



THE STATE
of **ALASKA**
GOVERNOR MIKE DUNLEAVY

**Department of Education
& Early Development**

OFFICE OF THE COMMISSIONER

333 Willoughby Ave., 9th Floor, SOB
P.O. Box 110500
Juneau, Alaska 99811-0500
Main: 907.465.2800
TTY/TDD: 907.465.2815
Fax: 907.465.2806

MEMORANDUM

TO: Representative Maxine Dibert
Chair, House Education Committee

FROM: Dr. Deena Bishop, Commissioner

A handwritten signature in dark ink, appearing to read "Deena Bishop".

DATE: January 27th, 2025

RE: Hearing Request for HB 59

Please accept this request to schedule HB 59, An Act relating to demonstration state-tribal education compacts; relating to demonstration state-tribal education compact schools; and providing for an effective date.

Attached to this memo are the following supporting documents:

- HB 59 (Version 34-GH1518/A)
- Governor Dunleavy's Transmittal Letter
- HB 59 Sectional Analysis (Version 34-GH1518/A)
- HB 59 Fiscal Note (Identifier: 0518-EED-FP-01-20-25)
- HB 59 Fiscal Note (Identifier: 0518-EED-PEF-01-20-25)
- HB 59 Fiscal Note (Identifier: 0518-EED-PT-01-20-25)
- Additional Back-up Documents Forthcoming
- Testifier List Forthcoming

If you have any questions regarding this hearing request, please feel free to contact me directly or DEED's Legislative Liaison, Jake Almeida, at (907) 465-6753.

STATE CAPITOL
P.O. Box 110001
Juneau, AK 99811-0001
907-465-3500



550 West Seventh Avenue, Suite 1700
Anchorage, AK 99501
907-269-7450

Governor Mike Dunleavy
STATE OF ALASKA

January 21, 2025

The Honorable Bryce Edgmon
Speaker-Elect of the House of Representatives
Alaska State Legislature
Capitol Bldg. Room 208
Juneau, AK 99801-1182

Dear Speaker-Elect Edgmon:

Under the authority of Article III, Section 18 of the Alaska Constitution, I am transmitting a bill establishing a pilot program for demonstration state-tribal education compact (STEC) schools. Senate Bill 34 (2022) directed the Department of Education and Early Development (DEED) to negotiate a demonstration state-tribal education compact with federally recognized tribes and tribal organizations and to submit a report to the legislature relating to the demonstration state-tribal education compact and state-tribal education compact schools. On January 31, 2024, DEED submitted its *State Tribal Education Compact Schools Demonstration Legislative Report*, based on its negotiations with five federally recognized tribes or tribal organizations that applied to participate: Central Council of the Tlingit & Haida Indian Tribes of Alaska, the Inupiat Community of the Arctic Slope, the Ketchikan Indian Community, the Knik Tribe, and the King Island Native Community in partnership with the Village of Solomon.

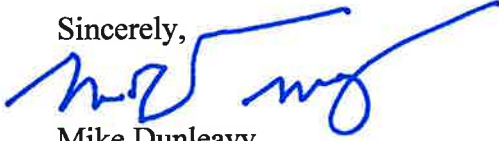
This bill takes the next step in launching STEC schools in Alaska by setting up a five-year pilot program for the five participating tribes and tribal organizations to enter into education compacts with DEED for the establishment of tribally operated Alaska public schools. The bill designates mandatory subjects that must be addressed in each compact but allows DEED and the participating tribes and tribal organizations to negotiate the details of each mandatory provision based on their individual needs and circumstances.

Demonstration STEC schools may be funded by the legislature as if they were schools in a regional education attendance area. Participating tribes and tribal organizations must report on student data and enrollment at their demonstration STEC schools to DEED on an annual basis and DEED will provide that information to the legislature in its annual progress reports. At the completion of the pilot program, DEED will provide a written report to the legislature summarizing the student data over the entire project period.

The Honorable Bryce Edgmon
January 21, 2025
Page 2 of 2

I urge your prompt and favorable action on this measure.

