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453

STATE OF ALASKA
THE LEGISLATURE

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

LEGISLATIVE AFFAIRS AGENCY
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May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

House C+RA

3-16-88

3:00 p.m.

2/10
D

R ✓

F

2/11
P

2/11
N ✓

BILL PREPARATION/ACTION*

Bill # HB 453

Date Referred: 2/10/98 Out:

Title: Municipal & Education Reserve Acts

Sponsor: Frank Miller Referrals: CRA HES FIN

CONTACTS:*****

Name			
<u>DCRA</u>	<u>Pleasant</u>	<u>PP PV 2/11;</u>	
<u>DOZ</u>	<u>Steve Hole</u>	<u>FN 2/11;</u>	

REMARKS:*****

MEETINGS:*****

Date	Action
<u>* 3-16-8</u>	<u>1st pub hearing moved - Feb annual - ltr</u>
	<u>DP NR</u>

⑧ HB 453



Alaska State Legislature

House of Representatives

Committee on Community & Regional Affairs

Pouch V
State Capitol
Juneau, Alaska 99811
(907) 465-4833

M E M O R A N D U M

To: Rep. Nillo Koponen, Co-Chairman, HESS
Rep. Johnny Ellis, Co-Chairman, HESS

From: Rep. Henry Springer, Chairman HCRA *HSR*

Date: March 16, 1988

Re: HB 453 - Municipal and Education Reserve Accounts

The Community and Regional Affairs (CRA) Committee passed HB 453, "An Act relating to state funding of public education programs and municipal assistance programs; and providing for an effective date." out of Committee today.

During the discussion, the Department of Community and Regional Affairs and sponsor suggested the following change:

HB 453, Page 1, Section 1, Line 25:

Delete "AS 29.60.100" and replace with "AS 29.60.010 - AS 29.60.300".

The CRA Committee adopted this as a technical amendment and did not change it to a CS. Legal Services determined that this was not correct. Therefore, please adopt a CS with this change as your first order of business when you consider the bill.

HOUSE COMMITTEE REPORT 7 HB 453

(5)

Date referred: 2/10/88

FURTHER REFERRALS:

HESS
Finance

DATE: MAR 16 1988

The Community and Regional Affairs Committee has considered HB 453

"An Act relating to state funding of public education programs and municipal assistance programs; and providing for an effective date."

RECOMMENDS:

- replace with _____ the same title
- attached amendment(s) a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the _____ tech amendment ee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(S):

- fiscal impact same as previous fiscal note published _____
- zero fiscal note same as previous zero fiscal note published _____
- zero with analysis

SIGNING DO PASS:

Springer Heinrich Springer

Herrmann Adelheid Herrmann

Heinrich

SIGNING OTHER RECOMMENDATIONS:

Cato Bette Cato - No Rec

Collins Collins "11"

Springer Heinrich Springer
Chairman's signature

File Contents

HB 453 - Municipal & Education Reserve Accounts

<u>No.</u>	<u>Description</u>
1.	Bill - HB 453
1.1	Fiscal Note - Dept. of Educ.
2.	Sectional Analysis, Legal Services
3.	Memo to HCRA from Sponsor
4.	Bill Review - Harrison
5.	Memo to Springer from Sponsor
6	<i>Memo from Legal</i>
7	<i>C. Rpt.</i>
8	<i>Memo to HESS - Amend.</i>

② HB 453

STATE OF ALASKA
THE LEGISLATURE

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

February 11, 1988

SUBJECT: Section-by-section Summary of HB 453, an Act relating state funding of public education programs and municipal assistance programs.

TO: Representative Steve Frank

FROM: George Utermohle *GU*
Legislative Counsel

This memorandum contains a section-by-section summary of HB 453 as requested by Rick Solie of your staff.

A section-by-section summary of a bill should not be considered an authoritative interpretation of the bill. The bill itself is the best statement of its contents.

SECTION 1 of the bill amends AS 37.05 by adding two new sections.

Sec. 37.05.161 creates the education reserve account in the general fund. The account is a repository for funds available for subsequent appropriation to the public school foundation program (AS 14.17) and the school construction debt retirement program (AS 14.11.100). The account consists of money the legislature appropriates to the account. The legislature may replenish the account each year with sufficient money necessary to fund these programs in subsequent fiscal years.

The creation of the education reserve account permits forward funding of the public school foundation program and the school construction debt retirement program by establishing a place where money can be held until it is appropriated to these programs in subsequent fiscal years. Once the money is placed in the account, the amount available for appropriation to these programs in subsequent fiscal years is known and school districts that rely on these programs will

have a better idea as to what funds will be available in the next fiscal year and can develop their budgets accordingly.

