year political decisions as has been the historical practice, but through genuine revision to the funding formula which makes all districts equal partners in access to critical financial resources.

It is time to re-establish funding for our public schools as the number-one priority at both the state and local levels. The needs of 126,000 students enrolled in our public schools is far too important to all of us.

fund97

FOUNDATION PROGRAM FUNDING					
Year	Foundation Program (in millions of dollars)	CPI-U Anchorage	ADM	Dollars per ADM	Constant (1987-88) Dollars per ADM
87-8	\$409.0	108.1	101142	\$4,044	\$4,044
88-9	\$426.4	108.9	101442	\$4,203	\$4,173
89-90	\$462.8	112.5	104035	\$4,449	\$4,275
90-1	\$498.8	120.4	108168	\$4,611	\$4,140
91-2	\$532.9	124.7	113348	\$4,701	\$4,076
92-3	\$567.4	129.1	116652	\$4,864	\$4,073
93-4	\$581.2	132.8	119673	\$4,857	\$3,953
94-5	\$595.8	135.8	120752	\$4,934	\$3,928
95-6	\$613.5	139.5	122897	\$4,992	\$3,868
96-7	\$617.2	143.7	124544	\$4,956	\$3,728

ERODING VALUE OF FOUNDATION FUNDING (Per Student)



1. Section 14.17.520 (Minimum expenditure for instruction) is removed.
2. Page 7, Lines 10-11,
The student count in February is mandatory.
3. Page 9, Lines 5-6
New language allowing the department to audit a district to determine compliance with Sec. 14.17.910.
4. Page 24, Lines 21-22
The study will also include funding community size factor.

CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 148(HES)**IN THE LEGISLATURE OF THE STATE OF ALASKA****TWENTIETH LEGISLATURE - FIRST SESSION****BY THE HOUSE HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE****Offered:****Referred:****Sponsor(s): HOUSE HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE****A BILL****FOR AN ACT ENTITLED**

1 "An Act relating to the public school funding program; relating to the definition
2 of a school district, to the transportation of students, to school district layoff
3 plans, to the special education service agency, to the child care grant program,
4 and to compulsory attendance in public schools; and providing for an effective
5 date."

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

7 * Section 1. PURPOSE OF SECTION 2. The purpose of sec. 2 of this Act is to provide
8 a level of funding through the public school funding program that allows for an equitable level
9 of educational opportunities and outcomes for those students attending the public schools of
10 the state, to promote local decision-making, and, through increased control of funding, to
11 provide more local responsibility and accountability for decisions affecting public schools.

12 * Sec. 2. AS 14.17 is amended by adding new sections to read:

13 **Article 1. State Funding to Public Schools.**

1 **Sec. 14.17.300. Public school account.** (a) The public school account is
2 established. The account consists of appropriations for distribution to school districts,
3 the state boarding school, and for the centralized correspondence study program under
4 this chapter.

5 (b) The money in the account may be used only in aid of public schools,
6 including community school programs, and for centralized correspondence study
7 programs under this chapter.

8 **Sec. 14.17.400. State funding for districts.** (a) The state funding for which
9 a school district is eligible in a fiscal year is equal to the amount for which a district
10 qualifies under AS 14.17.410 (equalization funding).

11 (b) If the amount in the public school account (AS 14.17.300) is insufficient
12 to meet the amounts authorized under (a) of this section for a fiscal year, the
13 department shall reduce pro rata the state share of equalization funding for which
14 districts are eligible by the necessary percentage as determined by the department. If
15 the state share of equalization funding is reduced under this subsection, the department
16 shall also reduce state funding for centralized correspondence study and the state
17 boarding school by the same percentage.

18 **Sec. 14.17.410. Equalization funding.** (a) A district is eligible for
19 equalization funding in an amount equal to the sum calculated under this section.

