

Department of Education and Early Development

FY25 - Summary of Significant Budget Issues

(\$ thousands)

Item	Appropriation / Allocation	Description	Governor Request	Amount Enacted	Comment
1	K-12 Aid to School Districts / Foundation Program	FY2025 Estimated Foundation Program Expenditures from Public Education Fund	Total: \$1,166,581.2 \$1,110,701.3 Gen Fund (UGF) \$20,791.0 Impact Aid (Fed) \$35,088.9 Pub School (Other)	Total: \$1,166,581.2 \$1,110,860.8 Gen Fund (UGF) \$20,791.0 Impact Aid (Fed) \$34,929.4 Pub School (Other)	<p>The FY25 Foundation Program estimate includes a base student allocation of \$5,960, unchanged from FY24 and \$30 higher than FY23. FY25 Base Student Allocation state aid is projected to be \$16.9 million lower than FY24. This is due to the projected minimum required local effort increasing by \$13.4 million, deductible federal Impact Aid increasing by \$1.0 million, a \$5.5 million decrease in Basic Need, and a \$3.0 million increase for early education grants.</p> <p>The FY25 estimates in the Enacted budget are based on draft student counts and will change when the student counts are finalized. The student count period consists of the twenty school days ending the fourth Friday in October. The FY25 student counts are scheduled to be finalized by mid-January, 2025. By statute, payments to school districts for the first nine months of a fiscal year are based on the prior fiscal year foundation formula; the final three months of payments are re-calculated and payments are based on the final student counts for the current fiscal year.</p> <p>Fiscal Analyst Comment: Each year, DEED performs the Disparity Test, which compares high- and low-funded districts. If DEED fails to prove that funding is sufficiently equalized across districts, the State is disallowed from deducting federal Impact Aid from its funding obligation to districts. This would result in the State having to appropriate approximately an additional \$89 million to districts. As of August 2024, the Impact Aid determination for FY25 is pending.</p> <p>The Alaska Reads Act (Ch. 40, SLA 2022) allows approved early education programs to receive one-half of the Average Daily Membership (ADM) funding for enrolled students. The FY25 estimated appropriation includes \$9,000.0 UGF to fund this provision. Only Anchorage School District (ASD) was approved to receive funding under this provision in FY24 (ASD received \$1,681.9). Under the Department's interpretation of the provision, \$6,000.0 was transferred to the Public Education Fund in FY24 regardless of the actual funding provided to districts. The Legislative Finance Division (LFD) disagrees with this interpretation. LFD interprets the Alaska Reads Act as</p>

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2	K-12 Aid to School Districts / Pupil Transportation	FY2025 Pupil Transportation Expenditures from Public Education Fund	\$70,594.5 Gen Fund (UGF) MisAdj	\$70,594.5 Gen Fund (UGF) MisAdj	AS 14.17.300(b) allows for funds to be expended from the Public Education Fund without further appropriation. In order to reflect the anticipated need in Pupil Transportation, a Miscellaneous Adjustment is used to track estimated appropriations. The anticipated need is based on projected ADM counts. Like the Foundation Program, expenditures will be based on the actual student count finalized in FY25. Correspondence students are not counted when calculating student numbers for Pupil Transportation grants.
3	K-12 Aid to School Districts / Pupil Transportation	Sec 36(i), HB268 - Additional \$7.3 Million to Be Distributed to Districts According to Pupil Transportation Formula	\$7,305.9 Gen Fund (UGF) Inc	\$7,305.9 Gen Fund (UGF) Inc	This one-time additional funding represents a 10.3% increase beyond statutory Pupil Transportation, and it will be distributed in accordance with the Pupil Transportation statutory formula.
4	K-12 Aid to School Districts / Additional Foundation Funding	Sec 36(g), HB268 - Additional Foundation Funding to Ensure Minimum Funding Equivalent to \$680 BSA Increase	\$174,663.5 Gen Fund (UGF) Cntngt	\$174,663.5 Gen Fund (UGF) Cntngt	The legislature appropriated funding sufficient to fund a Base Student Allocation (BSA) equivalent to \$680 beyond the statutory BSA of \$5,960. The funding will be distributed in accordance with the foundation formula. The expenditure amount is estimated, as it will be based on the actual student count finalized in FY25.

