

Fiscal Note

State of Alaska
2022 Legislative Session

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| Bill Version: | CSSB 111(FIN) |
| Fiscal Note Number: | 10 |
| (S) Publish Date: | 4/12/2022 |

Identifier: SB111CS(FIN)-EED-PEF-3-16-22
 Title: EARLY EDUCATION; READING INTERVENTION
 Sponsor: EDUCATION
 Requester: Senate Finance

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 | Included in | Out-Year Cost Estimates | | | | | |
|-------------------------------|-------------------------|---------------------------|-------------------------|----------------|-----------------|-----------------|-----------------|----------------|
| | Appropriation Requested | Governor's FY2023 Request | FY 2023 | FY 2024 | FY 2025 | FY 2026 | FY 2027 | FY 2028 |
| OPERATING EXPENDITURES | FY 2023 | FY 2023 | FY 2023 | FY 2024 | FY 2025 | FY 2026 | FY 2027 | FY 2028 |
| Personal Services | | | | | | | | |
| Travel | | | | | | | | |
| Services | | | | | | | | |
| Commodities | | | | | | | | |
| Capital Outlay | | | | | | | | |
| Grants & Benefits | 3,000.0 | | 6,000.0 | 9,000.0 | 12,000.0 | 14,999.9 | 17,999.8 | |
| Miscellaneous | | | | | | | | |
| Total Operating | 3,000.0 | 0.0 | 6,000.0 | 9,000.0 | 12,000.0 | 14,999.9 | 17,999.8 | |

Fund Source (Operating Only)

| | | | | | | | |
|---------------------|----------------|------------|----------------|----------------|-----------------|-----------------|-----------------|
| 1004 Gen Fund (UGF) | 3,000.0 | | 6,000.0 | 9,000.0 | 12,000.0 | 14,999.9 | 17,999.8 |
| Total | 3,000.0 | 0.0 | 6,000.0 | 9,000.0 | 12,000.0 | 14,999.9 | 17,999.8 |

Positions

| | | | | | | | |
|-----------|--|--|--|--|--|--|--|
| Full-time | | | | | | | |
| Part-time | | | | | | | |
| Temporary | | | | | | | |

Change in Revenues

| | | | | | | | |
|--------------|------------|------------|------------|------------|------------|------------|------------|
| None | | | | | | | |
| Total | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

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 accurately reflect correct statutory citation for the early education program; updated the effective date from July 1, 2022 to July 1, 2023; and updated out year costs based on revised effective date.

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|--------------|---|--------|---------------------|
| Prepared By: | Heidi Teshner, Acting Deputy Commissioner | Phone: | (907)465-2875 |
| Division: | Finance and Support Services | Date: | 03/16/2022 12:15 PM |
| Approved By: | Lacey Sanders, Administrative Services Director | Date: | 03/16/22 |
| Agency: | Department of Education & Early Development | | |

REPORTED OUT OF
 SFC 04/11/2022

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2022 LEGISLATIVE SESSION

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 grant program and ADM funding are 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.

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