

**ALASKA STATE LEGISLATURE  
SENATE EDUCATION STANDING COMMITTEE**

February 8, 2021

9:01 a.m.

**MEMBERS PRESENT**

Senator Roger Holland, Chair  
Senator Gary Stevens, Vice Chair  
Senator Shelley Hughes  
Senator Peter Micciche  
Senator Tom Begich

**MEMBERS ABSENT**

All members present

**COMMITTEE CALENDAR**

PRESENTATION: "FY 2021 STUDENT ENROLLMENT COUNTS & COVID-19  
FEDERAL RELIEF FUNDING" BY COMMISSIONER MICHAEL JOHNSON

- HEARD

**PREVIOUS COMMITTEE ACTION**

No previous action to record

**WITNESS REGISTER**

MICHAEL JOHNSON, Ph.D., Commissioner  
Department of Education and Early Development (DEED)  
Juneau, Alaska

**POSITION STATEMENT:** Provided an update on student enrollment and federal COVID-19 funds.

HEIDI TESHNER, Director  
Finance and Support Services  
Department of Education and Early Development (DEED)  
Juneau, Alaska

**POSITION STATEMENT:** Provided information on student enrollment and funding.

LACEY SANDERS, Administrative Service Director  
Office of the Governor  
Office of Management and Budget

Juneau, Alaska

**POSITION STATEMENT:** Provided an update of the federal COVID-19 education funds.

**ACTION NARRATIVE**

[9:01:41 AM](#)

**CHAIR ROGER HOLLAND** called the Senate Education Standing Committee meeting to order at 9:01 a.m. Present at the call to order were Senators Hughes, Begich, Micciche, Stevens, and Chair Holland.

**Presentation: "FY 2021 Student Enrollment Counts & COVID-19 Federal Relief Funding" by Commissioner Michael Johnson.**

[9:02:18 AM](#)

CHAIR HOLLAND announced that this week the committee will focus on the funding and learning impacts of COVID-19 on K-12 education in Alaska. This topic is timely and important as the state navigates the pandemic. His goal is to identify any unresolved issues that require immediate attention and also to capture any positive changes that can be used to improve the learning environment for children.

[9:03:04 AM](#)

MICHAEL JOHNSON, Ph.D., Commissioner, Department of Education and Early Development (DEED), Juneau, Alaska, stated that the department would provide information about this year's student count and the changes compared to last year as well as information related to the almost \$200 million in federal education-related COVID-19 relief funds.

COMMISSIONER JOHNSON said that in unprecedented times it is important to remind oneself of the destination and mission, which is, "an excellent education for every student every day," regardless of circumstances. Today's hearing is a reminder that even though the circumstances have been trying, the department's goal and destination is still the same.

COMMISSIONER JOHNSON said as the impact of COVID-19 is identified, and the impact of millions of dollars in relief funds, it is important to have a reminder of shared priorities, which come from the Alaska Education Challenge: 1. Support all students to read at grade level by the end of third grade 2. Increase career, technical, and culturally relevant education to meet student and workforce needs 3. Close the achievement gap by ensuring equitable educational rigor and resources 4. Prepare,

attract, and retain effective education professionals 5. Improve the safety and well-being of students through school partnerships with families, communities, and tribes.

COMMISSIONER JOHNSON said the priorities provide a post-pandemic pathway for the education system.

COMMISSIONER JOHNSON shared that DEED has the good fortune to have two of the most experienced finance experts in the state, Heidi Teshner, Director of School Finance and Facilities, and Lacey Sanders, Director of Administrative Services. Together, these two handle one of the largest portions of the state budget. They are uniquely equipped and qualified to provide the committee with both current and past budgetary and enrollment context.

[9:06:10 AM](#)

HEIDI TESHNER, Director, Finance and Support Services, Department of Education and Early Development (DEED), Juneau, Alaska, said she will provide an overview of FY2021 statewide enrollment updates and explain the foundation payment process and address a few additional state-funded programs that are affected by the enrollment counts.

MS. TESHNER said the legislature has provided a formula in statute to fund school operational costs, known as the public school funding formula and more commonly known as the foundation formula. It was adopted under SB 36 in 1998 and implemented in 1999. It is defined in AS 14.17. The funding for each district is a combination of state aid, required local contributions, and federal impact aid. The 19 Rural Education Attendance Areas (REAA) do not have a local contribution. Furthermore, Southeast Islands School District receives solely state aid. A school district is only eligible for foundation formula as calculated under the formula and set out in AS 14.17.410. The first step in determining state aid for school district is determining the ADM, the average daily membership, for each school.

