



LAWS OF ALASKA

1998

Source

HCS CSSB 36(FIN)

Chapter No.

83

AN ACT

Relating to public schools; relating to the definition of a school district, to the transportation of students, to employment of chief school administrators, to school district layoff plans, to the special education service agency, and to the child care grant program; and providing for an effective date.

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

THE ACT FOLLOWS ON PAGE 1

Approved by the Governor: June 11, 1998

Actual Effective Date: July 1, 1998

AN ACT

1 Relating to public schools; relating to the definition of a school district, to the transportation
2 of students, to employment of chief school administrators, to school district layoff plans, to
3 the special education service agency, and to the child care grant program; and providing for
4 an effective date.

5

6 * **Section 1.** PURPOSE. The purposes of sec. 2 of this Act are to

7 (1) provide a level of funding through the public school funding program that
8 allows for an equitable level of educational opportunities for those students attending the
9 public schools of the state; and

10 (2) provide an equitable level of funding to each school within a school
11 district.

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

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

14 **Sec. 14.17.300. Public school account.** (a) The public school account is

Chapter 83

1 established. The account consists of appropriations for distribution to school districts,
2 the state boarding school, and for centralized correspondence study under this chapter.

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

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

9 (b) If the amount in the public school account is insufficient to meet the
10 amounts authorized under (a) of this section for a fiscal year, the department shall
11 reduce pro rata each district's basic need by the necessary percentage as determined
12 by the department. If the basic need of each district is reduced under this subsection,
13 the department shall also reduce state funding for centralized correspondence study and
14 the state boarding school by the same percentage.

15 **Sec. 14.17.410. Public school funding.** (a) A district is eligible for public
16 school funding in an amount equal to the sum calculated under (b) and (c) of this
17 section.

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

20 (1) state aid equals basic need minus a required local contribution and
21 90 percent of eligible federal impact aid for that fiscal year; basic need equals the sum
22 obtained under (D) of this paragraph, multiplied by the base student allocation set out
23 in AS 14.17.470; district adjusted ADM is calculated as follows:

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

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

28 (C) the ADMs of each school in a district, as adjusted according
29 to (A) and (B) of this paragraph, are added; the sum is then multiplied by the
30 special needs factor set out in AS 14.17.420(a)(1);

31 (D) the number obtained for intensive services under

1 AS 14.17.420(a)(2) and the number obtained for correspondence study under
2 AS 14.17.430 are added to the number obtained under (C) of this paragraph;

3 (2) the required local contribution of a city or borough school district
4 is the equivalent of a four mill tax levy on the full and true value of the taxable real
5 and personal property in the district as of January 1 of the second preceding fiscal
6 year, as determined by the Department of Community and Regional Affairs under
7 AS 14.17.510 and AS 29.45.110, not to exceed 45 percent of a district's basic need
8 for the preceding fiscal year as determined under (1) of this subsection.

9 (c) In addition to the local contribution required under (b)(2) of this section,
10 a city or borough school district in a fiscal year may make a local contribution of not
11 more than the greater of

12 (1) the equivalent of a two mill tax levy on the full and true value of
13 the taxable real and personal property in the district as of January 1 of the second
14 preceding fiscal year, as determined by the Department of Community and Regional
15 Affairs under AS 14.17.510 and AS 29.45.110; or

16 (2) 23 percent of the district's basic need for the fiscal year under
17 (b)(1) of this section.

18 (d) State aid may not be provided to a city or borough school district if the
19 local contributions required under (b)(2) of this section have not been made.

20 (e) If a city or borough school district is established after July 1, 1998, for the
21 first three fiscal years in which the city or borough school district operates schools,
22 local contributions may be less than the amount that would otherwise be required
23 under (b)(2) of this section, except that

24 (1) in the second fiscal year of operations, local contributions must be
25 at least the greater of

26 (A) the local contributions, excluding federal impact aid, for the
27 previous fiscal year; or

28 (B) the sum of 10 percent of the district's eligible federal
29 impact aid for that year and the equivalent of a two mill tax levy on the full
30 and true value of the taxable real and personal property in the city or borough
31 school district as of January 1 of the second preceding fiscal year, as

Chapter 83

1 determined by the Department of Community and Regional Affairs under
2 AS 14.17.510 and AS 29.45.110; and

3 (2) in the third year of operation, local contributions must be at least
4 the greater of

5 (A) the local contributions, excluding federal impact aid, for the
6 previous fiscal year; or

7 (B) the sum of 10 percent of the district's eligible federal
8 impact aid for that year and the equivalent of a three mill tax levy on the full
9 and true value of the taxable real and personal property in the district as of
10 January 1 of the second preceding fiscal year, as determined by the Department
11 of Community and Regional Affairs under AS 14.17.510 and AS 29.45.110.

12 (f) A school district is eligible for additional state aid in the amount by which
13 the local contributions that would otherwise have been required under (b)(2) of this
14 section exceed the district's actual local contributions under (e) of this section.

15 **Sec. 14.17.420. Special needs and intensive services funding.** (a) As a
16 component of public school funding, a district is eligible for special needs funding and
17 may be eligible for intensive services funding as follows:

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

22 (2) in addition to the special needs funding for which a district is
23 eligible under (1) of this subsection, a district is eligible for intensive services funding
24 for each special education student who needs and receives intensive services and is
25 enrolled on the last day of the count period; for each such student, intensive services
26 funding is equal to the intensive student count multiplied by five.

27 (b) If a district offers special education, gifted and talented education,
28 vocational education, or bilingual education services, in order to receive funding under
29 (a)(1) of this section, the district must file with the department a plan that indicates the
30 services that will be provided to students who receive these services.

