

SB

328

SFIN

FILE

SENATE FINANCE COMMITTEE REPORT

REPORTED OUT

MAR 29 2004

SENATE FINANCE
COMMITTEE

DATE: 2/27/04

FURTHER:

DATE TURNED
IN TO OFFICE: 29 March 2004

Finance Committee considered SPONSOR SUBSTITUTE FOR SENATE BILL NO. 328

SB 328 NATIONAL FOREST INCOME PROGRAM/DCED REGS

"An Act relating to the national forest income program in the Department of Community and Economic Development and to the authority of the department to adopt regulations; making conforming amendments; and providing for an effective date."

and recommends:

- be replaced with _____ CS SB 328 (FIN)
- adopt previous _____ CS CS forthcoming (_____)
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to _____ Committee

Senate Bill:
 Same Title
 New Title

House Bill:
 Same Title
 Technical Title Change
 New Title w/ SCR # _____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#
DCED	2/19/04			✓	#1

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
<i>[Signature]</i>			✓	
<i>[Signature]</i>			✓	
<i>[Signature]</i>			✓	
<i>[Signature]</i>	✓			
COCHAIR: <i>[Signature]</i>	✓			
COCHAIR: <i>[Signature]</i>	✓			

FISCAL NOTE

REPORTED OUT

MAR 29 2004

SENATE FINANCE
COMMITTEE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: SB 328
(S) Publish Date: 2/27/04

Revision Date/Time (Note if correction): _____ Dept. Affected: DCED
Title National Forest Income RDU State Revenue Sharing (217)
Program/DCED Regulations Component National Program Receipts
Sponsor Senator Stedman
Requester Senate Community & Regional Affairs Component No. 2480

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
-----------------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2004) cost: 0.0
Mark this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation provides the Department with the authority to adopt regulations necessary to implement the revised federal forest receipts program. The federal program was revised with the passage of the "Secure Rural Schools and Self-Determination Act of 2000" (P.L. 106-393).

It also corrects a statutory problem created by the merger of the former Department of Commerce and Economic Development and former Department of Community and Regional Affairs by providing the Department with general regulation adoption authority to carry out its statutory functions.

Prepared by: Gene Kane, Director Phone (907) 269-4573
Division Community Advocacy Date/Time 2/19/04 8:13 AM
Approved by: Edgar Blatchford, Commissioner Date 2/19/2004
Agency Department of Community and Economic Development

SENATE FINANCE
COMMITTEE

Amendment Number: #1

Bill Number: SB 328

Sponsor: ^{Sen. Wilken} By Request Date: 3/24/04

Logged In By: Robin

ADOPTED

23-LS1620\H.1

Bullock

3/23/04

AMENDMENT

OFFERED IN THE SENATE

TO: SSSB 328

Sponsored by
Sen. Wilken by request

1 Page 2, following line 2:

2 Insert a new subsection to read:

3 "(m) In this section, "number of children in average daily membership" means
4 the number of full-time equivalent students enrolled and residing in the city school
5 district or regional education attendance area that receives a share of the income from
6 the public schools allocation of the fund created in (b) of this section."
7

SENATE FINANCE COMMITTEE
3/10/2004 COMMITTEE ACTION

Amendment #2

Bill Number	SB 323		
Amendment	#2		
Motion	adopt		
<u>Motion by</u>	Wilken		
<u>Objection by</u>	none		
<u>Removed</u>			
<u>Second Objection by</u>			
<u>Committee Member</u>	Y	<u>Vote</u>	N
Senator Bunde			
Senator Dyson			
Senator Hoffman			
Senator Olson			
Senator Stevens			
Co-Chair Green			
Co-Chair Wilken			
<u>Tally</u>			
Yea			
Nay			
Absent			
<u>MOTION</u>	Pass		

July 1, 2005 effective date for
 (m) in Amend #1

conceptual



Official Business

Alaska State Senate

Senate Finance Committee

Mail Stop 3100
State Capitol
Juneau, Alaska 99801-1182

FAX COVER SHEET

DATE: 29 March 2004 TIME: 9:45 am

TO: Legal Services

NUMBER OF PAGES, INCLUDING COVER SHEET: 1

FROM: MINDY ROWLAND
SENATE FINANCE COMMITTEE SECRETARY
PHONE: 465-4935
FAX: 465-2187

NOTES: Final Please
CS SB 328 (FIN) 23-LS1620\H
Plus 2 amendments: 1) H.1
2) conceptual - July 1, 2005 effective date
for provision of AS 41.15.180(m) i.e. amendment
only #.1