[9:08:20 AM](#)

SENATOR HUGHES asked how many times in the last 22 years the foundation formula has been adjusted and when was the most recent time. Through the National Conference of State Legislators (NCSL), she heard that in other states it is not uncommon to tweak the formula every year or two. Her impression is that Alaska doesn't do it as often.

MS. TESHNER answered that she would say about 10 times. She doesn't have the exact number in front of her. It has changed by adjusting district cost factors, the special education intensive factor, and by increasing the correspondence factor from 80 percent to the current 90 percent. She can't remember the exact last update but will get that information.

9:09:40 AM

SENATOR BEGICH shared that the Augenblick study was commissioned by the legislature in 2015. The legislature under Co-chair MacKinnon on the Finance Committee requested an audit and review for a quarter million dollars of the formula by the Augenblick group out of Colorado. The study concluded the formula with the exception of changes that were made in subsequent years was in fairly robust shape. He could get copies of the report to the committee. Senator MacKinnon adjusted some of the elements of the formula related to how the state reimburses schools that have fallen below a certain number. He asked if Ms. Teshner remembered the law that passed in either 2017 or 2018. Senator MacKinnon championed adjusting for school population decline. That was a direct result of Augenblick.

MS. TESHNER responded that that was statute addressing the consolidation of schools by district choice.

SENATOR BEGICH said that was a direct response to the Augenblick study to correct what was identified as a mistake in the formula. The process is somewhat robust.

9:11:32 AM

SENATOR MICCICHE observed that the Alaska legislature lives in fear of even considering readjusting the BSA (Base Student Allocation). Getting a comprehensive list of the changes plus the study would be helpful for the legislature as it analyzes the potential path forward.

MS. TESHNER responded that she can provide that to the committee.

MS. TESHNER explained that the ADM is the number of students who are enrolled during the 20-day school count period that ends the fourth Friday of October. For the school year 20-21, that ran from September 28 to October 23, 2020. In order to determine state aid, districts must submit their student count data, or their average daily membership, to the department within two weeks after the count period ends, which was November 6, 2020.

The student data from the count period is the starting point for calculating state aid for school districts.

MS. TESHNER displayed the table on slide 8 as the FY2021 OASIS [Online Alaska School Information System] update. The data is as of December 18, 2020. The table compares the FY21 projected student data and the actual count data. The FY22 projected data is also shown and compared to the FY21 OASIS numbers. The FY21 projected data is data that districts provided to the department in November of 2019. These counts were used to prepare the governor's FY21 budget. That projected data is used for budgeting purposes only at the statewide level. At the November 18, 2020, joint Education Committee hearing, the department provided the joint committee with the FY21 preliminary data, which was the unreconciled data from the 20-day count period that ended in October. That preliminary data was subject to change after department review. The review process included removing all duplications ensuring that no student receives more than one average daily membership count, and then the special education intensive reviews. The FY21 OASIS updated numbers are the result of that review. The department had over 1,500 duplicates from all districts. About half of that, about 768, were unique student id numbers duplicated in the system. That is double that of previous years. The department is still reviewing the special education intensive student count and so there could still be changes, but the ADM numbers being presented today are pretty much final. The final dollar amount could be subject to change. The FY22 projected data districts submitted to the department in November 2020 was used to prepare the governor's FY22 budget.

[9:16:22 AM](#)

MS. TESHNER said the FY21 OASIS regular ADM, the brick-and-mortar students, decreased 15,352.91, or about a 13 percent decline compared the FY 21 projected data. FY21 OASIS correspondence ADM increased 13,445.80, a 94.9 percent increase over the FY21 projected data. The overall total ADM decreased only 1,907.11, or 1.5 percent compared to the FY21 projected data. The adjusted ADM has increased 5,698.09, or a 2.2 percent increase over the FY 21 projected data.

MS. TESHNER said that slide 10 of the presentation provides a glance at the factors used to determine the adjusted ADM. That includes applying the school size factor to the count, addressing hold harmless, followed by the district cost factors, special needs factor, vocational and technical education factor, special education intensives, and correspondence ADM. This will

be addressed later in the presentation. The adjustment for school size, the hold harmless provision, and the shift in correspondence are the main reasons for the increase in ADM.

[9:18:08 AM](#)

SENATOR BEGICH asked if the decline of 1,907[for total ADM] means about 2,000 fewer students being counted. Some of that comes from migration out of Alaska. He asked if there any students who have slipped through the cracks, are there any missing students who are not in correspondence or brick-and-mortar schools but haven't left the state.