31 (c) In this section, "intensive services" has the meaning given by the

1 department by regulation adopted under AS 14.30.180 - 14.30.350.

2 **Sec. 14.17.430. State funding for correspondence study.** Except as provided
 3 in AS 14.17.400(b), funding for the state centralized correspondence study program or
 4 a district correspondence program, including a district that offers a statewide
 5 correspondence study program, includes an allocation from the public school account
 6 in an amount calculated by multiplying the ADM of the correspondence program by
 7 80 percent.

8 **Sec. 14.17.440. State funding for state boarding schools.** (a) Except as
 9 provided in AS 14.17.400(b), funding for state boarding schools established under
 10 AS 14.16.010 includes an allocation from the public school account in an amount
 11 calculated by

12 (1) determining the ADM of state boarding schools by applying the
 13 school size factor to the student count as described in AS 14.17.450;

14 (2) multiplying the number obtained under (1) of this subsection by the
 15 special needs factor in AS 14.17.420(a)(1) and multiplying that product by the base
 16 student allocation; and

17 (3) multiplying the product determined under (2) of this subsection by
 18 the district cost factor that is applicable to calculation of the state aid for the adjacent
 19 school district under AS 14.17.460.

20 (b) State boarding schools are also eligible for intensive services funding under
 21 AS 14.17.420(a)(2).

22 **Sec. 14.17.450. School size factor.** (a) For purposes of calculating a school's
 23 ADM to determine state aid, the ADM of each school in a district shall be computed
 24 by applying the following formula:

| If the student count | | | The adjusted student count is | | |
|----------------------|---------------|----|-------------------------------|------------|-------------|
| in a school is | | | The number of | | |
| At least | But less than | | Base | Multiplier | students in |
| | | | | | excess of |
| 10 | - | 20 | 39.6 | | |
| 20 | - | 30 | 39.6 | + (1.62 | x 20) |
| 30 | - | 75 | 55.8 | + (1.49 | x 30) |

Chapter 83

| | | | | | | | | |
|---|-------------|---|-----|--------|---|-------|---|-------|
| 1 | 75 | - | 150 | 122.85 | + | (1.27 | x | 75) |
| 2 | 150 | - | 250 | 218.1 | + | (1.08 | x | 150) |
| 3 | 250 | - | 400 | 326.1 | + | (0.97 | x | 250) |
| 4 | 400 | - | 750 | 471.6 | + | (0.92 | x | 400) |
| 5 | 750 or over | | | 793.6 | + | (0.84 | x | 750). |

6 (b) If the ADM in a school is less than 10, those students shall be included in
 7 the ADM of the school in that district with the lowest ADM as determined by the most
 8 recent student count data for that district.

9 **Sec. 14.17.460. District cost factors.** (a) For purposes of calculating a
 10 district's adjusted ADM under AS 14.17.410(b)(1), the district cost factor for a school
 11 district is as follows:

| 12 | DISTRICT | DISTRICT COST FACTOR |
|----|------------------------|----------------------|
| 13 | Alaska Gateway | 1.291 |
| 14 | Aleutians East | 1.423 |
| 15 | Aleutians Region | 1.736 |
| 16 | Alyeska Central School | 1.000 |
| 17 | Anchorage | 1.000 |
| 18 | Annette Island | 1.011 |
| 19 | Bering Strait | 1.525 |
| 20 | Bristol Bay | 1.262 |
| 21 | Chatham | 1.120 |
| 22 | Chugach | 1.294 |
| 23 | Copper River | 1.176 |
| 24 | Cordova | 1.096 |
| 25 | Craig | 1.010 |
| 26 | Delta/Greely | 1.106 |
| 27 | Denali | 1.313 |
| 28 | Dillingham | 1.254 |
| 29 | Fairbanks | 1.039 |
| 30 | Galena | 1.348 |
| 31 | Haines | 1.008 |

| | | |
|----|--------------------|-------|
| 1 | Hoonah | 1.055 |
| 2 | Hydaburg | 1.085 |
| 3 | Iditarod | 1.470 |
| 4 | Juneau | 1.005 |
| 5 | Kake | 1.025 |
| 6 | Kashunamiut | 1.389 |
| 7 | Kenai Peninsula | 1.004 |
| 8 | Ketchikan | 1.000 |
| 9 | Klawock | 1.017 |
| 10 | Kodiak Island | 1.093 |
| 11 | Kuspuk | 1.434 |
| 12 | Lake and Peninsula | 1.558 |
| 13 | Lower Kuskokwim | 1.491 |
| 14 | Lower Yukon | 1.438 |
| 15 | Matanuska-Susitna | 1.010 |
| 16 | Mt. Edgecumbe | 1.000 |
| 17 | Nenana | 1.270 |
| 18 | Nome | 1.319 |
| 19 | North Slope | 1.504 |
| 20 | Northwest Arctic | 1.549 |
| 21 | Pelican | 1.290 |
| 22 | Petersburg | 1.000 |
| 23 | Pribilof | 1.419 |
| 24 | Sitka | 1.000 |
| 25 | Skagway | 1.143 |
| 26 | Southeast Island | 1.124 |
| 27 | Southwest Region | 1.423 |
| 28 | St. Mary's | 1.351 |
| 29 | Tanana | 1.496 |
| 30 | Unalaska | 1.245 |
| 31 | Valdez | 1.095 |

Chapter 83

| | | |
|---|---------------|--------|
| 1 | Wrangell | 1.000 |
| 2 | Yakutat | 1.046 |
| 3 | Yukon Flats | 1.668 |
| 4 | Yukon/Koyukuk | 1.502 |
| 5 | Yupit | 1.469. |

6 (b) The department shall monitor the cost factors established under (a) of this
7 section and shall prepare and submit to the legislature by January 15 of every other
8 fiscal year proposed district cost factors.

