

Alaska Constitution

Section 7.1 - Public Education.

The legislature shall by general law establish and maintain a system of public schools open to all children of the State, and may provide for other public educational institutions. Schools and institutions so established shall be free from sectarian control. No money shall be paid from public funds for the direct benefit of any religious or other private educational institution.

Alaska Statutes

Chapter 14.17. FINANCING OF PUBLIC SCHOOLS

Article 01. STATE AID TO PUBLIC SCHOOLS

Sec. 14.17.300. Public education fund.

- (a) The public education fund is established. The fund consists of appropriations for
- (1) distribution to school districts, to the state boarding school, and for centralized correspondence study under this chapter; and
 - (2) transportation of pupils under AS 14.09.010 .
- (b) Money appropriated to the fund may be expended without further appropriation. Money appropriated to the fund does not lapse. The money in the fund may be expended only in aid of public schools and for centralized correspondence study programs under this chapter and for transportation of pupils under AS 14.09.010 . Interest earned on money held in the fund before expenditure may be appropriated to the fund by the legislature.

Sec. 14.17.400. State aid for districts.

- (a) The state aid for which a school district is eligible in a fiscal year is equal to the amount for which a district qualifies under AS 14.17.410.
- (b) If the amount appropriated to the public education fund for purposes of this chapter is insufficient to meet the amounts authorized under (a) of this section for a fiscal year, the department shall reduce pro rata each district's basic need by the necessary percentage as determined by the department. If the basic need of each district is reduced under this subsection, the department shall also reduce state funding for centralized correspondence study and the state boarding school by the same percentage.

Sec. 14.17.410. Public school funding.

- (a) A district is eligible for public school funding in an amount equal to the sum calculated under (b) and (c) of this section.
- (b) Public school funding consists of state aid, a required local contribution, and eligible federal impact aid determined as follows:
- (1) state aid equals basic need minus a required local contribution and 90 percent of eligible federal impact aid for that fiscal year; basic need equals the sum obtained under (D) of this paragraph, multiplied by the base student allocation set out in AS 14.17.470 ; district adjusted ADM is calculated as follows:
 - (A) the ADM of each school in the district is calculated by applying the school size factor to the student count as set out in AS 14.17.450 ;

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

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

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

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

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

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

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

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

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

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

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

(B) the sum of 10 percent of the district's eligible federal impact aid for that year and the equivalent of a two mill tax levy on the full and true value of the taxable real and personal property in the city or borough school district as of January 1 of the second preceding fiscal year, as determined by the Department of Commerce, Community, and Economic Development under AS 14.17.510 and AS 29.45.110 ; and

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

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

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

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

Sec. 14.17.420. Special needs and intensive services funding.

(a) As a component of public school funding, a district is eligible for special needs funding and may be eligible for intensive services funding as follows:

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

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

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

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

Sec. 14.17.430. State funding for correspondence study.

Except as provided in AS 14.17.400 (b), funding for the state centralized correspondence study program or a district correspondence program, including a district that offers a statewide correspondence study program, includes an allocation from the public education fund in an amount calculated by multiplying the ADM of the correspondence program by 80 percent.

Sec. 14.17.440. State funding for state boarding schools.

(a) Except as provided in AS 14.17.400 (b), funding for state boarding schools established under AS 14.16.010 includes an allocation from the public education fund in an amount calculated by

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

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

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

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

Sec. 14.17.450. School size factor.

(a) For purposes of calculating a school's ADM to determine state aid, the ADM of each school in a district shall be computed by applying the following formula:

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

30	-	75	55.8	+	(1.49	x	30)
75	-	150	122.85	+	(1.27	x	75)
150	-	250	218.1	+	(1.08	x	150)
250	-	400	326.1	+	(0.97	x	250)
400	-	750	471.6	+	(0.92	x	400)
750 or over			793.6	+	(0.84	x	750).

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

Sec. 14.17.460. District cost factors.