MS. TESHNER replied that the department did do an analysis to figure out where students might have gone. Unless they are enrolled in a public school, the department does not know if they have left the state or gone to a private homeschool program or other private school. The department has determined that there are more fractional ADMs than in recent years. Four student ids can equal one ADM if they are each a quarter time. There are almost 12,000 new Alaska student ids assigned since last year. A lot of those are pre-Ks, kindergarteners and first graders. The department doesn't know how many students have gone to a private school or have left the state.

[9:20:20 AM](#)

SENATOR HUGHES asked if there is any process as students exit a school to ask where they are headed.

MS. TESHNER replied that if students transfer to another school there is transfer paperwork that the exiting school sends to the new school district. She would assume that is the same for going to a private school from a public school, but she does not know that for a fact. That could be a good question to ask the school districts when they are in committee later this week.

[9:21:24 AM](#)

SENATOR STEVENS pointed out that this is an enormous problem that will have major repercussions for school districts and the department. He has heard superintendents talk about ghost students. He has heard his grandchildren talk about students who were in their online classes who just disappeared. It should be obvious to everyone that this is an enormous problem, all of these ghost students and what will the state do to make sure that this is not a lost year for them.

[9:22:11 AM](#)

SENATOR MICCICHE shared that he is trying to understand the adjusted ADM. The hold harmless provision for a five percent [decrease in enrollment] or more is 75 percent the first year. He asked if the impacts of COVID were to continue throughout FY 21, and schools dropped down to the 50 percent, whether this bottom line number is going to look much different.

MS. TESHNER answered that slide 9 will walk through the hold harmless provision but, yes, if the trends were to continue, that line for the projected FY 22 could change. That is also subject to change based on the actual count that the department will get in November of 2021.

SENATOR MICCICHE asked if she has calculated that if the trend continues. He asked if she has some analysis to show what the funding difference may look like once schools get into the 50 percent for the second year.

MS. TESHNER responded that department hasn't done any projected comparison other than the projected data on slide 8. Districts project whether students will come back to the brick-and-mortar schools or stay in correspondence. If students stay below the base year for hold harmless, that 50 percent calculation would already be reflected in the projected number.

[9:24:24 AM](#)

SENATOR HUGHES clarified that she wants to be sure that she is correct in thinking that if 10 students were in brick-and-mortar schools and then they went to public correspondence schools, the schools are getting the 90 percent [correspondence] rate and if the district is held harmless for the regular ADM, the state, in a sense, is paying for those students twice, once at the full rate and once at the 90 percent rate.

MS. TESHNER answered that that is correct. Districts have experienced that. For example, Mat-Su lost kids in the brick-and-mortar schools who went to the Mat-Su Central School. That triggered hold harmless and Mat-Su also gets paid for those students through the correspondence count.

MS. TESHNER addressed the hold harmless provision with slide 9. The provision was enacted in 2008 under HB 273. It is for those districts experiencing a reduction in their ADM for brick-and-mortar schools after ADM is adjusted for school size. Eligibility is determined after the district's adjusted-for-school-size ADM is calculated and totaled for all schools. It is a district-wide total. The sum total of the district's ADM,

adjusted for school size, is compared to the prior fiscal year's ADM, adjusted for school size, to determine if a decrease of 5 percent or greater has occurred. If the answer is yes, then the prior fiscal year is looked at as the base year for the next three years. The new school size, adjusted for hold harmless, continues through the formula adjustments, which will be addressed on the next slide. This results in approximately 75 percent of the basic need calculation being restored in the first year. The hold harmless provision is available to school districts over a three-year step-down of 75 percent the first year, 50 percent the second year, and 25 percent in the final year, provided that the adjusted-for-school-size ADM stays below that established base year. This three-year step-down allows time for districts to adjust to the decreased funding that comes with the decrease in their brick-and-mortar ADM. If hold harmless is triggered in 21 and then districts have another 5 percent decrease in FY22, districts have a choice to continue to the 50 percent or they can restart their hold harmless. It is a case-by-case situation. Districts usually choose the higher of the two amounts.

[9:27:52 AM](#)

SENATOR MICCICHE asked about determining the base year if there is another 5 percent decrease.

MS. TESHNER answered that if FY 20 is the base year, if another 5 percent decrease occurs in FY22, the base year becomes FY21 and the district can start the 75 percent in FY22 or continue on with the 50 percent, keeping FY 20 as the base year.