Sincerely,

A handwritten signature in blue ink, appearing to read "Mike Dunleavy", with a long, sweeping horizontal line extending to the right.

Mike Dunleavy
Governor

Enclosure

HOUSE BILL NO. 59

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-FOURTH LEGISLATURE - FIRST SESSION

BY THE HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

Introduced: 1/22/25

Referred: House Special Committee on Tribal Affairs, Education

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to demonstration state-tribal education compacts; relating to**
2 **demonstration state-tribal education compact schools; and providing for an effective**
3 **date."**

4 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

5 *** Section 1.** The uncoded law of the State of Alaska is amended by adding a new section
6 to read:

7 LEGISLATIVE INTENT. It is the intent of the legislature that the legislature
8 reevaluate the establishment of demonstration state-tribal education compacts, as provided
9 under this Act, in seven years.

10 *** Sec. 2.** The uncoded law of the State of Alaska is amended by adding a new section to
11 read:

12 AUTHORIZATION OF DEMONSTRATION STATE-TRIBAL EDUCATION
13 COMPACTS. (a) The commissioner of education and early development is authorized to
14 enter into demonstration state-tribal education compacts with participating tribes.

(b) A demonstration state-tribal education compact must follow a template that contains substantially similar or equivalent terms applicable to each participating tribe and must include provisions regarding

- (1) the five-year term of the compact;
- (2) roles and responsibilities of the parties;
- (3) legal, funding, and accounting compliance requirements;
- (4) recordkeeping and auditing;
- (5) notices of violation;
- (6) compact termination;
- (7) dispute resolution;
- (8) express limited waiver of tribal sovereign immunity for the services provided under the compact;
- (9) limitation of liability;
- (10) insurance; and
- (11) mandatory participation in the teachers' retirement system (AS 14.25), the public employees' retirement system (AS 39.35), or both.

(c) A demonstration state-tribal education compact authorized by this section must take effect on or before June 30, 2028.

(d) In this section, "participating tribe" means the federally recognized tribes and tribal organizations that participated in negotiations under sec. 1, ch. 43, SLA 2022.

* **Sec. 3.** The uncoded law of the State of Alaska is amended by adding a new section to read:

OPERATION OF DEMONSTRATION STATE-TRIBAL EDUCATION COMPACT SCHOOLS. (a) A demonstration state-tribal education compact school must operate in accordance with the terms of its compact executed under sec. 2 of this Act.

(b) A demonstration state-tribal education compact school is exempt from all state statutes and regulations applicable to school districts and school district boards of directors, except those statutes and regulations made applicable under this Act, in a demonstration state-tribal education compact executed under sec. 2 of this Act, or in legislation enacted or regulations adopted after the effective date of this Act.

(c) The following provisions apply to the operation and management of a

1 demonstration state-tribal education compact school as if the school were a school district:

2 (1) requirements relating to school district operations:

3 (A) AS 14.03.016 - 14.03.050 (regarding parental rights and
4 compulsory attendance, and defining the school term, day in session, and school
5 holidays);

6 (B) AS 14.03.072 (regarding literacy and early reading information);

7 (C) AS 14.03.083, 14.03.090 - 14.03.127, 14.03.135, and 14.03.140
8 (miscellaneous provisions applicable to school district operations);

9 (D) AS 14.09.010 - 14.09.030 (relating to transportation of students);

10 (E) AS 14.14.050 (imposing the requirement of an annual audit);

11 (F) AS 14.14.110 (authorizing cooperation with other school districts);

12 (G) AS 14.18 (prohibiting discrimination based on sex in public
13 education);

14 (H) AS 14.33.010 - 14.33.250 (relating to school safety and
15 discipline);

16 (I) regulations adopted by the state Board of Education and Early
17 Development to implement this paragraph that are applicable to school districts and
18 their schools;

19 (2) requirements relating to the public school funding program and the receipt
20 and expenditure of that funding: AS 14.17.500 - 14.17.910 (relating to student count
21 estimates, relating to school operating fund balances, and setting out the procedure for
22 payment of public school funding and imposing general requirements and limits on money
23 paid);