(a) [See delayed amendment note]. For purposes of calculating a district's adjusted ADM under AS 14.17.410 (b)(1), the district cost factor for a school district is as follows:

DISTRICT	DISTRICT COST FACTOR
Alaska Gateway	1.367
Aleutians East	1.565
Aleutians Region	1.787
Anchorage	1.000
Annette Island	1.093
Bering Strait	1.643
Bristol Bay	1.316
Chatham	1.234
Chugach	1.345
Copper River	1.211
Cordova	1.131
Craig	1.059
Deltareely	1.140
Denali	1.318
Dillingham	1.277
Fairbanks	1.047
Galena	1.359
Haines	1.056
Hoonah	1.141
Hydaburg	1.190
Iditarod	1.564
Juneau	1.040
Kake	1.134

Kashunamiut	1.447
Kenai Peninsula	1.046
Ketchikan	1.043
Klawock	1.088
Kodiak Island	1.142
Kuspuk	1.509
Lake and Peninsula	1.667
Lower Kuskokwim	1.534
Lower Yukon	1.544
Matanuska-Susitna	1.025
Mt. Edgecumbe	1.049
Nenana	1.287
Nome	1.352
North Slope	1.576
Northwest Arctic	1.618
Pelican	1.337
Petersburg	1.061
Pribilof	1.487
Sitka	1.049
Skagway	1.151
Southeast Island	1.194
Southwest Region	1.489
St. Mary's	1.419
Tanana	1.569
Unalaska	1.294
Valdez	1.114
Wrangell	1.040
Yakutat	1.138
Yukon Flats	1.780
Yukon/Koyukuk	1.585
Yupiit	1.533.

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

Sec. 14.17.470. Base student allocation.

The base student allocation is \$5,380.

Sec. 14.17.480. Quality school funding.

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

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

Sec. 14.17.490. Public school funding adjustments.

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

(b) A city or borough school district is not eligible for additional funding authorized under (a) of this section unless, during the fiscal year in which the district receives funding under (a) of this section, the district received a local contribution equal to at least the equivalent of a four mill tax levy on the full and true value of the taxable real and personal property in the district as of January 1 of the second preceding fiscal year as determined by the Department of Commerce, Community, and Economic Development under AS 14.17.510 and AS 29.45.110.

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

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

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

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

Article 02. PREPARATION OF PUBLIC SCHOOL FUNDING BUDGET

Sec. 14.17.500. Student count estimate.

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

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

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

Sec. 14.17.505. Fund balance in school operating fund.

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

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

Sec. 14.17.510. Determination of full and true value by Department of Commerce, Community, and Economic Development.

(a) To determine the amount of required local contribution under AS 14.17.410(b)(2) and to aid the department and the legislature in planning, the Department of Commerce, Community, and Economic Development, in consultation with the assessor for each district in a city or borough, shall determine the full and true value of the taxable real and personal property in each district in a city or borough. If there is no local assessor or current local assessment for a city or borough school district, then the Department of Commerce, Community, and Economic Development shall make the determination of full and true value guided by AS 29.45.110 and based on a determination of full and true value made by the state assessor at least every two years using the best information available, including on-site inspections made by the state assessor in each of those districts at least once every four years. For purposes of this subsection, the full and true value of taxable real and personal property in any area detached shall be excluded from the determination of the full and true value of the municipality from which the property was detached for the two years immediately preceding the effective date of the detachment. Also, in making the determination for a municipality that is a school district, or for a city that is within a borough school district, the assessed value of property taxable under AS 43.56 shall be excluded if a tax is not levied under AS 29.45.080 by the municipality that is the school district. The determination of full and true value shall be made by October 1 and sent by certified mail, return receipt requested, on or before that date to the president of the school board in each city or borough school district. Duplicate copies shall be sent to the commissioner. The governing body of a city or borough that is a school district may obtain judicial review of the determination. The superior court may modify the determination of the Department of Commerce, Community, and Economic Development only upon a finding of abuse of discretion or upon a finding that there is no substantial evidence to support the determination.