Sec. 37.05.162 creates the municipal assistance reserve account in the general fund. The account is a repository for funds available for subsequent appropriation to the municipal assistance program (AS 29.60.350 - 29.60.375), the state revenue sharing program (AS 29.60.100), and the senior citizens' and disabled veterans' property tax exemption reimbursement program (AS 29.45.030). The account consists of money the legislature appropriates to the account. The legislature may replenish the account each year with sufficient money necessary to fund these programs in subsequent fiscal years.

The creation of the municipal assistance reserve account permits forward funding of the municipal assistance program, the state revenue sharing program, and the senior citizens' and disabled veterans' property tax exemption reimbursement program by establishing a place where money can be held until it is appropriated to these programs in subsequent fiscal years. Once the money is placed in the account, the amount available for appropriation to these programs in subsequent fiscal years is known and municipalities that rely on these programs will have a better idea as to what funds will be available in the next fiscal year and can develop their municipal budgets accordingly.

SECTION 2 of the bill provides that the bill takes effect immediately after becoming law.

GU:gc
WKG1:084

Alaska State Legislature

3 HB 453

STEVE FRANK

DISTRICT 20A
Finance Committee

1125 Sunset Drive
Fairbanks, Alaska 99701



While in Juneau
P.O. Box V
Juneau, Alaska 99811
(907) 465-3709

House of Representatives

TO: House Community & Regional Affairs Committee
FROM: Rep. Steve Frank *JS*
RE: House Bills 452 and 453 - forward funding
municipal pass-through funds
DATE: March 16, 1988

This legislation that, if enacted, would create a forward funding mechanism for all municipal pass-through funds and would like to request a hearing at your earliest convenience.

Basically we propose to set up two accounts; an education reserve account that would fund both the foundation formula and school debt retirement as well as a municipal assistance reserve account to fund municipal assistance, revenue sharing and senior citizen/disabled veterans tax exemption.

Further, we would earmark the expected settlements from the Dinkum Sands litigation to finance the school account and the anticipated settlements from the Amerada Hess case to fund the municipal assistance account.

Since this proposal would not require a dedication of funds and doesn't take existing money off the table, its political practicality is increased. It is important to note that the legislature's ultimate power of appropriation would not be diminished since an annual appropriation would be necessary from the reserve accounts to the Departments of Education and Community and Regional Affairs as well as back in to those reserve accounts to replenish them for the next year's school and municipal funding.

The main purpose of the legislation is to allow municipalities and school districts the ability to know, with greater certainty, the level of state funding they have available during their budgeting process. Setting aside money in these reserve accounts is a distinct advantage over merely early funding because under this proposal, the money actually exists in an account a year in advance, thus increasing the certainty of the appropriations.

Thank you for your consideration.

(4) HB 453

Alaska State Legislature



House of Representatives

Committee on
Community & Regional Affairs

March 16, 1988

Pouch V
State Capitol
Juneau, Alaska 99811
(907) 465-4833

MMATHA HB
453
GIVE NUMBERS
ON EACH
I'D write the
rest on it
Please PM

TO: Rep. Henry Springer, Chairman HCRA

FROM: David C. Harrison, P.A., HCRA

HB 453 "An Act relating to state funding of public education programs and municipal assistance programs; and providing for and effective date".
Sponsor: Steve Frank

REVIEW: HB 453

Section 1. AS 37.05 refers to administrative actions required of the department of administration in carrying out fiscal responsibilities in handling fund deposits of the state. This bill amends AS 37.05. by adding two new sections.

Sec. 37.05.161 establishes an education reserve account in the general fund for the purposes of receiving funds appropriated to the public school foundation program per AS 14.17 and AS 14.11.100 school construction debt retirement program. Legislative funding would replenish this account each year sufficient to fund education programs in subsequent fiscal years.

Establishing of an education reserve account allows forward funding of the public education foundation program(s) plus school debt retirement funds to be held until appropriated. Once such funding is placed in education reserve account, the amount for subsequent fiscal year is known. Legislators, school personnel and the public will know what is expected to be funded for school programs and can prepare budgets accordingly.

