

SENATE CS FOR CS FOR HOUSE BILL NO. 57(FIN) am S(reengrossed)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-FOURTH LEGISLATURE - FIRST SESSION

BY THE SENATE FINANCE COMMITTEE

Amended: 4/30/25

Offered: 4/25/25

Sponsor(s): REPRESENTATIVES FIELDS, Josephson, Schrage

SENATORS Tobin, Wielechowski, Dunbar, Kawasaki, Yundt, Gray-Jackson, Kiehl, Giessel, Claman, Cronk, Stedman, Olson, Bjorkman, Merrick, Stevens

**A BILL
FOR AN ACT ENTITLED**

"An Act relating to maximum classroom sizes in public schools; relating to education reports; relating to charter schools; relating to student transportation funding; relating to secondary school vocational and technical instruction funding; relating to the base student allocation; relating to reading proficiency incentive grants; relating to wireless telecommunications devices in public schools; relating to the use of tax revenue from highly digitized businesses; relating to the duties of the Department of Labor and Workforce Development; establishing the Task Force on Education Funding; and providing for an effective date."

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

*** Section 1.** AS 14.03 is amended by adding a new section to read:

Sec. 14.03.065. Maximum classroom size. Each school district shall establish and make available to the public a target average class size policy for each grade level. The target average class size for pre-kindergarten through grade six may not exceed 23 and the

target average class size for grades seven through 12 may not exceed 30. The policy may exclude mixed grade classes and courses in art, library, music, computer science, vocational-technical, and physical education. The policy must include procedures to reduce class sizes when the school district determines a reduction is appropriate.

* **Sec. 2.** AS 14.03.120(g) is amended to read:

(g) To the extent allowable under state and federal privacy laws, each district shall annually report to the department information from the previous school year regarding

(1) the number of students and teaching staff assigned to each classroom in grades kindergarten through **12** [THREE];

(2) the number and percentage of students

(A) in grades kindergarten through three who demonstrated improvement on expected grade-level skills on the statewide screening tool;

(B) in grades kindergarten through three who performed below expected grade-level skills on the statewide screening tool, by grade;

(C) in grades kindergarten through three who did not progress to the next grade and the reasons the students did not progress;

(D) in grade three who demonstrated sufficient reading skills to progress to grade four based on the statewide screening tool;

(E) in grade three who progressed to grade four based on a waiver under AS 14.30.765(f);

(F) in grade three who demonstrated sufficient reading skills to progress to grade four based on an alternative standardized reading screening;

(G) in grade three who demonstrated sufficient reading skills to progress to grade four based on a student reading portfolio;

(3) the performance on the statewide screening tool of students in a grade above grade three who did not progress to grade four or who progressed to grade four based on a waiver under AS 14.30.765(f).

* **Sec 3.** AS 14.03.120 is amended by adding a new subsection to read:

(k) The department shall collaborate with the Department of Labor and Workforce Development under AS 44.31.020 to gather data on the progress of each

high school graduating class in a district by collecting career, postsecondary education, and residency data on each student in the graduating class. The departments shall gather the data every five years for 20 years after the high school graduation date of the class.

* **Sec. 4.** AS 14.03.250(a) is amended to read:

(a) A local school board shall prescribe an application procedure for the establishment of a charter school in that school district. The application procedure must include provisions for an academic policy committee consisting of parents of students attending the school, teachers, and school employees and a proposed form for a contract between a charter school and the local school board, setting out the contract elements required under AS 14.03.255(c). **The application procedure must allow an application to be submitted at any time during a school year for the following school year. A local school board shall announce the deadline to submit an application for establishment of a charter school for the following school year.**

* **Sec. 5.** AS 14.03.253(b) is amended to read:

(b) In an appeal to the state Board of Education and Early Development of a denial of a charter school application under (a)(3) of this section, the state board shall determine, based on the record, whether the commissioner's findings are supported by substantial evidence and whether the decision is contrary to law. The state board shall issue a written decision within **45** [90] days after **the state board receives** an appeal.

