

FISCAL NOTE

STATE OF ALASKA cost # codes
 2012 LEGISLATIVE SESSION

Bill Version HCS CSSB 182(FIN)
 Fiscal Note Number 3
 Publish Date 4/14/12 (H)

Identifier (file name) SB182CS(FIN)-EED-ESS-4-10-12 Dept. Affected Education & Early Development
 Title "An Act amending the amount of state funding provided to school districts for pupil transportation." Appropriation K-12 Support
 Allocation Foundation Program
 Sponsor Senate Education Committee
 Requester House Finance OMB Component Number 141

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	FY13 Appropriation Requested	Included in Governor's FY13 Request	Out-Year Cost Estimates				
			FY14	FY15	FY16	FY17	FY18
OPERATING EXPENDITURES	FY13	FY13	FY14	FY15	FY16	FY17	FY18
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0	0.0

FUND SOURCE (Thousands of Dollars)

1002	Federal Receipts							
1003	GF Match							
1004	GF		0.0	0.0	0.0	0.0	0.0	
1005	GF/Prgm (DGF)							
1037	GF/MH (UGF)							
1178	temp code (UGF)							
TOTAL		0.0	0.0	0.0	0.0	0.0	0.0	

POSITIONS

Full-time							
Part-time							
Temporary							

CHANGE IN REVENUES

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Estimated SUPPLEMENTAL (FY12) operating costs _____ (separate supplemental appropriation required)
 (discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY13) costs _____ (separate capital appropriation required)
 (discuss reasons and fund source(s) in analysis section)

Why this fiscal note differs from previous version (if initial version, please note as such)

This fiscal note reports the calculation for the provision added to CSSB182 to set the Public Education Formula required local effort component at 2.65 mills of Full and True Value from the current provision of 4 mills of the Education Value. The fiscal note effect of \$21.3 million for FY2013 and \$21.3 million for FY2014 is reported in the Public Education Fund fiscal note. The analysis and attached calculation is presented here for explanation.

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 Division School Finance & Facilities
 Approved by Mike Hanley
Commissioner

Phone 465-8679
 Date/Time 4/10/12 12:00 AM
 Date 4/10/2012

Analysis

The state cost for the two Foundation program items in House for CSSB182, 1) setting the required local mill rate to 2.65 mills for all city and borough school districts and 2) increasing the Career Technical Education/ VOC ED factor in the formula from 1.01 to 1.015 is presented in a fiscal note for the Public Education Fund, as the funding is deposited to the fund not into the Foundation Program component.

The analysis and attached calculation is presented here for explanation.

CSSB182 provides two changes to the Public Education Formula. 1) The required local effort mill rate is set to a consistent 2.65 mills for city and borough school districts as explained below.

1)This bill amends the required local contribution for city and borough school districts in the Public School Funding Formula under AS 14.17.510 (c).

Since 2001, the required local effort for city and borough school districts has been calculated by applying the four mills to a reduced assessed value, thereby creating a lower "effective mill rate." Under current law the local effort is determined by including only 50% of the increase in assessed value since 1999 into the base for the mill rate calculation. For example, $[(\text{full and true assessed value at 1999} + (\text{full and true assessed value increases after 1999} * 50\%)) * (4 \text{ mill})]$. Each year the reduction in local effort due to only including 50% of increased assessed value is paid for with state general fund. As assessed values continue to grow, the discount gets larger and the state pays more of the required local effort.

Because the growth of assessed value since 1999 has been different for each city and borough school district, the effective mill or Education mill rate paid for each city and borough school district is different.

Currently, based on Full and True Value, the lowest mill rate is 2.65 mills.

This legislation sets all city and borough mill rates at 2.65 mills of the Full and True Value and removes the provision for the 50% deduction of assessed value after 1999.

The cost to level all city and borough school districts to the same Full and True Value 2.65 mill rate is \$21.3 million. Under this application, all city and borough school districts will continue to pay the same 2.65 mills and the growth in assessed value will not further impact the state general fund or create separate effective rates between school districts.

Since the change in the determination of the local requirement in FY2002, the state has paid more than \$450 million, through 2012, in state aid to cover the difference in basic need under AS 14.17.410 (b) (1).

2) The legislation increases the Career and Technical Education/Voc Ed factor from 1.01 to 1.015 which sends an additional \$5.9 million dollars to school districts annually. In accordance with 14.17.420 (3) the law directs districts to spend these resources on secondary vocational and technical instruction.

The funding mechanism is a general fund transfer to the Public Education Fund.