20 (b) Except as provided in (d) of this section, equalization funding consists of
21 a state share and a local contribution, determined as follows:

22 (1) the state share equals need minus local contribution; need equals
23 the district adjusted ADM, multiplied by the base student allocation set out at
24 AS 14.17.475, plus any intensive services funding for which the district qualifies under
25 AS 14.17.420(a)(2); district adjusted ADM is calculated as follows:

26 (A) the ADM of a funding community is multiplied by the
27 funding community size factor set out in AS 14.17.460;

28 (B) the product obtained under (A) of this paragraph is
29 multiplied by the funding community area cost factor described in
30 AS 14.17.470(a) and set out in regulations adopted by the department;

31 (C) if a funding community is the only funding community in

1 a district with an ADM of 900 or less, the product obtained under (B) of this
2 paragraph is multiplied by the appropriate factor set out in AS 14.17.460(b);

3 (D) the ADMs of each funding community in a district, as
4 adjusted according to (A) - (C) of this paragraph, are added; the sum is then
5 multiplied by the special needs factor set out in AS 14.17.420(a)(1);

6 (E) the product obtained under (D) of this paragraph is
7 multiplied by a district's student transportation factor described in
8 AS 14.17.470(b) and set out in regulations by the department; the resulting
9 product is the district's adjusted ADM;

10 (2) for the fiscal year beginning July 1, 1997, the local contribution is
11 the equivalent of a three mill tax levy on the full and true value of the taxable real and
12 personal property in the district as of January 1 of the second preceding fiscal year,
13 as determined by the Department of Community and Regional Affairs under
14 AS 14.17.510 and AS 29.45.110, not to exceed 35 percent of a district's need as
15 determined under (1) of this subsection for the preceding fiscal year; for the fiscal year
16 beginning July 1, 1998, and subsequent fiscal years, the required mill equivalent shall
17 be increased by one-fourth of a mill each year until the local contribution is the
18 equivalent of a four mill tax levy, but, in each year, a district's local contribution may
19 not exceed 35 percent of the district's need for the preceding fiscal year, as determined
20 under (1) of this subsection.

21 (c) Equalization funding may not be provided to a city or borough school
22 district if the local contributions required under (b) of this section have not been made.

23 (d) In a regional educational attendance area, funding consists of need,
24 calculated under (b)(1) of this section for that regional educational attendance area.

25 **Sec. 14.17.420. Special needs and intensive services funding.** (a) As a
26 component of equalization funding, a district is eligible for special needs funding and
27 may be eligible for intensive services funding as follows:

28 (1) special needs funding is available to a district to assist the district
29 in providing special education, gifted and talented education, vocational education, and
30 bilingual education to its students; a special needs funding factor of 1.20 shall be
31 applied as set out in AS 14.17.410(b)(1);

1 (2) in addition to the special needs funding for which a district is
2 eligible under (1) of this subsection, a district is eligible for intensive services funding
3 for each special education student who needs and receives intensive services and is
4 enrolled on the last day of the count period; for each such student, intensive services
5 funding is equal to \$22,500 multiplied by the area cost factor of the funding
6 community in which the student is enrolled.

7 (b) In this section, "intensive services" has the meaning given by the
8 department by regulation adopted under AS 14.30.180 - 14.30.350.

9 **Sec. 14.17.430. State funding for centralized correspondence study.** Except
10 as provided in AS 14.17.400(b), funding for the state centralized correspondence study
11 program includes an allocation from the public school account (AS 14.17.300) in an
12 amount calculated by multiplying the ADM of the correspondence program by the base
13 student allocation and multiplying that product by 65 percent.

14 **Sec. 14.17.435. State funding for state boarding school.** Except as provided
15 in AS 14.17.400(b), funding for the state boarding school established under
16 AS 14.16.010 includes an allocation from the public school account (AS 14.17.300)
17 in an amount calculated by multiplying the ADM of the state boarding school by the
18 special needs factor in AS 14.17.420(a)(1) and multiplying that product by the base
19 student allocation. The state boarding school is also eligible for intensive services
20 funding under AS 14.17.420(a)(2).

21 **Sec. 14.17.440. Local contribution.** (a) The required local contribution to
22 a city or borough school district is a district's local contribution as calculated
23 according to AS 14.17.410(b)(2).

24 (b) Nothing in this section prohibits a city or ~~borough~~ from contributing to its
25 district amounts in excess of the local contribution required under this section if the
26 local contribution is also in compliance with federal law.