* **Sec. 6.** AS 14.03.255(c) is amended to read:

(c) A charter school shall operate under a contract between the charter school and the local school board. A contract must contain the following provisions:

- (1) a description of the educational program;
- (2) specific levels of achievement for the education program;
- (3) admission policies and procedures;
- (4) administrative policies;
- (5) a statement of the charter school's funding allocation from the local school board and costs assignable to the charter school program budget;
- (6) the method by which the charter school will account for receipts and expenditures;

- 1 (7) the location and description of the facility;
- 2 (8) the name of the teacher, or teachers, who, by agreement between
- 3 the charter school and the teacher, will teach in the charter school;
- 4 (9) the teacher-to-student ratio;
- 5 (10) the number of students served;
- 6 (11) the term of the contract, not to exceed a term of 10 years;
- 7 (12) a termination clause providing that the contract may be terminated
- 8 by the local school board for the failure of the charter school to meet educational
- 9 achievement goals or fiscal management standards, or for other good cause;
- 10 (13) a clause providing that the local school board may only
- 11 terminate a contract under the standards and procedures established in
- 12 AS 14.03.256;
- 13 (14) a statement that the charter school will comply with all state and
- 14 federal requirements for receipt and use of public money;
- 15 (15) [(14)] other requirements or exemptions agreed on [UPON] by
- 16 the charter school and the local school board.

17 * **Sec. 7.** AS 14.03.255 is amended by adding a new subsection to read:

- 18 (e) A local school board may establish simplified procedures and standards for
- 19 a renewal of a contract in good standing, as defined by the local school board, between
- 20 the local school board and a charter school.

21 * **Sec. 8.** AS 14.03 is amended by adding a new section to read:

22 **Sec. 14.03.256. Charter school termination.** (a) A local school board may

23 terminate a contract between the local school board and a charter school only if the

24 charter school has

25 (1) failed to comply with a condition or material term of the contract or

26 AS 14.03.250 - 14.03.290; or

27 (2) intentionally or fraudulently misrepresented, in whole or in part,

28 material facts or circumstances upon which the contract was made.

29 (b) Before termination of a contract under this section, the local school board

30 shall give the charter school written notice of the local school board's intent to

31 terminate the contract. The local school board may also provide the charter school

with a reasonable opportunity, as determined by the local school board, to cure any deficiency that is the basis for the termination if the local school board determines that curing the deficiency is appropriate under the circumstances.

(c) A charter school whose contract is terminated under this section may file an appeal with the superior court under the Alaska Rules of Appellate Procedure.

* **Sec. 9.** AS 14.09.010(a) is repealed and reenacted to read:

(a) A school district that provides student transportation services for the transportation of students who reside a distance from established schools is eligible to receive funding for operating or subcontracting the operation of the transportation system for students to and from the schools within the student's transportation service area. Subject to appropriation, the amount of funding provided by the state for operating the student transportation system is the amount of a school district's ADM, less the ADM for the district's correspondence programs during the current fiscal year, multiplied by the per student amount for the school district as follows, for the school years beginning July 1, 2025:

DISTRICT	PER STUDENT AMOUNT
Alaska Gateway	\$2,529
Aleutians East	377
Anchorage	529
Annette Island	221
Bering Strait	59
Bristol Bay	3,247
Chatham	341
Copper River	1,928
Cordova	408
Craig	514
Delta/Greely	2,013
Denali	2,197
Dillingham	1,480
Fairbanks	992
Galena	309

1	Haines	761
2	Hoonah	363
3	Iditarod	257
4	Juneau	733
5	Kake	330
6	Kashunamiut	6
7	Kenai Peninsula	1,112
8	Ketchikan	883
9	Klawock	710
10	Kodiak Island	971
11	Kuspuk	794
12	Lake and Peninsula	466
13	Lower Kuskokwim	337
14	Lower Yukon	1
15	Matanuska-Susitna	1,106
16	Nenana	714
17	Nome	755
18	North Slope	1,361
19	Northwest Arctic	30
20	Pelican	88
21	Petersburg	455
22	Saint Mary's	234
23	Sitka	520
24	Skagway	44
25	Southeast Island	1,404
26	Southwest Region	726
27	Unalaska	788
28	Valdez	894
29	Wrangell	851
30	Yakutat	904
31	Yukon Flats	321

1 Yukon/Koyukuk

364

2 Yupiit

2.

3 * **Sec. 10.** AS 14.17.420(a) is amended to read:

4 (a) As a component of public school funding, a district is eligible for special
5 needs and secondary school vocational and technical instruction funding and may be
6 eligible for intensive services funding as follows:

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

11 (2) in addition to the special needs funding for which a district is
12 eligible under (1) of this subsection, a district is eligible for intensive services funding
13 for each special education student who needs and receives intensive services and is
14 enrolled on the last day of the count period; for each such student, intensive services
15 funding is equal to the intensive student count multiplied by 13;

16 (3) in addition to the special needs and intensive services funding
17 available under (1) and (2) of this subsection, secondary school vocational and
18 technical instruction funding is available to assist districts in providing vocational and
19 technical instruction to students who are enrolled in a secondary school; a secondary
20 school vocational and technical instruction funding factor of 1.023 [1.015] shall be
21 applied as set out in AS 14.17.410(b)(1); in this paragraph, "vocational and technical
22 instruction" excludes costs associated with

23 (A) administrative expenses; and

24 (B) instruction in general literacy, mathematics, and job
25 readiness skills.