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

(c) Notwithstanding AS 14.17.410 (b)(2) and the other provisions of this section, if the assessed value in a city or borough school district determined under (a) of this section increases from the base year, only 50 percent of the annual increase in assessed value may be included in determining the assessed value in a city or borough school district under (a) of this section. The limitation on the increase in assessed value in this subsection applies only to a determination of assessed value for purposes of calculating the required contribution of a city or borough school district under AS 14.17.410 (b)(2) and 14.17.490(b). In this subsection, the base year is 1999.

Sec. 14.17.520. Minimum expenditure for instruction.

(a) A district shall budget for and spend a minimum of 70 percent of its school operating expenditures in each fiscal year on the instructional component of the district budget.

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

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

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

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

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

Article 03. PROCEDURE FOR PAYMENTS OF STATE AID

Sec. 14.17.600. Student counting periods.

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

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

Sec. 14.17.610. Distribution of state aid.

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

(b) Distribution of state aid under (a) of this section shall be made as required under AS 14.17.410 . If a district receives more state aid than it is entitled to receive under this chapter, the district shall immediately remit the amount of overpayment to the commissioner, to be returned to the public education fund. The department may make adjustments to a district's state aid to correct underpayments made in previous fiscal years.

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

Article 04. GENERAL PROVISIONS

Sec. 14.17.900. Construction and implementation of chapter.

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

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

Sec. 14.17.905. Facilities constituting a school.

(a) For purposes of this chapter, the determination of the number of schools in a district is subject to the following:

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

(2) a community with an ADM of at least 101, but not more than 425, shall be counted as

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

(B) one secondary school, which includes students in grades seven through 12;

(3) in a community with an ADM of greater than 425, each facility that is administered as a separate school shall be counted as one school, except that each alternative school with an ADM of less than 200 shall be counted as a part of the school in the district with the highest ADM.

(b) Notwithstanding (a)(3) of this section, a charter school shall be counted as a separate school if the charter school has an ADM of at least 150 students.

Sec. 14.17.910. Restrictions governing receipt and expenditure of district money.

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

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

Sec. 14.17.920. Regulations.

The department shall adopt regulations necessary to implement this chapter.

Sec. 14.17.990. Definitions.

In this chapter, unless the context requires otherwise,

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

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

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

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

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

(6) "local contribution" means appropriations and the value of in-kind services made by a district;

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

Alaska Administrative Code

Article 1 State Aid

4 AAC 09.006. ADM adjustment for schools

(a) Annually, by September 1, the commissioner will publish a list of each school eligible for ADM adjustment under AS 14.17.450 within each district. The list will be based on the actual ADM of each school within each district for the prior school year.

(b) A district may request an amendment to the list of schools published under (a) of this section. The commissioner will add or remove a school from the list if satisfied that the request is justified under the criteria set out in AS 14.17.905 .

(c) A district's request for an amendment under (b) of this section must be made in writing and must be received by the commissioner before the beginning of the student count period under AS 14.17.600 for the fiscal year for which the amendment is to become effective.

History: Eff. 7/22/99, Register 151

Authority: AS 14.07.060; AS 14.17.905; AS 14.17.920; Sec. 40, ch. 83, SLA 1998

4 AAC 09.010. Public school foundation program

(a) - (c) Repealed 6/10/83.

(d) Repealed 1/22/81.

(e) Repealed 7/22/99.

(f) Effective August 5, 1990, distribution of state aid under the public school foundation program shall be governed by the department as follows:

(1) A school district that questions a state aid payment shall immediately notify the department and request a review of data and computations leading to the payment amount.

(2) If the department finds no error in the data or in the computation of the payment, it will provide written notice and explanation of its findings to the district.

(3) If the district further disputes the determination of payment, it may proceed with an appeal under the provisions of 4 AAC 40.

(4) Upon discovery, by department staff or by auditors conducting the annual department audit, of an overpayment to a district, a written notice will be sent to the district. The district shall immediately remit the amount of overpayment to the department as required by AS 14.17.170 .

