

HOUSE FINANCE COMMITTEE
February 8, 2022
1:35 p.m.

[1:35:57 PM](#)

CALL TO ORDER

Co-Chair Foster called the House Finance Committee meeting to order at 1:35 p.m.

MEMBERS PRESENT

Representative Neal Foster, Co-Chair
Representative Kelly Merrick, Co-Chair
Representative Dan Ortiz, Vice-Chair
Representative Ben Carpenter
Representative Bryce Edgmon
Representative DeLena Johnson
Representative Andy Josephson
Representative Bart LeBon
Representative Sara Rasmussen
Representative Steve Thompson
Representative Adam Wool

MEMBERS ABSENT

None

ALSO PRESENT

Heidi Teshner, Acting Deputy Commissioner, Department of Education and Early Development; Lacey Sanders, Administrative Services Director, Department of Education and Early Development, Office of Management and Budget, Office of the Governor.

PRESENT VIA TELECONFERENCE

None

SUMMARY

PRESENTATION: DEED FY 23 BUDGET, BSA FORMULA, FEDERAL AID IMPACT UPDATE

Co-Chair Foster reviewed the agenda for the meeting.

^PRESENTATION: DEED FY 23 BUDGET, BSA FORMULA, FEDERAL AID IMPACT UPDATE

[1:36:46 PM](#)

Co-Chair Foster asked that members hold their questions until the end of each section of the presentation.

[1:37:45 PM](#)

HEIDI TESHNER, ACTING DEPUTY COMMISSIONER, DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT, introduced the PowerPoint Presentation: "Public School Funding Formula, COVID-19 Federal Relief Funding, FY2023 Operating Budget" (copy on file). She reviewed the agenda of the presentation on slide 2:

- > Public School Funding Formula
 - Statewide Enrollment Counts
 - Foundation Payment Process and Advances
 - Additional State-Funded Formula Programs
- > COVID-19 Federal Relief Funding Overview
 - Coronavirus Aid, Relief and Economic Security (CARES) Act
 - Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act
 - American Rescue Plan (ARP) Act
- > Department of Education & Early Development's FY2023 Operating Budget

Ms. Teshner turned to slide 4. She indicated the legislature provided a formula in AS 14.17.410 for funding school operational costs, which was referred to as the public school funding formula or the foundation formula. She mentioned that Regional Educational Attendance Areas (REAA) did not have a local contribution in statute and there were 19 REAA school districts in Alaska. The amount of state aid a school district was eligible to receive during the fiscal year was calculated annually through the school funding formula. The first step in determining the amount of state aid for a district was to find out the average daily membership (ADM) of students in each school. The committee had been provided with two supplemental handouts which detailed the foundation formula and the changes to the formula over time (copies on file).

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Ms. Teshner turned to slide 5 and explained that ADM was based on a 20-day student count that each district conducted every year in the fall. Districts were required to submit their data to the Department of Education and Early Development (DEED) two weeks after the count period ended. The department would use ADM data to determine a district's eligibility for state aid and funding.

Co-Chair Foster commented that there were three sections in the presentation and reminded members to hold questions until the end of each section.

Ms. Teshner moved to slide 6. She noted that the table in the upper portion of the slide showed the statewide ADM projections and actual numbers by fiscal year. The table also included the Online Alaska Student Identification System (OASIS), which were the reconciled ADM counts to ensure there were no duplicates or errors. The OASIS data was what districts received for final review. The projected ADM was used to develop the governor's budget and was not to be used for any other purposes. There was an increase in both correspondence ADM and regular ADM in FY 23. The adjusted ADM included all of the factors that she would address later in the presentation.

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Ms. Teshner turned to slide 7 and explained that districts that experienced a five percent or more enrollment loss in one year triggered the hold harmless provision. Eligibility for the provision was determined after actual ADM was calculated and totaled for all schools in a district. The provision was available to school districts over a period of three years. The three-year step down would allow districts' budgets to adjust to decreased funding due to a decrease in ADM.