MS. TESHNER said that slide 10 provides the outline of the formula. After the student data is reported, the ADM for each school is calculated by applying the school size factor to that count according to the table in AS 14.17.410 and then the product of that calculation is then used as a factor in the next step of the formula. All in all, AS 14.17.410 sets out the remaining steps. The graph on this slide shows the statutory reference for each factor for quick reference. The tables on slide 10 and slide 11 give an overview of the formula and the multipliers that are used to determine state aid. Slide 10 is how to get to the district adjusted ADM. Slide 11 finishes the formula and shows the funding side. The district adjusted ADM is multiplied by the base student allocation (BSA), which is \$5,930, and that is the basic need. Three components pay for basic need, required local contribution, impact aid, and state aid, plus quality schools. That is the total state entitlement. The document Public School Funding Program Overview that is on

the DEED website explains the calculations in more detail. That could be provided to the committee.

[9:31:31 AM](#)

MS. TESHNER noted that she wanted to address the funding side of slide 12, FY2021 Statewide Enrollment Comparison. The FY2021 OASIS updated numbers, compared to the FY21 projected numbers, show a net increase of \$25 million, a 2 percent increase. This is a \$25 million increase over the current year's [projected] budget. Within these numbers, 25 school districts are estimated to receive increased state aid. That total is about \$54.5 million. And 29 school districts will receive decreased state aid, totaling about \$29.4 million. The difference is the \$25 million net increase. FY21 is \$38,151.6 million or 3.1 percent more than what was paid out last year [FY2020 Actual]. With those numbers, thirty-five school districts are estimated to receive increased state aid totaling about \$56.1 million and the remaining 19 school districts are estimated to receive decreased state aid, about \$21.3 million less. Later slides take a closer look at the ADM and foundation counts as well as the COVID-19 federal relief funds and the FY21 operating fund balance data for the 11 school districts the committee will hear from later in the week.

SENATOR HUGHES clarified that the increase of \$38 million does not include federal COVID dollars coming to the districts.

MS. TESHNER answered that is correct. It is just the increase from student enrollment.

MS. TESHNER said that slide 13, Foundation Payments Process, gives an overview of how the payments are processed. AS 14.17.610(a) outlines that process. Payments are processed on a monthly basis. Payments for the first nine months of the fiscal year are calculated based on the prior fiscal year's foundation. So, for the first nine months of FY21, July through March are paid on the final FY20 foundation. The remaining three months, April, May, and June, are recalculated and trueed up based on the finalized, current year foundation counts.

SENATOR MICCICHE asked about the numbers for the last three payments.

MS. TESHNER replied that the department has been paying on FY20 actuals. The department will true up the \$25 million increase in the April, May, and June payments.

MS. TESHNER explained that slide 14, Additional State-Funded Formula Programs, addresses the other state programs that will also be affected by the school year 2020-2021 student enrollment data. Those include pupil transportation and the residential schools program. The pupil transportation grant is based on a statutory formula in AS 14.09.010. A district's ADM, less the correspondence students ADM, is multiplied by the per student amount set out in statute. The FY21 appropriation was almost \$77 million. The estimated FY21 grants is estimated to be about \$65.3 million, so a decrease of \$11.65 million, or 15 percent decrease, over the prior year. Fewer students in brick-and-mortar buildings means fewer dollars to districts for their student transportation programs.

[9:38:12 AM](#)

SENATOR BEGICH shared that a bus rate is paid that is figured as a cost factor related to minimum wage. He has generally supported a minimum wage increase, but it would have a dramatic impact on the bus wages. He asked if increasing minimum wage would have an impact on this.

MS. TESHNER answered that would be at the district level. The department's grant amount won't change unless statute is changed to reflect that. When a district renews its contract, it would have to apply the minimum wage factor. If it is a school district-operated program, it would be an immediate increase. It would be a hit to a district's transportation program. The department grant level would continue as is with no adjustment unless a statute is amended.

SENATOR BEGICH noted the possibility of unintended consequences. The legislature should be aware of this. Usually a contract for a bus driver is a factor of whatever the existing minimum wage is and the Alaska minimum wage is driven by the federal minimum wage to some degree. It is something to be aware of.

MS. TESHNER explained that the residential schools program funding is also determined by a statutory formula set out in AS 14.16.200. There is a residential stipend, a per pupil monthly stipend that is multiplied by nine months and then multiplied by the actual student count. In addition, there is reimbursement for one round-trip transportation per student, which must be the least expensive means between the student's community and the school. For FY21, the appropriation for the residential schools program was about \$8,275,700. The estimated actual for FY21 is \$2,363,600, a decrease of \$5.9 million or 71 percent. In a normal year, nine school districts operate 10 approved programs.