History: In effect on or before 7/28/59; am 6/9/61, Register 3; am 9/24/65, Register 20; am 9/8/66, Register 24; am 10/4/68, Register 27; am 8/30/75, Register 55; am 5/10/78, Register 66; am 1/22/81, Register 77; am 6/10/83, Register 86; am 1/15/87, Register 101; am 12/13/87, Register 104; am 8/5/90, Register 115; am 7/22/99, Register 151

Authority: AS 14.07.020; AS 14.07.060; AS 14.17.610; AS 14.17.920

4 AAC 09.011. Calculation of supplement public school funding floor

(a) The supplementary public school funding floor for a district under AS 14.17.490 is calculated as follows:

(1) "public school funding" is the funding amount for a district for fiscal year 1999 as calculated under AS 14.17.410 (b)(1);

(2) "state aid" is equal to

(A) the amount of state foundation aid for a district for fiscal year 1999 as calculated under former AS 14.17.021 , 14.17.022, 14.17.024, and 14.17.026, as those provisions read on January 1, 1998, applied to the district's reported student count for the 1998 - 1999 school year as calculated under former AS 14.17.160 and 4 AAC 09.015 as those provisions read on January 1, 1998; plus

(B) additional district support appropriated by the legislature for fiscal year 1998.

(b) If the amount calculated for a district under (a)(2) of this section is greater than the amount calculated for that district under (a)(1) of this section, that difference is the supplementary public school funding floor under AS 14.17.490 for that district.

History: Eff. 7/22/99, Register 151

Authority: AS 14.07.060; AS 14.17.490; AS 14.17.920

4 AAC 09.012. Transition: Limitation on increase to district public school funding

(a) The transition limitation under sec. 46, ch. 83, SLA 1998 for a district's fiscal year 1999 state funding under AS 14.17 is calculated as follows:

(1) "public school funding" is the funding amount for a district for fiscal year 1999 as calculated under AS 14.17.410 (b)(1);

(2) "state aid" is equal to

(A) the amount of state foundation aid for a district for fiscal year 1999 as calculated under former AS 14.17.021 , 14.17.022, 14.17.024, and 14.17.026, as those provisions read on January 1, 1998, applied to the district's reported student count for the 1998 - 1999 school year as calculated under former AS 14.17.160 and 4 AAC 09.015 as those provisions read on January 1, 1998; plus

(B) additional district support appropriated by the legislature for fiscal year 1998.

(b) If the amount calculated for a district under (a)(1) of this section is greater than the amount calculated for that district under (a)(2) of this section, the increase in state funding to the district for fiscal year 1999 is limited to 60 percent of the difference between those amounts.

History: Eff. 7/22/99, Register 151

Authority: AS 14.07.060; AS 14.17.920; Sec. 46, ch. 83, SLA 1998

4 AAC 09.013. Reductions in supplementary public school funding floor

(a) A district's supplementary public school funding floor, as initially calculated under AS 14.17.490 (a) and 4 AAC 09.011, is required to be reduced under AS 14.17.490 (d) and (e), if there is an increase in the district's public school funding or a decrease in the district's ADM for a school year. Each reduction in a district's supplementary public school funding floor is a permanent reduction, and any additional reductions required under AS 14.17.490 (d) and (e) will be applied to the supplementary public school funding floor as modified by prior reductions.

(b) In years following the initial reduction of a district's supplementary public school funding floor under AS 14.17.490 (e), the department will compare the district's ADM for a school year to its ADM for the preceding school year. If the district's ADM decreased from that for the preceding school year, the department will reduce the district's supplementary public school funding floor by a percentage equal to the percentage of that decrease.

History: Eff. 9/30/99, Register 151

Authority: AS 14.07.060; AS 14.17.490; AS 14.17.920

4 AAC 09.015. Student count; intensive services funding

(a) Each district shall, in accordance with AS 14.17.600 , separately report its ADM

(1) by school, for

(A) pre-kindergarten for children eligible to be included in ADM under (f) of this section;

(B) kindergarten through grade six;

(C) grades 7 - 12; and

(D) students requiring intensive services; and

(2) by district, for correspondence study programs.

(b) For a district to be eligible for intensive services funding for a student under AS 14.17.420 (a)(2), the student must be enrolled and receiving intensive services, as defined in 4 AAC 52.990, on the last day of the student count period under AS 14.17.600 .

