

**ALASKA STATE LEGISLATURE  
HOUSE EDUCATION STANDING COMMITTEE**

March 10, 2023

8:01 a.m.

**MEMBERS PRESENT**

Representative Jamie Allard, Co-Chair  
Representative Justin Ruffridge, Co-Chair  
Representative Mike Prax  
Representative CJ McCormick  
Representative Tom McKay  
Representative Rebecca Himschoot  
Representative Andi Story

**MEMBERS ABSENT**

All members present

**OTHER LEGISLATORS PRESENT**

Representative Alyse Galvin

**COMMITTEE CALENDAR**

PRESENTATION(S): CITIZEN'S GUIDE TO K-12 FUNDING IN ALASKA;  
EDUCATION REPORTS REQUIRED UNDER FEDERAL AND STATE LAWS AND  
REGULATIONS

- HEARD

**PREVIOUS COMMITTEE ACTION**

No previous action to record

**WITNESS REGISTER**

CONOR BELL, Fiscal Analyst  
Legislative Finance Division  
Legislative Affairs Agency  
Juneau, Alaska

**POSITION STATEMENT:** Presented a PowerPoint presentation, titled  
"Overview of K-12 Funding."

ELWIN BLACKWELL, School Finance Manager  
Financial and Support Services  
Department of Education and Early Development

Juneau, Alaska

**POSITION STATEMENT:** Answered questions on K-12 school funding and co-presented the PowerPoint, titled "Reports and Accountability."

SUSAN MCKENZIE, Director  
Division of Innovation and Education Excellence  
Department of Education and Early Development  
Juneau, Alaska

**POSITION STATEMENT:** Co-presented the PowerPoint, titled "Reports and Accountability."

DEBORAH RIDDLE, Operations Manager  
Division of Innovation and Education Excellence  
Department of Education and Early Development  
Juneau, Alaska

**POSITION STATEMENT:** Co-presented the PowerPoint, titled "Reports and Accountability" and answered questions.

LORI WEED, Finance Specialist  
Financial and Support Services  
Department of Education and Early Development  
Juneau, Alaska

**POSITION STATEMENT:** Co-presented the PowerPoint, titled "Reports and Accountability" and answered questions.

LACY SANDERS, Deputy Commissioner  
Office of the Commissioner  
Department of Education and Early Development  
Juneau, Alaska

**POSITION STATEMENT:** Answered questions during the presentation.

JOE WILLHOITE, Manager  
School Facilities  
Department of Education and Early Development  
Juneau, Alaska

**POSITION STATEMENT:** Answered questions during the presentation.

AMY PHILLIPS-CHAN, PhD, Director  
Division of Libraries, Archives, and Museums  
Department of Education and Early Development  
Juneau, Alaska

**POSITION STATEMENT:** Co-presented the PowerPoint, titled "Reports and Accountability."

ANDREA NOBLE, Executive Director  
Alaska State Council on the Arts

Juneau, Alaska

**POSITION STATEMENT:** Co-presented the PowerPoint, titled "Reports and Accountability."

**ACTION NARRATIVE**

[8:01:36 AM](#)

**CO-CHAIR JUSTIN RUFFRIDGE** called the House Education Standing Committee meeting to order at 8:01 a.m. Representatives Prax, McCormick, McKay, Himschoot, Allard, and Ruffridge were present at the call to order. Representative Story arrived as the meeting was in progress.

**PRESENTATION(S): CITIZEN'S GUIDE TO K-12 FUNDING IN ALASKA; EDUCATION REPORTS REQUIRED UNDER FEDERAL AND STATE LAWS AND REGULATIONS**

[8:02:27 AM](#)

CO-CHAIR RUFFRIDGE announced that the only order of business would be presentations on K-12 funding in Alaska.

