

Dana Mock- Testimony to the Legislative Task Force on Education Funding

October 30, 2025



Good morning, Chair Himschoot and members of the Task Force. My name is Dana Mock, and I serve as the President of the Association of Alaska School Boards and the Delta-Greely School Board, an REAA in interior Alaska. I appreciate the opportunity to address the issue of the balance among state, federal, and local funding responsibilities in REAAs.

A **Regional Educational Attendance Area, or REAA**, is a local school district established in Alaska's vast "**Unorganized Borough**". Their establishment is closely tied to the **Molly Hootch Consent Decree** of 1976. This landmark class-action lawsuit challenged the state's practice of forcing secondary students from rural villages to leave their homes for high school.

The decree required the state to establish and fund high school programs in villages meeting specific criteria. The creation of REAAs was key to giving communities more control over curriculum and administration and to helping ensure education reflected local culture and values. A decentralized system is vital in Alaska to allow communities to adapt education to their unique economic, social, and cultural realities, a right secured by this history.

Alaska's funding formula also depends on local financial participation via the mandated "local contribution." This is a required payment that organized local governments—boroughs and first-class cities—must contribute to their school district's Basic Need. However, REAAs have a zero local contribution because they exist in the Unorganized Borough, which lacks a government and taxing authority to generate revenue in support of education.

Federal Impact Aid is funding from the federal government and is intended to **compensate for the lack of local tax revenue**. The federal government and non-taxable Native corporations that own land in Alaska do not generate revenue for local schools through property taxes.

For REAAs, which are financed by the state and lack a local tax base, this federal funding offers a direct, flexible, and locally managed revenue source for general fund needs.

However, the State of Alaska treats this federal aid as a resource in its funding equation. In the Foundation Formula, Federal Impact Aid is used as a **deduction** to reduce the state's aid in meeting basic need:

$$\text{State Aid} = \text{Basic Need} - \text{Required Local Contribution} + \text{Deductible Federal Impact Aid}$$

In this sense, for REAAs, Impact Aid acts as the **de facto local contribution**, offsetting the state's own aid obligation.

This practice of deducting Federal Impact Aid subjects Alaska to the **Federal Disparity Test** under Section 7009 of the Impact Aid law.

Alaska must **annually pass a "Disparity Test"** to maintain its status as an equalized state. This test measures whether the disparity in per-pupil revenue between the state's highest- and lowest-funded districts is no more than 25% (after excluding the top and bottom 5% of districts).

If the state **fails** this Disparity Test the federal government has the authority to **reduce or entirely withhold a portion of the state's Impact Aid funds**. This would be a devastating loss of revenue for Alaska, which uses it to meet the required basic need of REAA districts.

Recently, a proposal of what constitutes **Local contribution** became one of the most highly contested regulation changes recommended to the State Board of Education in recent history. This complex issue can pit districts against each other, harming communities and students. At present, it can also create a significant deficit in state funding that would be hard to replace.

AASB proposes that the Task Force consider the following:

1. The task force investigates, reviews, and formulates recommendations on required local contribution and the receipt and use of impact aid funds by the state.
 - a. What does it look like for the state if Impact Aid funds go straight to those districts that are eligible?
 - b. How would funding equity be maintained amongst all Alaska districts?

2. Ensure the accompanying statutes pertaining to local contribution and the use of Impact Aid funds are unambiguous and are set forth through legislative action, not administrative response.

Thank you for your time and the opportunity to testify.