

SENATE FINANCE COMMITTEE  
April 11, 2022  
1:02 p.m.

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CALL TO ORDER

Co-Chair Bishop called the Senate Finance Committee meeting to order at 1:02 p.m.

MEMBERS PRESENT

Senator Click Bishop, Co-Chair  
Senator Bert Stedman, Co-Chair  
Senator Lyman Hoffman  
Senator Bill Wielechowski  
Senator David Wilson

MEMBERS ABSENT

Senator Donny Olson  
Senator Natasha von Imhof

ALSO PRESENT

Erin Shine, Staff, Senator Click Bishop; Heidi Teshner, Director, Finance and Support Services, Department of Education and Early Development.

SUMMARY

SB 111 EARLY EDUCATION; READING INTERVENTION

CSSB 111(FIN) was REPORTED out of committee with three "do pass" recommendations and with two "no recommendation" recommendations, and with three new fiscal impact notes from the Department of Education and Early Development, one new fiscal impact note from the Department of Education and Early Development - Fund Capitalization, and one new zero fiscal impact note from the Department of Education and Early Development.

#sb111

SENATE BILL NO. 111

"An Act relating to the duties of the Department of Education and Early Development; relating to public schools; relating to early education programs; relating to funding for early education programs; relating to school age eligibility; relating to reports by the Department of Education and Early Development; relating to reports by school districts; relating to certification and competency of teachers; relating to assessing reading deficiencies and providing reading intervention services to public school students enrolled in grades kindergarten through three; relating to textbooks and materials for reading intervention services; establishing a reading program in the Department of Education and Early Development; relating to school operating funds; relating to a virtual education consortium; and providing for an effective date."

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Co-Chair Bishop relayed that it was the sixth hearing for SB 111. The committee intended to consider a Committee Substitute (CS), review the fiscal notes, and look to the will of the committee.

Senator Wielechowski to ADOPT proposed committee substitute for SB 111, Work Draft 32-LS0485\R (Klein, 4/7/22).

Co-Chair Bishop OBJECTED for discussion.

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ERIN SHINE, STAFF, SENATOR CLICK BISHOP, explained that there was one substantive change between Version E and Version R of the bill, as well as a couple of conforming and technical changes.

Ms. Shine addressed an Explanation of Changes document (copy on file):

Section 14

AS 14.03.410(b)

Requires the conditions of subsection (g) to be met prior to application for the 3- year early education grant program.

AS 14.03.410 (d) & (e)

Corrects a drafting error from a prior version of SB 111 by removing reference to subsection (a) as it is no longer necessary.

AS 14.03.410(g)

Adds a new subsection to require school districts to consult with each local and tribal head start program within the district's boundaries prior to making an application to the 3-year early education grant program, under AS 14.03.410(b), to ensure no district-wide program will jeopardize federal funding or programing.

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AT EASE

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RECONVENED

Co-Chair Bishop WITHDREW his OBJECTION. There being NO further OBJECTION, it was so ordered.

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HEIDI TESHNER, DIRECTOR, FINANCE AND SUPPORT SERVICES, DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT, addressed a new fiscal note from the Department of Education and Early Development, Office of Management and Budget (OMB) Component number 2912. She detailed that the fiscal note showed the costs associated with operating the Early Education Grant Program, as well as providing training and support to grantees. It was estimated that three additional staff positions were needed to operate the grant program as well as provide training and support to grantees. In addition to salaries and benefits of the positions, there was department charge-back costs of \$10,600 per position, and one-time costs of \$5,000 per position for supplies and equipment. She continued that there was an additional one-time cost of \$6,000 for the legal services associated with regulation development. The total estimated FY 23 cost was \$833,300, of which \$385,600 would be requested as a General Fund (GF) appropriation, while \$474,700 for the Parents as Teachers program was already included in the FY 23 governor's budget.

Ms. Teshner addressed a new fiscal impact note from DEED, OMB Component number 3028. She detailed that the note

showed the costs associated with the Early Education Program grants. She noted that page 3 of the fiscal note provided a funding breakdown by fiscal year for the 3-year grant program. The bill set a \$3 million annual cap for the program, and there was a maximum number of 638 students eligible for the program based on the half of an average cost per student of \$4,702. She continued that Table 3 provided a look at which cohorts would be eligible for the program over 11 years. Table 4 showed which cohorts would transition to the foundation program after the completion of the 3-year grant program. She added that FY 34 would be the last year of the grant program and the total was estimated to cost about \$33 million.

Ms. Teshner spoke to a new zero fiscal note from DEED, OMB Component 141. She explained that there were no costs shown on the note as the funding mechanism for the program was a GF transfer to the Public Education Fund. The fiscal note was provided for explanation purposes only.