9 **Sec. 14.17.470. Base student allocation.** The base student allocation is
10 \$3,940.

11 **Sec. 14.17.480. Quality school funding.** (a) As a component of public
12 school funding, a district is eligible to receive a quality school funding grant not to
13 exceed the district's adjusted ADM multiplied by \$16. The department shall by
14 regulation establish a grant process to implement this section.

15 (b) For purposes of the reduction required under AS 14.17.400(b), funding
16 authorized under (a) of this section is treated the same as the state share of public
17 school funding under AS 14.17.410.

18 **Sec. 14.17.490. Supplementary public school funding floor.** (a) Except as
19 provided in (b) - (e) of this section, if, in fiscal year 1999, a city or borough school
20 district or a regional educational attendance area would receive less public school
21 funding under AS 14.17.410 than the district or area would have received as state aid,
22 the district or area is, in each fiscal year, eligible to receive additional public school
23 funding equal to the difference between the public school funding the district or area
24 was eligible to receive under AS 14.17.410 in fiscal year 1999 and the state aid the
25 district or area would have received in fiscal year 1999.

26 (b) A city or borough school district is not eligible for additional funding
27 authorized under (a) of this section unless, during the fiscal year in which the district
28 receives funding under (a) of this section, the district received a local contribution
29 equal to at least the equivalent of a four mill tax levy on the full and true value of the
30 taxable real and personal property in the district as of January 1 of the second
31 preceding fiscal year as determined by the Department of Community and Regional

1 Affairs under AS 14.17.510 and AS 29.45.110.

2 (c) For the purposes of the reduction required under AS 14.17.400(b), funding
3 authorized under (a) of this section is treated the same as the state share of public
4 school funding under AS 14.17.410.

5 (d) Beginning in fiscal year 2000, if a district receives more public school
6 funding under AS 14.17.410 than the district received in the preceding fiscal year, any
7 amount received by the district under this section shall be reduced. The amount of the
8 reduction required under this subsection is equal to the amount of increase from the
9 preceding fiscal year in public school funding multiplied by 40 percent. In this
10 subsection, "public school funding" does not include funding under this section.

11 (e) Beginning in fiscal year 2000, in each fiscal year, the department shall
12 compare each district's ADM with the district's ADM in fiscal year 1999. If the
13 current fiscal year ADM is less than 95 percent of the district's ADM in fiscal year
14 1999, the department shall reduce the district's public school funding calculated under
15 (a) of this section by a percentage equal to the percentage of decrease in the district's
16 ADM.

17 (f) For purposes of this section, "state aid" means state aid distributed under
18 the provisions of AS 14.17, as those provisions read on January 1, 1998, and additional
19 district support appropriated by the legislature for fiscal year 1998.

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

21 **Sec. 14.17.500. Student count estimate.** (a) A district shall prepare and
22 submit to the department by November 5 of each fiscal year, in the manner and on
23 forms prescribed by the department, an estimate of its ADM and other student count
24 data, including per school student count data, for the succeeding fiscal year upon
25 which computations can be made to estimate the amount of state aid for which the
26 district may be eligible under AS 14.17.400 in the succeeding fiscal year. In making
27 its report, the district shall consider its ADM, other student count data, the pattern of
28 growth or decline of the student population in preceding years, and other pertinent
29 information available to the district.

30 (b) Part-time students shall be included in the student count data in accordance
31 with regulations adopted by the department.

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

5 (b) The department shall review each district's annual audit under
6 AS 14.14.050 for the preceding fiscal year to ascertain its year-end operating fund
7 balance. The amount by which the unreserved portion of that balance exceeds the
8 amount permitted in (a) of this section shall be deducted from the state aid that would
9 otherwise be paid to the district in the current fiscal year.

10 **Sec. 14.17.510. Determination of full and true value by Department of**
11 **Community and Regional Affairs.** (a) To determine the amount of required local
12 contribution under AS 14.17.410(b)(2) and to aid the department and the legislature
13 in planning, the Department of Community and Regional Affairs, in consultation with
14 the assessor for each district in a city or borough, shall determine the full and true
15 value of the taxable real and personal property in each district in a city or borough.
16 If there is no local assessor or current local assessment for a city or borough school
17 district, then the Department of Community and Regional Affairs shall make the
18 determination of full and true value from information available. In making the
19 determination, the Department of Community and Regional Affairs shall be guided by
20 AS 29.45.110. The determination of full and true value shall be made by October 1
21 and sent by certified mail, return receipt requested, on or before that date to the
22 president of the school board in each city or borough school district. Duplicate copies
23 shall be sent to the commissioner. The governing body of a city or borough that is a
24 school district may obtain judicial review of the determination. The superior court
25 may modify the determination of the Department of Community and Regional Affairs
26 only upon a finding of abuse of discretion or upon a finding that there is no substantial
27 evidence to support the determination.

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

30 **Sec. 14.17.520. Minimum expenditure for instruction.** (a) A district shall
31 budget for and spend a minimum of 70 percent of its school operating expenditures in

1 each fiscal year on the instructional component of the district budget.

2 (b) The commissioner shall reject a district budget that does not comply with
3 (a) of this section and, unless a waiver has been granted by the board under (d) of this
4 section, shall withhold payments of state aid from that district, beginning with the
5 payment for the second full month after rejection and continuing until the school board
6 of the district revises the district budget to comply with (a) of this section.

7 (c) The commissioner shall review the annual audit of each district for
8 compliance with the expenditure requirements of (a) of this section. If the
9 commissioner determines that a district does not meet those requirements, the
10 commissioner shall advise the district of the determination, calculate the amount of the
11 deficiency, and deduct that amount from state aid paid to the district for the current
12 fiscal year. A deduction in state aid required under this subsection begins with the
13 payment for the second full month after the determination, unless a waiver has been
14 granted by the board under (d) of this section.