26 * **Sec. 11.** AS 14.17.420 is amended by adding a new subsection to read:

27 (d) If the legislature increases the secondary school vocational and technical
28 instruction funding factor under (a)(3) of this section, a district shall budget for and
29 spend on secondary school vocational and technical instruction an amount equal to the
30 increase in the funds generated for the district by the increase to the secondary school
31 vocational and technical instruction funding factor under (a)(3) of this section."

1 * **Sec. 12.** AS 14.17.470 is amended to read:

2 **Sec. 14.17.470. Base student allocation.** The base student allocation is **\$6,660**
3 **[\$5,960].**

4 * **Sec. 13.** AS 14.30 is amended by adding a new section to read:

5 **Sec. 14.30.773. Reading proficiency incentive grants.** (a) Subject to
6 appropriation, a school district is eligible to receive a reading proficiency incentive
7 grant of not less than \$450 for each student in kindergarten through grade six who, at
8 the end of the school year,

9 (1) performs at grade-level reading proficiency; or

10 (2) demonstrates improvement on a reading screening tool approved
11 by the department, on a standards-based assessment in language arts approved by the
12 department, or on a student portfolio in language arts approved by the department.

13 (b) If insufficient funding is appropriated to provide all grants authorized
14 under this section, the grants shall be distributed pro rata to eligible school districts.

15 * **Sec. 14.** AS 14.33 is amended by adding a new section to read:

16 **Article 5. Wireless Telecommunications Devices.**

17 **Sec. 14.33.300. Wireless telecommunications device policy.** (a) Each school
18 district shall adopt a policy that regulates the possession and use of nonschool-issued
19 wireless telecommunications devices during regular school hours, including lunch and
20 passing periods. Each school district shall share this policy with parents or guardians,
21 students, volunteers, and school employees. If a school district's policy prohibits the
22 use of nonschool-issued wireless telecommunications devices, the policy must allow
23 exceptions for students to use a wireless telecommunications device for medical or
24 translation purposes, in the event of an emergency, or when a teacher or administrator
25 of the school grants permission to a student to use a wireless telecommunications
26 device for educational purposes. A school in a district that has not adopted a policy
27 under this section may not allow a student to use an electronic telecommunications
28 device during regular school hours, including lunch and passing periods.

29 (b) This section does not authorize a person to monitor, collect, or access
30 information related to a student's use of a wireless telecommunications device.

31 (c) In this section, "wireless telecommunications device" means any portable

1 wireless device that has the capability to provide voice, messaging, or other data
2 communication between two or more parties.

3 * **Sec. 15.** AS 43.20 is amended by adding a new section to article 2 to read:

4 **Sec. 43.20.149. Highly digitized businesses tax revenue.** The tax amounts
5 collected from a highly digitized business under AS 43.20 shall be separately
6 accounted for and may be appropriated to the Department of Education and Early
7 Development. The Department of Education and Early Development shall use funds
8 appropriated under this section to fund reading proficiency incentive grants awarded
9 under AS 14.30.773. If the amount appropriated to the Department of Education and
10 Early Development exceeds the amount necessary to award grants under AS 14.30.773
11 for the fiscal year, the department shall use the remaining balance of the appropriation
12 to fund secondary school vocational and technical instruction. The department shall
13 distribute the secondary school vocational and technical instruction funding to
14 secondary schools on a pro rata basis.

15 * **Sec. 16.** AS 44.31.020 is amended to read:

16 **Sec. 44.31.020. Duties of department.** The Department of Labor and
17 Workforce Development shall

18 (1) enforce the laws and adopt regulations under them concerning
19 employer-employee relationships, including the safety, hours of work, wages, and
20 conditions of workers, including children;

21 (2) accumulate, analyze, and report labor statistics;

22 (3) operate systems of workers' compensation and unemployment
23 insurance;

24 (4) gather data reflecting the cost of living in various locations of the
25 state upon request of the director of personnel under AS 39.27.030;

26 (5) operate the federally funded employment and training programs
27 under 29 U.S.C. 2801 - 2945 (Workforce Investment Act of 1998);

28 (6) administer the state's program of adult basic education and adopt
29 regulations to administer the program; and

30 (7) administer the programs of the Alaska Vocational Technical Center
31 and adopt regulations to administer the programs, including regulations that set rates

1 for student tuition and room and board and fees for the programs and services
2 provided by the department regarding the Alaska Vocational Technical Center;

3 **(8) gather data on the progress of each high school graduating**
4 **class in a district by collecting career, postsecondary education, and residency**
5 **data on each student in the graduating class; the department shall gather the**
6 **data required under this paragraph every five years for 20 years after the high**
7 **school graduation date of each high school graduating class; the department shall**
8 **publish a biennial report on the data gathered under this paragraph; in this**
9 **paragraph, "district" has the meaning given in AS 14.17.990.**

10 * Sec. 17. The uncoded law of the State of Alaska is amended by adding a new section to
11 read:

12 TASK FORCE ON EDUCATION FUNDING. (a) The Task Force on Education
13 Funding is established as a joint task force of the Alaska State Legislature.

