

# Fiscal Note

State of Alaska  
2022 Legislative Session

Bill Version:	SCS HB 114(FIN) am S
Fiscal Note Number:	9
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Identifier: HB114SCS(FIN)-EED-PEF-5-17-22  
 Title: EDUCATION: SCHOOLS; FUNDING; PROGRAMS  
 Sponsor: RLS BY REQUEST OF THE GOVERNOR  
 Requester: Conference Committee

Department: Fund Capitalization  
 Appropriation: No Further Appropriation Required  
 Allocation: Public Education Fund  
 OMB Component Number: 2804

## Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2023 Appropriation Requested	Included in Governor's FY2023 Request	Out-Year Cost Estimates					
			FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
<b>OPERATING EXPENDITURES</b>								
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants & Benefits	11,770.0		14,770.0	17,770.0	20,770.0	23,769.9	26,769.8	
Miscellaneous								
<b>Total Operating</b>	<b>11,770.0</b>	<b>0.0</b>	<b>14,770.0</b>	<b>17,770.0</b>	<b>20,770.0</b>	<b>23,769.9</b>	<b>26,769.8</b>	

## Fund Source (Operating Only)

1004 Gen Fund (UGF)	11,770.0		14,770.0	17,770.0	20,770.0	23,769.9	26,769.8
<b>Total</b>	<b>11,770.0</b>	<b>0.0</b>	<b>14,770.0</b>	<b>17,770.0</b>	<b>20,770.0</b>	<b>23,769.9</b>	<b>26,769.8</b>

## Positions

Full-time							
Part-time							
Temporary							

## Change in Revenues

None							
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Estimated SUPPLEMENTAL (FY2022) cost:** 0.0 (separate supplemental appropriation required)

**Estimated CAPITAL (FY2023) cost:** 0.0 (separate capital appropriation required)

**Does the bill create or modify a new fund or account?** No  
 (Supplemental/Capital/New Fund - discuss reasons and fund source(s) in analysis section)

## ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No  
 If yes, by what date are the regulations to be adopted, amended or repealed?

## Why this fiscal note differs from previous version/comments:

Updated to incorporate SB111, specifically a \$30 increase to the Base Student Allocation (BSA), and amendment to AS 14.17.905(c), facilities constituting a school (which was HB413/SB236), into HB114 as amended on the Senate Floor.

## FISCAL NOTE ANALYSIS

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## Analysis

This bill creates four new programs: an early education program, a comprehensive reading intervention program, a school improvement reading program, and a virtual education consortium. **This fiscal note addresses the early education program.**

The early education program, created under AS 14.03.410, is approved by the Department of Education and Early Development (DEED) and funded by the state through a three-year grant process. Once those districts have completed the three-year grant cycle and DEED has determined the early education program complies with the adopted standards as created by the State Board of Education and Early Development, then those programs may be eligible for 1/2 the full-time equivalent for average daily membership (ADM) funding under AS 14.17.410. Foundation funding would only be provided to those districts that are not already receiving early education funding by another state or federal program. The early education program is repealed on June 30, 2034 (FY2034).

The current pre-kindergarten grant counts, as provided by the Division of Innovation and Education Excellence, were used in calculating anticipated foundation funding. Half of the average cost per student was used as a multiplier for purposes of this fiscal note. This number was derived by using the FY2022 State Aid Entitlement as of 12/21/2021 of \$1,199,876,241 and dividing it by the total ADM projected at 127,588.38 to arrive at \$9,404. The average per student cost was then divided in half to arrive at \$4,702, so as to be in alignment with the language added in AS 14.17.500(d).

The district's pre-kindergarten students can transition to the foundation formula after completing the three year grant process. Therefore, the first approved pre-kindergarten program to receive state aid through the ADM would be on the fourth year or FY2027. Since those pre-kindergarten student counts cannot be determined, the following calculation of students are based on the cohort used for projecting the grant. Total grant funding awarded to districts may not exceed \$3 million in a fiscal year, unless the legislature appropriates another amount.

FY2027 = 638 students x \$4,702 = \$2,999,876  
 FY2028 = 638 students x \$4,702 = \$2,999,876  
 FY2029 = 638 students x \$4,702 = \$2,999,876  
 FY2030 = 638 students x \$4,702 = \$2,999,876  
 FY2031 = 638 students x \$4,702 = \$2,999,876  
 FY2032 = 638 students x \$4,702 = \$2,999,876  
 FY2033 = 638 students x \$4,702 = \$2,999,876  
 FY2034 = 638 students x \$4,702 = \$2,999,876

This bill also includes transition language for districts with existing early education programs that get approved by the State Board of Education and Early Development, but limits the amount available under the foundation formula for distribution in FY2023 to \$3 million, and in subsequent years not more than a \$3 million increase over the prior year.

This bill also amends AS 14.17.470 by increasing the base student allocation (BSA) by \$30 from \$5,930 to \$5,960. The increase to projected stated aid entitlement is \$7,687,273.

Finally, this bill amends AS 14.17.905(c) by excluding charter schools from the average daily membership (ADM) count of a community with an ADM of greater than 425 that has only one facility administered as a school.

Hooper Bay, in the Lower Yukon School District, was the only community affected by AS 14.17.905(c), but when the district opened a charter school in Hooper Bay during the 2020-2021 school year, they were no longer eligible for AS 14.17.905(c) since they now have two schools within the community. This resulted in a loss of Foundation Formula funding to the Lower Yukon School District as they now fall under AS 14.17.905(a)(3).

## FISCAL NOTE ANALYSIS

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**Analysis**

With the exclusion of charter schools from AS 14.17.905(c), the Hooper Bay School would again be provided two adjustments for a community greater than 425 ADM with a single site facility serving grades Kindergarten through 12. Applying the two adjustments to the FY2023 Projected Foundation Funding, it results in an increase of \$1,082,707 in funding for the Lower Yukon School District.

This bill also adds amends AS 14.17.500(g) to clarify that a student in a district-wide early education program approved under AS 14.07.020(a)(8) is included in the ADM count for the pupil transportation program under AS 14.09.010. The fiscal impact is unknown at this time and will be reflected in out-year budgets as the early education programs are approved and roll into the foundation program.

The effective date of this bill is July 1, 2023 (FY2024).