27 **Sec. 14.17.450. Funding communities.** The department shall adopt
28 regulations defining funding communities within each district that reflect geographic
29 and attendance area factors. The regulations may not allow for funding communities
30 smaller than 10 ADM.

31 **Sec. 14.17.460. Funding community size factor.** (a) For purposes of

1 calculating a district's adjusted ADM to determine equalization funding, the ADM of
 2 each funding community in a district shall be multiplied by a funding community size
 3 factor as set out in the following table:

4	ADM	Funding Community Size Factor
5	10 - 20	2.75
6	21 - 40	2.20
7	41 - 80	1.90
8	81 - 160	1.55
9	161 - 400	1.40
10	401 - 1,000	1.10
11	over 1,000	1.00.

12 (b) For a district that consists of one funding community with an ADM of 900
 13 or less, the district ADM shall be multiplied according to AS 14.17.410(b)(1) by the
 14 appropriate factor as set out in the following table:

15	ADM	Factor
16	1 - 250	1.12
17	251 - 525	1.08
18	526 - 900	1.06

19 **Sec. 14.17.470. Area cost and transportation factors.** (a) For purposes of
 20 calculating a district's adjusted ADM under AS 14.17.410(b)(1), the department shall
 21 adopt in regulation an area cost factor for each funding community. In adopting the
 22 regulations, the department shall consider factors that affect the cost of providing
 23 public educational services in a funding community, including student transportation.

24 (b) For purposes of calculating a district's adjusted ADM under
 25 AS 14.17.410(b)(1), the department shall adopt by regulation a transportation factor
 26 for each district.

27 **Sec. 14.17.475. Base student allocation.** The base student allocation is
 28 \$4,045.

29 **Article 2. Preparation of Public School Funding Budget.**

30 **Sec. 14.17.500. Student count estimate.** (a) A district shall prepare and
 31 submit to the department by October 15 of each fiscal year, in the manner and on

1 forms prescribed by the department, an estimate of its ADM and other student count
2 data for the succeeding fiscal year upon which computations can be made to estimate
3 the amount of public school funding for which the district may be eligible under
4 AS 14.17.400 in the succeeding fiscal year. In making its report, the district shall
5 consider its ADM, other student count data, the pattern of growth or decline of the
6 student population in preceding years, and other pertinent information available to the
7 district.

8 (b) Part-time students and district correspondence students shall be included
9 in the student count data in accordance with regulations adopted by the department.

10 **Sec. 14.17.505. Fund balance in school operating fund.** (a) A district may
11 not accumulate in a fiscal year an unreserved portion of its year-end fund balance in
12 its school operating fund, as defined by department regulations, that is greater than 10
13 percent of its expenditures for that fiscal year.

14 (b) The department shall review each district's annual audit under
15 AS 14.14.050 for the preceding fiscal year to ascertain its year-end operating fund
16 balance. The amount by which the unreserved portion of that balance exceeds the
17 amount permitted in (a) of this section shall be deducted from the public school
18 funding that would otherwise be paid to the district in the current fiscal year.

19 **Sec. 14.17.510. Determination of full and true value by Department of**
20 **Community and Regional Affairs.** (a) To determine the amount of required local
21 contribution under AS 14.17.440 and to aid the department and the legislature in
22 planning, the Department of Community and Regional Affairs, in consultation with the
23 assessor for each district in a city or borough, shall determine the full and true value
24 of the taxable real and personal property in each district in a city or borough. If there
25 is no local assessor or current local assessment for a city or borough school district,
26 then the Department of Community and Regional Affairs shall make the determination
27 of full and true value from information available. In making the determination, the
28 Department of Community and Regional Affairs shall be guided by AS 29.45.110.
29 The determination of full and true value shall be made by October 1 and sent by
30 certified mail, return receipt requested, on or before that date to the president of the
31 school board in each city or borough school district. Duplicate copies shall be sent to

1 the commissioner. The governing body of a city or borough that is a school district
2 may obtain judicial review of the determination. The superior court may modify the
3 determination of the Department of Community and Regional Affairs only upon a
4 finding of abuse of discretion or upon a finding that there is no substantial evidence
5 to support the determination.

