



29th Alaska State Legislature
House Finance Budget Subcommittee
Department of Education and Early Development
FY17 Operating Budget

Chair:

Rep. Lynn Gattis
Capitol Room 500
465-4833

Members:

Rep. Dave Talerico
Capitol Room 104
465-4527

Rep. Wes Keller
Capitol Room 403
465-2186

Rep. Neil Foster
Capitol Room 434
465-3789

Rep. Mike Hawker
Capitol Room 502
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Capitol Room 114
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Capitol Room 422
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465-3973

**DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT
FY2017 HOUSE FINANCE BUDGET SUBCOMMITTEE NARRATIVE REPORT
February 23, 2016**

RECOMMENDATIONS:

The House Finance Budget Subcommittee for the Department of Education and Early Development submits a recommended operating budget for FY2017 to the House Finance Committee as follows:

Fund Source: (dollars are in thousands)

Unrestricted General Funds (UGF)	\$44,099.3
Designated General Funds (DGF)	\$54,691.9
Other Funds	\$38,821.2
Federal Funds	<u>\$241,939.7</u>
Total	\$379,552.1

The Unrestricted General Fund difference from FY16 Management Plan to the House Subcommittee budget recommendation is a reduction of \$10,068.0, which is a 15.5% reduction.

The subcommittee recommends a total increase from the FY2017 adjusted base of \$17,814.7 in all fund sources.

Positions:

Permanent Full-time	317
Permanent Part-time	15
Temporary	<u>7</u>
Total	339

BUDGET ACTION:

The House Finance Budget Subcommittee for the Department of Education and Early Development held 6 meetings with the Department. The Subcommittee reviewed the FY2017 Governor's amended budget request and made its own recommendations, which include these highlights:

- **Deny Governor's Request to Restore Funding for Pre-Kindergarten Programs <\$2,820> 1004 UGF.** At a time when we are dealing with massive, multi-billion dollar budget deficits, the subcommittee feels these programs fall outside of "mission-critical" when it comes to the constitutional mandate of education in Alaska. Additionally, we have been charged by the co-chairs with reducing the number of programs the state of Alaska offers, and adding more programs is not acceptable at this time.
- **Eliminate, ANSEP Grant Funding <\$1,000.0> 1004 UGF.** This funding was part of a three year grant included in House Bill 278 that initially provided ANSEP with \$2 million per year to offer STEM courses and put students on a "track" beginning in middle school to get into the ANSEP program. At a reduced funding level the program isn't able to establish the size and scope of the middle school program that was originally envisioned. Additionally, ANSEP's annual total budget is in excess of \$6 million when including the funds they get from Federal Grants and the University System.
- **Eliminate, Statewide Mentoring Program <\$1,000.0> 1004 UGF and <\$500.0> 1226 Higher Ed Fund.** This program was added at a time when the state was experiencing significant revenue surpluses, and therein was adding additional programs that supplemented their core mission efforts. Now, as the state faces multi -billion dollar budget deficits, we're having to remove funding for some of these programs as departments refocus on mission critical services.
- **Reduction, UGF Portion of Broadband Access Grants <\$917.3> UGF.** This funding was originally included in House Bill 278 at an initial UGF level of \$5 million annually. Over the last few years, that amount has been trimmed back. The subcommittee proposes to remove the remaining UGF portion of Broadband Access Grant funding, leaving \$1.8 million (from the Higher Education Fund) to be granted out to schools in FY17. Please note – this program is being paid for by many districts at a local level. The state funding that has been included in recent years goes to districts that were not willing to spend a portion of their funding on Broadband.
- **Reduction, Travel, Services, and Commodities Lines <1,320.9> UGF.** With annual budget deficits approaching \$4 billion, there is a major need to reduce non-essential spending in state government. The subcommittee has proposed reductions to the travel, services, and commodities lines of each allocation. With Governor Walker's issuance of a travel freeze, the subcommittee has eliminated out of state travel and reduced in-state travel by 33%. This will provide a savings to the state in addition to retaining a small amount of funds for the department conduct travel that is deemed absolutely mission critical. Additionally, the subcommittee has reduced the services and commodities lines by reducing budgets for items such as: conference fees, subscriptions, long distance phone budgets, Central Mail, and office supplies and furniture.

- **Added Intent Language for Alaska Commission on Postsecondary Education.** It is the intent of the Legislature that the Alaska Commission on Postsecondary Education review all services offered in relation to its mission and core services, and report back to the Legislature no later than January 21, 2017 with recommendations on statute changes that would reduce the number of services offered by the Commission.
- **Recommendation to House Finance Committee for WWAMI.** The subcommittee recommends that the full House Finance Committee take up legislation addressing two changes to WWAMI statutes. The first change is to change the repayment amount from 50% of the state's contribution per student to 100% of the state's contribution per student. The second part is to reroute the payments from the General Fund (where they are currently deposited) directly into the WWAMI program in an effort to make the program partially self sustaining.

