

HB

189

HOUSE COMMITTEE REPORT

(11)

Date Referred: April 13, 1989

FURTHER REFERRALS:

Date of Committee Action: 5/6/89

The FINANCE Committee considered:

HJ 189

HOUSE BILL NO. 189 [FORWARD FUNDING FOR EDUCATION ACCOUNT]

"An Act creating the forward funding for education account; providing for lapse of funds in the public school foundation account; and providing for an effective date."

RECOMMENDATIONS:

- be replaced with CSHB189 (HESS) the same title a new title
- have attached amendment(s)
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(S): _____ APPROVES PREVIOUS: _____ (Date/Dept)

- fiscal impact _____ fiscal note(s) _____
- zero fiscal note _____ zero fiscal note(s), 4/13/89 Doc
- zero with analysis _____ zero fn/analysis _____

SIGNING DO PASS:

[Signature] Swackhamer
[Signature] Barnes
[Signature] Koponeh
[Signature] Shultz
[Signature] Ulmer
[Signature] Brown

SIGNING:

(Check approp. column)

Do Not Pass No Rec Amend

<u>[Signature]</u> Phillips	✓		
<u>[Signature]</u> Wallis	✓		

[Signature]
Chairman's Signature

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: Forward Funding For Education
Sponsor: Ulmer, Brown and MacLean
Requestor: House HESS

Agency Affected: Education
BRU-K-12 Support, Education Finance
and Support Services
Components: Foundation, CIP Overhead
and Associated Costs

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL						
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REVENUE						
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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: Marv Hakala Phone: 465-2800
Division: Commissioner's Office Date: 3/28/89
Approved by Commissioner: William G. Demmert Date: 3/28/89
Agency: Education

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

Adopted

Original sponsors: Ulmer, Brown,
and MacLean

1 IN THE HOUSE

BY THE HEALTH, EDUCATION AND
SOCIAL SERVICES COMMITTEE

2

CS FOR HOUSE BILL NO. 189 (HESS)

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IN THE LEGISLATURE OF THE STATE OF ALASKA

4

SIXTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

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For an Act entitled: "An Act relating to the forward funding for education account; providing for lapse of funds in the public school foundation account; and providing for an effective date."

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10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

11 * Section 1. AS 14.07 is amended by adding a new section to read:

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Sec. 14.07.065. FORWARD FUNDING FOR EDUCATION ACCOUNT. (a) The forward funding for education account is established in the general fund. The account consists of

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(1) appropriations to the account for distribution in designated fiscal years to the public school foundation account under AS 14.17, the school construction account under AS 14.11.100, and elementary and secondary education programs; and

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(2) undesignated funds lapsed from the public school foundation account, the school construction account, and elementary and secondary education programs.

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(b) The money in the account may only be distributed to the public school foundation account, the school construction account, and elementary and secondary education programs in the fiscal year for which the money was designated except that the legislature may reappropriate undesignated funds in the account.

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(c) The money in the account shall be transferred to the public school foundation account, the school construction account, and elementary and secondary education programs on the first day of the

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1 fiscal year for which the money was designated.

2 (d) Interest received on money in the account shall be accounted
3 for separately and may be appropriated into the account annually by
4 the legislature.

5 (e) The unexpended and unobligated balances of appropriations
6 for elementary and secondary education programs lapse into the account
7 as undesignated funds.

8 (f) In this section

9 (1) "account" means the forward funding for education
10 account created under (a) of this section unless the context otherwise
11 requires;

12 (2) "elementary and secondary education programs" means the

13 (A) school district pupil transportation contract
14 reimbursement program under AS 14.09;

15 (B) tuition students program;

16 (C) boarding home grants program;

17 (D) youth in detention program; and

18 (E) schools for the handicapped program.

19 * Sec. 2. AS 14.11.100(d) is amended to read:

20 (d) Money in the school construction account which, at the end
21 of the fiscal year for which the money is appropriated, exceeds the
22 amount required for the allocations authorized in this section reverts
23 to the forward funding for education account in the general fund as
24 undesignated funds.