Ms. Teshner continued to slide 8 and explained that after ADMs were determined, the next step was to apply the school size factor to the student count according to the public school funding formula. The tables on slide 8 and 9 helped to illustrate the steps in the formula and the multipliers that were used to determine a district's basic need. She explained that slide 8 showed the multipliers that

determined a district's ADM. The formula functioned by applying the total ADM to the school size table, determining a district's eligibility for the hold harmless provision, multiplying that number by the district's cost factor and special needs factor, multiplying again by the vocation education factor, multiplying once more by the special education intensives, and finally multiplying the resulting number by the correspondence ADM. The resulting number was the district's adjusted ADM. She reminded the committee that the first of the aforementioned handouts provided more detail on each of these steps.

Ms. Teshner continued to slide 9 which showed the formula to determine state aid for districts. She would not go into detail but offered reassurance that all of the steps of the formula were outlined in statute.

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Ms. Teshner moved to slide 10 which showed a historical picture of BSA funding from FY 99 to FY 23 as projected. It also included any instance of money outside of the funding formula that was paid out based on adjusted ADM. The slide showed that BSA had increased 11 times since 1999, which was a 51 percent increase. The most recent increase occurred in FY 17.

Ms. Teshner addressed the bottom portion of slide 11, which was the funding side of the foundation formula. She reported that there was a net increase of \$11.6 million between the actual FY 22 OASIS data and the projected FY 22 data. She added that it was projected that 27 districts would be receiving an increase of approximately \$29 million and the remaining 27 districts would receive a decrease of approximately \$7.3 million.

Ms. Teshner moved to slide 12 which showed the foundation funding payment process. Districts received foundation payments based on the previous year's student count for the first nine months of the school year as mandated by AS 14.17.610(a). The remaining three months were recalculated and "trued-up" based on the finalized current year foundation counts. This ensured that when the fiscal year ended, districts had been paid what was due based on the actual reconciled ADM counts.

Ms. Teshner continued to slide 13. There was also a provision in statute that allowed advances for districts on foundation payments. Districts that had experienced a large increase in student enrollment could request an advance on their anticipated finalized state aid funding as stated in AS 14.17.610(c). She indicated that the requirements that districts must adhere to in order to request an advance were outlined on the slide.

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Ms. Teshner advanced to slide 14 which discussed additional state-funded formula programs that used the ADM counts to determine FY 22 final grant amounts. The programs included transportation and the residential schools program. Pupil transportation was determined based on the statutory formula in AS 14.09.010. The appropriation for FY 22 was approximately \$71.4 million, the estimated FY 22 actual grant was \$71.1 million, and the FY 23 projected appropriation was \$71.8 million.

Ms. Teshner reported that the residential school funding was also determined by a statutory formula in AS 14.16.200. The funding included a residential stipend as well as one round-trip reimbursement per student. The appropriation for FY 22 was approximately \$8.2 million, the estimated FY 22 actual grant was \$4.8 million, and the FY 23 projected appropriation was \$8.4 million. The projected FY 23 appropriation reflected an increment request in the governor's budget for the Lower Yukon School District's career and technical education (CTE) residential program. The district had applied for an increase in bed count from 50 to 70 students and to open the program from being limited to the district to being a state-wide program. The opening of the program was an agreement between the Anchorage School District, the Lower Yukon School District, and the University of Alaska. The last item referenced on the slide related to Handout 3 (copy on file). The document outlined the estimated changes in foundation, pupil transportation, and the residential schools program.

Co-Chair Foster thanked Ms. Teshner and asked if there were questions.

[1:58:27 PM](#)

Vice-Chair Ortiz had a question on slide 10, which was an illustration of the history of the BSA. The slide referenced a \$30 million infusion outside of the formula that was distributed to districts. He wondered about the financial impact of the additional funds.

Ms. Teshner responded that every \$100 increase in the BSA represented approximately \$25 million. It was slightly more than a \$100 change in the BSA.

Vice-Chair Ortiz asked if Ms. Teshner could supply any information about the consumer price index (CPI).