15 (d) A district that has been determined by the commissioner to be out of
16 compliance with the requirements of this section may, within 20 days of the
17 commissioner's determination, request a waiver by the board of the imposition by the
18 commissioner of any reduction in state aid payments under (b) or (c) of this section.
19 The request must be in writing and must include an analysis of the reasons and causes
20 for the district's inability to comply with the requirements of this section. The board
21 may grant the waiver if the board determines that the district's failure to meet the
22 expenditure requirements of this section was due to circumstances beyond the control
23 of the district. The request must also be submitted to the Legislative Budget and Audit
24 Committee, which shall review the district's request and forward the committee's
25 recommendations on it to the board.

26 (e) The commissioner shall submit an annual report on actions taken by the
27 commissioner or the board under this section to the Legislative Budget and Audit
28 Committee by April 15 of each year.

29 (f) In this section, "instructional component" includes expenditures for teachers
30 and for pupil support services.

31 **Article 3. Procedure for Payments of State Aid.**

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

13 (b) Upon written request and for good cause shown, the commissioner may
14 permit a district to use a 20-school-day counting period other than the period set out
15 in (a) of this section. However, a counting period approved under this subsection must
16 be 20 consecutive school days unless one or more alternate counting periods are
17 necessary to permit a district to implement flexible scheduling that meets the district's
18 needs and goals without jeopardizing the state aid for which the district would
19 ordinarily be eligible under this chapter.

20 **Sec. 14.17.610. Distribution of state aid.** (a) The department shall determine
21 the state aid for each school district in a fiscal year on the basis of the district's
22 student count data reported under AS 14.17.600. On or before the 15th day of each
23 of the first nine months of each fiscal year, one-twelfth of each district's state aid shall
24 be distributed on the basis of the data reported for the preceding fiscal year. On or
25 before the 15th day of each of the last three months of each fiscal year, one-third of
26 the balance of each district's state aid shall be distributed, after the balance has been
27 recomputed on the basis of student count and other data reported for the current fiscal
28 year.

29 (b) Distribution of state aid under (a) of this section shall be made as required
30 under AS 14.17.410. If a district receives more state aid than it is entitled to receive
31 under this chapter, the district shall immediately remit the amount of overpayment to

1 the commissioner, to be returned to the public school account. The department may
 2 make adjustments to a district's state aid to correct underpayments made in previous
 3 fiscal years.

4 (c) Upon an adequate showing of a cash flow shortfall of a district, and in the
 5 discretion of the commissioner, the department may make advance payments to a
 6 district. The total of advance payments may not exceed the amount of state aid for
 7 which the district is eligible for the fiscal year.

8 **Article 4. General Provisions.**

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

13 (b) Money to carry out the provisions of this chapter may be appropriated
 14 annually by the legislature into the public school account. If the amount in the
 15 account is insufficient to meet the allocations authorized under AS 14.17.400 -
 16 14.17.470 for a fiscal year, state aid shall be reduced according to AS 14.17.400(b).

17 **Sec. 14.17.905. Facilities constituting a school.** For purposes of this chapter,
 18 the determination of the number of schools in a district is subject to the following:

19 (1) a community with an ADM of at least 10, but not more than 100,
 20 shall be counted as one school;

21 (2) a community with an ADM of at least 101, but not more than 750,
 22 shall be counted as

23 (A) one elementary school, which includes those students in
 24 grades kindergarten through 6; and

25 (B) one secondary school, which includes students in grades 7
 26 through 12;

27 (3) in a community with an ADM of greater than 750, each facility that
 28 is administered as a separate school shall be counted as one school, except that each
 29 alternative school with an ADM of less than 200 shall be counted as a part of the
 30 school in the district with the highest ADM.

31 **Sec. 14.17.910. Restrictions governing receipt and expenditure of district**

Chapter 83

1 **money.** (a) Each district shall maintain complete financial records of the receipt and
2 disbursement of state aid, money acquired from local effort, and other money received
3 or held by the district. The records must be in the form required by the department
4 and are subject to audit by the department at a time and place designated by the
5 department.

6 (b) State aid provided under this chapter is for general operational purposes
7 of the district. All district money, including state aid, shall be received, held,
8 allocated, and expended by the district under applicable local law and state and federal
9 constitutional provisions, statutes, and regulations, including those related to ethical
10 standards and accounting principles.

11 **Sec. 14.17.920. Regulations.** The department shall adopt regulations necessary
12 to implement this chapter.

13 **Sec. 14.17.990. Definitions.** In this chapter, unless the context requires
14 otherwise,

15 (1) "ADM or average daily membership" means the aggregate number
16 of full-time equivalent students enrolled in a school district during the student count
17 period for which a determination is being made, divided by the actual number of days
18 that school is in session for the student count period for which the determination is
19 being made;

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

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

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

25 (5) "eligible federal impact aid" means the amount of federal impact
26 aid received by a district as of March 1 of the fiscal year as a result of an application
27 submitted in the preceding fiscal year, including advance payments and adjustments
28 received since March 1 of the preceding fiscal year from prior year applications, under
29 20 U.S.C. 7701 - 7714, except payments received under 20 U.S.C. 7703(f)(2)(B), to
30 the extent the state may consider that aid as local resources under federal law;

31 (6) "local contribution" means appropriations and the value of in-kind

1 services made by a district;

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

4 * Sec. 3. AS 14.03.120(d) is repealed and reenacted to read:

5 (d) Annually, before the date set by the district under (e) of this section, each
6 public school shall provide, in a public meeting of parents, students, and community
7 members, a report on the school's performance and the performance of the school's
8 students. The report shall be prepared on a form prescribed by the department and
9 must include

10 (1) information on accreditation;

11 (2) results of norm-referenced achievement tests;

12 (3) results of state standards-based assessments in reading, writing, and
13 mathematics;

14 (4) a description, including quantitative and qualitative measures, of
15 student, parent, community, and business involvement in student learning;

16 (5) a description of the school's attendance, retention, dropout, and
17 graduation rates as specified by the state board; and

18 (6) the annual percent of enrollment change, regardless of reason, and
19 the annual percent of enrollment change due to student transfers into and out of the
20 school district.