(c) A district shall submit reports under this section in both an electronic format and in a paper format using forms and formats prescribed by the department. A district's ADM report must be submitted to the department within two weeks after the end of the student count period under AS

14.17.600 . If the district's ADM report is not received on or before November 16, the department will immediately withhold all payments of state aid to the district until the report is received. Projected and initial student counts for public school funding calculations will be based on the student data submitted in the paper format. Final public school funding calculations will be based on student count data submitted in electronic format as adjusted under (e) of this section.

(d) No adjustments will be made to increase a district's student count based on data that the district failed to include in the reports submitted under (c) of this section.

(e) The department will prepare and mail to each district a report based on the student data submitted in electronic format. The report will indicate supplemental information or data that the district must correct, including duplicate students between districts, missing birth dates, out of state students, or other required data, to allow the department to determine public school funding eligibility. Within 30 days after the date of the department's report, districts shall submit the required information and corrections to the department. The district student count data will be adjusted based on the corrected data submitted. If the district fails to respond timely with the required information and corrections on the listed students, the department will determine those students to be ineligible, and the student counts for the district will be adjusted.

(f) A school district may include in its ADM an eligible child with a disability, as defined under AS 14.30.350 , if the child is

(1) enrolled in the district;

(2) at least three years of age;

(3) younger than 22 years of age on July 1 of the school year; and

(4) receiving special education services from the district under an individualized education program.

(g) A student enrolled in multiple approved district correspondence study programs or regular district schools will be counted under 4 AAC 09.040. A student will be counted first in the district where the student resides.

(h) Under this section, a student may not be claimed for more than one full-time equivalent ADM.

(i) A district enrolling students under AS 14.03.080 (c) must meet the following criteria:

(1) the governing body of the district must

(A) develop, adopt, and utilize minimum standards to evaluate students on an individual basis that demonstrates that the student has the mental, physical, and emotional capacity to perform satisfactorily at the grade level the student is being allowed to enter early;

(B) approve early entry of a student on an individual basis; and

(2) documentation on each early entry student's capacity to meet the standards for early entry must be maintained and available to the department upon request.

(j) A kindergarten student who attends school for less than four hours a day, exclusive of intermissions, will be counted under 4 AAC 09.040.

(k) A correspondence program student living outside of this state is not eligible for school funding under AS 14.17.

History: Eff. 1/15/87, Register 101; am 12/13/87, Register 104; am 8/5/90, Register 115; am 6/2/95, Register 134; am 12/30/98, Register 148; am 7/22/99, Register 151; am 8/9/2002, Register 163; am 10/24/2004, Register 172; am 9/1/2006, Register 179

Authority: AS 14.07.020; AS 14.07.060; AS 14.07.070; AS 14.17.410; AS 14.17.420; AS 14.17.430; AS 14.17.500; AS 14.17.600; AS 14.17.920

4 AAC 09.019. Public school funding calculations

All school funding calculations under AS 14.17 and this chapter that are based on ADM are to be rounded to the second decimal place. For purposes of rounding under this section, if the digit in the third decimal place of a calculated number is

- (1) five or greater, the calculated number is to be rounded upward;
- (2) lower than five, the calculated number is to be rounded downward.

History: Eff. 7/22/99, Register 151

Authority: AS 14.07.060; AS 14.17.910; AS 14.17.920

4 AAC 09.020. Teachers entitled to pay

(a) Repealed 6/10/83.

(b) When any regularly certificated teacher in any of the public schools of Alaska is obliged to be absent from duty, under an order of any court of competent jurisdiction, either as a witness or juror, or similar circumstances, the regular salary of the teacher must be paid in the usual manner during the necessary period of absence. When it is necessary to employ a substitute for this teacher, the salary of the substitute shall be paid in the usual manner. Any amount of compensation received by the teacher for service as a witness or juror shall be deducted from the teacher's first pay period following the service. This section does not apply if a teacher is a party to a civil or criminal case.

(c) Labor Day, Memorial Day, and July 4 may not be counted as legal holidays in a public school unless the school is normally in regular session the day after those holidays.