Call if you have any questions

The Mundy

CS FOR SPONSOR SUBSTITUTE FOR SENATE BILL NO. 328(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-THIRD LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:

Referred:

Sponsor(s): SENATOR STEDMAN

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to the national forest income program in the Department of**
2 **Community and Economic Development and to the authority of the department to adopt**
3 **regulations; making conforming amendments; and providing for an effective date."**

4 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

5 *** Section 1. AS 41.15.180 is amended by adding new subsections to read:**

6 (k) The department may adopt regulations necessary to implement this section
7 that are consistent with federal law.

8 (l) If any provision of this section is determined by the department to be in
9 conflict with federal requirements regarding the allocation of money received by the
10 state from the federal government under (a) of this section, the provision that is in
11 conflict is inoperative to the extent of the conflict. The determination does not affect
12 the operation of any other provision of this section. Upon a determination that a
13 provision of this section is in conflict with federal requirements regarding the
14 allocation of money received from the federal government, the department may adopt

1 regulations that modify the requirements of that provision to the extent necessary to
2 comply with the federal requirements.

3 (m) In this section, "number of children in average daily membership" means
4 the number of full-time equivalent students enrolled and residing in the city school
5 district or regional education attendance area that receives a share of the income from
6 the public schools allocation of the fund created in (b) of this section.

7 * Sec. 2. AS 44.33.020 is amended by adding a new section to read:

8 (b) The department may adopt regulations necessary to carry out its statutory
9 functions.

10 * Sec. 3. AS 44.33.113(a) is amended to read:

11 (a) If the governor delegates duties as described in AS 44.33.020(a)(11)
12 [AS 44.33.020(11)] to the department, the department shall determine and assess an
13 annual administrative cost charge for the administration of the state's role in the
14 federal community development quota program. The department shall by regulation
15 establish the method for implementing the charge in accordance with the provisions of
16 this section. The department shall assess the charges on community development
17 quota groups with approved community development plans for the fiscal year for
18 which the charge is applicable. The community development quota group shall pay the
19 charge.

20 * Sec. 4. AS 44.33.113(c) is amended to read:

21 (c) The aggregate total of administrative cost charges to all CDQ groups for a
22 fiscal year shall approximately equal, but may not exceed, the appropriations
23 authorized for that fiscal year for the state's role under AS 44.33.020(a)(11)
24 [AS 44.33.020(11)], less

25 (1) appropriations from sources of program receipts under
26 AS 37.05.146(b) and (c) not collected under this section; and

27 (2) any reappropriations of charges collected under this section.

28 * Sec. 5. AS 44.33.113(g) is amended to read:

29 (g) The department shall collect and enforce the administrative cost charge
30 assessed under this section. The receipts from the charge assessed under this section
31 shall be deposited in the community development quota program account in the state
32 treasury. Under AS 37.05.146(c), receipts from charges collected under this section

Amend.
#1

1 shall be accounted for separately, and appropriations from the account are not made
2 from the unrestricted general fund. The legislature may appropriate money from the
3 community development quota program account for expenditures by the department
4 for necessary costs incurred by the department in implementing any assigned role
5 under AS 44.33.020(a)(11) [AS 44.33.020(11)] or for any other public purpose.

6 * Sec. 6. AS 44.33.113(h) is amended to read:

7 (h) The Department of Administration shall identify the amount of the
8 appropriations for the state's role under AS 44.33.020(a)(11) [AS 44.33.020(11)] that
9 lapses into the general fund each year. The legislature may appropriate an amount
10 equal to the lapsed amount to the community development quota program for its
11 operating costs for the next fiscal year.

12 * Sec. 7. AS 41.15.180(m), enacted in sec. 1 of this Act, takes effect July 1, 2005.

13 * Sec. 8. Except as provided in sec. 7 of this Act, this Act takes effect immediately under
14 AS 01.10.070(c).