24 (3) requirements relating to teacher employment and retirement:

25 (A) AS 14.14.105 and 14.14.107 (relating to sick leave);

26 (B) AS 14.20.010 - 14.20.040 (relating to teacher certification), except
27 as provided in (d) of this section;

28 (C) AS 14.20.095 - 14.20.215 (relating to the employment and tenure
29 of teachers);

30 (D) AS 14.25 (provisions regarding the teachers' retirement system);

31 (E) AS 23.40.070 - 23.40.260 (authorizing collective bargaining by

certificated employees), except with regard to teachers who are administrators;

(4) requirements relating to students and educational programs:

(A) AS 14.30.180 - 14.30.350 (relating to educational services for children with disabilities);

(B) AS 14.30.355 and 14.30.356 (relating to sexual abuse and sexual assault awareness and prevention);

(C) AS 14.30.360 - 14.30.370 (establishing health education program standards);

(D) AS 14.30.400 (relating to bilingual-bicultural education).

(d) Upon receipt of a request from a representative of a demonstration state-tribal education compact school in which an applicant for a teacher certificate will be teaching,

(1) the state Board of Education and Early Development may waive the requirements of AS 14.20.020(b) or 14.20.022(b) to allow an individual with specialized knowledge relevant to the tribe to obtain a teacher certificate or subject-matter expert limited teacher certificate; and

(2) the Department of Education and Early Development may issue a teacher certificate to a person qualified under AS 14.20.023(b) or 14.20.025; a teacher certificate issued under this paragraph does not require a request from the school board of the district or regional educational attendance area in which a demonstration state-tribal education compact school is located.

(e) A demonstration state-tribal education compact school may not

(1) engage in sectarian practices in the school's educational program, admissions, employment policies, or operations;

(2) charge tuition; or

(3) restrict enrollment or school choice options available under state law.

(f) Unless a demonstration state-tribal education compact school is established as a correspondence school, the physical location of the school must be within the boundary of a school district that the state Board of Education and Early Development consulted with under sec. 1(c), ch. 43, SLA 2022.

(g) For purposes of AS 14.25 and participation in the teachers' retirement system,

(1) a demonstration state-tribal education compact school is an "employer" as

1 defined in AS 14.25.220 and 14.25.590; and

2 (2) a certificated teacher employed by a demonstration state-tribal education
3 compact school is a member of the plan.

4 (h) Unless the context requires otherwise, the provisions of AS 14 made applicable to
5 a federally recognized tribe or tribal organization under this Act or a demonstration state-
6 tribal education compact school apply to

7 (1) the tribe or tribal organization as a "school district" as defined in
8 AS 14.30.350;

9 (2) a governing body established by the tribe or tribal organization to operate a
10 demonstration state-tribal education compact school as a "governing body" or "school board"
11 as defined in AS 14.60.010; and

12 (3) a demonstration state-tribal education compact school as a "public school"
13 or "public educational institution" as used in AS 14 and art. VII, sec. 1, Constitution of the
14 State of Alaska.

15 * **Sec. 4.** The uncodified law of the State of Alaska is amended by adding a new section to
16 read:

17 FACILITIES. A facility of a demonstration state-tribal education compact school must
18 conform to applicable law concerning public facility access, health, safety, and fire code
19 requirements.

20 * **Sec. 5.** The uncodified law of the State of Alaska is amended by adding a new section to
21 read:

22 FUNDING. (a) The legislature may appropriate funds in any manner permitted under
23 AS 14 to a demonstration state-tribal education compact school as if the school were a
24 regional educational attendance area.

25 (b) Subject to appropriation, the Department of Education and Early Development
26 may provide state aid and grant funding in any manner permitted under AS 14 to a
27 demonstration state-tribal education compact school as if the school were a regional
28 educational attendance area.

29 (c) For purposes of application for and receipt of federal aid to education, a
30 demonstration state-tribal education compact school constitutes a local educational agency.