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5	K-12 Aid to School Districts / Additional Non-Foundation Funding	\$180 to Each School District for K-3 Students and Add'l \$100 for K-3 Students in Title I Schools, Not to Exceed \$5.2 Mil	n/a	Net Zero	Vetoed Legislative Addition: Providing districts \$180 for every K-3 student and an additional \$100 for each K-3 student in a Title I school would cost an estimated \$8,937.7. This legislature appropriated \$5,200.0 UGF, with district grants to be reduced proportionally. The funding was intended to aid students towards achieving reading proficiency by the end of 3rd grade. The Governor vetoed the entire \$5,200.0 appropriation.
6	K-12 Aid to School Districts / Additional Non-Foundation Funding	Funding to School Districts to Satisfy FY22 Federal Maintenance of Equity Requirement	n/a	Net Zero	<p>Vetoed Legislative Addition: As a condition of receiving \$359 million in American Rescue Plan Elementary and Secondary School Emergency Relief (ARP ESSER) funding, Alaska must demonstrate that high need and high poverty schools did not experience disproportionate funding reductions in FY22 and FY23. The U.S Department of Education's (USDOE) final ruling determined that Alaska has not met compliance in FY22 or FY23. The legislature appropriated \$11,893.5 to meet FY22 compliance: \$5,485.7 to Kenai Peninsula Borough School District and \$6,407.8 to Anchorage School District. The funding was vetoed by the Governor, with the justification: "Need for funding indeterminate at this time as underlying funding request remains unresolved."</p> <p>Fiscal Analyst Comment: USDOE's final ruling determined that Alaska must appropriate a total of \$17,450.1 to specific districts to meet FY22 and FY23 compliance. On July 30, 2024, USDOE stated its intent to withhold \$11,893.5 of Alaska's ARP ESSER grant award, and that USDOE may take further disciplinary action.</p>
7	K-12 Support / Residential Schools Program	Extend Multiyear Program Funding to FY25 and Increase Total to \$4.0 Million Supplemental	n/a	\$1,500.0 Gen Fund (UGF) MultiYr	<p>Ch. 11, SLA 2022 provided \$2,133.9 UGF to school districts in FY23, later extended to FY24. This supplemental extends the existing \$2,133.9 Multiyear through FY25 and adds \$1,500.0.</p> <p>This funding expands reimbursement to school districts under the Secondary Boarding Home Stipend Program and the Residential Schools Program. Reimbursements to school districts include costs incurred for one round trip ticket between each student's community of residence and the school, and a per-pupil monthly stipend to cover room and board expenses.</p>

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8	Education Support and Admin Services / Broadband Assistance Grants	Transfer Broadband Access Grants Allocation to Education Support and Administrative Services Appropriation	Struct	Struct	<p>The Broadband Access Grants (BAG) allocation is transferred from the Libraries, Archives and Museums appropriation to the Education Support and Administrative Services appropriation. BAG remains in a separate allocation.</p> <p>The FY25 Enacted budget added a Program Coordinator 2, located in Juneau, and \$116.6 Interagency (I/A) receipt authority to the School Finance and Facilities (SFF) allocation to support BAG. DEED has since transferred the new position from SFF to BAG.</p>
9	Education Support and Admin Services / Broadband Assistance Grants	Ch. 1, SLA 2024 (HB193) INTERNET FOR SCHOOLS	n/a	\$14,202.1 Gen Fund (UGF) FisNot	<p>Ch. 1, SLA 2024 makes the Broadband Access Grant (BAG) provide speeds of 100 Mbps, up from 25 Mbps. The Department's fiscal note estimated additional costs of \$39,425.0. The Department was unable to receive cost estimates from internet service providers, so fiscal note cost was assumed tripling of costs for 151 schools previously receiving BAG to reach 25 Mbps, and \$19,000.8 for the 108 schools newly eligible for BAG.</p> <p>The legislature provided \$25,381.0 in additional BAG funding, \$14,044.0 less than the Department's fiscal note. The Governor vetoed an additional \$11,178.9 from the legislature's funding.</p>
10	Education Support and Admin Services / Student and School Achievement	Restore Funding for Alaska Native Science and Engineering Program Partnership	\$5,000.0 Gen Fund (UGF) IncM	\$5,000.0 Gen Fund (UGF) IncM	<p>The FY24 budget included a \$5,000.0 base Increment and a \$5,000.0 One-Time Increment for the Alaska Native Science and Engineering Program (ANSEP). The Governor vetoed the base Increment, leaving only the One-Time Increment. The FY25 Enacted budget maintains \$5,000.0 of ANSEP funding in the base budget.</p> <p>The funding is entirely directed to ANSEP's Acceleration Academy, which allows Alaska high school students to earn up to three years of college credits by high school graduation. All Alaska students are eligible to apply, and the program is free for all accepted students.</p>
11	Education Support and Admin Services / Student and School Achievement	Increased Costs for Continuing Statewide Academic Assessments	\$650.0 Gen Fund (UGF) Inc	\$650.0 Gen Fund (UGF) Inc	<p>Since FY20, the Department has implemented two new assessments: the Alaska Science Assessment administered to grades 5, 8, and 10; and the Alaska System of Academic Readiness (AKSTAR) to test math and English skill in grades 3 through 9. Additionally, costs for existing assessments have increased, while federal funding remains flat. Through FY24, DEED used federal</p>