History: In effect before 7/28/59; am 9/24/65, Register 20; am 9/6/66, Register 24; am 10/14/68, Register 27; am 1/22/81, Register 77; am 6/10/83, Register 86; am 9/22/84, Register 91

Authority: AS 14.03.050; AS 14.07.020 (1)

4 AAC 09.021. Eligible impact aid

For the purpose of determining the date on which federal impact aid was received by a district, the department will use the date printed on the federal impact aid payment voucher.

History: Eff. 7/22/99, Register 151

Authority: AS 14.07.060; AS 14.17.920; AS 14.17.990

4 AAC 09.030. Tuition costs

The tuition rate that may be charged by district schools to other school districts or to individuals is determined and governed by the following conditions:

(1) the tuition rate for each individual school district shall be certified by the commissioner on the basis of a report from each individual school district on a form to be prescribed by the commissioner. The rate shall be based on a formula wherein the tuition rate established shall be the actual local contribution rate of the school district for the prior year;

(2) the tuition rate will be an annual rate per pupil in average daily membership; the tuition rate shall be based upon the amount expended annually from local funds for current operation and capital outlay for the prior year divided by the ADM; data for rate determination shall be obtained from official reports submitted by districts; the rate shall be computed by the department;

(3) the certified rate is the amount which a district may bill the sending agency for nonresident children attendant in the district, and not being provided with public school educational facilities in their place of residence in the state;

(4) repealed 2/11/2004;

(5) repealed 2/11/2004;

(6) in the case of attendance in a district of a pupil whose parents are bona fide residents of another school district in this state where public school facilities of the necessary grade levels are not provided, tuition shall be billed to the school district from which the pupil has come and that district shall accept the billing; in the case of a pupil resident in one school district but optionally attending another school district and where the necessary grade level is provided in the home district, a tuition charge may not be made to the home district unless the district of residence waives attendance requirements for the particular pupil and agrees to accept billing; if the home district will not accept the billing, the school district may bill the parent or guardian for tuition;

(7) tuition may not be billed for pupils for whom contractual or other similar arrangements have been made in lieu of tuition;

(8) repealed 9/3/76.

History: In effect before 7/28/59; am 6/9/61, Register 3; am 10/14/68, Register 27; am 8/30/75, Register 55; am 9/3/76, Register 59; am 2/11/2004, Register 169

Authority: AS 14.07.020; AS 14.07.030; AS 14.07.060; AS 14.14.110

4 AAC 09.040. Counting of correspondence students and part-time public school students

(a) Repealed 6/2/95.

(b) Repealed 12/13/87.

(c) A secondary student enrolled in an approved district correspondence study program, or as a part-time student under 4 AAC 05.035, shall be counted on a full-time equivalent basis as follows:

(1) a secondary student enrolled in one course in a semester equals 0.25 full-time equivalent;

(2) a secondary student enrolled in two courses in a semester equals 0.5 full-time equivalent;

(3) a secondary student enrolled in three courses in a semester equals 0.75 full-time equivalent;

(4) a secondary student enrolled in four or more courses in a semester equals 1.00 full-time equivalent.

(d) An elementary student enrolled in an approved district correspondence study program or as a part-time student under 4 AAC 05.035, shall be counted on a full-time equivalent basis as follows:

(1) an elementary student enrolled in one hour or less per day equals 0.25 full-time equivalent;

(2) an elementary student enrolled in two hours per day equals 0.5 full-time equivalent;

(3) an elementary student enrolled in three hours per day equals 0.75 full-time equivalent;

(4) an elementary student enrolled in four hours per day equals 1.0 full-time equivalent.

(e) A district enrolling a part-time student shall determine if the student is enrolled with another district. If a part-time student is enrolled in two districts, a written agreement must be entered by the enrolling districts to ensure that the student is not counted as a total of more than one full-time equivalent for purposes of the public school funding program under AS 14.17. The enrolling districts shall notify the department of the terms of the agreement.

(f) For the purposes of the public school funding program under AS 14.17, a student who generates one full-time equivalent in one district will not be counted as a part-time student with another district.

