

HB

367

HOUSE COMMITTEE REPORT

FILE

(7)

Date Referred: January 8, 1990

FURTHER REFERRALS:

Date of Committee Action: 4/6/90

The FINANCE Committee considered:

HB 367

HOUSE BILL NO. 367

APPROP: FORWARD FUNDING FOR EDUCATION ACCT

"An Act making special appropriations to the forward funding for education account, the budget reserve fund, and the public school trust fund; and providing for an effective date."

RECOMMENDATIONS:

- be replaced with CS HB 367 (FIN) 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):
(Dept)

APPROVES PREVIOUS:

(Date/Dept)

- fiscal impact _____
- zero fiscal note _____
- zero with analysis _____

- fiscal note(s) _____
- zero fiscal note(s) _____
- zero fn/analysis _____

SIGNING DO PASS:

SIGNING:

(Check approp. column)

Do Not
Pass No Rec Amend

[Signature] Swackhammer
[Signature] Koponen
[Signature] Uimer
[Signature] Shultz
[Signature] BROWN
[Signature] Hoffman

(Check approp. column)	Do Not Pass	No Rec	Amend
<u>[Signature]</u> Larson	✓		
<u>[Signature]</u> Rieger	✓		
<u>[Signature]</u> Phillips	✓		
<u>[Signature]</u> Wallis	✓		
<u>[Signature]</u> [Name]	✓		

[Signature] Hoffman
 Chairman's Signature
[Signature] Larson

Original sponsor(s): REP. ULMER

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 367 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making special appropriations to the budget
7 reserve fund, the public school trust fund, and the
8 forward funding for education account; and providing
9 for an effective date."

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

11 * Section 1. The first \$526,315,790 received by the state on or after
12 the effective date of this Act from the settlement or final judicial deter-
13 mination of the Dinkum Sands case (United States v. Alaska) and the North
14 Slope royalty case (State v. Amerada Hess, et al.) and not deposited into
15 the Alaska permanent fund under AS 37.13.010(a)(1) or (2) or into the
16 public school trust fund (AS 37.14.110) under AS 37.14.150, is appropriated
17 as follows:

18 (1) 95 percent to the budget reserve fund (AS 37.05.540); and

19 (2) five percent to the public school trust fund (AS 37.14.110).

20 * Sec. 2. That portion of the money received by the state on or after
21 the effective date of this Act from the settlement or final judicial deter-
22 mination of the Dinkum Sands case (United States v. Alaska) and the North
23 Slope royalty case (State v. Amerada Hess, et al.) and not (1) deposited
24 into the Alaska permanent fund under AS 37.13.010(a)(1) or (2) or into the
25 public school trust fund (AS 37.14.110) under AS 37.14.150 or (2) appropri-
26 ated to the budget reserve fund (AS 37.05.540) and the public school trust
27 fund (AS 37.14.110) under sec. 1 of this Act, is appropriated to the for-
28 ward funding for education account (AS 14.07.065) and designated for the
29 fiscal year after the fiscal year in which the money is received.

1 * Sec. 3. Section 1 of this Act takes effect immediately under AS 01.-
2 10.070(c).

3 * Sec. 4. Section 2 of this Act takes effect on the effective date of
4 an Act enacted by the Sixteenth Alaska State Legislature establishing the
5 forward funding for education account.

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Alaska State Legislature

HOUSE OF REPRESENTATIVES



REPRESENTATIVE FRAN ULMER

MEMORANDUM

February 12, 1990

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

FROM: Rep. Fran Ulmer

RE: HB 367, making a special appropriation to the
forward funding for education account

HB 367 appropriates windfall revenues to the forward funding for education account. It is the companion bill to CSHB 189, creating the forward funding for education account, which was passed out of the House Finance Committee last session and is currently in Rules. The purpose of these two bills is to increase the continuity and stability of planning in local school districts by funding education from a reserve account one year in advance.

HB 367 makes a special appropriation to the forward funding for education account from windfall revenues the state may receive from the Dinkum Sands case and North Slope royalty case. Although estimates vary widely, the revenues to be received will be in excess of \$2 billion, far more than the \$600-\$700 million needed to fully fund the foundation formula program.

HB 367 is substantially similar to HB 190 from last session. That bill appropriated funds to the forward funding account after the amounts required by law to be deposited in the Permanent Fund and the public school trust fund. The balance of windfall revenues received would have gone to the budget reserve fund. See attached chart.