Ms. Teshner would follow up with the information.

Co-Chair Foster asked Ms. Teshner to restate the statistic regarding the increase in the BSA.

Ms. Teshner responded that every \$100 increase in the BSA would equate to about \$25 million.

[2:00:28 PM](#)

Representative Wool asked for more information about the local contribution statutes that were part of the funding formula. He wondered if there were variations depending on locality.

Ms. Teshner pointed members to Handout 3, which was the funding overview document. She explained that contributions were calculated in a standardized way across the state at a 2.65 percent tax levy of the full and true value of a taxable real property within a district. There were two or three districts that deviated from the standard and she would supply that information to the committee.

Representative Wool noted that for correspondence schools, the districts would receive 90 percent towards the adjusted ADM. He based his understanding on slide 8 of the presentation. The ADM included correspondence in the public school funding formula calculations and he wanted to ensure that it was not counted twice.

Ms. Teshner replied that correspondence students were included in the total ADM count. However, correspondence students were excluded in the school size table on slide 8 and then added back into the calculation at the end.

2:03:25 PM

Representative Wool understood that because correspondence students were not occupying brick-and-mortar schools, they should not be included in the school size table counts because they did not require the same amount of resources as brick-and-mortar students. He wondered if the reimbursement that correspondence students received for curriculum was reflected in the formula.

Ms. Teshner confirmed that correspondence students received allotments from their local districts. She explained that the allotment was included in the 90 percent correspondence ADM funding that districts would receive for student counts for correspondence students.

Representative Wool suggested the school district would have to distribute some of the correspondence funding back to the families of correspondence students. He referred to slide 11 and thought there was some conflicting data. He noted that under "FY2022 OASIS vs FY2021 Actual" there was a decrease in correspondence by 22.8 percent. He thought that a different graph in the presentation showed an increase in correspondence. It made more sense to him for correspondence to increase due to the COVID-19 pandemic. He asked Ms. Teshner to address the issue.

Ms. Teshner responded that the FY 2020 actuals were not shown on the chart and those numbers would have helped show the entire picture. More students were going back to brick-and-mortar schools in the current 2022 school year than were returning during the 2021 school year. She relayed that was the conclusion from the data on the chart and was the reason for the decrease in correspondence.

Representative Wool asked if an upwards trend in correspondence would be continuing or if brick-and-mortar student populations would return to averages seen in 2019.

Ms. Teshner replied that the state was not seeing a full return to pre-pandemic brick-and-mortar student population numbers. Parents were still choosing to enroll their children in correspondence education at higher rates than those seen pre-pandemic, but enrollment was not as high as peak pandemic numbers.

Representative Wool supposed the correspondence numbers could return to pre-pandemic numbers, but it had not happened yet.

Ms. Teshner responded, "That's correct."

[2:08:11 PM](#)

Representative LeBon returned to slide 9 and asked how the "big five" school districts in the state ranked on required local contribution rates.

Ms. Teshner recalled that most of the largest five districts were contributing near the maximum allowable local contributions. She could provide a breakdown of the local contributions to the committee.

Representative LeBon noted that he was often asked about contributions to the education formula when he was a member of the school board. He noted that the lack of inflationary measures in the formula had always been an issue. He recalled that there used to be a high school qualifying exam to measure student performance by district. He asked if DEED had a process to measure student performance over time.

Ms. Teshner responded that there were various statewide assessments including a forthcoming assessment in the spring. She indicated there were some mechanisms in place to measure performance and display the information to the legislature, but she could not give extensive detail because it was outside of her area of expertise.

Representative LeBon appreciated the answer. He suggested that the whole purpose of high school qualifying exams was to deny gradation to students who did not pass the exam. Although the law surrounding the exam was no longer enforced, the goal of high student achievement and minimum standards should not go away. He viewed the department as a gatekeeper of district performance.

[2:12:49 PM](#)

Representative Josephson asked if there were any vetoes of one-time funding by the administration.

Ms. Teshner responded that there was a veto in FY 21.

Representative Josephson asked for the sum of the vetoed funding.