[8:03:26 AM](#)

CONOR BELL, Fiscal Analyst, Legislative Finance Division, Legislative Affairs Agency, presented a PowerPoint, titled "Overview of K-12 Funding" [hard copy included in the committee packet]. He stated that the presentation will outline funding sources for K-12 education in Alaska. He began with an outline of the presentation, as seen on slide 2. He pointed out the pie charts on slide 3 and slide 4 which showed breakdowns of the education funding for fiscal year 2023 [FY 23], with the state being the largest payer at 63 percent and the Foundation Program being the biggest source at 52 percent. He further discussed the details of these charts. In response to a committee question, he expressed the belief that other states break down school funding at the county level. He stated that he would follow up to the committee with the data on municipal support, by district.

[8:08:06 AM](#)

MR. BELL addressed how the K-12 Foundation Funding Formula works, as seen on slide 5 through slide 9. He noted that the formula is subject to appropriations by the legislature, so if the legislature funds less than the statutory Foundation Funding

Formula, the Public Education Fund (PEF) would be prorated to districts proportionately. In response to a committee question regarding the uncertainty of student counts at the beginning of the school year, he stated that funding is gradual; therefore, money would not be appropriated into PEF right away. He reiterated that there would be a gradual appropriation into this fund. He recommended that the Department of Education and Early Development (DEED) speak to this, and he suggested there could be a comparison between the projected student counts from the time the budget is made with the actual student counts.

[8:11:08 AM](#)

The committee took a brief at-ease.

[8:11:29 AM](#)

REPRESENTATIVE PRAX expressed the understanding that money would flow into the fund by apportionment, gradually, and then it would flow to the districts based on the October student count. He pointed out that because of the COVID-19 pandemic, student counts had changed dramatically, resulting in a dramatic change in funding. He questioned whether there are statistics in relation to the stability of the student count over the past 10 years.

ELWIN BLACKWELL, School Finance Manager, Alaska Department of Education and Early Development, in further response to the question concerning the stability of the student count as it relates to the funding, stated that DEED does have average daily membership (ADM) data provided on its website going back 30 years. In response to a follow-up question, he stated that DEED has seen some change because of the pandemic, with the biggest shift being students moving out of the brick-and-mortar facilities in 2021 to correspondence programs. He added that overall, the difference was only a few percentage points, and currently these students are slowly moving back into the school facilities.

MR. BLACKWELL, in response for clarification on the process, explained that DEED would do a count through October for the new number of students. After this, a couple months would be spent working with the districts on the ADM data, so it could be set by March. From this the remaining year would be determined. In order for money to start being sent to the districts, he explained that for the first nine months of the fiscal year the Foundation Fund payment would be based on the prior year.

During the three final months, amounts would be trued up, and by the end of the fiscal year districts would receive their current year's entitlement.

[8:16:49 AM](#)

CO-CHAIR RUFFRIDGE questioned PEF, expressing the understanding that it is a pass-through fund and would need to have a large amount of money to smooth over any volatility. He questioned the statutory average of money that is required to be in PEF.

MR. BELL responded that he would report back to the committee with this answer.

[8:17:32 AM](#)

MR. BLACKWELL, in response to a committee question, stated that during his tenure the formula has never been underfunded. In response to a follow-up question, he replied that the local funding would go directly from municipalities to the schools, not passing through the state. He continued that the federal funding would go directly to the districts, with DEED only collecting information on the money that has been given to districts. Adjustments are then made within the Foundation Fund to determine the state aid, and this would depend on what the districts received.

[8:19:53 AM](#)

CO-CHAIR ALLARD questioned whether some school districts receive more money for correspondence schools than others.

MR. BLACKWELL answered that districts would decide on the amounts that are given as an allotment to parents.

CO-CHAIR ALLARD suggested that if districts are offering parents different allotments for each correspondence school, parents may want to switch programs. She commented that this would create "friendly" competition.

