

Fiscal Note

State of Alaska
2018 Legislative Session

Bill Version:	SCS CSHB 213(FIN)
Fiscal Note Number:	5
(S) Publish Date:	4/23/2018

Identifier: HB213-SFIN-DEED-K12 4-23-18
Title: PUBLIC SCHOOL TRUST FUND
Sponsor: PARISH
Requester: Senate Finance Committee

Department: Department of Education and Early Development
Appropriation: K-12 Aid to School Districts
Allocation: Foundation Program
OMB Component Number: 141

Expenditures/Revenues

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

	FY2019 Appropriation Requested	Included in Governor's FY2019 Request	Out-Year Cost Estimates				
	FY 2019	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
OPERATING EXPENDITURES							
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits	18,351.3	5,337.4					
Miscellaneous							
Total Operating	18,351.3	5,337.4	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

1066 Pub School (Other)	18,351.3	5,337.4					
Total	18,351.3	5,337.4	0.0	0.0	0.0	0.0	0.0

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimated SUPPLEMENTAL (FY2018) cost: 0.0 (separate supplemental appropriation required)
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2019) 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? No
If yes, by what date are the regulations to be adopted, amended or repealed?

Why this fiscal note differs from previous version/comments:

The "Included in FY19 Governor's request column" in this note actually reflects the amounts in House Bill 287, which was passed by the Legislature. The additional amount of Public School Trust Funds appropriated in the "FY19 Appropriation Requested" column will be offset by an equal reduction of the UGF capitalization of the Public Education Fund included in HB 287.

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Date: 04/23/2018

**REPORTED OUT OF
SFC 04/23/2018**

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2018 LEGISLATIVE SESSION

Analysis

CSHB213 proposes changes to the Public School Trust Fund under AS 37.14, with a new percent of market value (POMV) approach. The POMV proposed would identify 5% of the monthly average market value of the fund for the previous five fiscal years preceding the previous fiscal year, as determined by the commissioner of revenue, as available for use in the state public school program (Foundation Program) and reimbursement of the costs of administration of the fund. According to the Department of Revenue, the FY19 POMV draw would be \$28,476.8.

Within the FY2019 Governor's Budget, \$28,000.0 is appropriated from the Public School Trust Fund, of which \$23,337.4 is for the Foundation Program and \$4,662.6 is for Mt. Edgecumbe Boarding School. Based on current statutes, the Department of Revenue only recommended \$10,000.0 from the Public School Trust Fund for FY2019. The POMV proposed would make an additional \$18,476.8 realizable above the amount DOR recommends spending without the bill.

In the Governor's budget, an additional \$125.5 is appropriated to the Department of Revenue to manage this fund. This is not a designated use of the fund under current statutes, and is in addition to the recommended \$10 million. Section 3 of the bill adds management of the fund as an allowable use of the fund, and specifies that it is to come out of the POMV draw. The additional amount that can be spent for the K-12 Formula is therefore \$18,351.3 (\$18,476.8 less \$125.5).

House Bill 287, the standalone education appropriation bill, includes only the DOR-recommended \$10 million appropriation of Public School Trust Funds. If HB 213 is passed, an additional \$18,351.3 of Public School Trust Funds will be appropriated in this allocation. HB 287 appropriates the amount necessary to fully fund the K-12 formula as a UGF fund capitalization. Legislative Finance will reduce the estimated capitalization of the fund by \$18,351.3. This bill does not affect total funding for education, only the fund source.

	Governor	HB 287	HB 213	HB 287 + HB 213
Foundation Formula	23,337.4	5,337.4	18,351.3	23,688.7
Mt. Edgecumbe	4,662.6	4,662.6	-	4,662.6
DOR	125.5	125.5	-	125.5
Total	28,125.5	10,125.5	18,351.3	28,476.8