

HB

471



Health, Education, and Social Services Committee
Alaska State Legislature
House of Representatives
Representative Peggy Wilson - Chair

LETTER OF INTENT

The HESS Committee acknowledges the importance of supporting education in the State of Alaska. Therefore, it is the consensus of the Committee that the base student allocation be increased from \$4,169 to \$4,379; and in each following year, beginning July 1, 2005, an increase in the base student allocation of two percent.

"The HESS Committee recognizes the need to identify sources of available funds for this increased education funding. We identify the remaining authorized Constitutional Budget Reserve (CBR) draw for 2004 and the Permanent Fund Earnings Reserve as sources that can be used for this education funding increase."

Rep. Peggy Wilson

Alaska State Legislature

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House Special Committee on Education

Representative Carl Gatto, Chair

SPONSOR STATEMENT

HOUSE BILL 471

“AN ACT RELATING TO THE FUNDING OF PUBLIC EDUCATION; AND PROVIDING FOR AN EFFECTIVE DATE.”

HB 471 increases the Base Student Allocation from \$4,169 to \$4,379 this year and provides for a 2% annual increase beginning July 1, 2005.

LEGAL SERVICES

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MEMORANDUM

February 20, 2004

SUBJECT: Base Student Allocation (CSHB 471(EDU))

TO: Representative Carl Gatto
Attn: Cody

FROM: Jean M. Mischel
Legislative Counsel 

Enclosed is CSHB 471 (EDU) as passed out of committee Thursday. Despite our conversation yesterday regarding "proper form" of the committee amendment, we have determined that inserting the date, as the committee has done, into the body of the bill is useful.

Normally, the purpose achieved by using the proper form is to keep dates from appearing in the permanent statutes as much as possible. The dates are obsolete after a certain time and can require removal by amendment in a revisor's bill eventually. In this case, however, a date in the statute provides a start date for the funding increases.

What is not clear from this bill, and which should be clarified in a later CS or amendment, is whether the 2% increases are compounded or whether they start at the base allocation each year. As written (which I don't believe is the intent), this language could be interpreted as non-compounding. I apologize for not pointing this out sooner. Let me know if you'd like an amendment or CS to clarify this language.

If I may be of further assistance, please advise.

JMM:med
04-216.med

Enclosure

MEMORANDUM

DATE: February 19, 2004
TO: The House Finance Committee & House HSS Committee
FROM: The House Special Committee on Education
RE: HB 361 and HB 471 Education Funding

The House Special Committee on Education broke into a Subcommittee on Education Funding and spent three days of hearings and committee work on education funding. Testimony from all parts of the state was very persuasive and indicated that to allow further cuts to education will accelerate the deterioration of Alaska's primary and secondary education system.

In fact, testimony was received from many school districts, indicating that to be made whole, the funding to the formula will need to increase between \$380 and \$400 (including the PERS/TRS). The Committee utilized the Anchorage request in the amount of \$388 as Anchorage has a multiplier of 1 in the formula.

As a result of testimony and committee work, the sub-committee passed two bills to the full House Special Committee on Education:

HB 361: amount of increase over FY 2004 is \$35,789,260

This Bill separately funds the increase for K-12 Pers/TRS contribution for one year. Also, notwithstanding the requirements of student formula funding it allows these monies to be counted for purposes of local contribution funding caps.

HB 471: amount of increase over FY 2004 is \$42,500,000

This Bill increases the student formula by \$210 and codifies a 2% annual increase to the formula beginning July 1, 2005.

The effect of both of these actions is an increase of funding to K-12 in the amount of \$78,289,260.

The House Special Committee on Education recommends the utilization of the following sources of funding for these increases:

- Constitutional Budget Reserve Excess from FY 2004 Appropriation
- Excess Earnings from the Earnings reserve Account of the Permanent Fund

* The Committee notes that the University of Alaska also has an unanticipated need for funding its PERS/TRS obligation and urges the House Finance Committee to fund that need as well.