25 * Sec. 3. AS 14.17.010(a) is amended to read:

26 (a) The public school foundation account is established. The
27 account consists of money transferred from the forward funding for
28 education account under AS 14.07.065 and other appropriations for
29 distribution to school districts, the state boarding school, and for

1 centralized correspondence study programs under this chapter.

2 * Sec. 4. AS 14.17.010 is amended by adding new subsections to read:

3 (c) The unexpended and unobligated balance remaining in the
4 account at the end of a fiscal year lapses into the forward funding
5 for education account as undesignated funds.

6 (d) In this section "account" means the public school foundation
7 account created under (a) of this section unless the context otherwise
8 requires.

9 * Sec. 5. This Act takes effect July 1, 1989.

Alaska State Legislature

Representative Fran Ulmer



P.O. Box V
Juneau, Alaska 99811
(907) 465-4947

HOUSE OF REPRESENTATIVES

MEMORANDUM

May 2, 1989

TO: Rep. Ron Larson, Co-Chair
Rep. Lyman Hoffman, Co-Chair
House Finance Committee

FROM: Rep. Fran Ulmer

RE: CSHB 189, an act creating a forward funding account for
education; and
CSHB 190, an act making a special appropriation to the
forward funding account.

House Bill 189 creates a "forward funding for education account" which would allow the state to fund public education one year in advance. Under the current conditions, school districts do not know what their funding levels will be until the legislature makes final budget decisions in the late spring. By that time, school districts have already passed their deadlines for planning the next year's programs and either issuing lay-off notices or advertising for new positions. Those program and staffing decisions are being made without clear knowledge of the district's actual ability to implement.

HB 189 would redress this problem by allowing school districts to know state funding levels well in advance of their own budget preparation. Program and personnel decisions would enjoy the continuity and stability necessary for effective service delivery. I believe there are multiple benefits for both municipal government and local school districts by allowing for longer range planning based on more revenue certainty.

