

H B

189

HOUSE COMMITTEE REPORT

(7)

Date Referred: February 21, 1989

FURTHER REFERRALS: FINANCE

Date of Committee Action: 4/12/89

The HEALTH, EDUCATION, & SOCIAL SERVICES Committee considered: HB 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."

RECOMMENDS:

- replacing with CSHA 189 (HESS) the same title
- the attached amendment(s) a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: _____ letter of intent

- ATTACHES NEW FISCAL NOTE(S):
- fiscal impact
 - zero fiscal note Education
 - zero with analysis

- APPROVES PREVIOUS:
- fiscal note(s) published: _____
 - zero fiscal notes(s) published: _____

SIGNING DO PASS:

J. Ellis
Cheri Davis

SIGNING OTHER THAN DO PASS: (Do Not Pass, No Recommendation, Amend)

Pat Jace m/k
Mark Bowen NO REC
Gene [unclear] NO REC
Mark [unclear] NO REC

J. Ellis

 Chairman's signature

Alaska State Legislature

Representative Fran Ulmer



PO. BOX V
Juneau, Alaska 99801
(907) 465-4947

HOUSE OF REPRESENTATIVES

MEMORANDUM

March 28, 1989

TO: Rep. Johnny Ellis, Chair
House Health, Education and Social Services Committee

FROM: Rep. Fran *Ulmer*

RE: HB 189, an act creating a forward funding account for education; and
HB 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 many 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 HESS Committee
March 28, 1989
Page 2

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 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

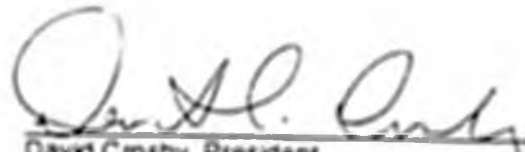
WHEREAS, dramatic swings in funding for education cause serious disruptions in the delivery of educational services to the great detriment of school age children in Juneau; and

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.

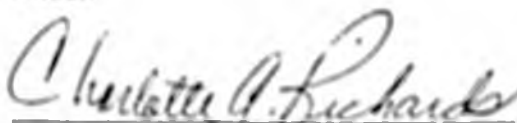
NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF EDUCATION OF THE CITY AND BOROUGH OF JUNEAU, ALASKA:

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

1011 W. 13RD AVENUE
ANCHORAGE, ALASKA 99501
(907) 774-0536

JUNEAU OFFICE

116 MUNICIPAL WAY SUITE 302
JUNEAU, ALASKA 99901
(907) 586-3720

FAIRBANKS REGIONAL OFFICE

2118 CLYDEMAN STREET
FAIRBANKS, ALASKA 99701
(907) 456-6415

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.

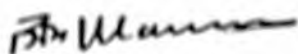
Essential student programs and services are constantly being started, stopped, or reduced and frequently many certificated and non-certificated staff do not even know whether or not they will have employment until early in the school year.

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.

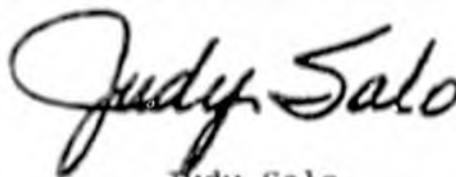
In addition to the appropriation from litigation settlements referenced in HB 190, we encourage that consideration be given to utilizing other revenue sources in establishing the forward funding account including but not limited to the permanent fund earnings reserve.

Thank you for your consideration of our position.

Respectfully submitted,



Bob Manners
Executive Secretary



Judy Salo
President

cc: Representative Fran Ulmer

STATE OF ALASKA
THE LEGISLATURE

POUCH V. STATE CAPITOL
JUNEAU, ALASKA 99811
907-463-3800

LEGISLATIVE AFFAIRS AGENCY
LEGISLATIVE REFERENCE LIBRARY

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

H. HESS 3-29-89

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)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

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

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:

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

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

19 (2) undesignated funds lapsed from the public school foun-
20 dation account, the school construction account, and elementary and
21 secondary education programs.

22 (b) The money in the account may only be distributed to the
23 public school foundation account, the school construction account, and
24 elementary and secondary education programs in the fiscal year for
25 which the money was designated except that the legislature may reap-
26 appropriate undesignated funds in the account.

27 (c) The money in the account shall be transferred to the pub. c
28 school foundation account, the school construction account, and ele-
29 mentary and secondary education programs on the first day of the

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.
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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: Mary Hakala
 Division: Commissioner's Office
 Approved by Commissioner: William G. Demmert
 Agency: Education

Phone: 465-2800
 Date: 3/28/89
 Date: 3/28/89

Distribution (by preparer):
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