Amend.
#2

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SENATOR BERT K. STEDMAN

SPONSOR STATEMENT

SB 328

"An Act relating to the National Forest income program in the Department of Community and Economic Development and to the authority of the department to adopt regulations; making conforming amendments; and providing an effective date."

This legislation makes the statutory changes required for the Department of Community and Economic Development to disburse the funds commonly referred to as the "Timber Receipts".

The "Secure Rural Schools and Community Self-Determination Act of 2000" (P.L. 106-393) made substantive changes to the federal program commonly known as National Forest Receipts. The Federal Act is subject to reauthorization in 2006.

In order to address the federal changes, the Department of Community and Economic Development needs amend its program regulations so the payments to communities located within the Tongass and Chugach National Forests would conform to the new federal requirements.

Subsequent to the adoption of the program regulation changes, the Department of Law advised the Department of Community and Economic Development that it lacks the statutory authority to implement the federal changes through its regulations. This legislation provides the Department with the authority to adopt regulations necessary to implement the revised federal program in a manner consistent with federal law.

This legislation also provides general regulation adoption authority for the Department to carry out its statutory functions. The change corrects a statutory problem created by the merger of the former Department of Commerce and Economic Development and the former Department of Community and Regional Affairs.

DISTRICT A

*Ketchikan • Sitka • Petersburg • Wrangell
Pelican • Elfin Cove • Port Alexander • Saxman • Meyers Chuck • Thorne Bay • Coffman Cove • Hollis*

ALASKA STATE LEGISLATURE

SESSION

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SENA **K. STEDMAN**

SECTIONAL ANALYSIS

SB 328

"An Act relating to the National Forest income program in the Department of Community and Economic Development and to the authority of the department to adopt regulations; and providing an effective date."

- Sec. 1** Allows the department to adopt regulations necessary to implement the section with regulations consistent with the federal law.
- Sec. 2** This is a new section, allowing the department to adopt regulations to carry out its statutory functions.
- Sec. 3,4,5,6** Makes conforming amendments to the related statutes.
- Sec. 7** Establishes an immediate effective date under AS 01.10.070(c).

DISTRICT A

*Ketchikan • Sitka • Petersburg • Wrangell
Pelican • Elfin Cove • Port Alexander • Saxman • Meyers Chuck • Thorne Bay • Coffman Cove • Hollis*

SB 328

INTRODUCTION

Historically, the distribution of funds under the National Forest Receipts Program was authorized under a 1908 federal law (16 USC 500) where 25% of the annual income earned from activities within a national forest was shared with the State for distribution to boroughs, cities, and regional education attendance areas located within the national forest. With the passage of the "Secure Rural Schools and Community Self-Determination Act of 2000" (P.L. 106-393), National Forest Receipts payments to the State for fiscal years 2002-2007 will be based upon the average of the three highest annual payments made to the State during the "eligibility period" of fiscal years 1987-2000.

Payments to the State under the Secure Rural Schools and Community Self-Determination Act stabilized for the period 2002-2007 rather than fluctuate and significantly dropping due mainly to the drastic reduction in national forest timber harvest the past several years. Distribution to the boroughs, cities, and rural educational attendance areas changed only in that the federal act required that at least 15% but no more than 20% of each local entities payment be spent on "special projects" with the balance to be spent on the traditional schools and roads categories. The special projects are defined in the Federal act.

SB 328 allows the Department of Community and Economic Development to prepare regulations to reflect the distribution and accounting for the 15-20% special projects distributions required by the Federal act.

Provided by Sen. Stedman

ESTIMATED
FY 05 National Forest Receipt School Payments
FY 04 Total ADM
vs.
FY 04 Total ADM Less Correspondence ADM

