

Fiscal Note

State of Alaska
2014 Legislative Session

Bill Version: HB 245
Fiscal Note Number: 2
(H) Publish Date: 2/10/14

Identifier: HB245-EED-K12-1-31-14
Title: SCHOOL FUNDING: REQ'D LOCAL CONTRIBUTION
Sponsor: T.WILSON
Requester: House Education Committee

Department: Department of Education and Early Development
Appropriation: K-12 Support
Allocation: Foundation Program
OMB Component Number: 141

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2015	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2015 Request	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
OPERATING EXPENDITURES	FY 2015	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
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 (Operating Only)

None							
Total	0.0	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 (FY2014) cost: 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2015) cost: 0.0 *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? **yes**
If yes, by what date are the regulations to be adopted, amended or repealed? **12/30/14**

Why this fiscal note differs from previous version:

initial version.

Prepared By: <u>Elizabeth Nudelman</u>	Phone: <u>(907)465-8679</u>
Division: <u>School Finance</u>	Date: <u>01/31/2014 10:00 AM</u>
Approved By: <u>Mike Hanley</u>	Date: <u>01/31/14</u>
Agency: <u>Commissioner</u>	

FISCAL NOTE ANALYSIS #2

STATE OF ALASKA
2014 LEGISLATIVE SESSION

BILL NO. HB 245

Analysis

This legislation repeals the required local contribution from the public school funding formula at AS 14.17.410. A municipality would no longer be required to contribute the lesser of 2.65 mills of the full and true property value or 45% of prior year basic need. AS 14.17.410(c) would be amended so that municipal school districts will have the option of contributing but not exceeding either 2 mills of the full and true property value or 23% of current year's basic need, whichever is greater.

In addition, HB245 amends AS 14.17.410(b)(1) providing that state aid equals basic need minus eligible federal aid. The state would now pay 90% of the required local contribution with the remaining 10% covered by federal impact aid. The FY2015 required local contribution amount is \$228,347,569 under the current public school funding formula.

Municipal school districts that previously retained more impact aid for contributing above the required local amount will no longer be able to do so. The impact aid deduction percentage changes as a result of repealing the required local contribution, setting all municipal districts to 90%. Any further changes to the federal impact aid program in the out years are unknown at this time.

Finally, AS 14.12.020(c) is amended so that the state rather than the municipality is responsible to maintain and operate the public schools. The municipality does have the option to contribute based on AS 14.17.410(c).

The effective date is July 1, 2014, and should this act take affect after that date then it is retroactive to July 1, 2014.

Department of Education & Early Development

Prepared 1/15/2014

HB245 "An Act repealing the required local contribution to school funding;"

Fiscal Note No. 2
HB 245

School District	Projected FY2015 Required Local Effort	FY2015 Change in Federal Impact Aid with all district at 90% deduct	FY2015 Required Local cost minus 90% Impact Aid deduct = STATE Cost
Alaska Gateway	\$ -	\$ -	\$ -
Aleutian Region	-	-	-
Aleutians East Borough	615,358	(325,752)	289,606
Anchorage	97,578,452	(8,467,314)	89,111,138
Annette Island	-	-	-
Bering Strait	-	-	-
Bristol Bay Borough	829,813	(27,421)	802,392
Chatham	-	-	-
Chugach	-	-	-
Copper River	-	-	-
Cordova	808,972	(11,365)	797,607
Craig	342,223	(240,164)	102,059
Delta/Greely	-	-	-
Denali Borough	660,233	(3,972)	656,261
Dillingham	545,947	(331,065)	214,882
Fairbanks N. Star Borough	27,829,166	(4,932,131)	22,897,035
Galena	80,477	(78,622)	1,855
Haines Borough	1,015,859	-	1,015,859
Hoonah	194,633	(93,181)	101,452
Hydaburg	40,600	(52,134)	(11,534)
Iditarod Area	-	-	-
Juneau Borough	12,964,812	-	12,964,812
Kake	76,124	(162,857)	(86,733)
Kashunamiut	-	-	-
Kenai Peninsula Borough	23,593,944	-	23,593,944
Ketchikan Gateway Borough	4,438,076	-	4,438,076
Klawock	143,391	(140,004)	3,387
Kodiak Island Borough	4,016,219	(977,157)	3,039,062
Kuspuk	-	-	-
Lake & Peninsula Borough	378,755	(925,824)	(547,069)
Lower Kuskokwim	-	-	-
Lower Yukon	-	-	-
Mat-Su Borough	25,982,579	-	25,982,579
Nenana	77,614	(110)	77,504
Nome	1,004,049	(33,839)	970,210
North Slope Borough	12,896,094	(2,071,301)	10,824,793
Northwest Arctic Borough	2,020,777	(2,933,235)	(912,458)
Pelican	32,148	-	32,148
Petersburg	854,814	-	854,814
Pribilof	-	-	-
Saint Mary's	35,341	-	35,341
Sitka Borough	3,081,916	(4,191)	3,077,725
Skagway	458,316	-	458,316
Southeast Island	-	-	-
Southwest Region	-	-	-
Tanana	24,675	(1,080)	23,595
Unalaska	1,490,964	(10,735)	1,480,229
Valdez	3,494,998	(2,250)	3,492,748
Wrangell	542,378	(133)	542,245
Yakutat	197,852	(58,000)	139,852
Yukon Flats	-	-	-
Yukon/Koyukuk	-	-	-
Yup'it	-	-	-
Mt. Edgecumbe High School	-	-	-
TOTAL	\$ 228,347,569	\$ (21,883,837)	\$ 206,463,732