31 (d) The Department of Education and Early Development may withhold funds from a

1 demonstration state-tribal education compact school for violation of

2 (1) state law made applicable by this Act; or

3 (2) a provision of the school's compact executed under sec. 2 of this Act.

4 * **Sec. 6.** The uncodified law of the State of Alaska is amended by adding a new section to
5 read:

6 REPORTING. (a) During the duration of a demonstration state-tribal education
7 compact, a participating federally recognized tribe or tribal organization shall report to the
8 commissioner of education and early development

9 (1) student data and enrollment using the same definitions and procedures
10 required under AS 14.17.600; and

11 (2) by November 15 of the year after the data is collected, school performance
12 data and the performance of the school's students under AS 14.03.120(d).

13 (b) The Department of Education and Early Development shall include data obtained
14 under (a) of this section in the department's report to the legislature under AS 14.03.078.

15 (c) On or before January 31, 2033, the Department of Education and Early
16 Development shall provide a written report to the legislature concerning demonstration state-
17 tribal education compacts. The department shall deliver the report to the senate secretary and
18 the chief clerk of the house of representatives and notify the legislature that the report is
19 available. The report must include a summary of the data compiled for each demonstration
20 state-tribal education compact school from the reports made under (a) of this section from the
21 effective date of this Act through November 15, 2032.

22 * **Sec. 7.** The uncodified law of the State of Alaska is amended by adding a new section to
23 read:

24 REGULATIONS. The Department of Education and Early Development and the state
25 Board of Education and Early Development may adopt regulations necessary to implement
26 the changes made by this Act.

27 * **Sec. 8.** Sections 2 - 7 of this Act are repealed July 1, 2036.

28 * **Sec. 9.** This Act takes effect immediately under AS 01.10.070(c).



HB 59 – State-Tribal Education Compacts

Sectional Analysis Version 33-GH1518\A

“An Act relating to demonstration state-tribal education compacts; relating to demonstration state-tribal education compact schools; and providing for an effective date.”

Section 1: Amends uncodified law by adding a new section outlining legislative intent. The section indicates that the intent is to have the legislature re-evaluate the establishment of demonstration state-tribal education compacts (STEC) outlined in this act in seven years.

Section 2: Amends uncodified law by adding a new section outlining the authorization of STEC compacts. Subsection (a) grants the Commissioner authority to negotiate and execute compacts with the federally recognized Tribes in Alaska that participated in negotiation under the authority of ch. 43, SLA2022.

Subsection (b) outlines the required components of a demonstration state-tribal education compact. Each participating tribe must follow a template that contains similar or equivalent terms outlined in the required 11 provisions.

Subsection (c) states a demonstration state-tribal education compact must be in effect by June 30, 2028.

Subsection (d) defines “participating tribe” as a federal recognized tribe and tribal organization that participated in negotiations under sec.1, ch. 43, SLA 2022.

Section 3: Amends uncodified law by adding a new section outlining the operation of STEC schools. Subsection (a) requires that a STEC school must operate in accordance with the terms of the compact executed in sec. 2.

Subsection (b) states that a STEC school is exempt from all state statutes and regulations applicable to school boards except for statutes and regulation made applicable in sec. 2 of this Act, or in legislation enacted or regulations adopted after the effective date.

Subsection (c) outlines provisions to the operation and management of a STEC school as if the school were a district. This subsection outlines the requirements relating to school operations (1)

that include parental rights, compulsory attendance, the school term, day in session and school holidays; literacy and early reading information; miscellaneous provisions applicable to school district operations; transportation of students; requirements for annual fiscal audit; authorizing cooperation with other school districts; prohibiting discrimination based on sex in public education; school safety and discipline; regulations adopted by the state board of education and early development to implement this paragraph that are applicable to school districts and their schools. Additional requirements (2) include state aid to public schools including special needs, vocational and technical instruction, and intensive services; and procedures for payment of public-school funding imposing general requirements and limits on money paid. Requirements relating to teacher employment and retirement (3) include sick leave; teacher certification; employment and retention of teachers; the teachers' retirement system; and authorizing collective bargaining by certified employees. Finally, it outlines requirement for students and education programs (4) that include educational services for children with disabilities; sexual abuse and sexual assault awareness and prevention; establishing health education program standards, and bilingual-bicultural education.