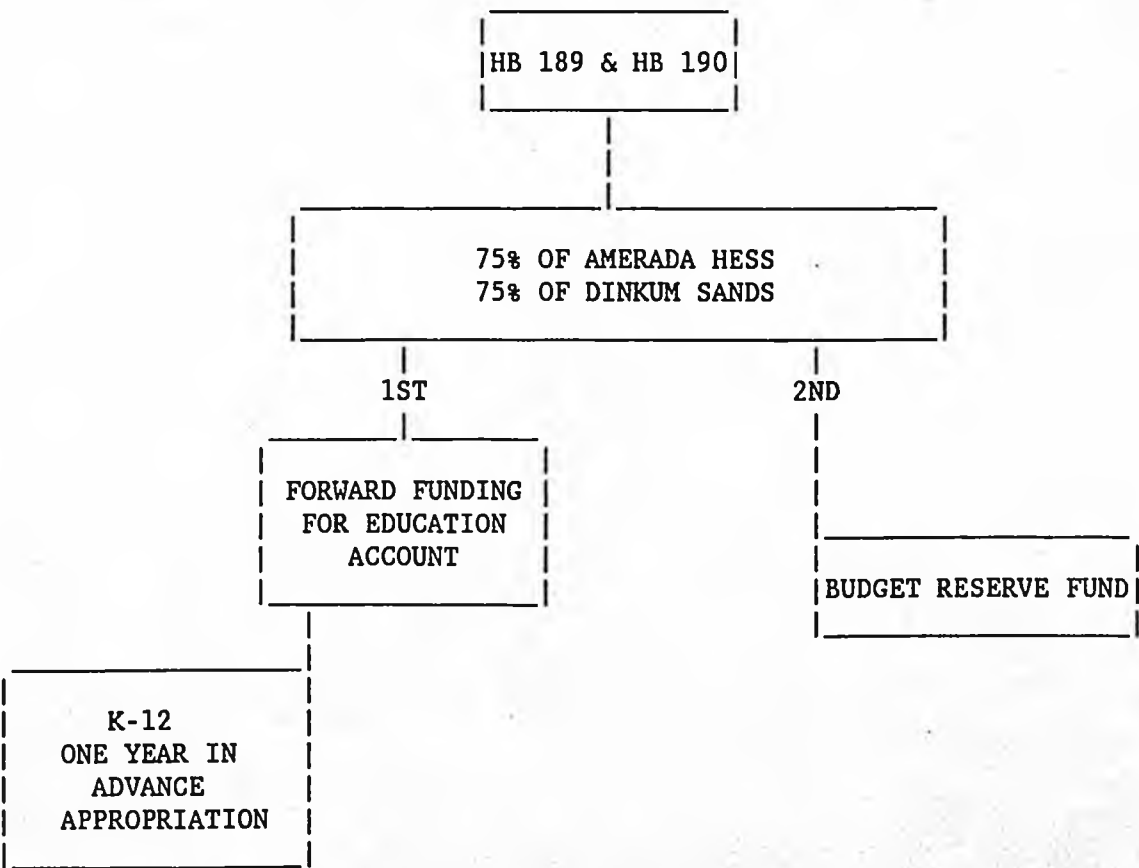
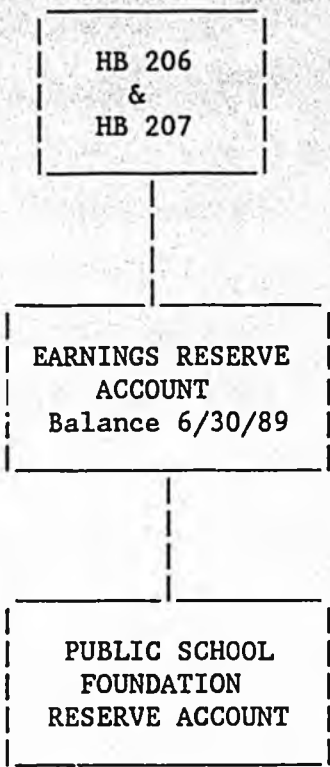
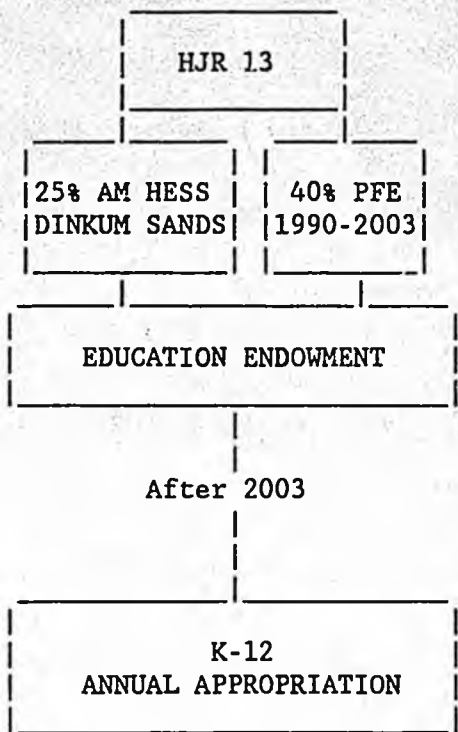
House Bill 190 makes a special appropriation to the forward funding for education account from windfall revenues the state may receive from the Dinkum Sands case and the North Slope royalty case. Although estimates vary widely, the revenues to be received will be in excess of \$2 billion. Although we don't know exactly how much the state will receive, or when the case will be resolved, we can

House Finance Committee
May 2, 1989
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be certain the revenues will greatly exceed the \$600-\$700 million needed for the forward fund.

I believe the forward funding for education account is an excellent use of windfall revenues. The state's response to such windfalls in the past has been impulsive spending which results in little future investment for the state. An appropriation to education is an investment in the future welfare of the state of Alaska, with returns realized year after year. I believe it is the wisest long-term use of those revenues.