HB 367 revises that order of priorities by requiring the first \$500 million of windfall revenues (after the amounts required for the Permanent Fund and the public school trust fund) to go to the

District 4B — Juneau

P.O. Box V • Juneau, Alaska 99811-3100 • (907) 465-4947

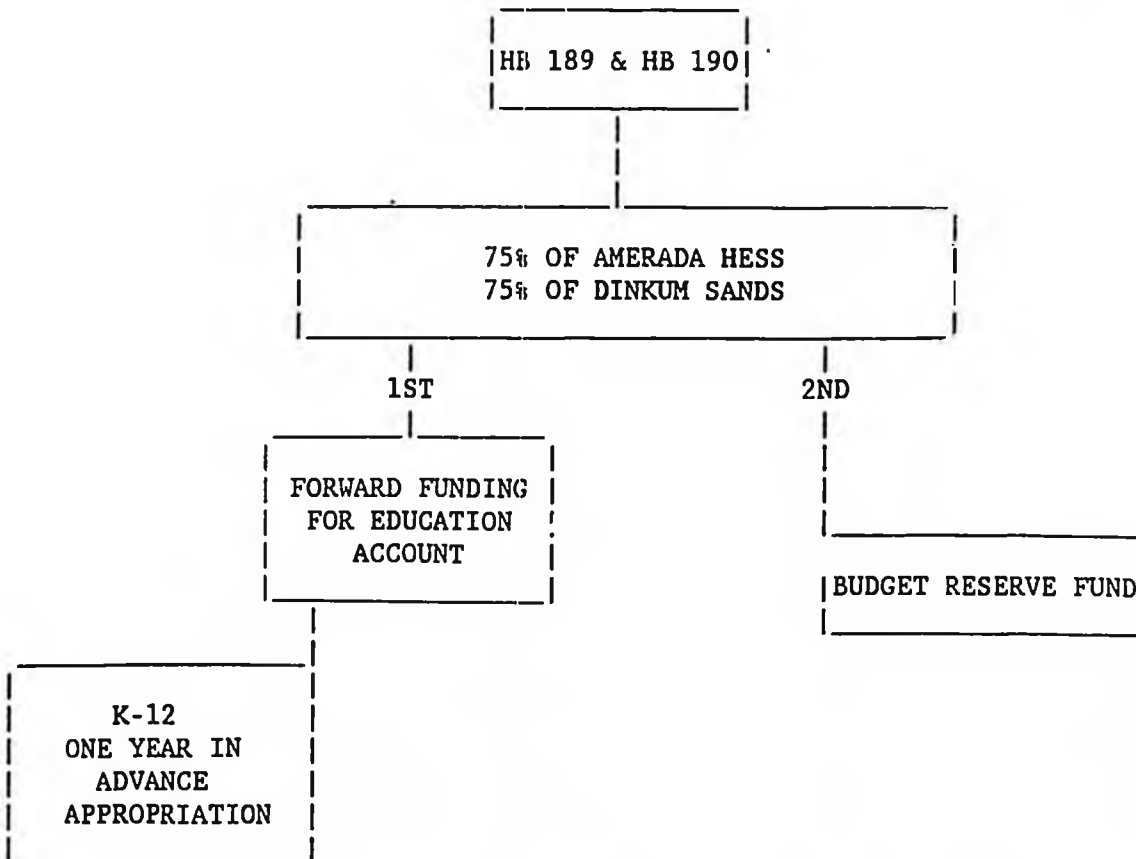
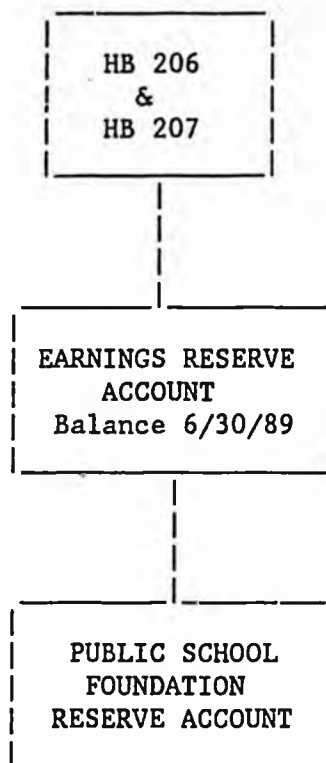
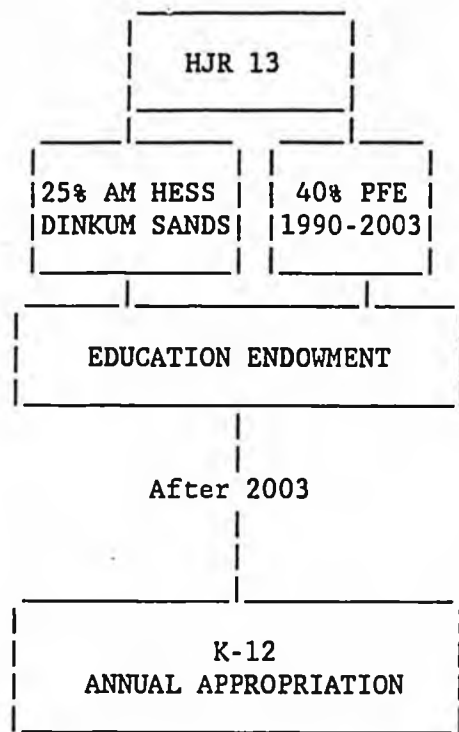
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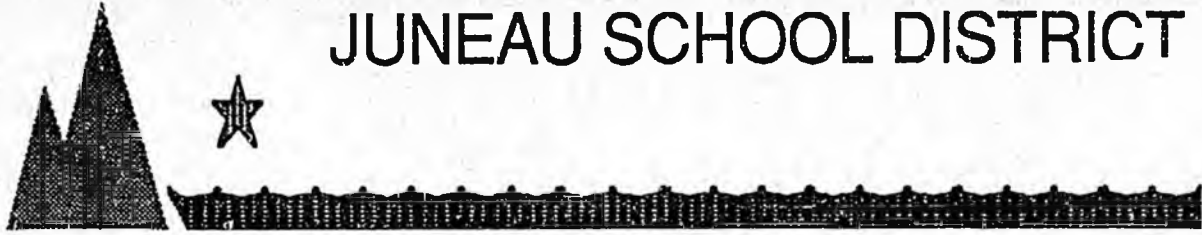
budget reserve fund, and the balance to the forward funding account. See attached chart for HB 367. This means that, in order for any funds to be deposited to the forward funding account, the state must receive over \$1 billion in windfall revenues. Of that \$1 billion, approximately \$500 million will have gone to the Permanent Fund, \$500 million to the budget reserve fund, and approximately \$5 million to the Public School Trust Fund.