ATTACHED REPORTS:

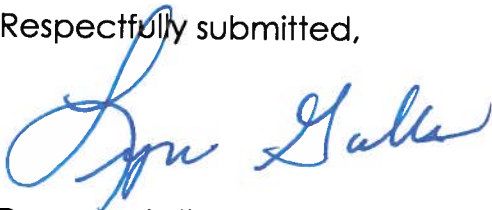
The House Finance Budget Subcommittee for the Department of Administration adopts the attached reports:

2016 Legislative Finance Division Reports – FY17 House Structure (Numbers Only)

1. Multi –Year Agency Totals – FY2017 Operating Budget
2. Multi –Year Allocation Summary (All Funds)
3. Multi –Year Allocation Summary (UGF Only)
4. Transaction Compare between Adjusted Base (17Adj Base) and House Subcommittee (H Sub)
5. Transaction Compare between Governor Amended (17Gov Amd) and House Subcommittee (H Sub)
6. Wordage Report – FY2017 Operating Budget

The Budget Action Worksheet is attached for informational purposes.

Respectfully submitted,



Representative Lynn Gattis, Chair
House Finance Budget Subcommittee for the Department of Education and Early Development

Department of Educations and Early Development
FY2015 to FY2016 Comparison

<u>Fund Type</u>	<u>FY2015 Mgt Plan</u>	<u>FY2016 Enacted</u>	<u>Difference</u>	<u>Percent Difference</u>
Unrestricted General Fund	\$1,408,921.8	\$1,301,647.1	-\$107,274.7	-7.6%
Designated General Fund	\$28,444.7	\$39,231.0	\$10,786.3	37.9%
Other	\$26,804.8	\$25,038.2	-\$1,766.6	-6.6%
Federal	<u>\$233,890.6</u>	<u>\$232,003.7</u>	<u>-\$1,886.9</u>	<u>-0.8%</u>
Total	\$1,698,061.9	\$1,597,920.0	-\$100,141.9	-5.9%

<u>Unrestricted General Fund</u>	<u>FY2015 Mgt Plan</u>	<u>FY2016 Enacted</u>	<u>Difference</u>	<u>Percent Difference</u>
Non-Formula	\$57,419.6	\$41,688.5	-\$15,731.1	-27.4%
Formula	<u>\$1,351,502.2</u>	<u>\$1,259,958.6</u>	<u>-\$91,543.6</u>	<u>-6.8%</u>
Total	\$1,408,921.8	\$1,301,647.1	-\$107,274.7	-7.6%

<u>Budgeted Positions</u>	<u>FY2015 Mgt Plan</u>	<u>FY2016 Enacted</u>	<u>Difference</u>	<u>Percent Difference</u>
Permanent Full-Time	331	328	-3	-0.9%

<u>Filled Positions</u>	<u>Dec 2014 Employees</u>	<u>July 2015 Employees</u>	<u>Difference</u>	<u>Percent Difference</u>
Permanent Full-Time	320	306	-14	-4.4%
Permanent Part-Time	3	2	-1	-33.3%
Non-Permanent	<u>114</u>	<u>69</u>	<u>-45</u>	<u>-39.5%</u>
Total	437	377	-60	-13.7%

Notable Changes

- **K-12 Additional Foundation Funding** - \$95,101.4 reduction. While it appears to be a \$95,101.4 decline in state aid to districts, in fact the state aid levels are roughly level. These were “one-time” funds, in addition to the Foundation Formula, for the years FY2015 (\$42,953.85), FY2016 (\$32,243.7), and FY2017 (\$19,904.2). The FY2015–FY2017 one-time funds were appropriated in the FY2015 budget and the FY2016 Governor Amended budget did not include the FY2016 and FY2017 one-time funding, making it appear like a \$95M reduction.
- **Student and School Achievement** \$5,378.6 UGF reduction from the following:
 - \$3,000.0 UGF reduction to remove funding for a pilot program to expand STEM education to middle schools.
 - \$470.0 UGF reduction removed funding for two literacy programs (\$320.0 for the K-3 literacy project which required districts to provide literacy screeners to

incoming students in grades K-3 and \$150.0 for supporting the statewide literacy program).

- \$414.0 UGF reduction for WorkKeys which is a test administered by the Department of Labor and Workforce Development that allows students to obtain an Alaska Career Readiness certificate. Without this funding, the test will no longer be offered in schools. Students will still be able to pay a fee to take the test through the Department of Labor.
 - \$400.0 unallocated reduction: \$200.0 from personal services and \$200.0 from services. The personal services reduction will result in an increase of positions that will be held vacant after separation of services. The services reduction will require the department to request a reduction of costs of existing contracts as directed by Department of Administration. A decrease of services contracts is also anticipated, though the impact of this is not yet known.
- **Broadband Program** \$1,400.0 UGF reduction, which will to provide sufficient funding to distribute to school districts to pay for faster broadband speeds, in conjunction with the federal e-rate program.
 - **Statewide Mentoring Program** \$800.0 UGF reduction, which provides support for early-career teachers and principals, and this reduction, will have an impact on the principal coaching.
 - **Alaska Learning Network** \$850.0 UGF reduction, which provided distance courses for students taught by highly qualified Alaska teachers and learning opportunities for teachers that promoted technology integration, digital literacy, and successful online pedagogy.
 - **Best Beginnings** \$617.5 UGF reduction, which will reduce services for early childhood learning programs operated by the non-profit; exact impacts are unknown at this time.