MR. BLACKWELL reiterated that it would be up to districts to increase the student allotment, even with an increase in the base student allotment (BSA). He stated that in the past this has happened, and districts did increase allotments. In response to a comment that BSA is not the only funding, he explained that for general operating purposes, BSA would represent a large portion of the Foundation Funding Formula. He

continued that some districts retain some [federal] impact aid funds and additional amounts from the local municipalities are received; therefore, districts may have a little more than what the formula determines for operating purposes.

REPRESENTATIVE ALLARD expressed the opinion that there are other "buckets of money" coming to DEED.

[8:24:29 AM](#)

REPRESENTATIVE STORY questioned whether impact aid would go to Regional Education Attendance Areas (REAAAs). She questioned whether all correspondence students' allotments would also be increased when BSA increases.

MR. BLACKWELL replied that impact aid would be received by any district with qualifying students; however, not all districts have students who qualify. He replied that given the value of correspondence students in the Foundation Funding Formula, if this goes up with BSA, the student's resource would go up. In response to a follow-up question concerning impact aid, he replied that in Alaska this would go to students who live on Native lands and students who live on military bases. He explained that the impact aid would pass through DEED, but DEED does not retain any of this aid. In response to a follow-up question, he replied that DEED does utilize some of the impact aid from REAAAs in relation to funding basic needs. He further explained that DEED cannot use any of the impact aid designated for special education students or for students who live on Native lands. Other than this, he said that 90 percent of any leftover funds from impact aid would be used in REAAAs for basic needs. For impact aid to municipalities, DEED would consider how much funding is provided over the required local effort; therefore, the eligible amount would be reduced per the percentage. After this, DEED would take 90 percent of this toward basic needs. He concluded that DEED would use more of the impact aid for REAAAs than for municipal school districts.

[8:28:45 AM](#)

MR. BELL moved to slide 6 and explained how ADM would be determined. He stated that the adjusted ADM would be determined by using six factors, as seen on slide 7. He pointed out that the six factors are school size, district cost, special needs, career and technical education (CTE), special education intensive students, and the correspondence multiplier. He

explained that the result would then be multiplied by BSA to get the basic need. He gave further details on the six factors.

[8:33:28 AM](#)

MR. BLACKWELL, in response to a series of committee questions, replied that the special needs factor would cover special needs students, gifted and talented students, and bilingual and bicultural students. He explained that this factor would increase the funding the district would receive. He stated that this factor is discretionary; however, if the students in these categories are in the district, they would receive the services. If these services do not require the full 20 percent, then the funds could be used for other needs. He answered that if the district needed additional funding and did not have a CTE program, it could use the CTE multiplier for special needs [but the CTE is not included in the special needs factor]. He added that all the funds from the Foundation Program are discretionary to meet the educational needs of the students.

MR. BLACKWELL, in response to a question concerning state funds with a target, replied that one of the larger funds is the transportation fund, as this covers students going to and from school. He stated that this must be reported in a special revenue fund for the state, so how the funding is used can be seen. If there is excess in this fund, it could be transferred for other purposes.

[8:38:10 AM](#)

MR. BLACKWELL, in response to a committee question, stated that the special needs factor is not determined by the number of students who need these services, rather every district has the same multiplier of 1.2. He continued that the only special needs students individually identified are the intensive needs students, and they would be given additional funding. He stated that any formula changes to this would be a policy decision made by the legislature. In response to a question concerning the CTE funding, he responded that no matter how many CTE students there are, every district would receive a 1.5 increase for every brick-and-mortar student. He added that this is a set factor in the Foundation Funding Formula, and every district receives this.

[8:41:43 AM](#)

REPRESENTATIVE HIMSCHOOT commented on the federal requirements for the Individuals with Disabilities Education Act (IDEA) block grant funding. She explained that this block grant funding would go toward the individualized education plans for specific students, and these plans would be legal documents with timelines and benchmarks. She added that there is also a required plan for English language learners.