Department of Education & Early Development

Prepared 4/10/2012

FY2013 and FY2014 Projected Required Local - Mill Equivalent

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	<u>A</u>	<u>B</u>	<u>C</u>	<u>B - C</u>	<u>B - C</u>
District	4 Mills of Actual and True Full Value Assessment	Current Required Local Effort Based on Discounted Education Value	* 2.65 Mill Required Local	FY2013 Increased State Aid	Increased State Aid FY2014 Forward Funding of PEF, Estimate Based on FY2013 Projection
Alaska Gateway		-	-	-	-
Aleutian Region		-	-	-	-
Aleutians East Borough	936,263	661,979	620,274	41,705	41,705
Anchorage	142,535,804	102,589,817	94,429,970	8,159,847	8,159,847
Annette Island	-	-	-	-	-
Bering Strait	-	-	-	-	-
Bristol Bay Borough	1,066,862	953,523	706,796	246,727	246,727
Chatham	-	-	-	-	-
Chugach	-	-	-	-	-
Copper River	-	-	-	-	-
Cordova	1,117,567	889,414	740,388	149,026	149,026
Craig	507,409	460,212	336,159	124,053	124,053
Delta/Greely	-	-	-	-	-
Denali Borough	981,114	736,048	649,988	86,060	86,060
Dillingham	673,416	629,245	446,138	183,107	183,107
Fairbanks North Star Borough	38,618,976	28,737,831	25,585,072	3,152,759	3,152,759
Galena	119,897	95,915	79,432	16,483	16,483
Haines Borough	1,278,436	1,035,341	846,964	188,377	188,377
Hoonah	290,205	195,746	192,261	3,485	3,485
Hydaburg	60,042	46,467	39,778	6,689	6,689
Iditarod Area	-	-	-	-	-
Juneau Borough	17,976,873	13,976,029	11,909,678	2,066,351	2,066,351
Take	112,391	92,324	74,459	17,865	17,865
Kashunamiut	-	-	-	-	-
Kenai Peninsula Borough	33,354,567	24,779,109	22,097,401	2,681,708	2,681,708
Ketchikan Gateway Borough	6,370,866	5,357,581	4,220,699	1,136,882	1,136,882
Klawock	207,594	168,344	137,531	30,813	30,813
Kodiak Island Borough	5,513,028	4,629,984	3,652,381	977,603	977,603
Kuspuk	-	-	-	-	-
Lake & Peninsula Borough	580,725	428,845	384,730	44,115	44,115
Lower Kuskokwim	-	-	-	-	-
Lower Yukon	-	-	-	-	-
Mat-Su Borough	36,254,721	24,086,928	24,018,753	68,175	68,175
Nenana	112,191	92,248	74,326	17,922	17,922
Nome	1,307,759	1,037,732	866,390	171,342	171,342
North Slope Borough	-	-	-	-	-
Northwest Arctic Borough	2,744,201	2,134,472	1,818,033	316,439	316,439
Pelican	57,155	53,158	37,865	15,293	15,293
Petersburg	1,399,399	1,187,397	927,102	260,295	260,295
Pribilof	-	-	-	-	-
Saint Marys	51,309	34,656	33,992	664	664
Sitka Borough	4,609,850	3,576,461	3,054,025	522,436	522,436
Skagway	-	-	-	-	-
Southeast Island	-	-	-	-	-
Southwest Region	-	-	-	-	-
Tanana	37,116	30,226	24,589	5,637	5,637
Unalaska	2,223,988	1,863,680	1,473,392	390,288	390,288
Valdez	-	-	-	-	-
Wrangell	770,596	681,357	510,520	170,837	170,837
Yakutat	278,025	227,605	184,192	43,413	43,413
Yukon Flats	-	-	-	-	-
Yukon/Koyukuk	-	-	-	-	-
Yupit	-	-	-	-	-
Mt. Edgecumbe	-	-	-	-	-
TOTAL	302,148,347	221,469,674		21,296,396	21,296,396

State of Alaska Department of Education & Early Development
House CSSB182 Public Education Formula, Career and Technical factor 1.015

Prepared by School Finance

Annual Increase

Alaska Gateway	\$	33,434
Aleutian Region		5,925
Aleutians East Borough		29,619
Anchorage		1,790,994
Annette Island		18,285
Bering Strait		178,342
Bristol Bay Borough		12,931
Chatham		15,949
Chugach		7,235
Copper River		32,125
Cordova		20,051
Craig		19,138
Delta Greely		43,803
Denali Borough		18,285
Dillingham		29,449
Fairbanks N. Star Borough		587,086
Galena		19,822
Haines Borough		17,943
Hoonah		9,228
Hydaburg		4,500
Iditarod Area		26,429
Juneau Borough		218,100
Kake		7,519
Kashunamiut		24,948
Kenai Peninsula Borough		418,541
Ketchikan Gateway Borough		102,471
Klawock		9,341
Kodiak Island Borough		132,717
Kuspuk		37,252
Lake and Peninsula Borough		46,478
Lower Kuskokwim		342,045
Lower Yukon		194,119
Mat-Su Borough		654,641
Nenana		14,012
Nome		44,429
North Slope Borough		134,766
Northwest Arctic Borough		175,437
Pelican		1,994
Petersburg		28,253
Pribilof		8,999
Saint Mary's		15,493
Sitka Borough		64,193
Skagway		4,671
Southeast Island		21,588
Southwest Region		62,029
Tanana		4,330
Unalaska		27,910
Valdez		34,518
Wrangell		17,772
Yakutat		8,373
Yukon Flats		37,479
Yukon Koyukuk		34,005
Yupiit		43,005
Mount Edgecumbe		19,254
Totals	\$	5,911,255