21 * Sec. 4. AS 14.03.120(e) is repealed and reenacted to read:

22 (e) By a date set by the district, each public school in the district shall provide
23 the report described in (d) of this section to the district's governing body. Along with
24 the report, each public school shall submit a summary of comments made on the report
25 by parents, students, and community members. By July 1 of each year, beginning in
26 2000, each district shall provide to the department a report on the performance of each
27 public school and the public school students in the district. The district's report must

28 (1) be entitled "School District Report Card to the Public"; and

29 (2) include

30 (A) copies of the reports and summaries of comments submitted
31 under this section by each public school in the district; and

Chapter 83

1 (B) a compilation of the material described in (A) of this
2 paragraph by each public school in the district.

3 * Sec. 5. AS 14.03.120(f) is repealed and reenacted to read:

4 (f) By January 15 of each year, beginning in 2001, the department shall
5 provide to the governor and make available to the public and the legislature a report
6 on the performance of public schools in this state. The report must be entitled
7 "Alaska's Public Schools: A Report Card to the Public." The report must include

8 (1) comprehensive information on each public school compiled,
9 collected, and reported under (d) and (e) of this section for the prior school year;

10 (2) a summary of the information described in (1) of this subsection;
11 the summary must be prepared in a manner that allows school performance to be
12 measured against established state education standards; and

13 (3) for a report due by or after January 15, 2003, the performance
14 designation under AS 14.03.123(b) received by each public school during the prior
15 school year.

16 * Sec. 6. AS 14.03.120(g) is amended to read:

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

19 * Sec. 7. AS 14.03 is amended by adding a new section to read:

20 **Sec. 14.03.123. School accountability.** (a) Beginning in August 2002, and
21 during each of the following 12-month periods, the department shall assign each public
22 school in each district the performance designation of distinguished, successful,
23 deficient, or in crisis based on multiple student measures, including student
24 achievement. The state board of education shall establish this process by regulation.

25 (b) A public school assigned a performance designation of deficient or in crisis
26 shall develop a school improvement plan under (e) of this section. The department
27 shall inform the governing body of each district of the performance designation
28 assigned to each public school in the district.

29 (c) The state board shall adopt regulations to allow a district to appeal the
30 performance designation assigned to a public school in that district.

31 (d) The department may establish a program of special recognition for those

1 public schools that achieve a distinguished performance designation.

2 (e) A public school that receives a designation of deficient or in crisis shall
3 prepare a school improvement plan to improve student performance based on a process
4 established by the state board of education. The public school shall undertake an
5 improvement process under that plan to lead to a designation of successful or
6 distinguished. The school improvement plan must be prepared with the maximum
7 feasible public participation of the community, including, if appropriate, interested
8 individuals, teachers, parents, parent organizations, students, tribal organizations, local
9 government representatives, and other community groups. The district shall consult
10 with and assist the public school in the preparation of the school improvement plan.
11 The school improvement plan must be approved by the local school board. The
12 commissioner may provide technical assistance to a public school or the district at any
13 time during the preparation and implementation of the school improvement plan on the
14 request of an interested person and the approval of the district.

15 (f) Beginning August 1, 2002, and periodically during each of the following
16 12-month periods, the department shall monitor the progress of the implementation of
17 each school improvement plan prepared under (e) of this section.

18 (g) The department may use existing staff or contract with one or more
19 qualified persons to assist a public school that is deficient or in crisis under this
20 section to improve student performance. Qualified persons to provide assistance under
21 this section include educators, business leaders, members of the governing body of that
22 district, and community leaders. The provisions of AS 36.30 do not apply to a
23 contract awarded under this subsection.

24 (h) Notwithstanding any other provisions in this title, if the performance
25 designation of a public school has continued to be deficient or in crisis for two
26 consecutive school years, the chief school administrator, if the district employs a chief
27 school administrator, the president of the governing body, and the principal of the
28 public school shall, at a public meeting of the state board of education, present a
29 written report on the performance of that public school.

30 (i) The state board of education shall develop, by regulation, measures that
31 may be progressively implemented by the commissioner to assist a public school to

Chapter 83

1 improve student performance in accordance with this section.

2 (j) In this section, "district" has the meaning given in AS 14.17.990.

3 * Sec. 8. AS 14.03.125(e) is amended to read:

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

6 * Sec. 9. AS 14.03.150(c) is amended to read:

7 (c) The department may not award a school construction or major maintenance
8 grant under AS 14.11 to a municipality that is a school district or a regional
9 educational attendance area that is not in compliance with (a) of this section. The
10 department shall reduce the amount of state [FOUNDATION] aid under AS 14.17.400
11 [AS 14.17.021] for which a school district may qualify [,] by the amount, if any, paid
12 by the department under (b) of this section.