Tongass National Forest Unorganized Borough School Districts	FY 04 Total ADM	FY 04 Correspondence ADM	FY 05 NFR School Payment Based On Total ADM	FY 05 NFR School Payment Without Correspondence ADM	Difference in Funding
Craig	955.44	573.69	\$1,105,263	\$532,512	-\$572,751
Hoonah	179.40	0.00	\$207,532	\$250,249	\$42,717
Hydaburg	86.85	0.00	\$100,469	\$121,149	\$20,680
Take	155.15	0.00	\$179,479	\$216,422	\$36,943
Klawock	147.68	0.00	\$170,838	\$206,002	\$35,164
Pelican	15.00	0.00	\$20,719	\$24,984	\$4,265
Petersburg	657.45	0.00	\$760,545	\$917,092	\$156,547
Skagway	105.83	0.00	\$122,425	\$147,625	\$25,200
Wrangell	391.78	0.00	\$453,215	\$546,503	\$93,288
Annette Island REAA	287.50	0.00	\$332,583	\$401,040	\$68,457
Chatham REAA	215.00	0.00	\$248,714	\$299,909	\$51,195
Southeast Island REAA	219.80	9.57	\$254,267	\$293,255	\$38,988

Correspondence History FY99-FY05 Projected

DISTRICTS	FY99 Corr	FY00 Corr	FY01 Corr	FY02 Corr	FY03 Corr	FY04 Corr	FY05 Proj Corr
Alaska Gateway	38.90	49.15	44.75	47.30	57.25	54.55	44.00
Aleutian Region	-	-	-	-	-	-	-
Aleutians East	-	-	-	2.00	1.00	1.00	-
Anchorage	-	636.27	-	549.00	637.45	705.10	706.00
Annette Island	-	-	-	-	-	-	-
Bering Strait	-	-	-	-	-	-	-
Bristol Bay	-	4.00	-	0.25	-	-	-
Chatham	-	-	-	-	-	-	-
Chugach	87.00	88.00	106.00	132.95	117.00	113.25	115.00
Copper River	155.60	181.24	175.81	166.75	134.90	126.10	129.00
Cordova	-	-	-	-	-	-	-
Craig	1.00	8.25	103.90	293.70	465.65	573.69	750.00
Delta/Greely	306.20	148.98	201.95	289.39	368.93	363.94	370.00
Denali	-	-	-	-	13.40	266.00	400.00
Dillingham	-	-	-	-	-	-	-
Fairbanks	449.27	304.71	281.16	202.93	246.01	225.03	179.00
Galena	2,997.00	3,435.00	3,136.59	3,421.83	3,533.90	3,667.43	3,700.00
Haines	15.00	11.75	21.50	8.00	11.75	16.00	12.00
Hoonah	-	-	-	-	-	-	-
Hydaburg	-	-	-	-	-	-	-
Iditarod	154.63	208.20	276.25	224.43	93.65	82.85	100.00
Juneau	15.25	15.91	39.75	50.60	58.50	84.95	82.00
Kake	-	-	-	-	-	-	-
Kashunamiut	-	-	-	-	-	-	-
Kenai Peninsula	86.35	181.78	396.92	370.48	365.17	569.25	667.00
Ketchikan	77.60	38.80	36.60	27.55	16.50	24.30	25.00
Klawock	5.00	1.00	13.00	-	-	-	3.00
Kodiak Island	79.30	77.75	31.60	36.00	20.00	55.75	60.00
Kuspuk	-	-	-	-	-	-	-
Lake & Peninsula	1.00	-	3.80	-	-	3.00	3.00
Lower Kuskokwim	-	-	-	-	-	-	-
Lower Yukon	-	-	-	-	-	-	-
Mat-Su	448.51	419.95	405.21	422.65	512.75	953.87	908.00
Nenana	254.00	870.00	1,683.50	1,567.20	1,053.19	724.22	800.00
Nome	-	5.00	9.60	-	-	-	-
North Slope	-	-	-	-	-	-	-
Northwest Arctic	10.05	9.90	15.00	13.95	10.00	8.00	10.00
Pelican	-	-	-	-	-	-	-
Petersburg	-	-	-	-	-	-	-
Pribilof	-	-	-	-	-	-	-
Saint Mary's	-	-	-	-	-	-	-
Sitka	52.61	44.50	49.00	81.05	40.11	23.05	30.00
Skagway	4.00	2.50	1.00	-	-	-	-
Southeast Island	9.00	14.95	41.10	19.00	19.50	9.57	7.00
Southwest Region	-	-	-	-	-	-	-
Tanana	3.00	3.00	4.00	9.65	15.70	29.50	40.00
Unalaska	-	-	-	-	-	-	-
Valdez	-	-	-	4.00	-	1.00	1.00
Wrangell	-	-	-	-	-	-	-
Yakutat	-	-	-	-	-	-	-
Yukon Flats	11.00	11.00	-	6.00	6.00	-	-
Yukon/Koyukuk	-	-	0.40	-	440.22	947.02	987.00
Yupit	-	-	-	-	-	-	-
ACS	2,628.73	1,419.47	1,306.02	1,465.47	1,085.84	411.78	590.00
Mt. Edgecumbe	-	-	-	-	-	-	-
TOTAL	7,890.00	8,191.06	8,384.41	9,412.13	9,324.37	10,040.20	10,718.00