Ms. Teshner thought the amount was \$20 million.

Representative Rasmussen asked about the possibility of an additional student count in the spring of each year to denote the changes in student population.

Ms. Teshner replied that the department had considered doing a second count each year. However, the process needed further analysis to determine whether it was warranted.

Representative Rasmussen asked if cost was a factor.

Ms. Teshner responded that there was one staff member at the department who ran the foundation funding formula, and it was a question of whether the staff member could reasonably take on the additional workload. The department was looking into a new system that would provide more real-time and readily available data.

Representative Rasmussen asked if there was a funding request in the current budget to implement a new system that would provide more timely data.

Ms. Teshner replied that there was not an increment request in the FY 22 budget for the following year. The department had considered paying for the new system through the federal Coronavirus Relief Fund, but discussions were still in the early stages.

[2:16:23 PM](#)

Representative Johnson referred to slide 10 and understood that there were 10 different entries to the BSA. She wondered if the increase in the BSA had correlated to better student performance.

Ms. Teshner replied that to her knowledge the department did not have information that showed a correlation. She would follow up with the committee if there was additional information she could share.

Representative Johnson asked for information on the amount that had been spent on CTE.

Ms. Teshner responded that she did not have that information but would supply it to the committee. She explained that the CTE monies that were funded through the foundation formula were reported in a district's operating fund and co-mingled with all other expenditures. The department did not have information on the amount of CTE funding that came through the formula. However, districts received grants for CTE and the department could supply that information to the committee.

Representative Johnson asked for clarification on the information held by the department.

Ms. Teshner responded that CTE funding amounts were rolled into the total state-aid amounts that were distributed to districts. The totals were reported in a district's operating fund and the department did not know the breakdown within an operating fund. The department had information on the amounts spent in broad categories, but not specifically on CTE.

Representative Johnson asked if she could get the available information.

Ms. Teshner responded that she would distribute the available reports to the committee.

[2:19:49 PM](#)

LACEY SANDERS, ADMINISTRATIVE SERVICES DIRECTOR, DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT, OFFICE OF MANAGEMENT AND BUDGET, OFFICE OF THE GOVERNOR, thought Representative Johnson was looking for CTE expenditures made by the school districts. She offered to request that information from the districts to supply it to the committee.

Representative Johnson thought the information would be great.

[2:20:29 PM](#)

Vice-Chair Ortiz returned to slide 8 and asked about the special needs factor. He wondered how it was determined.

Ms. Teshner responded that the special needs factor was applied to all brick-and-mortar students. She thought he was asking about the special intensive needs students.

Vice-Chair Ortiz asked whether the resources were coming from the federal government. He wondered if the state's contribution to the ADM was impacted.

Ms. Teshner responded that it was comprised strictly of state funding.

Vice-Chair Ortiz asked for confirmation that the federal government played a role in school funding.

Ms. Teshner responded that districts received special education fudging from the federal government that passed through the department. She was strictly talking about state dollars in relation to the foundation funding formula.

Representative Wool returned to the topic of correspondence. He thought the total ADM received all of the multipliers in the formula on slide 8. He understood that school districts received 90 percent of a BSA amount for every correspondence student. He wondered if \$2,000 or \$2,500 was distributed for correspondence student curriculum.

Ms. Teshner responded that student allotments varied by district. She could provide an average, but it would not be the same for every district.

Representative Wool thought that \$2,000 per child was distributed in Fairbanks. He thought that some correspondence schools had brick-and-mortar costs but did not receive the multipliers in the formula.

Ms. Teshner responded that Representative Wool was correct.

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Representative Thompson noted that the special education intensives percentage on slide 8 was 13 times the BSA rate. He wondered if different levels of care for special intensive needs students were considered and if the rate was consistent or dependent on each student's level of need.

Ms. Teshner replied that there was a checklist that students had to meet in order to qualify for special education intensive care. She would supply a document to the committee that clearly outlined the criteria.