13 * Sec. 10. AS 14.03.160(f)(2) is amended to read:

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

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

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

20 * Sec. 12. AS 14.07.020 is amended by adding a new subsection to read:

21 (c) In implementing its duties under (a)(2) of this section, the department shall
22 develop

23 (1) performance standards in reading, writing, and mathematics to be
24 met at designated age levels by each student in public schools in the state; and

25 (2) a comprehensive system of student assessments, composed of
26 multiple indicators of proficiency in reading, writing, and mathematics; this
27 comprehensive system must

28 (A) be made available to all districts and regional educational
29 attendance areas;

30 (B) include a developmental profile for students entering
31 kindergarten or first grade; and

(C) include performance standards in reading, writing, and mathematics for students in age groups five through seven, eight through 10, and 11 - 14.

* Sec. 13. AS 14.08.101 is amended by adding a new paragraph to read:

(11) employ a chief school administrator.

* Sec. 14. AS 14.08.111(3) is amended to read:

(3) [EMPLOY A CHIEF SCHOOL ADMINISTRATOR AND] approve the employment of the professional administrators, teachers, and noncertificated personnel necessary to operate its schools;

* Sec. 15. AS 14.09.010(b) is repealed and reenacted to read:

(b) A school district that enters into a contract described under (a)(1) of this section shall be reimbursed for

(1) at least 90 percent of the cost of operating the student transportation system if the transportation is provided by the school district; and

(2) 100 percent of the cost of operating the student transportation system when the transportation is provided under a contract with the school district.

* Sec. 16. AS 14.09.010 is amended by adding a new subsection to read:

(d) The department shall apply the same criteria in determining eligibility for reimbursement under (b)(1) or (2) of this section.

* Sec. 17. AS 14.11.008(b) is amended to read:

(b) The required participating share for a municipal school district is based on the district's full value per average daily membership (ADM), which is calculated by dividing the full and true value of the taxable real and personal property in the district, calculated as described in AS 14.17.510 [AS 14.17.025(a)(1),] by the district ADM [AVERAGE DAILY MEMBERSHIP (ADM)] as defined in AS 14.17.990 [AS 14.17.250], for the same fiscal year for which the valuation was made. The municipal district's full value per ADM determines the district's required participating share, as follows:

| Full Value Per ADM | District Participating Share |
|--------------------|------------------------------|
| \$1 - \$100,000 | 5 percent |
| 100,001 - 200,000 | 10 percent |

Chapter 83

1 200,001 - 600,000 30 percent
2 over 600,000 35 percent.

3 * Sec. 18. AS 14.14.115(c)(2) is amended to read:

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

5 * Sec. 19. AS 14.14.130(a) is amended to read:

6 (a) A [EACH] school board may [SHALL] select and employ a qualified
7 person as the chief school administrator for the district. In this subsection, "employ"
8 includes employment by contract.

9 * Sec. 20. AS 14.14.130(b) is amended to read:

10 (b) If the district employs a [THE] chief school administrator, the
11 administrator [OF THE DISTRICT] shall administer the district in accordance with
12 the policies that the school board prescribes by bylaw.

13 * Sec. 21. AS 14.14.130(c) is amended to read:

14 (c) If the district employs a [THE] chief school administrator, the
15 administrator shall select, appoint, and otherwise control all school district employees
16 that serve under the chief school administrator subject to the approval of the school
17 board.

18 * Sec. 22. AS 14.16.020(2) is amended to read:

19 (2) [EMPLOY CHIEF SCHOOL ADMINISTRATORS AND] approve
20 the employment of [OTHER] personnel necessary to operate state boarding schools;

21 * Sec. 23. AS 14.16.050(a)(2) is amended to read:

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

25 (A) AS 14.17.500 [AS 14.17.080] (relating to student count
26 estimates);

27 (B) AS 14.17.505 [AS 14.17.082] (relating to school operating
28 fund balances);

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

1 * Sec. 24. AS 14.16.080(a) is amended to read:

2 (a) AS 14.17.440 [AS 14.17.024] applies to the calculation of public school
3 funding [STATE AID] payable for operation of a state boarding school.

4 * Sec. 25. AS 14.20.025 is amended to read:

5 **Sec. 14.20.025. Limited teacher certificates.** Notwithstanding
6 AS 14.20.020(b), a person may be issued a limited certificate, valid only in the area
7 of expertise for which it is issued, to teach Alaska Native language or culture, military
8 science, or a vocational or technical course for which the board determines by
9 regulation that baccalaureate degree training is not sufficiently available. A limited
10 certificate may be issued under this section only if the school board of the district or
11 regional educational attendance area in which the person will be teaching
12 [, THROUGH THE CHIEF SCHOOL ADMINISTRATOR,] has requested its issuance.
13 A person who applies for a limited certificate shall demonstrate, as required by
14 regulations adopted by the board, instructional skills and subject matter expertise
15 sufficient to ensure the public that the person is competent as a teacher. The board
16 may require a person issued a limited certificate to undertake academic training as may
17 be required by the board by regulation and make satisfactory progress in the academic
18 training.

19 * Sec. 26. AS 14.20.147(a) is amended to read:

20 (a) When an attendance area is transferred from a currently operating district
21 to, or absorbed into, a new or existing school district, the teachers for the attendance
22 area also shall be transferred unless otherwise mutually agreed by the teacher or
23 teachers and the chief school administrator of the new district if the district employs
24 a chief school administrator. Accumulated or earned benefits, including [BUT NOT
25 LIMITED TO,] seniority, salary level, tenure, leave, and retirement, accompany the
26 teacher who is transferred.

27 * Sec. 27. AS 14.20.148 is amended to read:

28 **Sec. 14.20.148. Intradistrict teacher reassignments.** When a teacher is
29 involuntarily transferred or reassigned to a position for which the teacher is qualified,
30 within the district, the teacher's moving expenses shall be paid unless the one-way
31 driving distance is 20 miles or less from the teacher's present place of residence, or

Chapter 83

1 unless otherwise mutually agreed by the teacher and chief school administrator of the
2 district if the district employs a chief school administrator.