Sec. 37.05.162 establishes a municipal assistance reserve account which is a respository account for funds for subsequent municipal assistance programs per AS 29.60.350 - 29.60.375. Forward funding is likewise provided for state revenue sharing program (AS 29.60.100) as well as the senior citizens' and disabled veterans property tax exemption reimbursement programs under AS 29.45..030. Under this bill the legislature would be able to appropriate sufficient money to be held in an account for subsequent fiscal years.

Section 2. provides that the bill takes effect immediately after becoming law.

COMMENT: Funding of the education foundation program and related needs are based upon consistency of criteria established by law. The \$60,000 basic unit of instruction allocation, ADM requirements, area differential costs are examples of reliable stable funding for public schools.

Is it possible in a time of budget shortfalls to forward fund the entire education program? It is noted that HCS CS SB 330 (HESS) funding was \$626,572,400 and at the present time awaits the governor's signature. It is also noted that the DCRA FY '89 budget request for municipal assistance, revenue sharing and tax exemption programs are over \$100,000,000.

A copy of HCS CS SB 330 (HESS) is attached for your review.

FISCAL ANALYSIS FOR HCS CS SB 330 (HESS)

COMPONENT	FY 87 ACT	FY 88 AUTH	FY 89 GOV	FY 89 SEN	<i>Passed</i> FY 89 HOUSE	H VS SEN	H VS GOV %	H VS 88 %
GENERAL FUNDS:								
FOUNDATION PROGRAM	380,590.1	407,742.4	411,913.0	417,423.9	417,423.9	0.0%	1.3%	2.4%
TUITION STUDENTS	12,445.8	13,889.0	14,609.0	14,609.0	14,609.0	0.0%	0.0%	5.2%
BOARDING HOME GRANTS	308.1	427.5	450.0	450.0	450.0	0.0%	0.0%	5.3%
YOUTH IN DETENTION	1,192.7	1,192.7	1,307.7	1,307.7	1,307.7	0.0%	0.0%	9.6%
SCHOOLS FOR THE HANDICAPPED	4,045.9	2,582.6	2,772.6	2,772.6	2,772.6	0.0%	0.0%	7.4%
PUPIL TRANSPORTATION	21,441.4	21,268.6	22,697.4	25,121.7	25,121.7	0.0%	10.7%	18.1%
SCHOOL DEBT REIMBURSEMENT	115,845.0	109,472.7	102,368.1	0.0	117,710.0	100.0%	15.0%	7.5%
TOTAL GENERAL FUNDS	535,869.0	556,575.5	556,117.8	461,684.9	579,394.9	25.5%	4.2%	4.1%
TOTAL FUNDS:								
FOUNDATION FUNDING	409,227.2	438,386.5	441,900.0	447,500.9	447,500.9	0.0%	1.3%	2.5%
STUDENT LUNCH PROGRAM	10,897.4	10,877.5	13,500.5	13,500.5	13,500.5	0.0%	0.0%	24.1%
CIGARETTE TAX DISTRIBUTION	3,500.0	3,500.0	3,500.0	3,500.0	3,500.0	0.0%	0.0%	0.0%
TUITION STUDENTS	12,445.8	13,889.0	14,609.0	14,609.0	14,609.0	0.0%	0.0%	5.2%
BOARDING HOME GRANTS	308.1	427.5	450.0	450.0	450.0	0.0%	0.0%	5.3%
YOUTH IN DETENTION	1,192.7	1,192.7	1,307.7	1,307.7	1,307.7	0.0%	0.0%	9.6%
SCHOOLS FOR THE HANDICAPPED	4,045.9	2,682.6	2,872.6	2,872.6	2,872.6	0.0%	0.0%	7.1%
PUPIL TRANSPORTATION	21,441.4	21,268.6	22,697.4	25,121.7	25,121.7	0.0%	10.7%	18.1%
SCHOOL DEBT REIMBURSEMENT	115,845.0	109,472.7	102,368.1	0.0	117,710.0	100.0%	15.0%	7.5%
TOTAL ALL FUNDS	578,903.5	599,697.1	603,205.3	508,862.4	626,572.4	23.1%	3.9%	4.5%
FUNDING SOURCE TOTALS:								
GENERAL FUNDS	535,869.0	556,575.5	556,117.8	461,684.9	579,394.9	25.5%	4.2%	4.1%
P.L./81-874	20,637.1	21,246.1	21,246.1	21,246.1	21,246.1	0.0%	0.0%	0.0%
PUBLIC SCHOOL FUND	8,000.0	7,398.0	8,830.9	8,830.9	8,830.9	0.0%	0.0%	19.4%
SCHOOL FUND	3,500.0	3,500.0	3,500.0	3,500.0	3,500.0	0.0%	0.0%	0.0%
FEDERAL RECEIPTS	10,897.4	10,977.5	13,510.5	13,600.5	13,600.5	0.0%	0.7%	23.9%
TOTAL ALL FUNDS	578,903.5	599,697.1	603,205.3	508,862.4	626,572.4	23.1%	3.9%	4.5%