This year only four residential schools were operating, but at a reduced capacity. Galena, which is a year-round program, has 47 students attending but is approved for up to 210, which is a 78 percent decrease. Lower Yukon has a variable term program with 42 students attending. They are approved for up to 50, so a 16 percent decrease. Nenana has a year-round program and has 49 students attending. They are approved for up to 100 students, so a 51 percent decrease. Northwest Arctic, which has a variable and year-long program, has 8 students attending and is approved for 40, so an 80 percent decrease. All of this is less money for that program.

SENATOR MICCICHE asked, after the hold harmless breakdown and lack of protection with student transport and residential programs, what the funding differences look like for each of the districts. That would be useful information as the legislature evaluates a funding path forward this year. It would be nice to understand the impact on individual districts, before COVID relief.

MS. TESHNER replied that can be provided to the committee.

9:43:43 AM

SENATOR BEGICH observed that that number is an anomaly related to the COVID-19 outbreak and people not going to the schools because of safety issues. He asked Ms. Teshner if she expected this anomaly to continue if the COVID-19 pandemic is largely under control.

MS. TESHNER responded that if the trend is that students will go back to brick-and-mortar schools, then, yes, this an anomaly. The decrease in student transportation would only occur this year. The same thing is resolved and schools open to full capacity the residential schools would go back to the normal levels.

SENATOR HUGHES noted that because of COVID-19 only 30 percent of what was appropriated for residential schools was spent. She would have thought the same thing would be true for pupil transportation because so many brick-and-mortar schools were closed. She asked if contracts for bus drivers were paid even though schools were closed and students were not being transported. She is surprised that the amount is \$65 million out of \$76 [million] when her understanding is that most school districts had brick-and-mortar schools closed.

MS. TESHNER replied that the pupil transportation grant is based on a statutory formula. Whether schools are open or not, the department, assuming there is a legislative appropriation, would pay based on that statute, which is brick-and-mortar students multiplied by the per student cost. Districts still have pupil transportation costs, even if they are not running. Typically, pupil transportation contracts have a clause to pay at a reduced rate if buses are not running. Each district has a different contract. If it is a district-run pupil transportation program, it would be different. It is entirely up to the district to choose to pay their bus drivers, which the department encourages them to do, assuming schools are open.

[9:47:06 AM](#)

SENATOR HUGHES observed that the amount calculated automatically goes to school districts and whether a school district is paying a diminished rate is up to each school. She asked if a school that is not paying is allowed to use those transportation funds for other purposes.

MS. TESHNER answered yes, unfortunately they could do that. The department would pay for the pupil transportation program and districts would reflect that in their special revenue fund for the pupil transportation program. They would need to show a transfer out to another fund. The department will not see the specific purchase if it is moved to the operating fund but it would show that the money was removed from the transportation fund into the operating fund.

SENATOR HUGHES asked if the department knows how much of the \$65 million was not used for pupil transportation.

MS. TESHNER answered that the department won't know how much money was transferred out of pupil transportation funds until it receives the districts' audit in November of 2021.

CHAIR HOLLAND commented that if he understands correctly, some schools may have lost enrollment but stayed open and still had to run the same routes.

MS. TESHNER responded that is correct. Some districts were up and running with reduced ridership, but the route costs do not change in that circumstance. She then turned the presentation over to Ms. Sanders.

[9:49:58 AM](#)

LACEY SANDERS, Administrative Service Director, Office of the Governor, Office of Management and Budget, Juneau, Alaska, began with slide 16, saying that the Coronavirus Aid, Relief, and Economic Security (CARES) Act was signed into law on March 27, 2020, and appropriated \$30.75 billion into the Education Stabilization Fund, divided among the Elementary and Secondary School Emergency Relief Fund (ESSER I Fund), the Governor's Emergency Education Relief Fund (GEER I Fund), and the Higher Education Emergency Relief Fund. The University of Alaska would be the appropriate body to speak to the higher education fund.

MS. SANDERS said that slide 17 showed the state of Alaska's allocation for ESSER I and GEER I. The allocation for ESSER was \$38.4 million, divided into two separate parts; ninety percent went to Local Education Agencies (school districts) and the rest went to the State Education Agency (DEED). School districts have until September 30, 2022, to obligate the funds. As of January 29, 2021, school districts requested reimbursement for \$11.3 million and \$22.8 million has been encumbered for approved school districts budgets based on an approved application. The department is working on budget requests for FY 21 and will continue until FY 22 and FY 23. DEED received \$3.8 million to grant award or contracts to address emergency needs resulting from the COVID-19 pandemic. The total allocation for GEER I was \$6.5 million. The purpose is to provide emergency assistance as a result of the COVID-19 pandemic. This funding is available for the governor to allocate at his discretion, which is shown in slide 17.