3 * Sec. 28. AS 14.20.177(a) is amended to read:

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

6 (1) school attendance in the district has decreased; or

7 (2) the basic need of the school district determined under
8 AS 14.17.410(b)(1) [AS 14.17.021(c) AND ADJUSTED UNDER AS 14.17.225(b)]
9 decreases by three percent or more from the previous year.

10 * Sec. 29. AS 14.30.305 is amended to read:

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

16 * Sec. 30. AS 14.30.347 is amended to read:

17 **Sec. 14.30.347. Transportation of exceptional children.** When transportation
18 is required to be provided as related services, **an** exceptional **child** [CHILDREN] shall
19 be carried with other children if the district provides transportation to other
20 children in the district [,] except when the nature of **the** [THEIR] physical or mental
21 **disability** [DISABILITIES] is such that it is in the best interest of the exceptional
22 **child** [CHILDREN], as determined by the school district, that **the child** [THEY] be
23 transported separately. State reimbursement for transportation of exceptional children
24 shall be as provided for transportation of all other pupils except that eligibility for
25 reimbursement is not subject to restriction based on the minimum distance between the
26 school and the residence of the exceptional child.

27 * Sec. 31. AS 14.30.650 is amended to read:

28 **Sec. 14.30.650. Funding.** Each fiscal year the department shall allocate to the
29 agency not less than **\$15.75 times the number of students in the state in average**
30 **daily membership in the preceding fiscal year as determined under AS 14.17.600.**
31 **Money to carry out the provisions of this section may be appropriated annually**

1 by the legislature. If amounts are insufficient to meet the allocation authorized
 2 under this section for a fiscal year, the allocation shall be reduced pro rata [\$85
 3 FOR EACH SPECIAL EDUCATION STUDENT IN THE STATE IN AVERAGE
 4 DAILY MEMBERSHIP OR THE EQUIVALENT OF TWO PERCENT OF THE
 5 FUNDS APPROPRIATED FOR SPECIAL EDUCATION FOR THAT FISCAL
 6 YEAR, WHICHEVER IS GREATER]. The amount allocated to the agency shall be
 7 reduced each fiscal year by the amount contributed by the department to the Teachers'
 8 Retirement System (AS 14.25) or the Public Employees' Retirement System
 9 (AS 39.35) on behalf of employees of the agency.

10 * Sec. 32. AS 14.36.030(a) is amended to read:

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

15 * Sec. 33. AS 29.45.020(a) is amended to read:

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

18 "NOTICE TO TAXPAYER

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

| | | |
|----|---|----|
| 22 | PUBLIC SCHOOL <u>FUNDING</u> [FOUNDATION] | |
| 23 | PROGRAM [ASSISTANCE] (AS 14.17) | \$ |
| 24 | STATE AID FOR RETIREMENT OF SCHOOL | |
| 25 | CONSTRUCTION DEBT (AS 14.11.100) | \$ |
| 26 | MUNICIPAL TAX RESOURCE EQUALIZATION | |
| 27 | (AS 29.60.010 - 29.60.080) | \$ |
| 28 | PRIORITY REVENUE SHARING FOR | |
| 29 | MUNICIPAL SERVICES (AS 29.60.100 - 29.60.180) | \$ |
| 30 | REVENUE SHARING FOR SAFE COMMUNITIES | |
| 31 | (AS 29.60.350 - 29.60.375) | \$ |

Chapter 83

| | | | |
|----|--|--------------------|------------|
| 1 | | TOTAL AID | \$ |
| 2 | The millage equivalent of this state aid, based on the dollar value of a mill in the | | |
| 3 | municipality during the current assessment year and for the preceding assessment year, | | |
| 4 | is: | | |
| 5 | | MILLAGE EQUIVALENT | |
| 6 | | PREVIOUS YEAR | THIS YEAR |
| 7 | PUBLIC SCHOOL FUNDING | | |
| 8 | [FOUNDATION] PROGRAM | | |
| 9 | ASSISTANCE | ... MILLS | ... MILLS |
| 10 | STATE AID FOR RETIREMENT | | |
| 11 | OF SCHOOL CONSTRUCTION | | |
| 12 | DEBT | ... MILLS | ... MILLS |
| 13 | MUNICIPAL TAX RESOURCE | | |
| 14 | EQUALIZATION | ... MILLS | ... MILLS |
| 15 | PRIORITY REVENUE FOR SHARING | | |
| 16 | MUNICIPAL SERVICES | ... MILLS | ... MILLS |
| 17 | REVENUE SHARING FOR SAFE | | |
| 18 | COMMUNITIES | ... MILLS | ... MILLS |
| 19 | TOTAL MILLAGE | | |
| 20 | EQUIVALENT | ... MILLS | ... MILLS" |

21 Notice shall be provided by

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

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

28 * **Sec. 34.** AS 29.60.030(d) is amended to read:

29 (d) The full and true assessed property value shall be determined by the
 30 department in the manner provided for the computation of state aid to education under
 31 **AS 14.17.510** [AS 14.17.140]. When the determination of locally generated revenue

1 includes revenue of a utility received under AS 29.60.010(c)(1)(E), the full and true
 2 assessed property value must include the computed assessed value of the utility,
 3 determined by dividing the amount of the payment in place of taxes made by the
 4 utility by the millage rate that would apply to the utility if the utility were subject to
 5 levy and collection of taxes under AS 29.45.