[2:25:44 PM](#)

Ms. Sanders moved to the second part of the presentation on slide 16 to review an update on the pandemic relief funding. The Coronavirus Aid, Relief, and Economic Security (CARES) Act was signed into law on March 27, 2020 and awarded \$74.5 million to DEED. She explained that there were three CARES packages, and she would begin by detailing the Elementary and Secondary School Emergency Relief (ESSER I) Funds. The department received a total of \$38.4 million through ESSER I and the CARES Act specified that 90 percent of the funding would pass through to local education agencies. The funding distribution to school districts was allocated based on the proportion of Title 1, Part A funds that were received in the most recent year per federal guidance. School districts worked with the department to ensure the funds were used responsibly and adhered to federal guidelines. The remaining ten percent of the ESSER I funds was allocated to DEED. The department was also permitted to allocate 0.5 percent of the funds for administrative costs.

Ms. Sanders continued to speak about the second type of CARES fund which was the Governor's Emergency Education Relief (GEER I) Fund. She explained that the governor received an award of \$6.5 million with the purpose of providing emergency assistance to educational entities as a result of the COVID-19 pandemic. The governor provided the University of Alaska \$1.5 million and \$200,000 of the \$1.5 million was distributed to the Alaska Native Science and Engineering Program. School districts were awarded \$3.7 million of the funding and the governor provided a competitive grant application period to allow other educational entities the opportunity to apply for the remaining funds.

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Ms. Sanders continued to the additional CARES Act allocation portion. The child nutrition food assistance program received a \$42.2 million grant even though the agencies that organized the program only requested \$28.3

million. The nutrition program also received a Center for Disease Control (CDC) grant under the school wellness program in response to the pandemic. The Division of Libraries, Achieves, and Museums also received a \$66,000 award from the Institute of Museum and Library Services. There was a small amount of funding that did not get spent and unfortunately the applicable timeframe ended before the department was able to distribute the funds to another grantee. Lastly, the Alaska State Council on the Arts received a \$421,500 grant from the National Endowment for the Arts and awarded 49 grants to artists in Alaska.

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Ms. Sanders turned to slide 17 which discussed the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act. She reported CRRSA was signed into law on December 27, 2020 and allocated a total of \$168 million to DEED. The department received \$159.7 million under ESSR II which again provided 90 percent of funds to the school districts and ten percent to the department.

Ms. Sanders noted that under GEER II funds, the governor received a second award of \$2.8 million to provide additional emergency assistance to educational entities. Under the award, the governor provided \$2.1 million to the University of Alaska Anchorage to increase its capacity to help train nurses.

Ms. Sanders continued that under CRRSA, there was a new program added called Emergency Assistance for Non-Public Schools (EANS I). The total allocation to the state was \$5.3 million and the state was given six months to distribute the funding to non-public schools. The department opened an application period on Feb 12, 2021 and there were six non-public schools that were approved. The department could not provide a check to the non-public schools, but instead would purchase services and items on behalf of the non-public school and the department would ultimately own the items. After the six-month timeframe elapsed, the remaining balance would be converted to GEERF. She noted that non-public schools were eligible for GEERF monies. One of the most significant needs reported by the non-public schools was air purifiers. The utilization of the remaining balance was still being determined.

[2:37:13 PM](#)

Ms. Sanders continued to slide 18 regarding the American Rescue Plan (ARP) Act which provided DEED \$379 million. Under the school district allocation, there were two new provisions under federal guidance. The first provision was that school districts must use at least 20 percent of the award to address learning loss and the second was that schools must develop and publish on their websites a plan for a safe return to in-person instruction. The department also received two new awards under ARP including funds for homeless children and youth and funds for the Individuals with Disabilities Education Act (IDEA).

Ms. Sanders reported there was a separate award called Emergency Assistance for Non-Public Schools (EANS)II, which totaled \$5.9 million. The application period for the award was opened on January 31, 2022 and it would run through February 21, 2022. One change to the reward was that there was a requirement for the department to provide assistance to non-public schools that had a significant percentage of low-income students. The requirements for eligibility were still being determined.