FU/dl



JUNEAU SCHOOL DISTRICT BOARD OF EDUCATION

RESOLUTION #12-89

A RESOLUTION OF THE CITY AND BOROUGH OF JUNEAU SUPPORTING FORWARD FUNDING FOR PUBLIC EDUCATION.

WHEREAS, the right to a free education for every child has been universally recognized, and in Alaska is mandated by Article VII, Section 1 of the Alaska State Constitution; and

WHEREAS, education provides the opportunity for reaching personal fulfillment and economic self-sufficiency; and

WHEREAS, to fail to provide that opportunity penalizes not only the individual child, but also the society as a whole; and

WHEREAS, Federal revenues for education have become increasingly more unpredictable; and

WHEREAS, current state revenue has been unpredictable and future state oil revenues are projected to decrease with the gradual decline of Prudhoe Bay production, making State general fund support of public education more difficult and uncertain; and

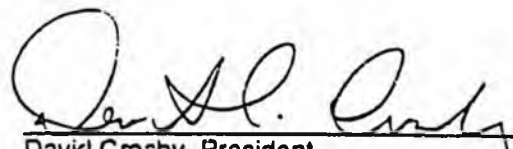
WHEREAS, dramatic swings in funding for education cause serious disruptions in the delivery of educational services to the great detriment of school age children in Juneau; and

WHEREAS, a fund which has been established from lapsed public school foundation and construction monies and money from the judicial decision on Dinkum Sands and North Slope royalty cases could provide critically important long-term, stable funding for public education in Alaska.


NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF EDUCATION OF THE CITY AND BOROUGH OF JUNEAU, ALASKA:

1. That the Board of Education of the City and Borough of Juneau supports and endorses HB189 and HB190 creating a "forward fund" for public education in the State of Alaska.
2. That this resolution shall be effective March 21, 1989.

Adopted this 21st day of March, 1989


David Crosby, President

Attest:


Charlotte Richards, Clerk



NEA-ALASKA

AFFILIATED WITH THE NATIONAL EDUCATION ASSOCIATION

ANCHORAGE REGIONAL OFFICE

1411 W. 33RD AVENUE
ANCHORAGE, ALASKA 99503
(907) 274-0536

JUNEAU OFFICE

105 MUNICIPAL WAY, SUITE 302
JUNEAU, ALASKA 99801
(907) 586-3090

FAIRBANKS REGIONAL OFFICE

2118 CUSHMAN STREET
FAIRBANKS, ALASKA 99701
(907) 456-4435

March 27, 1989

To: Representative Johnny Ellis, Chair
Members, House HESS Committee

Re: House Bill No. 189: "An Act creating the forward funding for education account; providing for lapse of funds in the public school foundation account; and providing for an effective date."
House Bill No. 190: "An Act making a special appropriation to the forward funding for education account; and providing for an effective date."

NEA-Alaska supports and encourages your favorable consideration of HB 189 and HB 190.

The concept of forward funding as provided for in HB 189 is essential if the continuity in planning, programs, and services is to be restored in public education in Alaska.

School districts and staff must know on something far better than a year to year basis the level of state support for public education. Under current practices longer range planning cannot be effective when a school district is not aware of funding levels until 2 or 3 months before the commencement of another school year.

Essential student programs and services are constantly being started, stopped, or reduced and frequently many certificated and non-certificated staff do not even know whether or not they will have employment until early in the school year.

Forward funding will put an end to much of the current instability in many school districts and, in doing so, enhance the quality of our programs.

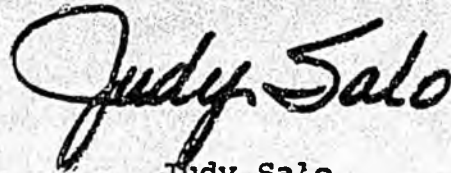
In addition to the appropriation from litigation settlements referenced in HB 190, we encourage that consideration be given to utilizing other revenue sources in establishing the forward funding account including but not limited to the permanent fund earnings reserve.

Thank you for your consideration of our position.

Respectfully submitted,



Bob Manners
Executive Secretary



Judy Salo
President

cc: Representative Fran Ulmer