

Fiscal Note

State of Alaska
2014 Legislative Session

Bill Version: CSHB 278(FIN)
Fiscal Note Number: 18
(H) Publish Date: 4/3/14

Identifier: HB278CS(FIN) - PEF 4-1-14
Title: EDUCATION: FUNDING/TAX
CREDITS/PROGRAMS
Sponsor: RLS BY REQUEST OF THE GOVERNOR
Requester: House Finance

Department: Fund Transfers
Appropriation: Designated Reserves/Endowments
Allocation: Public Education Fund (AS. 14.17.300)
OMB Component Number: 2929

Expenditures/Revenues

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

	FY2015 Appropriation Requested	Included in Governor's FY2015 Request	Out-Year Cost Estimates				
	FY 2015	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
OPERATING EXPENDITURES							
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits	281,044.7		240,188.0	245,059.0	250,170.0	255,539.0	261,027.0
Miscellaneous							
Total Operating	281,044.7	0.0	240,188.0	245,059.0	250,170.0	255,539.0	261,027.0

Fund Source (Operating Only)

1004 Gen Fund	281,044.7		240,188.0	245,059.0	250,170.0	255,539.0	261,027.0
Total	281,044.7	0.0	240,188.0	245,059.0	250,170.0	255,539.0	261,027.0

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues

--	--	--	--	--	--	--	--

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?
If yes, by what date are the regulations to be adopted, amended or repealed?

Why this fiscal note differs from previous version:

Initial fiscal note - Reflects a deposit of \$146.8 million UGF into the Public Education Fund for FY15 to cover school district's TRS cost increases resulting from an increase in the employer contribution rate from 12.56% to 32.56%. The deposit to cover the increased BSA and change to the size table is \$59.9 million, and forward funding the formula changes for FY16 adds \$74.4 million.

Prepared By: Co-Chair Representative Austerman Phone: (907)465-6258
House Finance Committee Date: 04/01/2014
Co-Chair Representative Stoltze
House Finance Committee

FISCAL NOTE ANALYSIS #18

STATE OF ALASKA
2014 LEGISLATIVE SESSION

BILL NO. CSHB 278(FIN)

Analysis

This fiscal note capitalizes the Public Education Fund (PEF) as set out in CSHB(FIN) 278. There is a separate fiscal note for the Foundation Program that provides supporting schedules for the increases.

The PEF note includes formula changes :

Year one formula increases: $\$13,582.5 + \$46,273.3 = \$59,855.8$.

Year two formula increases: sustain year one formula changes ($\$59,855.8$) and add $\$14,504.1 = \$74,359.9$.

Year three formula increases sustain year one and two formula increases ($\$74,359.9$) and add $\$14,504.1 = \$88,864.0$.

Future year foundation sustains formula changes at year three.

Increases for the TRS factor:

The department used the schedule provided by Legislative Finance in order to reflect the costs of the TRS factor corresponding to section 15:

FY2015 \$146.829 million

FY2016 \$151.324 million

FY2017 \$156.195 million

FY2018 \$161.306 million

FY2019 \$166.675 million

FY2020 \$172.163 million

The factor continues increasing each year reaching a high of \$627.9 million in FY2051 (for all employers) and then turning to zero at FY2053 and years after. For fiscal note presentation the department is using the prior Legislative Finance data and has not performed a separate calculation.

The FY2015 appropriation request includes:

$\$59,855.8$ plus forward funding $\$74,359.9$

The FY2016 cost estimate includes:

forward funding $\$88,864.0$

The FY2017 cost estimate includes:

forward funding $\$88,864.0$

The FY2018 cost estimate includes :

forward funding $\$88,864.0$

The FY2019 cost estimate includes:

forward funding $\$88,864.0$

The FY2020 cost estimate includes:

forward funding $\$88,864.0$

The effective dates for the BSA increases are July 1, 2014, July 1, 2015, and July 1, 2016, respectively.