6 * Sec. 35. AS 36.10.090(b) is amended to read:

7 (b) A local government or school district covered by the provisions of this
 8 chapter that is found to be in violation of these provisions may be required to forfeit
 9 all or part of the state aid made available for the project in which the violation occurs
 10 and in addition may be denied up to 12 months of state revenue sharing or public
 11 school **funding** [FOUNDATION MONEY]. A state department or agency head found
 12 to be in violation of this chapter may be required to forfeit the position of department
 13 or agency head.

14 * Sec. 36. AS 36.10.125(c) is amended to read:

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

21 * Sec. 37. AS 36.30.850(b) is amended by adding a new paragraph to read:

22 (38) contracts of the Department of Education under AS 14.03.123(g).

23 * Sec. 38. AS 44.47.305(c) is amended to read:

24 (c) A grant under (a) of this section may not exceed \$50 per month for each
 25 child the child care facility cares for, or for each full-time equivalent, as determined
 26 by the department. The grant shall be adjusted on a geographic basis by the same
 27 **factor** [PERCENTAGES] as **funding for a school district is** [INSTRUCTIONAL
 28 UNIT ALLOTMENTS ARE] adjusted under **AS 14.17.460** [AS 14.17.051].

29 * Sec. 39. AS 14.16.050(a)(1)(G); AS 14.17.010, 14.17.021, 14.17.022, 14.17.024,
 30 14.17.025, 14.17.026, 14.17.031, 14.17.041, 14.17.043, 14.17.045, 14.17.047, 14.17.051,
 31 14.17.056, 14.17.080, 14.17.082, 14.17.140, 14.17.160, 14.17.170, 14.17.190, 14.17.200,

Chapter 83

1 14.17.210, 14.17.220, 14.17.225, 14.17.250; and AS 14.30.315(a) are repealed.

2 * Sec. 40. TRANSITION: REGULATIONS. (a) To the extent the regulations are not
3 inconsistent with the language and purposes of this Act, regulations relating to state aid for
4 public schools adopted by the Department of Education before the effective date of this
5 section remain in effect as valid regulations implementing this Act; all other regulations
6 relating to state aid for public schools adopted by the Department of Education before the
7 effective date of this section are annulled. The Department of Education may administer and
8 enforce those previously adopted regulations relating to state foundation aid for public schools.

9 (b) The Department of Education shall, by regulation, define the term "school" for
10 purposes of AS 14.17.

11 * Sec. 41. TRANSITION: PROPOSED DISTRICT COST FACTORS. The Department
12 of Education shall submit the initial proposed district cost factors, required under
13 AS 14.17.460(b), enacted in sec. 2 of this Act, to the Alaska State Legislature by January 15,
14 2001.

15 * Sec. 42. TRANSITION: CENTRALIZED CORRESPONDENCE FUNDING.
16 Notwithstanding AS 14.17.430, as enacted by sec. 2 of this Act, funding for a correspondence
17 study program includes an allocation from the public school account in an amount calculated
18 by multiplying the ADM of the correspondence program by a percentage as follows:

| | | |
|----|-------------------------------|------------|
| 19 | For the fiscal year beginning | Percentage |
| 20 | July 1, 1998 | 70 percent |
| 21 | July 1, 1999 | 75 percent |

22 * Sec. 43. TRANSITION: MINIMUM EXPENDITURE FOR INSTRUCTION.
23 Notwithstanding AS 14.17.520, enacted in sec. 2 of this Act, the minimum expenditure for the
24 instructional component of the school district budget is as follows:

| | | |
|----|-------------------------------|---------------------|
| 25 | For the fiscal year beginning | Minimum expenditure |
| 26 | July 1, 1998 | 60 percent |
| 27 | July 1, 1999 | 65 percent |

28 * Sec. 44. TRANSITION: SPECIAL EDUCATION FUNDING. If, for fiscal year 1999,
29 the special education service agency would receive less funding under AS 14.30.650, as
30 amended by sec. 31 of this Act, than the agency would have received for fiscal year 1999
31 under AS 14.30.650 as that provision read before the effective date of this Act, the agency is

1 eligible to receive additional state funding for fiscal year 1999 equal to the difference between
2 the state funding the agency is eligible to receive under AS 14.30.650, as amended by sec. 31
3 of this Act, and the state funding the agency is eligible to receive on the day before the
4 effective date of this Act.

5 * **Sec. 45. TRANSITION: BASIC NEED.** Notwithstanding AS 14.17.410(b)(2), enacted
6 in sec. 2 of this Act, for fiscal year 1999, the Department of Education shall determine basic
7 need for purposes of calculating the required contribution of a city or borough school district
8 under AS 14.17.410(b)(2) by using projected data.

9 * **Sec. 46. TRANSITION: PUBLIC SCHOOL FUNDING.** (a) If, in fiscal year 1999, a
10 city or borough school district or a regional educational attendance area would receive more
11 public school funding under AS 14.17.410, enacted in sec. 2 of this Act, than the district or
12 area would have received as state aid in fiscal year 1999, the district or area may not receive
13 state funding that exceeds the amount the district or area would be eligible to receive in state
14 aid in fiscal year 1999 and 60 percent of the difference between the state aid the district or
15 area would have received in fiscal year 1999 and the state funding the district or area was
16 eligible to receive under AS 14.17.410, enacted in sec. 2 of this Act, in fiscal year 1999.

17 (b) For purposes of this section, "state aid" means state aid distributed under the
18 provisions of AS 14.17, as those provisions read on January 1, 1998, and additional district
19 support appropriated by the legislature.

20 * **Sec. 47. REQUIRED REPORT.** The Department of Education shall compare the use of
21 per school funding required under this Act to the use of funding communities required in
22 AS 14.17 before the effective date of this Act and submit a report to the Alaska State
23 Legislature by January 15, 2001.

24 * **Sec. 48.** This Act takes effect July 1, 1998.