Prepared 3/24/04

FY04 Statewide
Correspondence

	ACS	Extension Prog (Chugach)	Copper River	PACE (Craig)	Cyber (Delta/ Greely)	PEAK (Denali)	IDEA (Galena)	Distance Learning (Iditarod)	Horizon Charter (Mat-Su)	CyberLynx (Nenana)	Tanana	Raven (Yukon Koyukuk)	TOTAL BY DISTRICT
Alaska Gateway		3.00					10.00	0.25		1.00		12.00	26.25
Alutian Region							6.00						6.00
Alutians East							3.00			0.80			3.80
Anchorage	173.49	11.70	37.75	280.94	188.10	241.75	853.13	57.00	101.47	266.80	24.50	173.99	2,237.13
Annette Island	3.00			1.00			1.00						2.00
Bering Strait	1.00						1.00					1.00	2.00
Bristol Bay		1.00					-			5.90			6.90
Chatham	4.00						4.25						4.25
Chugach		1.00											1.00
Copper River	7.60	8.00	34.65		1.00		58.00					4.00	105.65
Cordova		11.40					6.00						17.40
Craig	1.25			6.00			9.00			1.00			16.00
Delta/Greely	1.00				56.35		68.00			1.00		56.00	181.35
Denali						8.50	9.75		1.00	1.00		1.00	21.25
Dillingham	1.00			2.00			19.00					1.00	22.00
Fairbanks	27.10	37.50		14.00		3.75	759.30	1.00		156.31		453.68	1,425.54
Galena	1.00						4.25						4.25
Haines	4.00						4.00						4.00
Hoonah	0.80			1.00			11.55			2.00			14.55
Hydaburg	1.00						-						-
Iditarod Area							2.00	9.60					11.60
Juneau	52.20			6.00		1.00	196.25			5.00		116.35	324.60
Kake													-
Kashunamiut	0.70												-
Kenai Peninsula	23.50	1.00	21.00	2.00	18.25		559.25			12.65		14.40	628.55
Ketchikan Gateway	2.80			215.90			13.00	2.00					230.90
Klawock				1.00			2.00						3.00
Kodiak Island	8.90			1.00	93.50		75.50						170.00
Kuspuk	1.50						2.00						2.00
Lake & Peninsula	3.30						0.25			2.00			2.25
Lower Kuskokwim	8.69						8.00		2.00	2.00		6.00	18.00
Lower Yukon							1.00					1.00	2.00
Mat-Su	24.30	4.00	31.10	14.00	1.74	3.00	781.65	11.00	846.40	215.10	4.00	43.75	1,955.74
Nenana						4.00	7.00			4.00		6.00	21.00
Nome	4.25	5.00		0.85			26.25			1.50			33.60
North Slope	1.50	1.00					8.00						9.00
Northwest Arctic	5.15						3.00			1.00		2.00	6.00
Pelican	1.00												-
Petersburg	5.45			2.00			31.00						33.00
Pribilof	1.00												-
Saint Mary's													-
Sitka	4.25						17.25						17.25