I have attached a Committee Substitute for HB 367 for your consideration. This substitute deletes section #1 of HB 367 which appropriates the balance of the Permanent Fund earnings reserve account to the forward funding for education account. In light of the findings of the hearings held by the Commission on the Future of the Permanent Fund, using the monies held in the earnings reserve account in this fashion is not consonant with public opinion and testimony given to that commission.

I urge your consideration of the attached CS for HB 367.

attachments
FU/dl





10014 Crazy Horse Drive • Juneau, Alaska 99801 • (907) 586-2303

March 28, 1989

Representative Fran Ulmer
Alaska State Legislature
State Capitol
P.O. Box V
Juneau, AK 99811

Dear Representative Ulmer:

Enclosed please find the City and Borough of Juneau School District Board of Education Resolution #12-89, supporting forward funding for public education. As you are aware, forward funding would be a great asset to our District in terms of program planning and treatment of staff.

Please feel free to contact me if I can be of assistance.

Sincerely,

David Crosby, President
Board of Education

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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

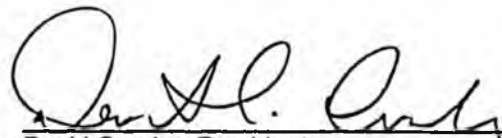
WHEREAS, dramatic swings in funding for education cause serious disruptions in the delivery of educational services to the great detriment of school age children in Juneau; and

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.

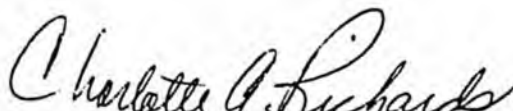
NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF EDUCATION OF THE CITY AND BOROUGH OF JUNEAU, ALASKA:

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.

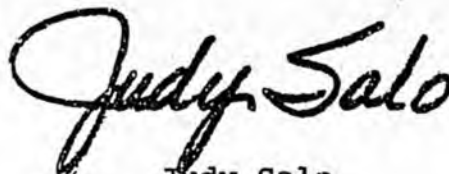
In addition to the appropriation from litigation settlements referenced in HB 190, we encourage that consideration be given to utilizing other revenue sources in establishing the forward funding account including but not limited to the permanent fund earnings reserve.

Thank you for your consideration of our position.

Respectfully submitted,



Bob Manners
Executive Secretary



Judy Salo
President

cc: Representative Fran Ulmer