Ms. Teshner addressed a new fiscal impact note from Fund Capitalization, OMB Component 2804. The fiscal note was for the Public Education Fund, which was where the money got deposited for the foundation program. The fiscal note took the total amount of projected state aid and divided the amount by the total average daily membership to get the average cost. The bill funded the students at half of the average per student, using FY 22 data. She noted that there could be additional costs for districts. There would be nine cohorts of students, with the first cohort transitioning to the foundation formula in FY 27. She detailed that the fiscal note assumed that all programs developed in the first cohort would be approved, and transition at the end of the third year.

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Ms. Teshner continued to address the fiscal note with OMB Component 2804. She explained that the bill included transition language for districts with existing early education programs that got approved by the State Board of Education and Early Development, but limited the amount to \$3 million in FY 23, with no more than a \$3 million increase in subsequent years. State aid was expected to increase approximately \$24 million once all students were transitioned and included in the average daily membership count.

Ms. Teshner addressed a new fiscal impact note from DEED, OMB Component 2796. The note reflected costs associated with the Comprehensive Reading Intervention Program, the School Improvement Literacy Program, and the Virtual Education Consortium. Through the reading intervention program, The department would manage and operate the program. The department would annually convene stakeholders to receive feedback on the program, establish a recognition program, and provide training and support for all K - 3 teachers on the use of the statewide screening tool. It was estimated that it would take three staff positions to manage and operate the program, including an Education Administrator III position, which would participate at statewide conferences. The note only budgeted for one in-person travel. Additionally, there were salary and benefits department charge-back costs of \$10,600 per position, and one-time costs of \$5,000 per position.

Ms. Teshner continued that there was also a cost for the reading program that required adoption and administration of a statewide screening tool to identify students with reading deficiency. There were approximately 40,000 students in K-3 in Alaska schools with an annual cost of about \$600,000. The department planned to utilize federal receipts to fund the screener in FY 23, and the cost would be a state GF cost in FY 24. An additional \$500,000 would be needed to develop an alternate screening tool for bilingual and immersion programs starting in FY 24. There was a one-time cost of \$18,000 included in the note for legal services associated with regulation development. The program would be repealed on June 30, 2034.

Ms. Teshner addressed the School Improvement Reading Program, for which the department would provide direct support in district and school reading programs. The department would select the schools from the lowest 25 percent of schools in the program. The department anticipated employing one to five reading specialists in year one, and five in each of the subsequent years. The fiscal notes assumed hiring five positions within the first year. Out-year costs would be adjusted based on implementation of the program. There was salary and benefits, department chargebacks, costs for supplies and equipment, and a one-time cost of \$12,000 for legal services related to regulations around the program. Reflected in the fiscal note was costs associated with

purchasing supplemental reading textbooks and materials for districts in connection with the reading intervention services. The cost per student when adopting a new reading curriculum was about \$250, which led to about \$170,500 for the supplemental materials.

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Ms. Teshner continued addressing the fiscal note. The final costs associated with the School Improvement Literacy Program had an annual contract fee of \$50,000 beginning in FY 23 for data collection and analysis for the required legislative report. The program was repealed on June 30, 2034.

Ms. Teshner revealed that the final program under the fiscal note was the Virtual Education Consortium. The department would need two positions to manage and operate the statewide virtual education learning management system, review courses, and provide training. There was one reading specialist position to provide services to districts. The department established a statewide virtual education learning management system for districts, teachers and students in FY 21 as a result of the COVID-19 pandemic and planned to continue to license the program through FY 23 using federal Covid relief funding. There was an annual cost of just over \$1 million. The two positions needed to manage the system and one full-time reading specialist could also be funded through FY 23 with federal Covid relief funding and starting in FY 24 a UGF request would be needed. In addition, there was a one-time increment of \$12,000 for legal services for new regulations. The program was also repealed on June 30, 2034.

Ms. Teshner explained that there were two additional costs in the fiscal note that were not related to one of the programs. There was a \$200,000 cost in FY 32 for an independent contractor to assist the department in development of the legislative report due to the 30<sup>th</sup> legislature. There was a \$115,000 cost starting in FY 24 for costs associated with the annual convening of a panel to review and comment on the effectiveness of the four new programs. The FY 23 GF cost to implement the programs was \$4,187,400. She referenced a one-page fiscal notes overview document that outlined a summary of the fiscal notes and the cumulative costs (copy on file).

Senator Wielechowski MOVED to report CSSB 111(FIN) out of Committee with individual recommendations and the accompanying fiscal notes. There being NO OBJECTION, it was so ordered.

CSSB 111(FIN) was REPORTED out of committee with three "do pass" recommendations and with two "no recommendation" recommendations, and with three new fiscal impact notes from the Department of Education and Early Development, one new fiscal impact note from the Department of Education and Early Development - Fund Capitalization, and one new zero fiscal impact note from the Department of Education and Early Development.

Co-Chair Bishop discussed the agenda for the following day.

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ADJOURNMENT

1:20:12 PM

The meeting was adjourned at 1:20 p.m.