

**DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT  
FY2018 HOUSE FINANCE BUDGET SUBCOMMITTEE NARRATIVE REPORT  
February 24, 2017**

**SUBCOMMITTEE MEMBERS:**

Rep. Dan Ortiz, Chair	Rep. Drummond	Rep. Fansler
Rep. Johnston	Rep. Kopp	Rep. Parish
Rep. Spohnholz	Rep. Talerico	Rep. Thompson

**SUBCOMMITTEE MEETINGS:**

The House Finance Budget Subcommittee for the Department of Education and Early Development held twelve meetings with the department during the review of the FY18 budget request.

**RECOMMENDATIONS:**

The Chair of the House Finance Budget Subcommittee for the Department of Education and Early Development recommends that the House Finance Committee accept the Governor's FY18 Amended Budget with further amendment(s):

The budget **without** amendment totals:

**Fund Source:** (dollars are in thousands)

Unrestricted General Funds (UGF)	\$48,040.0
Designated General Funds (DGF)	26,071.5
Other Funds	57,620.8
Federal Funds	241,157.5
<b>Total</b>	<b>\$372,889.8</b>

The Unrestricted General Fund difference from FY15 Management Plan to the FY18 Governor Amended budget is a reduction of \$21,133.2 million, a decrease of 30.6 percent

**Positions:**

Permanent Full-time	279
Permanent Part-time	15
Temporary	4
<b>Total</b>	<b>298</b>

The following budget amendments are submitted by the subcommittee chair to the House Finance Committee for consideration:

- 1) Reduction of \$70.0 in General Funds in the Boarding Home Grants line item. This reduction reflects declining use of the Stipend portion of the Boarding Home Grants program. The Boarding Home budget funds two programs: 1) the Secondary Boarding Home Stipend Program; and 2) the larger School District Operated Residential School Program. This amendment does not impact School District Operated Residential Schools. It reduces GF authorization for the Stipend program to more closely align with actual costs.

Governor’s Budget Amendments

- 2) Reduction of \$52.8 in Alaska Technical and Vocational Education Program (TVEP) authority. TVEP is funded by .16 percent of employee contributions to the unemployment insurance trust fund administered by the Department of Labor. The taxable wages collected have declined more rapidly than originally anticipated and allocations to regional training centers specified in AS 23.15.835 will be decreased. TVEP funds in the DEED budget support the Galena Interior Learning Academy.
- 3) Increase of \$10,172.6 Federal Receipts for child nutrition programs including the National School Lunch Program, School Breakfast Program, and Summer Food Services Food Services Program. Increased federal receipt authority is needed for acceptance of the increase in United States Department of Agriculture (USDA) grant funds.
- 4) Increase of \$197.3 in Alaska Student Loan Corporation (ASLC) Receipts to cover health insurance adjustment for Alaska Postsecondary Commission staff that provide loan servicing for the Alaska Student Loan Corporation.

Two Intent language proposals were considered and forwarded on to the full House Finance Committee for consideration - one on the topic of K-12 broadband and equity in school connectivity to digital resources, and the second, on early childhood programs.

The budget if these amendments are adopted totals:

**Fund Source:** (dollars are in thousands)

Unrestricted General Funds (UGF)	\$47,970.0
Designated General Funds (DGF)	26,018.7
Other Funds	57,818.1
Federal Funds	251,330.1
<b>Total</b>	<b>\$383,136.9</b>

If these amendment are adopted the Unrestricted General Fund difference from FY15 Management Plan to the FY18 budget is a reduction of \$21,203.2 million, a decrease of 30.7 percent.

**STATUTORY RECOMMENDATIONS**

The Subcommittee reviewed the Public School Trust Fund which is currently one revenue source for the Foundation Program. There is no specific approach being advanced at this time. There is, however, recognition that the Fund is not maximizing earnings potential and a review of restructuring options is warranted with the goal to increase revenues available to support public education.

**OTHER INFORMATION:**

The Subcommittee discussed a variety of issues during the meetings. Those that I have not put forward for consideration by the House Finance Committee include, but are not limited to:

Several amendments were discussed that would have reduced or eliminated early learning programs. Proposals included elimination of funding for Pre-Kindergarten Competitive Grants, reduction in Pre-Kindergarten Grants by 25%, and reduction in Parents as Teachers by 20%. Members discussed the merits of early learning and its importance in a comprehensive educational system. Members supporting the reductions spoke to the need for state budget reductions in the face of the state’s fiscal situation and saw Pre-K a lower priority than other constitutionally mandated services.

2An amendment was discussed that would have eliminated funding for implementation of Chapter 2 SLA15, commonly referred to as Bree’s/Erin’s Law.

An amendment was discussed that would have reduced funding for Online With Libraries. These funds support internet and videoconferencing services to public libraries across the state.

The above amendments failed in advisory subcommittee votes.

**ATTACHED REPORTS**

Transaction Detail

Allocation Summary – House Structures

Respectfully submitted,



Representative Dan Ortiz, Chair

House Finance Budget Subcommittee for the Department of Education and Early Development