

HB

398

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Education
 Title: Authority for the Department
to adjust a school districts state . . . BRU: K-12 Support
 Sponsor: Rules Components: Foundation
 Requestor: House HESS

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-					
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-					
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Based upon FY 91 projected student data the fiscal impact of the bill in FY91 is zero. The cost in future years is indeterminate.

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 Division: Commissioner's Office Date: 3/8/90
 Approved by Commissioner: William G. Demmert Date: 3/8/90
 Agency: Education

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


STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

January 8, 1990

The Honorable Sam Cotten
Speaker of the House
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Mr. Speaker:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to the public school foundation program. The bill would simplify the process of making corrections to underpayments made to school districts in previous fiscal years by permitting current-year state aid to be adjusted rather than requiring a supplemental appropriation. The need for this bill arises from the relationship between the Department of Education and the federal government for federal impact aid purposes under P.L. 81-874.

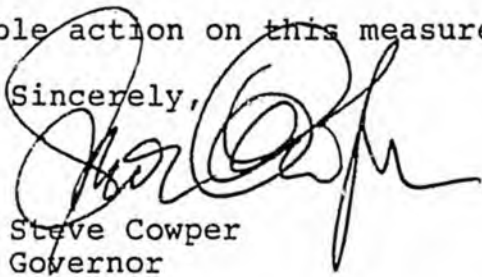
Under P.L. 81-874, as amended, a state is authorized to consider federal impact aid payments made to school districts as "local resources" under the state's school aid formula, and thus reduce the amount of state aid needed, only if the state's program meets federal equalization criteria. One of those criteria according to the United States Department of Education's interpretation of its regulations, is that if a state distributes state aid based on an estimated ratio of local support to the district covered by the state's equalization plan to total local support (as Alaska does) then it must make appropriate corrections after the local support estimates are replaced by actual, audited data.

Currently, under AS 14.17.170, the department can require a district to return any overpayments made to it. By implication, it may reduce current-year foundation support by the amount of any overpayment made in a previous fiscal year. There is no statutory provision, however, authorizing the department to use money appropriated for the current-year foundation program to correct underpayments made in prior fiscal years. The Department of Education recommends this bill to permit that use of the current-year

oundation program appropriation, even if that use would sometimes require prorating current-year support to all districts. That would eliminate the need for a supplemental appropriation each year to make what are relatively minor adjustments to the previous fiscal year's state aid distribution.

I urge your prompt and favorable action on this measure.

Sincerely,



Steve Cowper
Governor