

**Friday, January 24, 2020, House Education Finance Subcommittee Hearing**

*Follow-Up on Committee Member Comments*

Prepared by DEED staff

Contact: Erin Hardin, DEED Legislative Liaison, 465-2803 or [erin.hardin@alaska.gov](mailto:erin.hardin@alaska.gov)

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- **With the addition of the \$30M one-time funding, what would the new “base” BSA be?**

This equates to a \$115 increase in the Base Student Allocation (BSA), or a BSA of \$6,045.

- **Provide the history of the Secure Rural Schools Program**

Before the Secure Rural Schools Act was introduced in 2000, rural counties and schools received 25% of the revenues generated from timber sales from our national forests. This was impactful to the communities who depended on the forests for clean drinking water, long-term restoration, and stewardship jobs.

Congress changed the funding system for counties and schools in 2000 with passage of the Secure Rural Schools and Community Self-Determination Act (PL 106-393). The law replaced revenue sharing with a guaranteed level of payments that was no longer tied to the amount of timber produced from the National Forests.

The Act was also commonly referred to as “forest receipts.” The Act was designed to help communities and schools facing revenue decreases due to a decline in timber harvest. The Act was meant as a temporary measure until communities transitioned away from an economy based on timber or otherwise experienced economic recovery. But some would say the Act didn’t take long to become a “lifeline” to many small communities and schools in Southeast Alaska.

On October 3, 2008 the Secure Rural Schools and Community Self-Determination Act of 2000 (SRS Act) was amended and reauthorized in P.L. 110-343. The law ensured that for the next four years (2008 –2011), counties across the country could continue to count on stable and transition payments that provide funding for schools and roads, make additional investments in projects that enhance forest ecosystems, and improve cooperative relationships. With notable exceptions, the SRS Act, as amended, was similar to the original program. The structure and significant elements of Title I were amended, but Titles II and III remained intact with few changes.

Congress passed the 2018 spending bill, P.L. 115-141, that included reauthorization of the Secure Rural Schools program. SRS payments to states resumed, including payments to states for FY2017. In addition, the Forest Service has released FY2018 payments to states.

More information, including payment reports are on Secure Rural Schools is available at the following link: <https://www.fs.usda.gov/main/pts/home>.

As an additional note, in June 2019, it was announced by the U.S. Secretary of the Interior that more than 1,900 local governments around the country would receive \$514.7 million in Payment in Lieu of Taxes (PILT) funding for FY2019. Alaska was estimated to get \$30,941.0 for FY2019. These PILT payments are federal payments to rural communities that contain federal land, including national forests and parks. For counties with national forest land, PILT payments

supplement the Secure Rural Schools program and help to ensure that local government services receive adequate funding.

- **What are the effects of Representative Parrish’s bill on the POMV/PSTF before and after?**  
The Public School Trust Fund is found under AS 37.14. Prior to Representative Parrish’s HB 213, the Public School Trust fund earnings that could be used towards funding education averaged between \$10 million and \$15 million, over the ten years leading up to HB 213.

When HB 213 updated AS 37.14 to use a new percent of market value (POMV) approach to investing the funds, the available funding that could be used towards the Foundation Formula has increased significantly. Below is a chart of the Public School Trust Fund Appropriations from FY2008 through the FY2021 Governor’s Budget.

Fiscal Year	Appropriation
FY2008	\$ 12,095.1
FY2009	\$ 14,300.0
FY2010	\$ 12,937.0
FY2011	\$ 10,700.0
FY2012	\$ 12,350.0
FY2013	\$ 13,250.0
FY2014	\$ 10,500.0
FY2015	\$ 10,000.0
FY2016	\$ 13,000.0
FY2017	\$ 23,650.0
FY2018	\$ 24,758.8
FY2019	\$ 28,351.3
FY2020	\$ 26,168.3
FY2021 Gov	\$ 29,774.2

- **Provide the history of the PSTF**  
The Public School Trust Fund was established by the Alaska State Legislature in Alaska Statute 37.14.110 – 37.14.170. The source of funding for the investment portfolio originally consisted of income from the sale or lease of land granted by an Act of Congress on March 15, 1915, but is now composed primarily of one-half of one percent of State receipts from the management of all State lands as prescribed by AS 37.14.150. Until November 2018, the principal of the fund, and all capital gains/losses thereon, was perpetually retained in the fund (AS 37.14.110). The remaining net income of the fund could be used for the State public school program (AS 37.14.140). Net income that could be spent was maintained in a separate Income Fund from the Principal Fund.

In November 2018, HB 213 became effective converting the fund to a percent of market value (POMV) structure whereby each year the legislature may appropriate not more than five percent of the amount determined by the commissioner of revenue under AS 37.14.160(5). The Income Fund was subsequently liquidated with Principal Fund remaining; this fund was renamed to the Public School Trust Fund.