Subsection (d) allows the state board of education and early development to, upon request of the STEC school (1) waive requirements of AS 14.20.020(b) or 14.20.022(b) allowing an individual with specialized knowledge the tribe feels relevant in order to obtain a teacher certificate or subject-matter expert limited teacher-certification; and (2) the department may issue a teacher certificate to a person qualified under AS 14.20.020(b) or 14.20.022(b) Certificates issued in the section do not require a request from the school board of the district or regional educational attendance area in which the STEC school is located.

Subsection (e) outlines that a STEC school may not engage in secular activities, charge tuition, or restrict enrollment.

Subsection (f) requires STEC schools have a physical location only in school districts where the board of the department has consulted with under sec. 1(c), ch. 43, SLA 2022 unless the STEC school is a correspondence school.

Subsection (g) requires that the STEC act as the "employer" for teachers in the school for the purposes of participation in the teachers' retirement system and that a teacher employed by the STEC school is a member of the plan.

Subsection (h) designates the federally recognized tribe or tribal organization under this act as a "school district" and the STEC as a "public school" for the purpose of providing an appropriate public education for each child with a disability. As such, a "governing board" or "school board" is established by the tribe or tribal organization.

Section 4: Amends uncodified law by adding a new section for facilities. Facilities of a STEC must conform to applicable laws concerning public access, health, safety, and fire code.

Section 5: Amends uncodified law by adding a new section regarding funding. The legislature may appropriate funds to a STEC in the same manner as a regional educational attendance area. This includes state aid and grant funding. For the purposes of federal aid, a STEC school is known as a local education agency.

Section 6: Amends uncodified law by adding a new section regarding reporting. Each STEC school shall report to the commissioner data required for all federal and state funding sources including attendance, assessment data, and all data reported in the state and federal report cards to the public as well as the Annual Report to the Legislature.

Section 7: Authorizes the department and the board of education to adopt implementing regulations.

Section 8: Sunsets the authorization of the demonstration STEC program on July 1, 2036.

Section 9: Provides for an immediate effective date.

FISCAL NOTE

STATE OF ALASKA
2025 LEGISLATIVE SESSION

Bill Version HB059
Fiscal Note Number _____
() Publish Date _____

Identifier (file name) 0518-EED-PT-01-20-25 Dept. Affected Education and Early Development
Title State Tribal Education Compact Appropriation K-12 Aid to School Districts
Allocation Pupil Transportation
Sponsor Rules by Request of the Governor
Requester Governor OMB Component Number 144

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	FY2026 Appropriation Requested	Included in Governor's FY2026 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY2026	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0	0.0

FUND SOURCE (Thousands of Dollars)							
1002	Fed Rcpts (Fed)						
1003	GF/Match (UGF)						
1004	Gen Fund (UGF)						
1005	GF/Prgm (DGF)						
1007	I/A Rcpts (Other)						
1037	GF/MH (UGF)						
		0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS							
Full-time							
Part-time							
Temporary							

CHANGE IN REVENUES		FY2026	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031
1004	Gen Fund (UGF)							
1002	Fed Rcpts (Fed)							
TOTAL CHANGE IN REVENUES		0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimated SUPPLEMENTAL (FY2025) operating costs 0.0 (separate supplemental appropriation required)

Estimated CAPITAL (FY2026) costs 0.0 (separate capital appropriation required)

Does the bill create or modify a 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? Yes
If yes, by what date are the regulations to be adopted, amended, or repealed? 9/30/2026 Discuss details in analysis section.

Why this fiscal note differs from previous version/comments (if initial version, please note as such)

Not applicable, initial version.

