



# ALASKA STATE LEGISLATURE

## LEGISLATIVE BUDGET AND AUDIT COMMITTEE

### Legislative Finance Division

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### MEMORANDUM

**DATE:** October 20, 2025

**TO:** Senator Löki Tobin  
Representative Rebecca Himschoot  
Chairs, Task Force on Education Funding

**FROM:** Conor Bell  
Fiscal Analyst

**SUBJECT:** Responses to Questions from August 25 Meeting

Thank you for inviting the Legislative Finance Division to present on Alaska's K-12 funding history. Responses to questions and requests for follow-up information from the hearing are below.

**1. Senator Tobin asked what statutory requirements school districts must meet in order to receive funding from the School Construction Grant Fund or Major Maintenance Grant Fund?**

To receive funding under either program, all districts must provide a participating share. The participating share for REAAs is 2% and can be satisfied with funding from any non-state source, or the in-kind value of local contributions of labor, materials and equipment. The required participating share for municipal school districts ranges from 5% to 35%, according to a municipality's total taxable property value per Average Daily Membership (ADM). AS 14.11.017 provides further conditions districts must meet, including submitting a plan for the project with final drawings and specifications.

**2. Senator Tobin asked how funding for brick-and-mortar schools has been impacted by students switching to correspondence programs.**

Legislative Finance has insufficient information to provide this analysis. We do not have access to data matching new correspondence students with their previous school district. This analysis would also be complicated by impacts on Foundation Formula factors, such as the school size factor.

**3. Senator Tobin asked whether there has been an increase in students qualifying for intensive special education funding since FY21.**

The number of students qualifying for intensive services funding under AS 14.17.420 has grown from 3,015 in FY21 to 3,420 in FY25, a 13% increase. For comparison, the number of students qualifying for intensive services increased by 14% from FY17-FY21.

**4. Senator Tobin asked for information on vacancy rates for educators serving students with intensive special needs.**

We were unable to find data for vacancy rates specific to intensive special needs educators. Multiple districts have reported difficulties recruiting paraeducators. As of August 13, 2025, 38 of Juneau School District's 154 paraeducator positions were vacant. As of August 19, 2025, Anchorage School District had roughly 100 paraeducator vacancies. As of June 16, 2025, North Slope Borough School District had 28 paraeducator vacancies.

**5. Senator Tobin asked how the Governor's proposed tribal compacting bills (SB1002 and SB1003) could affect the disparity test.**

Under the Governor's proposed SB1002, tribal compact schools do not appear to be subject to either a required local contribution or a maximum local contribution. SB1003 would extend the existing education tax credits to include contributions to tribal compact schools. Contributions to tribal compact schools should be included in the disparity test calculation, unless the contributions are for purposes not captured by the disparity test (such as teacher housing).

In the disparity test, the lowest funded schools are generally REAAs, so SB1002 could bring the "low" revenue per ADM amount down. SB1003 (in combination with SB1002) could bring the "high" revenue per ADM amount up, if there are sufficient private contributions. We are unable to estimate the magnitude of these possible impacts, so it's not clear whether the bills would meaningfully affect future disparity test calculations.

**6. Senator Tobin asked how the disparity test is impacted by students attending a correspondence school outside their local school district.**

If a student switches from brick-and-mortar to correspondence in the same district, the district may be able to receive Hold Harmless funding for the reduced non-correspondence student count while also receiving funding for the student in the correspondence program. A district only qualifies for Hold Harmless funding if it sees at least a 5% reduction in ADM, after applying the school size factor.

If a student switches from brick-and-mortar in one district to correspondence in another district, neither district would be able to receive double funding in this manner.

**7. Representative Ruffridge asked how the state school bond debt reimbursement as a percentage of total school bond debt has varied over the past decade.**

From FY92-FY16, the State provided 100% statutory reimbursement for the eligible portion of municipalities' school debt. In FY17, the Governor vetoed 25% of statutory school debt reimbursement. In FY20, the Governor vetoed 50% of statutory funding. In FY21, the Governor vetoed 100% of funding. The FY22 Supplemental budget provided the remaining amounts necessary to meet statutory funding for FY17, FY20, and FY21. After accounting for the FY22

supplementals, the legislature has provided full statutory funding from FY92-FY25. The FY26 Enacted budget provides approximately 75% of estimated statutory funding.

**8. Senator Tobin asked for a history of the general obligation bond the state sold at the time of decentralizing of schools. What schools were built with the bond proceeds, and what is the current state of these schools?**

In *Tobeluk v. Lind* (known colloquially as the Molly Hootch Case), the state entered a 1976 Consent Decree committing to renovate and build over 100 schools in rural Alaska. In 1980, Alaska voters approved a measure approving \$63,651.0 bonding to fund educational facilities. Table II of the attached 1987 Legislative Research memo shows construction cost for each school in the Consent Decree, totaling \$179 million in non-federal funding.

The Legislative Research memo shows 115 projects being funded: 83 new schools and 32 additions to existing schools. Of the 83 new schools constructed, 75 remain open today. The nine now-closed schools were located in Nelson Lagoon, Lime Village, Pedro Bay, Platinum, Pitka's Point, Portage Creek, Stevens Village, and Bettles. Note that several other schools were temporarily closed at some point since 1987 but are currently open today. Of the 32 schools receiving additions, 31 remain open today, with only the Telida school having since closed.