Department of Education and Early Development

Prepared by Mindy Lobaugh

Prepared 3/24/04

FY04 Statewide
Correspondence

	ACS	Extension Prog (Chugach)	Copper River	PACE (Craig)	Cyber (Delta/ Greely)	PEAK (Denali)	NEA (Galena)	Distance Learning (Iditarod)	Horizon Charter (Mat-Su)	CyberLynx (Nenana)	Tanana	Raven (Yukon Koyukuk)	TOTAL BY DISTRICT
Skagway							1.00						1.00
Southeast Island	6.35			1.00						1.00			2.00
Southwest Region	7.00			13.00			-			2.00		1.00	16.00
Tanana											1.00		1.00
Unalaska	2.00						7.80						7.80
Valdez	3.75	20.65	1.60	3.00			3.00			1.00		1.00	30.25
Wrangell	1.25	4.00		9.00			9.75						22.75
Yakutat	4.75									1.00		5.00	6.00
Yukon Flats	3.00						3.00			1.00		9.00	13.00
Yukon/Koyukuk		2.00					5.00			0.60		7.00	14.60
Yupitit													-
OUT OF STATE	8.95	2.00	-	-	5.00	4.00	77.25	2.00	3.00	38.56	-	31.85	163.66
TOTAL	411.78	113.25	126.10	573.69	363.94	266.00	3,667.43	82.85	953.87	724.22	29.50	947.02	7,847.87

G:\DistSup\S04FoundationRequests\StatewideCorrespondence\District_of_Res..xls\Summary of Statewide Coresp ADM

School District	FY04 ADM	ADM	ADM
Alaska Gateway	438.71	54.55	493.26
Aleutian Region	41.85	-	41.85
Aleutians East	277.49	1.00	278.49
Anchorage	48,559.88	705.10	49,264.98
Annette Island	287.50	-	287.50
Bering Strait	1,704.00	-	1,704.00
Bristol Bay	195.35	-	195.35
Chatham	215.00	-	215.00
Chugach	77.85	1.00	78.85
Copper River	532.15	34.65	566.80
Cordova	471.40	-	471.40
Craig	381.75	6.00	387.75
Delta/Greely	667.30	56.35	723.65
Denali	305.15	8.50	313.65
Dillingham	513.13	-	513.13
Fairbanks	14,369.36	225.03	14,594.39
Galena	222.60	4.25	226.85
Haines	302.99	16.00	318.99
Hoonah	179.40	-	179.40
Hydaburg	86.85	-	86.85
Iditarod Area	293.45	9.60	303.05
Juneau	5,356.92	84.95	5,441.87
Kake	155.15	-	155.15
Kashunamiut	362.25	-	362.25
Kenai Peninsula	8,992.70	569.25	9,561.95
Ketchikan Gateway	2,346.12	24.30	2,370.42
Klawock	147.68	-	147.68
Kodiak Island	2,620.88	55.75	2,676.63
Kuspuk	424.10	-	424.10
Lake & Peninsula	415.23	3.00	418.23
Lower Kuskokwim	3,784.60	-	3,784.60
Lower Yukon	2,031.80	-	2,031.80
Mat-Su	13,350.19	846.40	14,196.59
Nenana	207.10	4.00	211.10
Nome	715.10	-	715.10
North Slope	1,810.45	-	1,810.45
Northwest Arctic	2,020.75	8.00	2,028.75
Pelican	15.00	-	15.00
Petersburg	657.45	-	657.45
Pribilof	124.25	-	124.25
Saint Mary's	147.50	-	147.50
Sitka	1,443.48	23.05	1,466.53
Skagway	105.83	-	105.83
Southeast Island	210.23	9.57	219.80
Southwest Region	676.95	-	676.95
Tanana	62.50	1.00	63.50
Unalaska	398.55	-	398.55
Valdez	864.25	1.00	865.25
Wrangell	391.78	-	391.78
Yakutat	125.00	-	125.00
Yukon Flats	292.20	-	292.20
Yukon/Koyukuk	434.05	7.00	441.05
Yupit	434.25	-	434.25
ACS	-	411.78	411.78
Mt. Edgecumbe	334.90	-	334.90
TOTALS:	121,582.35	3,171.08	124,753.43

For Forest Receipt Calculations Only

For Forest Receipt Calculations Only

For Forest Receipt Calculations Only



SB 328

March 27, 2004

Senator Bert Stedman
State Capitol, Room 30
Juneau, AK 99801-1182

Dear Sen. Stedman:

Thank you for taking the time to meet with me earlier this week to discuss SB 328. As I understand it, on Wednesday, March 24, the Senate Finance Committee considered adding language to the bill that would change the way national forest receipts (NFR) are paid to school districts. The change would disallow counting non-resident correspondence school students toward a school district's ADM for the purpose of receiving NFR. While I have not been told expressly why the proposed change is under consideration, I expect that some members of the committee believe that NFR payments should be more closely tied to students in and near the national forests in Alaska. There are three reasons why the Finance Committee should choose not to amend the bill they discussed last Wednesday.