6 (b) Motor vehicles subject to the motor vehicle registration tax under
7 AS 28.10.431 shall be treated as taxable property under this section.

8 Article 3. Procedure for Payments of Public School Funding.

9 Sec. 14.17.600. Student counting periods. (a) Within two weeks after the
10 end of the 20-school-day periods ending the fourth Friday in October and the second
11 Friday in February, each district shall transmit a report to the department that, under
12 regulations adopted by the department, reports its ADM for that counting period and
13 other student count information that will aid the department in making a determination
14 of its state aid under the public school funding program. For centralized
15 correspondence study, the October report shall be based on the period from July 1
16 through the fourth Friday in October, except that summer school students shall be
17 counted as a proportionate fraction as determined by the department. The department
18 may make necessary corrections in the report submitted and shall notify the district of
19 changes made. The commissioner shall notify the governor of additional
20 appropriations the commissioner estimates to be necessary to fully finance the public
21 school funding program for the current fiscal year.

22 (b) Upon written request and for good cause shown, the commissioner may
23 permit a district to use a 20-school-day counting period other than the periods set out
24 in (a) of this section. However, a counting period approved under this subsection must
25 be 20 consecutive school days unless one or more alternate counting periods are
26 necessary to permit a district to implement flexible scheduling that meets the district's
27 needs and goals without jeopardizing the public school funding for which the district
28 would be ordinarily be eligible under this chapter.

29 Sec. 14.17.610. Distribution of public school funding. (a) The department
30 shall determine the public school funding for each school district in a fiscal year on
31 the basis of the district's student count data reported under AS 14.17.600. On or

1 before the 15th day of each of the first nine months of each fiscal year, one-twelfth
2 of each district's public school funding shall be distributed on the basis of the data
3 reported for the preceding fiscal year. On or before the 15th day of each of the last
4 three months of each fiscal year, one-third of the balance of each district's public
5 school funding shall be distributed, after the balance has been recomputed on the basis
6 of student count and other data reported for the current fiscal year.

7 (b) If a district receives more public school funding than it is entitled to
8 receive under this chapter, the district shall immediately remit the amount of
9 overpayment to the commissioner, to be returned to the public school account
10 (AS 14.17.300).

11 (c) Upon an adequate showing of a cash flow shortfall of a district, and in the
12 discretion of the commissioner, the department may make advance payments to a
13 district. The total of advance payments may not exceed the amount of public school
14 funding for which the district is eligible for the fiscal year.

15 Article 4. General Provisions.

16 Sec. 14.17.900. Construction and implementation of chapter. (a) This
17 chapter does not create a debt of the state. Each district shall establish, maintain, and
18 operate under a balanced budget. The state is not responsible for the debts of a school
19 district.

20 (b) Money to carry out the provisions of this chapter may be appropriated
21 annually by the legislature into the public school account (AS 14.17.300). If the
22 amount in the account is insufficient to meet the allocations authorized under
23 AS 14.17.400 - 14.17.475 for a fiscal year, public school funding shall be reduced
24 according to AS 14.17.400(b).

25 Sec. 14.17.910. Restrictions governing receipt and expenditure of district
26 money. (a) Each district shall maintain complete financial records of the receipt and
27 disbursement of public school funding, money acquired from local effort, and other
28 money received or held by the district. The records must be in the form required by
29 the department and are subject to audit by the department at a time and place
30 designated by the department.

31 (b) Public school funding provided under this chapter is for general operational

1 purposes of the district. All district money, including public school funding, shall be
2 received, held, allocated, and expended by the district under applicable local law and
3 state and federal constitutional provisions, statutes, and regulations, including those
4 related to ethical standards and accounting principles.

5 (c) The department may conduct an audit in a district to determine compliance
6 with this section.

7 **Sec. 14.17.920. Regulations.** The department shall adopt regulations to
8 interpret and implement this chapter.