Prepared by Heather Heineken, Director
Division Finance & Support Services
Approved by Karen Morrison
Agency Deputy Commissioner

Phone 907-269-6889
Date/Time 1/20/2025 12:35pm
Date 1/20/2025

FISCAL NOTE ANALYSIS

Analysis

This bill establishes demonstration state-tribal education compacts and authorizes the commissioner of the Department of Education and Early Development (DEED) to enter into compacts with participating Tribes for a period of five years. The compacts must take effect on or before June 30, 2028.

A demonstration state-tribal education compact school, also referred to as a Tribally Compacted Public Schools (TCPS), must operate in accordance with the terms of its compact. Through this bill, Tribes would have the opportunity to function like a local educational agency, granting them greater flexibility and authority over curriculum design, teacher certification, hiring practices, school calendars, and community engagement.

Pupil transportation grants under AS 14.09 would be based on a per-pupil amount by district. There is no projected change based on this bill, as any grant to a TCPS is anticipated to be offset directly by a decrease in grant funds to the associated district due to a potential transfer of students.

The funding mechanism is a general fund transfer to the Public Education Fund (PEF). The fiscal note effect for FY2026 through FY2031 is reported in the fiscal note for the PEF, as the funding is deposited to the PEF, not into the Pupil Transportation funding component. The above analysis is presented here for explanation purposes only.

FISCAL NOTE

STATE OF ALASKA
2025 LEGISLATIVE SESSION

Bill Version HB059
Fiscal Note Number _____
() Publish Date _____

Identifier (file name) 0518-EED-PEF-01-20-25 Dept. Affected _____ Fund Capitalization _____
Title State Tribal Education Compact Appropriation _____ Fund Capitalization _____
Allocation _____ Public Education Fund _____
Sponsor Rules by Request of the Governor
Requester Governor OMB Component Number 2804

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	FY2026 Appropriation Requested	Included in Governor's FY2026 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY2026	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031
Personal Services							
Travel							
Services	6.0						
Commodities							
Capital Outlay							
Grants, Benefits	17,460.8		12,051.9	12,051.9	12,051.9	12,051.9	12,051.9
Miscellaneous							
TOTAL OPERATING	17,466.8	0.0	12,051.9	12,051.9	12,051.9	12,051.9	12,051.9

FUND SOURCE (Thousands of Dollars)							
1002	Fed Rcpts (Fed)						
1003	GF/Match (UGF)						
1004	Gen Fund (UGF)	17,466.8	12,051.9	12,051.9	12,051.9	12,051.9	12,051.9
1005	GF/Prgm (DGF)						
1007	I/A Rcpts (Other)						
1037	GF/MH (UGF)						
		17,466.8	0.0	12,051.9	12,051.9	12,051.9	12,051.9

POSITIONS							
Full-time							
Part-time							
Temporary							

CHANGE IN REVENUES	FY2026	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031
1004 Gen Fund (UGF)							
1002 Fed Rcpts (Fed)							
TOTAL CHANGE IN REVENUES	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimated SUPPLEMENTAL (FY2025) operating costs 0.0 (separate supplemental appropriation required)

Estimated CAPITAL (FY2026) costs 0.0 (separate capital appropriation required)

Does the bill create or modify a 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? Yes
If yes, by what date are the regulations to be adopted, amended, or repealed? 9/30/2026 Discuss details in analysis section.

Why this fiscal note differs from previous version/comments (if initial version, please note as such)

Not applicable, initial version.

Prepared by Heather Heineken, Director Phone 907-269-6889
Division Finance & Support Services Date/Time 1/20/2025 12:35pm
Approved by Karen Morrison Date 1/20/2025
Agency Deputy Commissioner

(Revised 9/6/24 OMB/LFD)

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2025 LEGISLATIVE SESSION

BILL NO. HB059

Analysis

This bill establishes demonstration state-tribal education compacts and authorizes the commissioner of the Department of Education and Early Development (DEED) to enter into compacts with participating Tribes for a period of five years. The compacts must take effect on or before June 30, 2028.

A demonstration state-tribal education compact school, also referred to as a Tribally Compacted Public Schools (TCPS), must operate in accordance with the terms of its compact. Through this bill, Tribes would have the opportunity to function like a local educational agency, granting them greater flexibility and authority over curriculum design, teacher certification, hiring practices, school calendars, and community engagement.