Ms. Sanders added that the Division of Libraries, Achieves, and Museums also received a second award of \$2.2 million and the Alaska State Council on the Arts received a second award of \$749,000.

Ms. Sanders advanced to slide 19 and relayed that DEED had received a total of \$621 million for educational purposes. The slide displayed a summary of the breakdown of the funds she had detailed in the previous slides. She reminded members that Handout 4 and Handout 5 (copies on file) provided a detailed breakdown of funding by school district. The school district had spent \$77 million of the fund so far leaving \$439 million for further allocation. She added that the department received reimbursements on a daily basis.

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Co-Chair Foster asked Ms. Sanders if she had completed her presentation.

Ms. Sanders responded in the negative.

Ms. Sanders reviewed a series of links that could be found on the department's website. The website was intended to provide an informational funding dashboard on all of the COVID-19 relief funding for the public, parents, legislators, or anyone that might be interested. The website showed how the money was being spent and from where the money derived under each specific act. The website provided more detailed information on each school district and how much money it had received, how it was spent, and how much money was remaining. She noted it was a work in process and welcomed feedback and comments.

Ms. Sanders moved to slide 21 which showed the overall decision making process of how the funds would be utilized. She explained that the department was using the five strategic priorities under Alaska's Education Challenge, which were outlined on the slide. Under each priority, the slide showed what the department was doing to address the challenges. She ensured the committee that the money was being used strategically and that the department was being mindful to avoid hitting a fiscal cliff.

[2:51:38 PM](#)

Representative Josephson referred to Handout 5 which showed the total unspent balance of COVID-related funds. He thought that a person could conclude from the handout that a BSA increase was not warranted because there were multiple other resources available. He asked whether that would be incorrect to assume, and if it was incorrect, what could be said to disprove the assumption. He assumed the districts could not just allocate money to pay teacher salaries.

Ms. Sanders replied that there was a significant amount of money that was available to school districts. The first phase of the CARES Act was highly prescriptive and focused on meeting the needs created by the pandemic. As additional funding rolled out, the allowable uses of the funding were broadened. She relayed that school districts were using the funds on personnel and support costs.

Representative Josephson asked if the expenses were related to COVID-19.

Ms. Sanders commented that the costs were associated with the pandemic, but also the funds were intended to support

teachers that were currently working. The funds had a broad allowability.

Ms. Teshner added that the funds were intended to be allocated towards COVID-related expenses. For example, if a school needed to maintain smaller class sizes for social distancing purposes, the school might require more teachers. Everything that a school included in an application for COVID-relief funds must be related to a COVID-relief response.

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Representative Josephson stated that a number of legislators had met with school district officials in Anchorage, and he had heard there was an incoming deficit that would be close to a \$20 million. He thought the dollars were fair, but that drilling down was needed.

Representative Rasmussen relayed that the legislature had received information about the carry-forward or rollover balances held by the school districts in 2021. She asked if she could be supplied with the same information for the current year.

Ms. Teshner replied that Handout 3 (copy on file) provided the FY 21 unreserved fund balance. There was an asterisk next to each balance that indicated the funds that had exceeded the ten percent limit. She explained that districts were allowed to carry-over more than ten percent through FY 25.

Representative Rasmussen understood the state was anticipating a large amount of incoming funding for broadband from separate fund sources. She asked if the funds would create an issue in the disparity test.

Ms. Teshner replied that the department had discussions on the topic and it did not think that the funds would have an impact on the disparity tests.

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Representative LeBon referenced Handout 3 and highlighted that there was no number in the unreserved fund balance field for the Fairbanks North Star Borough School District (FNSBSD). He asked if it was because the fund balance had

been spent and there were no remaining unreserved funds. He wondered what conclusion should be drawn from the information.

Ms. Teshner responded that FNSBSD reported that it had a zero unreserved fund balance in its audit from 2021. She detailed that the district had used its operating fund and had made plans for the COVID-relief funds. She did not know if there was a correlation between the operating funds being spent and there being a zero unreserved fund balance.