MS. SANDERS said that slide 18 summarizes Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act, which was signed into law December 27, 2020. It deposited \$82 billion into the Education Stabilization Fund. Approximately \$4.1 billion was for the GEER II Fund. Approximately \$54.3 billion was for the ESSER II Fund. Approximately \$21.7 billion was for the Higher Education Emergency Relief Fund. These funds are accounted for differently and are available for different uses and periods of availability.

SENATOR BEGICH recalled that CARES Act funding is not allowed to supplant funding, but CRRSA does allow that. He asked for more detail about supplementing vs. supplanting.

MS. SANDERS answered that he is correct. CRRSA allows for maximum flexibility. Since she is not an expert on supplant vs. supplement, she did not want to speak too broadly to that. She offered to follow up with additional information.

MS. SANDERS displayed the state of Alaska's ESSER II funding on slide 19. The total state ESSER II funding was \$159.7 million. The largest allocation, \$143.7 million, went to local education agencies (school districts). School districts have until September 30, 2023, to obligate the funds, which may be used for expenditures dating back to March 2020. The department is working on applications and anticipating that it will be available to school districts in mid-February. The state education agency received \$15.2 million to award for grants or contracts. This funding is also available through September 30, 2023. ESSER II has an expanded list of allowable activities compared to the CARES Act, including addressing learning loss among students, summer programming, school facility repairs and improvements to reduce the risk of virus transmission, and improvement of air quality in school facilities.

MS. SANDERS noted that during a Legislative Budget and Audit meeting on January 18, 2021, several legislators had questions about water system upgrades and investments in Internet or broadband infrastructure. Federal guidance does provide the following allowances on this money. For broadband and infrastructure, ESSER II allows for purchasing educational technology, including software, hardware, and connectivity for students who are served by the local education agency that aids in the regular and substantive educational interaction between students and classroom instructors, including low-income students and children with disabilities, which may include assistive technology, adaptive equipment, as well as planning, coordinating, and implementing activities during long-term closures, including providing meals for eligible students, providing technology for online learning for all students, providing guidance for carrying out requirements under IDEA and ensuring other educational services can continue to be provided consistent with all federal, state, and local requirements. Regarding water system upgrades, the federal guidance does allow for school facility repairs and improvements to enable operations of school to reduce the risk of virus transmission and exposure to environmental health hazards, and to support student health needs. School districts can determine how the funding will be used. The department reviews the school districts' proposed plans and requests for reimbursement to ensure that they are for allowable uses. DEED assists all school districts with determining allowable uses based on federal guidance. The department provides FAQs and documents on its website to allow all districts to receive the same response.

SENATOR BEGICH observed that for years, the major maintenance list for school facilities have included HVAC systems and those types of things. That obviously preceded COVID-19 but would clearly be impacted by COVID-19. He asked whether the improvement of HVAC systems would be eligible under this funding.

MS. SANDERS replied that as long as they are meeting the guidance, which says that to reduce the risk of virus transmission and exposure to environmental health hazards. School districts decide how the funds will be spent. The department cannot tell districts what to do, but it can help to find allowable uses for that funding.

10:01:00 AM

SENATOR STEVENS opined that the summer programming is crucial to catch students who have fallen through the cracks. He understands that it is up to the districts how to use the money, but he is concerned about DEED's involvement in that. He asked if the department will need additional staff and be make recommendations, or leave it totally in the hands of the school districts.

MS. SANDERS replied school districts do decide how the funding that comes to the district will be utilized and the state department of education will address learning loss and will work on ways to meet the summer learning loss as well.

SENATOR STEVENS characterized that as a crucial issue that needs direct department involvement. He asked for the legislature to be kept abreast and informed about how the department is trying to coordinate summer programs throughout the state.

MS. SANDERS responded absolutely.

10:02:37 AM

MS. SANDERS said that slide 20 show the state's GEER II funding, which is just under \$8.2 million and broken into two pieces. The first is the governor's supplemental allocation of \$2.8 million. The uses are similar for GEER I. They include preventing, preparing for, and responding to COVID-19. The governor has discretion for awarding the funding and has not provided guidance at this time. The second piece is a new provision, the Emergency Assistance for Non-Public Schools, with an allocation of \$5.4 million. This funding will be award to non-public schools in partnership with the DEED. The application for the funding will be available by the deadline of February 12, 2021.