A TCPS would be funded based on the foundation formula under AS 14.17.410, using the same student count period, formula multipliers, and considerations as a regional educational attendance area school district that does not have a local contribution. Since a TCPS do not have an identified district cost factor, the district cost factor of the associated district for the TCPS' community would be used.

Five tribes are interested in participating in a pilot program. The projected average daily membership (ADM) is based on applications submitted to the DEED during the negotiation process with Tribal partners for the development of a demonstration state-tribal education compact to establish demonstration state-tribal education compact schools as required under SB 34 (Chapter 43, SLA2022).

Central Council of the Tlingit & Haida Indian Tribes of Alaska- Juneau School District - projected 100 ADM
Ketchikan Indian Community - Ketchikan Gateway Borough School District - projected 200 ADM
King Island Native Community and Village of Solomon - Nome Public Schools - projected 120 ADM
Knik Tribe - Mat-Su Borough School District - projected 300 ADM and 300 correspondence ADM
Qargi Academy - North Slope Borough School District - projected 100 ADM

In addition to the foundation formula funding, to start the initial pilot of the TCPS, Tribes would need to have start-up funds. A TCPS would receive a one-time start-up grant the first year the school operates in the amount of 45 percent of the base student allocation (BSA) for the initial year of the TCPS' adjusted average daily membership (AADM). The BSA for FY2026 is \$5,960.

Pupil transportation grants under AS 14.09 would be based on a per-pupil amount by district. There is no projected change based on this bill, as any grant to a TCPS is anticipated to be offset directly by a decrease in grant funds to the associated district due to a potential transfer of students.

Due to the indeterminate effects of potential ADM reductions across the individual school size adjustment factors and hold harmless provision, the fiscal impact to an associated school district cannot be determined and is not reflected in this fiscal note. In addition, the actual foundation formula funding for each TCPS will not be known until after the student count period in October 2026.

This fiscal note includes the one-time (FY2026) start up grants estimated to be \$5,408.9 and the projected foundation formula funding under AS 14.17 estimated to be \$12,051.9, for a total estimated cost in FY2026 of \$17,460.8. In addition, a one-time cost of \$6.0 is needed for legal fees to implement the necessary regulation changes.

Attached to this fiscal note is a breakdown of the increase in funding by TCPS.

This bill takes effect immediately under AS 01.10.070(c).

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2025 LEGISLATIVE SESSION

BILL NO. HB059

Analysis

Department of Education and Early Development		Prepared by School Finance	
Prepared 12/26/2024			
FY2026 Projection			
AADM = Adjusted Average Daily Membership			
(\$ in thousands)			
Tribally Compacted Public School	One-time Start-up Grant on Projected FY2026 AADM	Projected FY2026 Foundation	Total Projected FY2026 Funding
Central Council of the Tlingit & Haida Indian Tribes of Alaska	\$ 578.3	\$ 1,288.5	\$ 1,866.8
Ketchikan Indian Community	1,040.0	2,317.3	3,357.3
King Island Native Community and Village of Solomon	852.6	1,899.8	2,752.4
Knik Tribe	2,033.5	4,530.9	6,564.4
Qargi Academy	904.5	2,015.4	2,919.9
Total	\$ 5,408.9	\$ 12,051.9	\$ 17,460.8

FISCAL NOTE

STATE OF ALASKA
2025 LEGISLATIVE SESSION

Bill Version HB059
Fiscal Note Number _____
() Publish Date _____

Identifier (file name) 0518-EED-FP-01-20-25 Dept. Affected Education and Early Development
Title State Tribal Education Compact Appropriation K-12 Aid to School Districts
Allocation Foundation Program
Sponsor Rules by Request of the Governor
Requester Governor OMB Component Number 141

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	FY2026 Appropriation Requested	Included in Governor's FY2026 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY2026	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0	0.0