Alaska State Legislature

diff ✓
fjw / CRA
⑤ HB 453

STEVE FRANK

DISTRICT 20A
Finance Committee

1125 Sunset Drive
Fairbanks, Alaska 99701



While in Juneau
P.O. Box V
Juneau, Alaska 99811
(907) 465-3709

FEB 29 1988

House of Representatives

TO: Rep. Henry Springer, Chairman
House Community & Regional Affairs Committee

FROM: Rep. Steve Frank

RE: House Bills 452 and 453 - forward funding
municipal pass-through funds

DATE: February 26, 1988

Recently I introduced legislation that, if enacted, would create a forward funding mechanism for all municipal pass-through funds and would like to request a hearing at your earliest convenience.

Basically we propose to set up two accounts; an education reserve account that would fund both the foundation formula and school debt retirement as well as a municipal assistance reserve account to fund municipal assistance, revenue sharing and senior citizen/disabled veterans tax exemption.

Further, we would earmark the expected settlements from the Dinkum Sands litigation to finance the school account and the anticipated settlements from the Amerada Hess case to fund the municipal assistance account.

Since this proposal would not require a dedication of funds and doesn't take existing money off the table, its political practicality is increased. It is important to note that the legislature's ultimate power of appropriation would not be diminished since an annual appropriation would be necessary from the reserve accounts to the Departments of Education and Community and Regional Affairs as well as back in to those reserve accounts to replenish them for the next year's school and municipal funding.

The main purpose of the legislation is to allow municipalities and school districts the ability to know, with greater certainty, the level of state funding they have available during their budgeting process. Setting aside money in these reserve accounts is a distinct advantage over merely early funding because, under this proposal, the money actually exists in an account a year in advance, thus increasing the certainty of the appropriations.

Thank you for your consideration.

1.1 HB 453

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: HB-453
PUBLISH DATE: _____

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: State funding of public education programs and . . .
Sponsor: Frank, Miller
Requestor: House C&RA

Agency Affected: Education
BRU: _____
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Mary Hakala
Division: Commissioner's Office

Phone: 465-2800
Date: 2-16-88

Approved by Commissioner: William G. Demmert
Agency: Department of Education

Date: 2-16-88

- Distribution (by preparer):
- Legislative Finance
 - Legislative Sponsor
 - Requestor
 - Office of Management and Budget
 - Impacted Agency(ies)

6 HB 453

STATE OF ALASKA
THE LEGISLATURE

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

March 16, 1988

SUBJECT: HB 453, funding of public education programs
and municipal assistance programs

TO: Representative Steve Frank

FROM: George Utermohle *GU*
Legislative Counsel

This memorandum contains draft appropriation language that may be used to implement the process envisioned by HB 453.

HB 453 creates two accounts in the general fund to hold money for later appropriation to the programs supported by the accounts. One account is to be used for funding the public school foundation program and the school construction debt retirement program. The other account is to be used for funding the municipal assistance program, the state revenue sharing program, and the senior citizens' and disabled veterans' property tax exemption reimbursement program.

Appropriation language to implement the purposes of these accounts would be similar to the following:

* Sec. _____. The sum of \$10,000,000 is appropriated from the general fund to the education reserve account (AS 37.05.161) to provide funds for appropriations to the public school foundation program (AS 14.17) and the school construction debt retirement program (AS 14.11.100) for fiscal year 1990.

* Sec. _____. The sum of \$10,000,000 is appropriated from the education reserve account (AS 37.05.161) to the Department of Education for fiscal year 1989 and is allocated in the following amounts for the purposes expressed:

foundation program (AS 14.17)	\$7,500,000
school debt retirement (AS 14.11.100)	\$2,500,000

Representative Steve Frank
Page 2
March 16, 1988

The first section above appropriates money to the education reserve account for subsequent appropriation to the Department of Education in fiscal year 1990. The second section above appropriates money currently in the education reserve account to the Department of Education and allocates the appropriation among the foundation program and the school debt retirement program for expenditure in fiscal year 1989.

Appropriation language to implement the municipal assistance reserve account would be similar to that provided above.

GU:lmb
L6/051