9 **Sec. 14.17.990. Definitions.** In this chapter, unless the context requires
10 otherwise,

11 (1) "ADM or average daily membership" means the aggregate number
12 of full-time equivalent students enrolled in a funding community during the student
13 count period for which a determination is being made, divided by the actual number
14 of days that school is in session for the student count period for which the
15 determination is being made;

16 (2) "district" means a city or borough school district or a regional
17 educational attendance area;

18 (3) "district adjusted ADM" means the number resulting from the
19 calculations under AS 14.17.410(b)(1);

20 (4) "district ADM" means the sum of the ADMs in a district;

21 (5) "local contribution" means appropriations and the value of in-kind
22 services made by a city or borough to its district;

23 (6) "public school funding" means money provided under the public
24 school funding program established in this chapter;

25 (7) "taxable real and personal property" means all real and personal
26 property taxable under the laws of the state.

27 * **Sec. 3.** AS 14.03.120(g) is amended to read:

28 (g) In this section, "district" has the meaning given in AS 14.17.990
29 [AS 14.17.250].

30 * **Sec. 4.** AS 14.03.125(e) is amended to read:

31 (e) In this section, "district" has the meaning given in AS 14.17.990

1 [AS 14.17.250].

2 * Sec. 5. AS 14.03.150(c) is amended to read:

3 (c) The department may not award a school construction or major maintenance
4 grant under AS 14.11 to a municipality that is a school district or a regional
5 educational attendance area that is not in compliance with (a) of this section. The
6 department shall reduce the amount of public school funding [STATE FOUNDATION
7 AID] under AS 14.17.400 [AS 14.17.021] for which a school district may qualify [,]
8 by the amount, if any, paid by the department under (b) of this section.

9 * Sec. 6. AS 14.03.160(f)(2) is amended to read:

10 (2) "district" has the meaning given in AS 14.17.990 [AS 14.17.250].

11 * Sec. 7. AS 14.03.260(c) is amended to read:

12 (c) The charter school shall provide the financial and accounting information
13 requested by the local school board or the Department of Education [,] and shall
14 cooperate with the local school district or the department in complying with the
15 requirements of AS 14.17.910 [AS 14.17.190].

16 * Sec. 8. AS 14.09.010 is repealed and reenacted to read:

17 Sec. 14.09.010. Transportation of students. (a) A district may provide for
18 the transportation of students.

19 (b) A district that provides for the transportation of students is eligible for
20 adjustments in public school funding as set out in AS 14.17.470(b).

21 (c) A district that provides for the transportation of students may determine
22 and establish a system for the transportation of students to address needs and priorities
23 of the district. However, the district shall comply with applicable statutes, regulations,
24 and local laws related to minimum standards for school buses, school bus driver
25 training courses, certification of course instructors, certification of bus drivers, and
26 other safety concerns related to the transportation of students.

27 * Sec. 9. AS 14.11.008(b) is amended to read:

28 (b) The required participating share for a municipal school district is based on
29 the district's full value per average daily membership (ADM), which is calculated
30 by dividing the full and true value of the taxable real and personal property in the
31 district, calculated as described in AS 14.17.510 [AS 14.17.025(a)(1),] by the district

1 ADM [AVERAGE DAILY MEMBERSHIP (ADM)] as defined in AS 14.17.990
 2 [AS 14.17.250], for the same fiscal year for which the valuation was made. The
 3 municipal district's full value per ADM determines the district's required participating
 4 share, as follows:

5	Full Value Per ADM	District Participating Share
6	\$1 - \$100,000	5 percent
7	100,001 - 200,000	10 percent
8	200,001 - 600,000	15 percent
9	over 600,000	35 percent.

10 * Sec. 10. AS 14.14.115(c)(2) is amended to read:

11 (2) "district" has the meaning given in AS 14.17.990 [AS 14.17.250].

12 * Sec. 11. AS 14.16.050(a)(2) is amended to read:

13 (2) requirements relating to the public school funding program
 14 [STATE FINANCIAL ASSISTANCE FOR EDUCATION] and the receipt and
 15 expenditure of that funding [ASSISTANCE]:

16 (A) AS 14.17.500 [AS 14.17.080] (relating to student count
 17 estimates);

18 (B) AS 14.17.505 [AS 14.17.082] (relating to school operating
 19 fund balances);

20 (C) AS 14.17.500 - 14.17.910 [AS 14.17.160 - 14.17.220]
 21 (setting out the procedure for payment of public school funding [FINANCIAL
 22 ASSISTANCE,] and imposing general requirements and limits on money paid);

23 * Sec. 12. AS 14.16.080(a) is amended to read:

24 (a) AS 14.17.435 [AS 14.17.024] applies to the calculation of public school
 25 funding [STATE AID] payable for operation of the state boarding school.