Representative LeBon asked how DEED provided support for districts on curriculum choices. He wondered if the department made any recommendations to districts.

Ms. Sanders responded that the department certainly could assist in curriculum but the choice was ultimately up to the local school districts. The department did not have statutory authority over the implementation of curriculum.

Representative LeBon asked if the department would look at curriculum and make judgments about student performance if a district was underperforming.

Ms. Sanders responded that she did not know but would follow up with the answer.

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Representative Carpenter wanted a better understanding of how much money each of the school districts had received. He wondered if the information was in Handout 3.

Ms. Teshner responded that in the first three rows of the handout showed the changes in funding for the current fiscal year. The overall amounts were not in the handout, but the foundation reports could be found on the department's website. The website showed the amounts a district currently received, how much it had received in the past, and what it was projected to receive in the future.

Representative Carpenter thought would be helpful to have a document that showed both the changes and the overall amounts.

Ms. Teshner could provide a report that showed what districts actually received as compared to the amounts that were carried over.

Representative Carpenter was appreciative.

Vice-Chair Ortiz invited the presenters to continue.

[3:02:37 PM](#)

Ms. Sanders moved to slide 23 which showed a high-level overview of DEED's FY 23 operating budget as compared to the prior years. The total budget was \$1.6 billion and was primarily made up of \$1.3 million of unrestricted general funds (UGF). The other fund groups were also summarized on the slide. There was an overall decrease of \$402 million when compared to the prior year. It was slightly misleading because the most significant reason for the decrease was the change in COVID-relief funds. By June 30, 2022 the department would know the amount that had not been spent and the remaining balance would carry into FY 23. She explained that when the federal relief funding was removed from calculations, there was a decrease of \$18.2 million that was primarily due to the change in the ADM.

Ms. Sanders moved to slide 24 which showed a few of the budget changes for FY 23. She indicated that programs funded with Higher Education Investment Funds had been fully funded with general funds to ensure continuity of services. Additionally, the foundation and pupil transportation programs were fully funded based on the statutory formula and the BSA remained at \$5,930.

Ms. Sanders reported that another change to the budget was the update to the Broadband Assistance Grants (BAG) authority to reflect actual expenditures, which was a \$1 million UGF reduction. She had identified that the department had excessive authority for BAG which meant that all school districts that qualified for the grants were receiving the full amount for which they were eligible under the program. She projected a lapse of \$1.6 million and the budget proposed a \$1 million reduction, which left \$600,000 to address any new applications or changes to the program. She also noted there were two statewide items that were not reflected in the operating budget that were listed on the slide. She concluded the presentation and was available for questions.

3:07:40 PM

Representative LeBon had a question about accountability. He wondered if every school district in the state was meeting a minimum performance expectation.

Ms. Sanders responded that the responsibility of the department was to provide the appropriated funding to school districts based on statutory formulas. She asked if Representative LeBon was inquiring about student outcomes in Alaska as compared to the rest of the United States.

Representative LeBon noted that each slide in the presentation had a footer that read, "An excellent education for every student every day." He asked how the department measured whether the goal was reached.

Ms. Sanders responded that the statement was the mission and goal of the department. She indicated that the methodology of measuring school and student success was a different topic and was beyond her level of expertise.

Representative LeBon appreciated the answer and thought the legislature might be able to help the department find a way to measure school and student success.

Representative Josephson commented that the Anchorage School District (ASD) had reported in December of 2021 that its budget shortfall was anticipated to be \$67 million. He suspected that ASD thought that ARP, CRRSA, and CARES monies were not available for spending.

3:10:26 PM

Representative Edgmon had a closing comment. He appreciated the presentation. He referred to the fifth priority on slide 21 which was to improve the safety and well-being of students through various partnerships and suggested it was the first priority in rural school districts like his own. Teacher retirement and recruitment was another pressing issue. He thought the conversation was much broader.

Vice-Chair Ortiz relayed the committee's agenda for the following day.

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ADJOURNMENT

3:12:15 PM

The meeting was adjourned at 3:12 p.m.