History: Eff. 1/15/87, Register 101; am 12/13/87, Register 104; am 6/2/95, Register 134; am 12/30/98, Register 148; am 8/21/2005, Register 175

Authority: AS 14.07.020; AS 14.07.060; AS 14.17.410; AS 14.17.450; AS 14.17.500; AS 14.17.600; AS 14.17.920

4 AAC 09.050. Secondary boarding programs

(a) The governing body of a district shall make available, at no cost to the student or the student's parent, a basic boarding program to all secondary school age children in the district who do not have daily access to a school of the appropriate grade level by being transported a reasonable distance. The following rules apply:

(1) A basic boarding program must provide for each student

(A) suitable living accommodations, including room and board and supervision while the student is not in school, which satisfy the applicable requirements of state law and regulations;

(B) round-trip transportation to and from the student's usual home; and

(C) daily access to a school offering the appropriate grade level.

(2) Students in a basic boarding program must be placed in accordance with their best interests, taking into account special educational needs.

(3) To qualify for funding by the Department of Education and Early Development, a district's basic boarding program must satisfy the requirements of (1) and (2) of this subsection. Applications for funding must contain the following:

(A) the name, village and grade level of each student;

(B) the location of each student's boarding placement; and

(C) a budget showing transportation, room and board, and out-of-school supervision costs.

(4) Direct costs that may be claimed for reimbursement under this section are:

(A) those associated with one annual round trip between the community of residence and the school location;

(B) a room and board stipend during the school year; and

(C) up to 30 percent of the stipend amount for out-of-school supervision of students at locations outside the school district of residence.

(5) Administrative and out-of-school supervision costs for pupils attending schools within their school district of residence are the responsibility of the school district.

(6) Indirect costs may be claimed against approved expenditures based upon the Department of Education and Early Development annual approved indirect cost rate.

(7) The commissioner will review and adjust stipend rates annually, based upon information prepared by the Alaska Department of Labor and Workforce Development, the University of Alaska Cooperative Extension Service, and the U.S. Department of Labor Consumer Price Index for the Anchorage area. The commissioner will notify school districts of final rates, and the information upon which adjustments were based, by August 15 of the school year to which they apply.

(8) If claims for reimbursement under this section exceed the amount appropriated for that purpose, the commissioner will deny reimbursement of administrative costs, reduce or deny costs associated with student supervision, and prorate student stipends based upon days served, in that order.

(b) No student may be suspended or expelled from a boarding program without due process of law.

History: Eff. 9/3/76, Register 59; am 3/12/86, Register 97; am 1/15/87, Register 101; am 9/8/2006, Register 179

Authority: AS 14.07.020; AS 14.07.030; AS 14.07.060

Editor's note: As of Register 151 (October 1999), the regulations attorney made technical revisions under AS 44.62.125 (b)(6) to reflect the name change of the Department of Education to the Department of Education and Early Development made by ch. 58, SLA 1999, and the corresponding title change of the commissioner of education.

Article 2

School Operating Fund

4 AAC 09.110. School district budget

(a) A district must submit its budget for each fiscal year to the department not later than July 15 of the fiscal year.

(b) Repealed 1/15/87.

History: Eff. 5/24/81, Register 78; am 1/15/87, Register 101; am 12/13/87, Register 104

Authority: AS 14.07.060; AS 14.07.170; AS 14.17.190; AS 14.17.200

4 AAC 09.115. Minimum expenditure for instruction

The department will calculate each district's required minimum expenditure for instruction under AS 14.17.520 based upon the district's school operating fund expenditures reported under the uniform chart of accounts required under 4 AAC 06.120. The instructional component of a district's budget consists of expenditures in the following functional uniform chart of accounts categories:

(1) 100 - Instruction;

(2) 200 - Special Education Instruction;

(3) 220 - Special Education Support Services - Student;

(4) 300 - Support Services - Students;

(5) 350 - Support Services - Instruction.; and

(6) 400 - School Administration.

History: Eff. 7/22/99, Register 151; am 7/1/2000, Register 154

Authority: AS 14.07.060; AS 14.17.520; AS 14.17.920

4 AAC 09.120. Budget review

(a) This section applies to a budget submitted under 4 AAC 09.110 for a school year beginning on or after July 1, 2000.