FUND SOURCE (Thousands of Dollars)							
1002	Fed Rcpts (Fed)						
1003	GF/Match (UGF)						
1004	Gen Fund (UGF)						
1005	GF/Prgm (DGF)						
1007	I/A Rcpts (Other)						
1037	GF/MH (UGF)						
		0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS							
Full-time							
Part-time							
Temporary							

CHANGE IN REVENUES	FY2026	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031
1004 Gen Fund (UGF)							
1002 Fed Rcpts (Fed)							
TOTAL CHANGE IN REVENUES	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimated SUPPLEMENTAL (FY2025) operating costs 0.0 (separate supplemental appropriation required)

Estimated CAPITAL (FY2026) costs 0.0 (separate capital appropriation required)

Does the bill create or modify a 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? Yes
If yes, by what date are the regulations to be adopted, amended, or repealed? 9/30/2026 Discuss details in analysis section.

Why this fiscal note differs from previous version/comments (if initial version, please note as such)

Not applicable, initial version.

Prepared by Heather Heineken, Director
Division Finance & Support Services
Approved by Karen Morrison
Agency Deputy Commissioner

Phone 907-269-6889
Date/Time 1/20/2025 12:35pm
Date 1/20/2025

FISCAL NOTE ANALYSIS

Analysis

This bill establishes demonstration state-tribal education compacts and authorizes the commissioner of the Department of Education and Early Development (DEED) to enter into compacts with participating Tribes for a period of five years. The compacts must take effect on or before June 30, 2028.

A demonstration state-tribal education compact school, also referred to as a Tribally Compacted Public Schools (TCPS), must operate in accordance with the terms of its compact. Through this bill, Tribes would have the opportunity to function like a local educational agency, granting them greater flexibility and authority over curriculum design, teacher certification, hiring practices, school calendars, and community engagement.

A TCPS would be funded based on the foundation formula under AS 14.17.410, using the same student count period, formula multipliers, and considerations as a regional educational attendance area school district that does not have a local contribution. Since a TCPS do not have an identified district cost factor, the district cost factor of the associated district for the TCPS' community would be used.

Five tribes are interested in participating in a pilot program. The projected average daily membership (ADM) is based on applications submitted to the DEED during the negotiation process with Tribal partners for the development of a demonstration state-tribal education compact to establish demonstration state-tribal education compact schools as required under SB 34 (Chapter 43, SLA2022).

Central Council of the Tlingit & Haida Indian Tribes of Alaska- Juneau School District - projected 100 ADM
Ketchikan Indian Community - Ketchikan Gateway Borough School District - projected 200 ADM
King Island Native Community and Village of Solomon - Nome Public Schools - projected 120 ADM
Knik Tribe - Mat-Su Borough School District - projected 300 ADM and 300 correspondence ADM
Qargi Academy - North Slope Borough School District - projected 100 ADM

In addition to the foundation formula funding, to start the initial pilot of the TCPS, Tribes would need to have start-up funds. A TCPS would receive a one-time start-up grant the first year the school operates in the amount of 45 percent of the base student allocation (BSA) for the initial year of the TCPS' adjusted average daily membership (AADM). The BSA for FY2026 is \$5,960.

Due to the indeterminate effects of potential ADM reductions across the individual school size adjustment factors and hold harmless provision, the fiscal impact to an associated school district cannot be determined and is not reflected in this fiscal note. In addition, the actual foundation formula funding for each TCPS will not be known until after the student count period in October 2026.

This fiscal note includes the one-time (FY2026) start up grants estimated to be \$5,408.9 and the projected foundation formula funding under AS 14.17 estimated to be \$12,051.9, for a total estimated cost in FY2026 of \$17,460.8.

Attached to the Public Education Fund (PEF) fiscal note is a breakdown of the increase in funding by TCPS.

This bill takes effect immediately under AS 01.10.070(c).

The funding mechanism is a general fund transfer to the Public Education Fund (PEF). The fiscal note effect for FY2026 through FY2031 is reported in the fiscal note for the PEF, as the funding is deposited to the PEF, not into the Foundation Program funding component. The above analysis is presented here for explanation purposes only.