14 (b) The task force shall

15 (1) analyze the state of public education funding and the current accountability
16 provisions for schools and districts in the state;

17 (2) analyze and recommend statewide policy on interdistrict open enrollment,
18 including evaluating the effects on military families, subsidization of student transportation
19 costs, and appeal processes;

20 (3) evaluate internal and external factors leading to school absenteeism and
21 identify district and state level intervention and incentive tools relating to school absenteeism;

22 (4) analyze and make recommendations on effective policies relating to school
23 major maintenance and school construction;

24 (5) evaluate and recommend health insurance, group insurance, and ways to
25 reduce property and building insurance for public school facilities;

26 (6) make recommendations relating to public education funding and
27 accountability provisions for schools and districts in the state; and

28 (7) submit a report of findings and recommendations of the task force to the
29 senate secretary and the chief clerk of the house of representatives not later than the first day
30 of the First Regular Session of the Thirty-Fifth Alaska State Legislature and notify the
31 members of the legislature that the report is available.

1 (c) The task force consists of six members as follows:

2 (1) three members of the senate, at least one of whom is a member of the
3 minority, appointed by the president of the senate; the president of the senate shall select one
4 of the members to serve as co-chair of the task force;

5 (2) three members of the house of representatives, at least one of whom is a
6 member of the minority, appointed by the speaker of the house of representatives; the speaker
7 of the house of representatives shall select one of the members to serve as co-chair of the task
8 force.

9 (d) A vacancy on the task force shall be filled in the same manner as the original
10 selection or appointment.

11 (e) The task force shall meet at the call of the co-chairs. The task force may meet
12 between and during legislative sessions. A majority of the members of the task force
13 constitute a quorum. The task force may conduct meetings in person, telephonically, or by
14 electronic means, as directed by the co-chairs.

15 (f) The task force may request data and other information from the Department of
16 Education and Early Development.

17 (g) The legislative staff of the members of the task force shall serve as staff for the
18 task force. The task force may hire staff and contract for services necessary to carry out the
19 duties of the task force under the procedures adopted by the legislative council governing
20 procurement of services, subject to the approval of the legislative council and the legislative
21 council making funds available for that purpose.

22 (h) The task force expires on January 31, 2027.

23 * **Sec. 18.** The uncodified law of the State of Alaska is amended by adding a new section to
24 read:

25 APPLICABILITY. (a) Sections 6 - 8 of this Act apply to a contract that becomes
26 legally binding on or after the effective date of secs. 6 - 8 of this Act.

27 (b) Section 11 of this Act applies to an increase to the secondary school vocational
28 and technical instruction funding factor under AS 14.17.420(a)(3) that takes effect on or after
29 the effective date of sec. 11 of this Act.

30 * **Sec. 19.** The uncodified law of the State of Alaska is amended by adding a new section to
31 read:

1 CONDITIONAL EFFECT. AS 14.17.420(a), as amended by sec. 10 of this Act,
2 AS 14.17.420(d), enacted by sec. 11 of this Act, AS 14.30.773, enacted by sec. 13 of this Act,
3 and AS 43.20.149, enacted by sec. 15 of this Act, take effect only if SB 113 or a substantially
4 similar bill that effectuates the sales factor, as determined under AS 43.19 (Multistate Tax
5 Compact), as the apportionment factor for highly digitized businesses is passed by the Thirty-
6 Fourth Alaska State Legislature and enacted into law.

7 * **Sec. 20.** If secs. 10, 11, 13, and 15 of this Act take effect, they take effect 181 days
8 after the effective date of the section of SB 113 or a substantially similar bill that effectuates
9 the sales factor, as determined under AS 43.19 (Multistate Tax Compact), as the
10 apportionment factor for highly digitized businesses.

11 * **Sec. 21.** Section 1 of this Act takes effect July 1, 2026.

12 * **Sec. 22.** Except as provided in secs. 20 and 21 of this Act, this Act, takes effect July 1,
13 2025.