26 * Sec. 13. AS 14.20.177(a) is amended to read:

27 (a) A school district may implement a layoff plan under this section if it is
 28 necessary for the district to reduce the number of tenured teachers because

29 (1) school attendance in the district has decreased: [OR]

30 (2) the [BASIC] need of the school district determined under
 31 AS 14.17.410(b)(1) [AS 14.17.021(b) AND ADJUSTED UNDER AS 14.17.225(b)]

1 decreases by three percent or more from the previous year; or

2 (3) the state share of equalization funding is reduced under
3 AS 14.17.400(b) by three percent or more in a fiscal year.

4 * Sec. 14. AS 14.30.305 is amended to read:

5 Sec. 14.30.305. State support of programs for children hospitalized or
6 confined to their homes. A child who is hospitalized or confined to home and who
7 receives at least 10 hours of special education and related services per week may be
8 counted as a pupil in average daily membership when computing state support under
9 the public school funding [FOUNDATION] program.

10 * Sec. 15. AS 14.30.315(a) is amended to read:

11 (a) To be eligible for state support under the public school funding
12 [FOUNDATION] program, special education and related services for gifted children
13 must be provided in a program that has been approved in advance by the department.

14 * Sec. 16. AS 14.30.347 is amended to read:

15 Sec. 14.30.347. Transportation of exceptional children. When transportation
16 is required to be provided as related services, an exceptional child [CHILDREN] shall
17 be carried with other children if the district provides transportation to other
18 children in the district [,] except when the nature of the [THEIR] physical or mental
19 disability [DISABILITIES] is such that it is in the best interest of the exceptional
20 child [CHILDREN], as determined by the school district, that the child [THEY] be
21 transported separately. A district is responsible for the costs associated with
22 providing transportation as a related service to an exceptional child [STATE
23 REIMBURSEMENT FOR TRANSPORTATION OF EXCEPTIONAL CHILDREN
24 SHALL BE AS PROVIDED FOR TRANSPORTATION OF ALL OTHER PUPILS
25 EXCEPT THAT ELIGIBILITY FOR REIMBURSEMENT IS NOT SUBJECT TO
26 RESTRICTION BASED ON THE MINIMUM DISTANCE BETWEEN THE
27 SCHOOL AND THE RESIDENCE OF THE EXCEPTIONAL CHILD].

28 * Sec. 17. AS 14.30.650 is repealed and reenacted to read:

29 Sec. 14.30.650. Funding. (a) Subject to legislative appropriation, each fiscal
30 year the department may allocate to the agency an amount equal to 18 percent of the
31 unadjusted statewide ADM multiplied by \$85.

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(b) In this section, "statewide ADM" means the sum of all district ADMs in the state as calculated under AS 14.17.

* Sec. 18. AS 14.36.030(a) is amended to read:

(a) A district operating a community school program under an approved plan of operation may receive an annual grant from the state of one-half of one percent of its public school funding [FOUNDATION SUPPORT] or \$10,000, whichever is greater.

* Sec. 19. AS 29.45.020(a) is amended to read:

(a) If a municipality levies and collects property taxes, the governing body shall provide the following notice:

"NOTICE TO TAXPAYER

For the current fiscal year the (city)(borough) has been allocated the following amount of state aid for school and municipal purposes under the applicable financial assistance Acts:

PUBLIC SCHOOL FUNDING PROGRAM

[PUBLIC SCHOOL FOUNDATION PROGRAM ASSISTANCE) (AS 14.17)	\$
STATE AID FOR RETIREMENT OF SCHOOL CONSTRUCTION DEBT (AS 14.11.100)	\$
MUNICIPAL TAX RESOURCE EQUALIZATION ASSISTANCE (AS 29.60.010 - 29.60.080)	\$
STATE AID FOR MISCELLANEOUS MUNICIPAL SERVICES (AS 29.60.010 - 29.60.180)	\$
TOTAL AID	\$

The millage equivalent of this state aid, based on the dollar value of a mill in the municipality during the current assessment year and for the preceding assessment year, is:

MILLAGE EQUIVALENT

1 all or part of the state aid made available for the project in which the violation occurs
 2 and in addition may be denied up to 12 months of state revenue sharing or public
 3 school funding [FOUNDATION MONEY]. A state department or agency head found
 4 to be in violation of this chapter may be required to forfeit the position of department
 5 or agency head.

