



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
465-4949

Rep. Dan Ortiz
Capitol Room 114
465-3824

Rep. Sam Kito
Capitol Room 422
465-4766

Committee Aide
Tyson Gallagher
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