

State of Alaska

Office of Management and Budget

SB1001 – Approp: FY2020 Education Funding

Presentation to the Senate Finance Committee

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THE STATE
of **ALASKA**
GOVERNOR MICHAEL J. DUNLEAVY

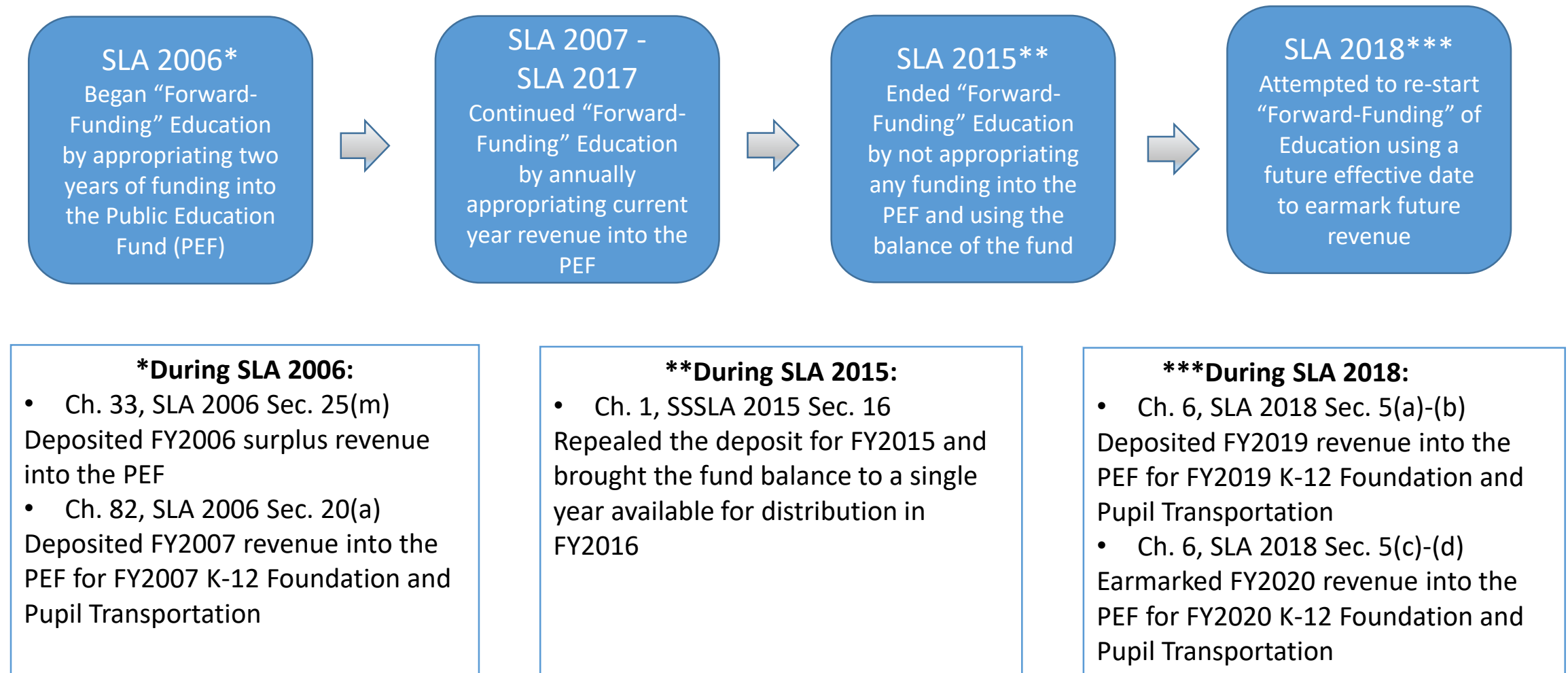
SB1001 – Appropriation: **FY2020 Education Funding**

- Section 1 – appropriates \$30,000.0 as one-time funding to be distributed as grants to school districts based on the adjusted average daily membership
- Section 2 –
 - (a) appropriates the amount necessary, estimated to be \$1,172,603.9, for the Foundation Program
 - (b) appropriates the amount necessary, estimated to be \$77,214.6, for the Pupil Transportation Program
 - Under both subsections, funds are appropriated from the general fund to the public education fund
- Section 3 – repeals the FY2020 appropriations made under HB287 (Ch. 6, SLA 2018)
- Section 4 – appropriations made in Section 2 capitalize the public education fund and do not lapse
- Section 5 – Section 3 is effective June 30, 2019 (FY2019)
- Section 6 – Remaining sections are effective July 1, 2019 (FY2020)

SB1001 – Appropriation: FY2020 Education Funding

- Education is one of the most important obligations of the State, and it is vital that we have constitutionally valid funding to send out to school districts come July 1. As it stands right now, that does not exist, and we cannot rely on an unconstitutional appropriation. This bill provides the appropriation necessary to ensure the State can legally distribute funds for education.
- Appropriations are law, and like all laws can be repealed at a future date if priorities or circumstances change. The constitution, however, makes it clear that no law can dedicate a future revenue stream for a specific purpose. The ability to repeal such a law at a future date does not make it any less a violation of the prohibition against the dedication of funds.

SB1001 – Appropriation: History of “Forward-Funding” Education



SB1001 – Appropriation: Appendix/Definitions

- Multi-Year Appropriation – operating appropriation of current year revenue with authority to expend over multiple fiscal years.
- Capital Project – capital appropriation of current year revenue with authority to expend over multiple fiscal years.
- Fund Capitalizations – appropriation of current year revenue into fund to be distributed without further appropriation for a purpose stated in statute. Examples include the Community Assistance and Disaster Relief Funds.

Examples of Forward Funding Appropriations:

- Community Assistance Program – Fund capitalization made each year, from available revenue, to ensure balance of the fund in the subsequent year is sufficient for the desired statutory distribution.
- Temporary Increments (IncT) – Programs with a set duration, requires appropriation in each subsequent year. IncT designation provides clarity of temporary nature of program and anticipated duration.
- Ch. 171, SLA 1984 – Continuing appropriations from the general fund to the Power Cost Equalization fund, Susitna River Hydroelectric project, and Bradley Lake Hydroelectric project to occur on July 1 each year. Struck down as unconstitutional by the superior court. (*Trustees for Alaska v. State*, 3AN-84-12053.)