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11	Education Support and Admin Services / Student and School Achievement	Increased Costs for Continuing Statewide Academic Assessments	\$650.0 Gen Fund (UGF) Inc	\$650.0 Gen Fund (UGF) Inc	(continued) COVID-19 funds and absorbed remaining costs with existing general funds. With COVID-19 funds expiring, the additional UGF supports the previously unbudgeted cost increases.
12	Education Support and Admin Services / Student and School Achievement	Grant Funding for Hunter Education	\$1,000.0 Gen Fund (UGF) Inc	\$500.0 Gen Fund (UGF) Inc	This program will provide competitive grant funding to school districts for hunter education, gun safety, and archery programs. All school districts will be eligible to apply. DEED is currently developing the grant award criteria, which are intended to cover firearms safety, wildlife conservation, and respect for natural resources, landowners, and other hunters.
13	Education Support and Admin Services / Student and School Achievement	Alaska Resource Education Grant for Statewide Workforce Development Initiatives (FY2025-FY2026)	\$1,000.0 Gen Fund (UGF) MultiYr	\$500.0 Gen Fund (UGF) MultiYr	Alaska Resource Education (ARE) is a non-profit providing free curriculum covering Alaska's natural resource industry. This grant funding would have no restrictions, but ARE plans to expand its curriculum on skills relevant to natural resources careers. ARE also plans to use the additional funding to create curriculum for new subjects including carbon capture and micro-nuclear energy. Fiscal Analyst Comment: The Governor's amended FY24 budget proposal included \$1,000.0 of one-time grant funding for ARE, though the legislature denied this request. Alaska's Checkbook Online shows that DEED provided ARE with \$380.9 in grant funding in FY24, as of February 4th, 2024. DEED used federal COVID-19 funds to provide the grants.
14	Education Support and Admin Services / Career and Technical Education	Coding in Minecraft Program for School Districts to Meet Computer Science Education Initiative	\$1,200.0 Gen Fund (UGF) Inc	\$600.0 Gen Fund (UGF) Inc	DEED purchased Minecraft Education and Coding in Minecraft licenses using federal COVID-19 funds in FY23 and FY24. Minecraft Education is a Microsoft product providing educational modules, and licenses cost \$5 annually per student. The primary expense is for Coding in Minecraft, a third-party software delivered through Minecraft Education. Coding in Minecraft adds further curriculum and the ability to earn credentials in skills such as MakeCode, JavaScript, and Python. The Governor requested \$1,200.0 UGF in FY25 for DEED to continue making Coding in Minecraft available to all students. The legislature funded \$600.0 of the request.