First, the problems that the committee sees and hopes to solve with the proposed change to SB 328 will largely fix themselves in the coming year, even if the Senate Finance Committee does nothing. This is so because under new regulations out for public review from the Alaska Department of Education and Early Development, public correspondence schools will limit their enrollment to students who are not also enrolled full time in private schools. For its part, Craig's PACE program will reduce its enrollment from approximately 600 students to about only 150, most of who will be residents of Southeast Alaska. Therefore, not only will other unorganized borough communities receive more national forest receipts dollars, those students remaining in PACE will have a close tie to the national forest because they live in Southeast Alaska.

Second, the funding Craig receives from its next NFR payment in January is for students enrolled in its schools today. If the committee amends the bill to change the NFR formula, it will prevent Craig from receiving reimbursement of funds it has already spent to educate students.

Third, the Craig City School District and PACE are already planning substantial reductions in staff and services in anticipation of its lower PACE enrollments and the resulting reduction in State foundation formula funding. The district is already preparing for a \$1.1 million drop in revenues for the coming year by cutting teaching and other staff. If the Finance Committee proceeds with its discussed change to SB 328, many more teaching staff will be laid off to account for an additional \$550,000 in cuts. The district would be forced to reduce its budget by nearly 25% for the coming year. I am sure the Senate Finance Committee would agree that such a revenue reduction is simply too much to force on a small school district in a single year.

The City of Craig and the Craig City School District would like to offer the committee an alternative to the change it proposes to SB 328. Our alternative meets the needs of the committee without also forcing needlessly austere cuts to the Craig City School District operating budget.

- Postpone the effective date of SB 328 until July 1, 2005. The NFR payment that communities will receive in January, 2005 is based on the ADM established in October of 2003. The result is that school districts receive NFR payments only after those districts have already delivered educational services to students. If the effective date of the bill is postponed, it will allow school districts to receive NFR funding for students that those districts have already spent resources educating.
- Change NFR eligibility to students who reside in the national forest. The committee should modify SB 328 so that NFR payments to school districts are based on students who reside in the Tongass or Chugach National Forests. Currently, correspondence school students who reside outside the Tongass or Chugach National Forests are counted toward a district's NFR payment. Changing AS 41.15.180 to limit the count to national forest resident students is more consistent with the intent of the national forest receipt program.

The two recommendations detailed above provide a sensible and timely change to the NFR program in Alaska. It is my hope that the Senate Finance Committee will concur and adopt these changes into SB 328 when the bill moves out of committee.

Sincerely,



Jon Bolling
Craig City Administrator

SENATE COMMITTEE REPORT First Committee of Referral

DATE: 2/23/04

FURTHER: Finance

Date of 5-Day Notice: 2/19/04
(in accordance with Uniform Rule 23)

DATE TURNED
IN TO OFFICE: 2/25/04

Community and Regional Affairs Committee considered SPONSOR SUBSTITUTE FOR SENATE BILL NO. 328

SB 328 NATIONAL FOREST INCOME PROGRAM/DCED REGS

"An Act relating to the national forest income program in the Department of Community and Economic Development and to the authority of the department to adopt regulations; making conforming amendments; and providing for an effective date."

and recommends:

- be replaced with _____ CS _____ (_____)
- adopt previous _____ CS _____ (_____)
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to _____ Committee

Senate Bill:

- Same Title
- New Title

House Bill:

- Same Title
- Technical Title Change
- New Title w/ SCR # _____




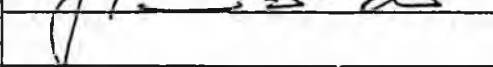
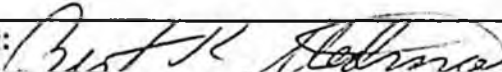
NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#
DCED	2/19/04			✓	1

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:		DO PASS	DO NOT PASS	NO REC	AMEND
Lincoln		✓		✓	
Wagner		✓			
G. Skene				✓	
Elton		✓			
Stedman	CHAIR: 	✓			

