

**HB 38**

# Alaska State Legislature

## HOUSE OF REPRESENTATIVES



REPRESENTATIVE FRAN ULMER

### MEMORANDUM

March 6, 1991

TO: Rep. Eileen MacLean, Co-chair  
Rep. Mike Navarre, Co-chair  
House Finance Committee

FROM: Rep. Fran Ulmer

RE: HB 38 and HB 39, Forward Funding for Education

HB 38 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 are 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 obtain necessary funding.

HB 38 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. There are multiple benefits for both municipal government and local school districts that result from being able to accomplish program planning with certainty regarding revenues.

HB 39 provides the funds necessary for forward funding by appropriating the balance of the general fund at the end of the fiscal year to the forward funding for education account. The general fund balance would be appropriated to the forward funding account each year until the total amount deposited reaches \$700 million. When that goal is reached, school districts would begin receiving education funding from the forward funding account for the fiscal year after the year in which the goal was reached. The legislature would continue to make annual appropriations for public education as part of the normal budget process but those education appropriations would be placed in the forward funding account for disbursement at the appropriate time. HB 39 provides for the repeal of general fund balance appropriation when the total amount of \$700 million has been deposited in the forward funding account.

District 4B — Juneau  
P.O. Box V • Juneau, Alaska 99811-3100 • (907) 465-4947



-FISCAL NOTE

No. 1

Bill Version: HB 38

(H) Publish Date: 2/13/91

STATE OF ALASKA  
1991 LEGISLATIVE SESSION

Revision Date: \_\_\_\_\_ Department Affected: Education

Title: Forward funding for education BRU: K-12 Support

Component: Foundation

Sponsor: Ulmer

Requestor: House HESS

COMPONENT SERIAL NO. 

	1	4	1
--	---	---	---

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
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	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: \_\_\_\_\_

ANALYSIS: (Attach a separate page if necessary.)

Prepared By: Mary Hakala Phone: 465-2800

Division: Commissioner's Office Date: 2/12/91

Approved by Commissioner: Steve Hole, Acting Commissioner

Agency: Education Date: 2/12/91

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

**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

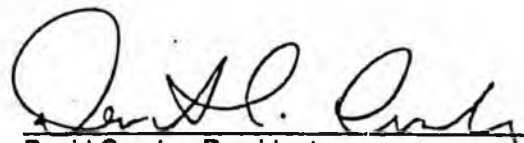
WHEREAS, dramatic swings in funding for education cause serious disruptions in the delivery of educational services to the great detriment of school age children in Juneau; and

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

February 11, 1991

To: **Representatives Carney and Lincoln, Co-Chairs  
Members, House HESS Committee**

Re: **HB 38; "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."**

**HB 39; "An Act making a special appropriation to the forward funding for education account; and providing for an effective date."**

NEA-Alaska supports and strongly encourages your favorable consideration of HB 38 and HB 39.

With the high probability of a substantial surplus in the state operating budget at the end of the current fiscal year, now is the time to establish forward funding of public education in Alaska.

This potential is enhanced even more by the probability of favorable settlements in various litigation disputes over oil tax revenues.

Forward funding is a statement that public education is a real priority in Alaska. It is a statement by the Legislature of genuine concern for the future of this State.

With forward funding school district planning will be more effective. Continuity of essential programs and services will be enhanced. Students and their parents will be better able to anticipate and plan for their educational future. Employees will find more stability and opportunity in their employment relationships.

We strongly encourage that the Committee also give serious thought to incorporating some form of an "inflation proofing" mechanism as part of this legislation. Funding for public education must keep pace with the rising cost of living. If we can "inflation proof" the Permanent Fund, we can do it for public education as well.

Thank you for your consideration of our recommendations.

Respectfully submitted,

Bob Manners  
Executive Director

Don Oberg  
President

cc: **Representative Ulmer**

**HOUSE BILL NO. 38**

IN THE LEGISLATURE OF THE STATE OF ALASKA

SEVENTEENTH LEGISLATURE - FIRST SESSION

BY REPRESENTATIVES ULMER, Ellis, Bruckman, Carney, Koponen, B.Davis

Introduced: 1/21/91

Referred: Health, Education and Social Services, Finance

**A BILL****FOR AN ACT ENTITLED**

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

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

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

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

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

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

13 (b) The money in the account may only be distributed to the public school foundation  
14 account, the school construction account, and elementary and secondary education programs in

1 the fiscal year for which the money was designated except that the legislature may reappropriate  
2 undesignated funds in the account.

3 (c) The money in the account shall be transferred to the public school foundation  
4 account, the school construction account, and elementary and secondary education programs on  
5 the first day of the fiscal year for which the money was designated.

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

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

10 (f) In this section

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

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

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

16 (B) tuition students program;

17 (C) boarding home grants program;

18 (D) youth in detention program; and

19 (E) schools for the handicapped program.

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

21 (d) Money in the school construction account which, at the end of the fiscal year for  
22 which the money is appropriated, exceeds the amount required for the allocations authorized in  
23 this section reverts 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 account consists of money  
27 transferred from the forward funding for education account under AS 14.07.065 and other  
28 appropriations for distribution to school districts, the state boarding school, and for centralized  
29 correspondence study programs under this chapter.

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

31 (c) The unexpended and unobligated balance remaining in the account at the end of a

1 fiscal year lapses into the forward funding for education account as undesignated funds.

2 (d) In this section "account" means the public school foundation account created under

3 (a) of this section unless the context otherwise requires.

4 \* Sec. 5. This Act takes effect July 1, 1991.