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15	Education Support and Admin Services / Career and Technical Education	Fund Career and Technical Education Initiatives	\$1,500.0 Gen Fund (UGF) 1 TMP Position IncM	\$750.0 Gen Fund (UGF) 1 TMP Position Inc	<p>In FY24, the legislature funded a \$1,500.0 One-Time Increment for grants to districts and organizations providing Alaska high school students with workforce development opportunities in high demand sectors.</p> <p>The Governor's FY25 request included \$1,500.0 in base funding. An estimated \$500.0 would continue providing grants to school districts. \$350.0 would support career and technical student organizations. \$200.0 would support career planning organizations. \$350.0 would fund career advisors housed in Department of Labor and Workforce Development (DLWD) Job Centers. Any remaining funds would be provided to school districts.</p> <p>The legislature provided partial funding of \$750.0.</p> <p>A to-be-determined temporary position will support grant administration.</p>
16	Education Support and Admin Services / Alyeska Reading Academy and Institute	Maintain Funding for Alyeska Reading Academy and Institute	\$5,000.0 Gen Fund (UGF) 7 PFT Positions 2 PPT Positions 3 TMP Positions IncM	n/a	<p>The legislature's FY24 budget included a \$5,000.0 One-Time Increment for the Alyeska Reading Academy and Institute (ARAI). The Governor proposed adding this funding to the FY25 base budget, but the legislature denied the Increment.</p>
17	Education Support and Admin Services / Teacher Certification	Alaska Teachers' Recruitment, Retention, Certification, and Apprenticeship Development	\$1,500.0 Gen Fund (UGF) IncM	\$1,500.0 Gen Fund (UGF) IncOTI	<p>The FY24 budget included a \$1,500.0 One-Time Increment in the Student and School Achievement allocation. The FY25 Enacted Budget includes a \$1,500.0 One-Time Increment, but in the Teacher Certification allocation. Expenditures are based on the Alaska Governor's Working Group on Teacher Recruitment and Retention's (TRR) August 2023 Playbook report.</p> <p>DEED projects the FY25 funding will be spent on the following:</p> <p>\$660.0 for a pilot teacher apprenticeship program.</p> <p>\$105.0 to host an annual conference on teacher recruitment and retention, in partnership with University of Alaska's Alaska Teachers and Personnel.</p> <p>\$55.0 to develop videos promoting living and teaching in Alaska.</p> <p>\$275.0 to develop and launch a 'Teach In Alaska' national marketing campaign.</p>

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17	Education Support and Admin Services / Teacher Certification	Alaska Teachers' Recruitment, Retention, Certification, and Apprenticeship Development	\$1,500.0 Gen Fund (UGF) IncM	\$1,500.0 Gen Fund (UGF) IncOTI	(continued) \$25.0 to provide partial funding to an existing full-time Program Assistant position. \$75.0 to develop marketing materials specific to teacher certification pathways. \$100.0 for a third-party contractor to develop, implement and analyze a survey documenting Alaska teachers' decisions to either exit or remain in the profession. \$140.0 for a Project Coordinator position and associated travel. \$65.0 to provide grants to teachers for professional development opportunities.
18	Education Support and Admin Services / Early Learning Coordination	Increase Head Start Grants to Provide Grantees with Additional Matching Funds	n/a	\$2,600.0 Gen Fund (UGF) Inc	Partially Vetoed Legislative Addition: The U.S. Department of Health and Human Services requires that non-federal match comprise 20% of a grantee's total budget (this is sometimes alternately expressed as 25% of federal funds, which is mathematically identical). From FY21-FY23, the State provided \$6,853.0 in Head Start grants, equaling 10% to 11% of the 20% required federal match. In FY24, the legislature added \$5,000.0 in additional one-time Head Start funding, but the Governor vetoed \$3,500.0 of the addition, for an FY24 total of \$8,353.0. The legislature added an FY25 base Increment of \$5,200.0 to provide Head Start programs with additional matching funds. The Governor vetoed \$2,600.0 of the addition, leading to total FY25 state Head Start funding of \$9,453.0. The \$9,453.0 FY25 grant funding allows State funds to provide approximately 12% of the 20% required non-federal match. The remaining match must be provided by local sources and can be in the form of local funds, private donations, or the value of volunteer time provided.
19	Alaska State Council on the Arts / Alaska State Council on the Arts	Increase General Fund Match and Federal Authority to Meet Full National Endowment for the Arts Grant Amount	n/a	Total: \$190.7 \$35.4 Fed Rcpts (Fed) \$155.3 GF/Match (UGF) Inc	The National Endowment for the Arts (NEA) is allocating \$878.8 to the State of Alaska in FY25, compared to \$770.7 in FY23 and \$874.0 in FY24. The State must provide 100% match. In FY20-FY23, NEA allowed the Department multiple years to spend the grant awards, due to impacts from COVID-19. This increment provides sufficient authority to spend the full FY25 grant award in the current year.