(b) After reviewing a budget submitted under 4 AAC 09.110, the department will either approve the budget, or reject a budget that is

(1) not in the form required by the department;

(2) not balanced;

(3) does not meet the local effort provisions of AS 14.17; or

(4) does not meet the minimum expenditure for instruction provision of AS 14.17.520 .

(c) The department will notify each district of its determination made under (b) of this section by September 1. Notification will include either an approval or a rejection of the budget submission. Notification that a budget is rejected under this section will include the department's specific reasons for the rejection. A budget rejected under this section must be resubmitted within 20 days of the date of the department's mailing of the notice of rejection.

(d) A district that has had its budget rejected under (b)(1), (2) or (3) of this section is not eligible for state aid under AS 14.09 or AS 14.17 until the district has submitted a revised budget that has been approved by the department. A district that has had its budget rejected under (b)(4) of this section may revise its budget in accordance with (c) of this section to comply with AS 14.17.520 and submit it to the department for approval under this section or request a waiver in accordance with AS 14.17.520 (d).

(e) A budget of a district that contains a prior year fund balance as revenue will be reviewed again by the department upon receipt of the prior year audit. If an audited fund balance less than the amount budgeted is found, the budget will be deemed to be out of balance and the procedures in (c) and (d) of this section will apply.

History: Eff. 5/24/81, Register 78; am 1/15/87, Register 101; am 12/13/87, Register 104; am 8/5/90, Register 115; am 12/5/99, Register 152

Authority: AS 14.17.505; AS 14.17.520; AS 14.17.910; AS 14.17.920

4 AAC 09.130. School district audit

A district must submit the annual audit of the district's operating fund for the fiscal year to the commissioner no later than October 1 of the succeeding fiscal year.

History: Eff. 5/24/81, Register 78; am 1/15/87, Register 101

Authority: AS 14.14.050; AS 14.17.081; AS 14.17.190; AS 14.17.200

4 AAC 09.160. Fund balance

(a) Eligible reserves in the year-end fund balance in a school's operating fund may be only in the following categories:

(1) encumbrances,

(2) inventory,

(3) prepaid expenses including fuel,

(4) retirement incentive program,

(5) self-insurance, and

(6) federal impact aid received in response to the application submitted during the fiscal year of the audit under 4 AAC 09.130.

(b) Other uses of a school's balance must be listed under the unreserved portion of the fund balance as "designations".

History: Eff. 12/13/87, Register 104; am 8/5/90, Register 115

Authority: AS 14.17.082; AS 14.17.200

Article 3
General Provisions

4 AAC 09.990. Definitions

(a) In AS 14.17 and this chapter, unless the context requires otherwise,

(1) "alternative school" means an educational program that is not a correspondence study program and that is

(A) designed to target a specific student population to receive a specialized instructional program or curriculum; or

(B) a charter school;

(2) "community" means

(A) an incorporated city;

(B) a unified municipality; or

(C) a place that is not incorporated as a city or a unified municipality and that has a school enrollment of at least 10 full-time equivalent students;

(3) "correspondence study program" means any educational program, including a charter school program or a state supported home-schooling program, that provides

(A) for each secondary course, less than three hours per week of scheduled face-to-face interaction, in the same location, between a teacher certificated under AS 14.20.020 and each class;

(B) for elementary students, less than 15 hours per week of scheduled face-to-face interaction, in the same location, between a teacher certificated under AS 14.20.020 and each full-time equivalent elementary student.

(b) In the definition of "local contribution" in AS 14.17.990 ,

(1) "appropriations" means money appropriated to a district's school operating fund by the city or borough;

(2) "value of in-kind services" means the value of in-kind services performed for a district by the city or borough as reported in the district's school operating fund.

History: Eff. 7/22/99, Register 151; am 10/8/99, Register 152; am 12/2/2000, Register 156

Authority: AS 14.03.040; AS 14.07.060; AS 14.17.430; AS 14.17.920; AS 14.20.010; Sec. 40, ch. 83, SLA 1998