Non-public schools are not required to register with DEED, which makes it difficult to provide a comprehensive list of eligible schools. The committee has a handout which does list the non-public schools that have been identified in Alaska. DEED conducted an extensive search. There may be additional eligible schools identified.

MS. SANDERS displayed graphs on slide 21 of Total Education Stabilization Funds. One graph shows ESSER and the other shows GEER. The committee has several documents showing details of the CARES and CRRSA funding and total expenditures by school districts. Two additional handouts provide a deeper dive into how school districts are spending their funds.

SENATOR BEGICH asked about the GEER II money shown on slide 20. Ms. Sanders had noted that the governor has not determined how to use the \$2.8 million in supplemental funding. He asked if there is a general idea of how that will be used. He clarified that Ms. Sanders had said the use will be consistent with the governor's state of the state address.

MS. SANDERS responded that that was in reference to the summer school program. The department has not received guidance. The governor has a longer period, perhaps a year, to obligate and award that funding. It is just too soon to say.

[10:07:01 AM](#)

SENATOR BEGICH requested the commissioner and department provide that information to the committee when it is available.

MS. SANDERS affirmed that they will.

[10:07:26 AM](#)

MS. SANDERS reviewed Additional CARES Act Allocations on slide 22. DEED received other funding allocations for child nutrition programs, Libraries, Archives, and Museums, and the Alaska State Council on the Arts.

SENATOR STEVENS shared that that he is concerned that summer school is only a few months away. That could be the harbinger of success or failure for students. Many students have disappeared. It is essential that they have the opportunity for summer school. He has no concerns about the larger districts being able to handle that. They are making plans now. He is concerned about the smaller districts and how they will prepare for summer programming. He would like to know what the department will do to make that the smaller districts are prepared and can have

successful summer school programs. He will be watching that carefully.

MS. SANDERS deferred to the commissioner to respond.

[10:10:45 AM](#)

COMMISSIONER JOHNSON replied that the department has been thinking about it and preparing, even before it knew this other round of money was coming. The school improvement team has been working on how to help districts, even with "summer school in a box" that would include recommended curriculum, scheduling, and a checklist to prepare. Some districts may be undergoing a transition in leadership, so the department wants to be there to support students. Other districts may need less support. The department is actively working on that and readying information and resources to send to districts. The comprehensive center through SERRC [Alaska's Educational Service Agency] and the Alaska Staff Development Network are hosting webinars on that. The department will be supporting districts in the coming weeks.

SENATOR STEVENS shared that he had every confidence that the commissioner was preparing for that. There are only a few months left. He asked the commissioner to keep the committee informed, especially about the department is reaching those smaller districts.

SENATOR BEGICH asked if DEED has done any research on the impact of the receipt and expenditure of federal dollars if the state is not under an emergency order.

[10:13:29 AM](#)

COMMISSIONER JOHNSON answered that he can ask the Department of Law. The department has asked some of those questions. As everyone knows, even more money is almost certainly coming from the federal government, probably even more support than was in the last CARES package. He is not aware of any hindrance to districts receiving money based on the declaration. What could be an issue is that last year the governor allowed districts to carryover more than 10 percent of their funding. As the committee heard, the CARES Act money is available over multiple years. Commissioner Johnson will strongly recommend that that happen again. The governor can only do that under a disaster declaration; otherwise, the legislature will have to pass statute to allow districts to do that. DEED applied for every waiver possible for districts to carry over federal money, which many did. The only impact that he knows of is the inability to

carry over 10 percent, which many districts would need to do to get the maximum benefit out of the money.

MS. TESHNER went on to District Snapshots, starting with slide 23. The slides give a closer look for the ADM and foundation formula and balance funds, as well as federal COVID-19 funding, for the 11 districts that will come before the committee later this week. There will be 10 superintendents because one oversees two districts.

MS. TESHNER said she would not go over all the slides but would explain slide 24 about the Aleutian Region School District. She explained the top table layout is the same as in slide 12, for the statewide data, but this is just for the district listed. The left-hand side table at the bottom shows the CARES Act allocations and expenditures as of January 28, 2021, as well as for the CRSSA Act. School districts have not received or spent CRSSA money yet. The Aleutian Region does not accept Title I funds, so it does not qualify for a CRSSA allocation, but the department has given additional funding out the state's reservation funds. This is also true for the Pelican and Skagway districts, so these districts do have additional money for COVID-19 expenditures. The lower right-hand table is the FY2020 Operating Fund Balance, broken out between the reserved and unreserved portions. As the commissioner stated, the governor waived the statute to allow districts to carryover more than 10 percent of their ending unreserved fund balance for FY2020. Not all districts had enough to go over the 10 percent. In total, 26 districts had enough unreserved fund balance from FY2020 to carry over into FY2021. That is the layout for each of the 11 districts shown on the slides.