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20	Mt. Edgecumbe High School / Mt. Edgecumbe High School	Add UGF for Instructional Expenses and Teachers' Contractual Increases	\$201.8 Gen Fund (UGF) Inc	\$201.8 Gen Fund (UGF) Inc	Historically, Mt. Edgecumbe High School (MEHS) receives general funds to cover residential expenses, while instructional expenses are funded through the Foundation Program, via Interagency (I/A) receipt authority. Additional UGF funding will support instructional expenses, including funding the Teachers Education Association - Mt. Edgecumbe (TEAME) negotiated bargaining unit contract. MEHS's FY25 budget also removes a corresponding \$201.8 in hollow I/A authority.
21	Mt. Edgecumbe High School / Mt. Edgecumbe High School	Additional Funding for Residential Expenses	\$449.2 Gen Fund (UGF) Inc	\$449.2 Gen Fund (UGF) Inc	<p>The MEHS FY25 budget includes the following base Increment requests for residential expenses:</p> <p>\$169.6 to fund two existing Recreation Assistant positions. The current dorm management and food services contractor stopped offering recreation services, so the two positions were created with federal COVID-19 funds. With COVID-19 funds expiring, these positions are now funded with UGF.</p> <p>\$189.5 for increased contractual costs for dorm management and food services. From FY19 to FY24, these contracts have increased by \$947.3. The cost increases were partially offset by federal COVID funds through FY24. The supplemental budget included \$189.5 for the same purpose.</p> <p>\$90.1 for increased utilities costs. From FY18 to FY23, utilities costs increased by \$450.5. The cost increases were partially offset by federal COVID funds through FY24. The supplemental budget included \$90.1 for the same purpose.</p> <p>Fiscal Analyst Comment: The dorm management and food services and utilities Increments only fund roughly one-fifth of recent cost increases. Regarding this funding gap, the Department stated: "MEHS is adjusting the admissions acceptance targets to pre-COVID levels to maximize enrollment, which would increase funding. MEHS is analyzing our actuals to seek out hidden costs and refining processes to reduce spending."</p>

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22	Mt. Edgecumbe High School / Mt. Edgecumbe High School	Add Funding to Provide Each Student with Additional Round Trip Between MEHS and Home	n/a	Net Zero	Vetoed Legislative Addition: Mt. Edgecumbe High School (MEHS) provides students with one free round trip between home and MEHS each school year. The legislature added \$500.0 UGF to provide MEHS students with a second round trip between home and MEHS, but the funding was vetoed by the Governor.
23	State Facilities Maintenance and Operations / State Facilities Maintenance and Operations	Reduce State Facilities Rent Costs Due to Space Consolidation Cost Savings	(\$350.0) Gen Fund (UGF) Dec	(\$350.0) Gen Fund (UGF) Dec	In FY22 and FY23, DEED vacated space that it was leasing in Juneau's Michael J. Burns building and consolidated staff in the 9th floor of the State Office Building; a space it shares with the Department of Commerce, Community and Economic Development. The consolidation was possible due to increased staff telework and hybrid work and saves DEED approximately \$350.0 per year.
24	Alaska State Libraries, Archives and Museums / Library Operations	Transfer Live Homework Help from Separate Allocation to Library Operations for Program Management	Struct	Struct	The entire Live Homework Help allocation, consisting of \$75.0 UGF, is transferred into the Library Operations allocation. Live Homework Help is an online tutorial program provided through a contract with Tutor.com. The Department states that transferring the funding to library operations will allow for direct management of the program and "provide a critical responsiveness to expenditures that fluctuate each year based on the number of student sessions."