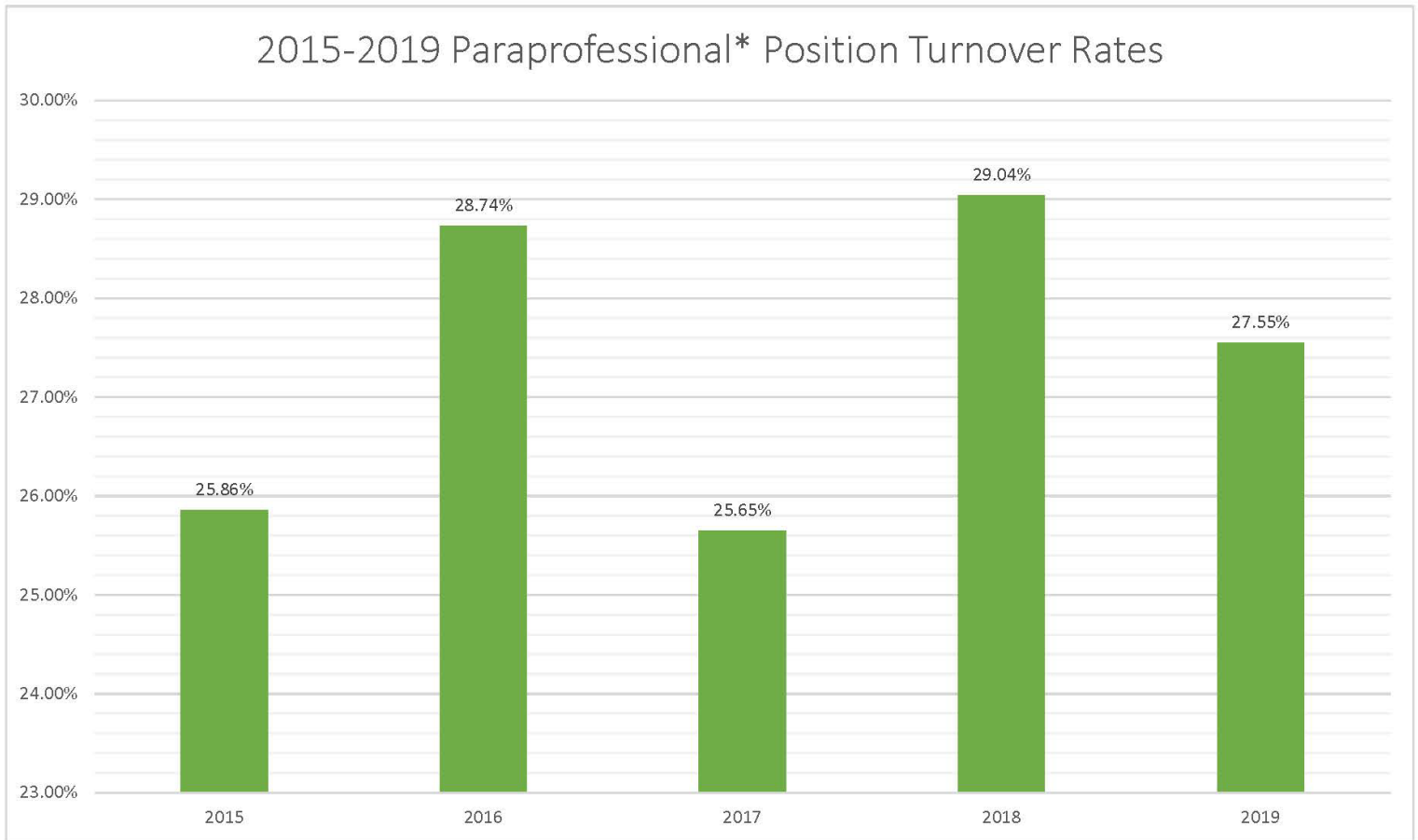
Additional information about the Public School Trust Fund, including the current market value and target asset allocation of the fund, as well as, historical balances and returns for the funds are available on the Department of Revenue's website:

<https://treasury.dor.alaska.gov/Investments/Public-School-Trust-Fund.aspx>.

- **Provide the federal receipt authority actuals from 2011 to present**

	<b>Management Plan</b>	<b>Actuals</b>	<b>Over / (Under) Budget</b>
FY2011	\$ 257,878.5	\$ 248,788.5	\$ (9,090.0)
FY2012	285,400.9	237,133.5	(48,267.4)
FY2013	239,408.4	214,271.8	(25,136.6)
FY2014	233,942.5	214,744.7	(19,197.8)
FY2015	233,890.6	217,999.6	(15,891.0)
FY2016	232,003.7	210,843.4	(21,160.3)
FY2017	241,925.9	227,539.2	(14,386.7)
FY2018	251,330.1	231,689.9	(19,640.2)
FY2019	251,133.1	227,951.9	(23,181.2)

- Provide the most recent paraprofessional turnover numbers and a definition of the position



\*Only includes *instructional* paraprofessionals

Instructional Paraprofessionals include those who: 1) provide 1-1 tutoring; 2) assist with classroom management, such as organizing instructional or other materials; 3) provide instructional assistance in a computer lab; 4) conduct parent involvement activities; 5) provide instructional support in a library or media center; 6) act as a translator or; 7) provide instructional services to students under the direct supervision of a teacher.

- **Provide trends in student enrollment by school type**