SENATOR MICCICHE noted that the CRSSA funding application opens February 15. These slides do not give a complete snapshot considering that there is almost \$144 million that will be available through CRSSA. He asked if she has any idea what the level of interest is and how that will affect the bottom line for individual districts.

MS. TESHNER clarified that the department does not know how districts want to spend their money because the application period is not open. It could be assumed that it will be similar to how they spent CARES funds, but it is up to the districts.

SENATOR MICCICHE replied that it is just that if the \$144 million is applied somewhat similarly to other allocations, that that will change the bottom line significantly for each

district. Many legislators and folks in the community could not believe that districts would ask for a hold harmless when the population they are serving was dramatically reduced because of COVID. However, people are not aware that the hold harmless provision is law. He is trying to bring together what the ultimate bottom lines may look like for the various district and make constituents aware that hold harmless is not something that is being asked for this year. Statute would have to be changed for the districts not to be held harmless on the effects of COVID and the reduced ADM.

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COMMISSIONER JOHNSON clarified the question. For example, Aleutian Region slide does not show the second CARES Act because it doesn't get Title I money. The department made up for that. On slide 24, the Bering Strait snapshot does reflect what it will get out of the \$143 million, which is \$5.1 million for the CRSSA Act. The slides and committee handouts have the breakdown of what districts are getting for CRSSA. The state does not know the exact amount for the third package that may pass Congress. The hold harmless provision is in statute. That has been applied and used in years before the pandemic. That is not a request outside of long-standing practice. When he was superintendent, his district fell into a hold harmless scenario and used that for over four years as a gradual stepdown in funding. Some districts qualify for hold harmless. When the federal relief funding is added, then the situation can be looked at across the board to see the overall impact for districts. The department is still analyzing it. There are transportation and other funds to factor in. The executive director of the Alaska Council of School Administrators, Lisa Parady, sent a letter asking for a floor based on FY19 projections and no ceiling or limit to funding. Based on the department's initial analysis, all but seven districts are at or above that floor with operating funds. The department continues to analyze that and work with the superintendents' association to determine the impact of the past year.

SENATOR STEVENS asked the commissioner to clarify the impact on education if a disaster declaration is not in place. He asked how important it is if districts could not carryover funds.

COMMISSIONER JOHNSON answered that it would vary by districts. He would venture to say that it would be very impactful. If there is another potential large CARES package with flexibility about how and when to spend the money, it is important to give districts the flexibility to manage resources to benefit

students for the next few years. That is the intent of these relief packages. It does address immediate years but recognizes the impact going forward. By allowing district to waive that, it gives them flexibility to manage these funds in the most efficient and effective ways possible. Districts are already asking if that will be available as they make plans. When he answered the question earlier, his response was focused on the federal funds. If there are negative impacts from the lack of a disaster declaration in other areas, such as vaccines or testing, it all contributes to getting schools reopened. Although it is not directly an impact for his department and doesn't affect the funding, it could impact schools districts depending on the municipality.

10:28:22 AM

SENATOR STEVENS said he believes any information the commissioner could provide on the loss of the declaration would be crucial.

SENATOR HUGHES said that if the emergency disaster declaration were not extended, the legislature could fix the 10 percent carryover statutorily. When the commissioner was a superintendent, hold harmless came into play, but it is atypical now because the population in a community is not necessarily shrinking because students are moving from brick-and-mortar to correspondence. In the commissioner's situation, the district was probably losing students and not paying for students twice, as they are now with the hold harmless provision and the 90 percent rate for correspondence students. She asked the commissioner if he would agree.

COMMISSIONER JOHNSON answered that when he was a superintendent and hold harmless came into play, it was because of a drop in enrollment because of a drop of population in the community. The hold harmless statute did not conceive of a situation like the state is in now. It is not necessarily a drop in population but a change in enrollment. Some students have gone from a brick-and-mortar program to a correspondence program or they have left a district and enrolled in a correspondence program in a different district.

COMMISSIONER JOHNSON concluded by stating that the department appreciated the opportunity to be in front of the committee that day and he appreciated the committee giving school districts the opportunity to present later in the week.

10:31:55 AM

There being no further business to come before the committee, Chair Holland adjourned the Senate Education Standing Committee at 10:31 a.m.