6 * Sec. 22. AS 36.10.125(c) is amended to read:

7 (c) In an action brought under (b) of this section, the court may, in its
 8 discretion, order denial of state revenue sharing or public school funding
 9 [FOUNDATION MONEY], forfeiture of office or position, or injunctive or other
 10 relief. If the court finds for the plaintiff in an action brought under (b) of this section,
 11 it may award the plaintiff an amount equal to the actual costs and attorney fees
 12 incurred by the plaintiff.

13 * Sec. 23. AS 44.47.305(c) is amended to read:

14 (c) A grant under (a) of this section may not exceed \$50 per month for each
 15 child the child care facility cares for, or for each full-time equivalent, as determined
 16 by the department. The grant shall be adjusted on a geographic basis by the same
 17 percentages as funding communities [INSTRUCTIONAL UNIT ALLOTMENTS] are
 18 adjusted under AS 14.17.470 [AS 14.17.051].

19 * Sec. 24. AS 14.09.020; AS 14.17.010, 14.17.021, 14.17.022, 14.17.024, 14.17.025,
 20 14.17.026, 14.17.031, 14.17.041, 14.17.043, 14.17.045, 14.17.047, 14.17.051, 14.17.056,
 21 14.17.080, 14.17.082, 14.17.140, 14.17.160, 14.17.170, 14.17.190, 14.17.200, 14.17.210,
 22 14.17.220, 14.17.225, 14.17.250; and AS 14.30.010(b)(7) are repealed.

23 * Sec. 25. TRANSITION: AREA COST FACTORS. (a) Notwithstanding AS 14.17.470,
 24 enacted by sec. 2 of this Act, for the fiscal years beginning July 1, 1997, and July 1, 1998,
 25 and for the purposes of calculating public school funding under AS 14.17, as enacted by sec. 2
 26 of this Act, the area cost factor of a funding community of a school district is as follows:

DISTRICT	FUNDING COMMUNITY	AREA COST FACTOR
Alaska Gateway	Alcan Border	1.14
Alaska Gateway	Dot Lake	1.14
Alaska Gateway	Eagle	1.14
Alaska Gateway	Mentasta	1.14

1	Alaska Gateway	Northway	1.14
2	Alaska Gateway	Tanacross	1.14
3	Alaska Gateway	Tetlin	1.14
4	Alaska Gateway	Tok	1.14
5	Aleutians East	Akutan	1.32
6	Aleutians East	Cold Bay	1.32
7	Aleutians East	False Pass	1.32
8	Aleutians East	King Cove	1.32
9	Aleutians East	Nelson Lagoon	1.32
10	Aleutians East	Sand Point	1.32
11	Aleutians Region	Atka	1.32
12	Alyeska Central School	Alyeska Central School	1.00
13	Anchorage	Anchorage	1.00
14	Anchorage	Eagle River	1.00
15	Anchorage	Girdwood	1.00
16	Annette Island	Annette	1.05
17	Bering Strait	Brevig Mission	1.40
18	Bering Strait	Diomede	1.55
19	Bering Strait	Elim	1.40
20	Bering Strait	Gambell	1.55
21	Bering Strait	Golovin	1.40
22	Bering Strait	Koyuk	1.40
23	Bering Strait	Savoonga	1.55
24	Bering Strait	Shaktoolik	1.40
25	Bering Strait	Shishmaref	1.40
26	Bering Strait	St. Michael	1.40
27	Bering Strait	Stebbins	1.40
28	Bering Strait	Teller	1.40
29	Bering Strait	Unalakleet	1.40
30	Bering Strait	Wales	1.40
31	Bering Strait	White Mountain	1.40