[8:42:58 AM](#)

MR. BLACKWELL responded to a committee question concerning the state allotments given to districts and any shortfall a district may have. He explained that state aid is a fixed number, and it would be up to the district to operate within this; however, if the district is under budget, the leftover funds could be transferred to other needs in the district. In response to a follow-up question, he stated that by state statute, districts must have an audit every year. He stated that he would follow up to the committee with these audit reports.

[8:47:14 AM](#)

MR. BELL addressed the Foundation Funding Formula's adjustment factors listed on slide 8, as follows: ADM, Non-Correspondence ADM, school size factor, district cost factor, special needs factor, CTE factor 1.015, SPED (special education) intensive, and correspondence. He further discussed this process. He moved to slide 9 and stated that the hold harmless provision would allow a time adjustment if a district's ADM decreased more than 5 percent in a year. He pointed out that this had been used when students moved to correspondence schools during the COVID-19 pandemic. He explained the consolidation of these provisions would help disincentive districts from closing schools. He pointed out the graphs on slide 11 through slide 13, which addressed the effect of these factors over time. He directed attention to the fact the ADM multiplier has grown since FY 05 from 1.658 to the current 2.223. He stated that while the student count has been reduced over the last 20 years, the ADM has grown. He pointed out that over the last 20 years BSA has grown from \$4,576 to \$5,960.

[8:54:03 AM](#)

MR. BELL, in response to a committee question concerning the increase in multipliers in FY 21, explained that this was because of the hold harmless factor, as students were switching to correspondence schools during the pandemic and ADMs were

falling below 5 percent. In response to a request, he stated that he would report the requirements for a student to be considered intensive special needs to the committee.

[8:58:15 AM](#)

CO-CHAIR RUFFRIDGE, in response to the committee discussion, expressed the understanding that ADM, or the number of actual students attending school, has remained relatively flat for 20 years. However, after applying the listed factors, the adjusted ADM would create an artificial number of students.

MR. BELL responded in agreement. Concerning the increase in SPED and CTE multipliers in FY 21, he responded that he cannot speak to the legislative intent at that time, but he allowed that greater funding had been provided for intensive needs students.

[9:00:20 AM](#)

CO-CHAIR ALLARD questioned the number of special needs students receiving funding outside of the brick-and-mortar schools.

MR. BLACKWELL replied that correspondence students funding would come after all the adjustments, so none of these multipliers apply to correspondence. He explained that if a special needs student is in correspondence school, the school would be required to meet these needs, but the school would not receive a multiplier and the formula would not increase; however, if the special needs is defined as "intensive," the district would receive the multiplier regardless of whether the student attends a brick-and-mortar school or correspondence school. In response to a series of follow-up questions, he stated that concerning the difference between the special education category and the intensive needs category, a list of conditions would need to be met to qualify as an intensive needs student. He stated that he would follow up to the committee with these criteria. He expressed uncertainty whether students in school districts who cannot read would receive more funding. He stated that if students have reading difficulties, they may fall into a special needs category. In response to a question concerning the amount of additional funding for intensive needs students, he expressed the understanding it would add around \$77,000. Concerning the amount parents would receive if the intensive needs student were in a correspondence school, he expressed uncertainty. He stated that the correspondence program would have the responsibility to

make sure the student's needs are met. He responded that he would follow up with the exact numbers.

[9:07:08 AM](#)

REPRESENTATIVE STORY expressed the belief that for intensive needs students, a one-on-one special aid would be hired by the district. She added that districts would possibly be required to provide a speech therapist in these situations. She recommended that the committee have a separate meeting on these special education issues. She requested a follow-up response on these questions.

[9:08:27 AM](#)

MR. BELL, continuing the presentation, addressed the other funding sources, with slide 13 listing the required local contributions. He explained that 34 of the 53 districts in the state would be required to meet the local contributions. He pointed out that because REAAs do not collect taxes, they would not be required to pay. He discussed how the local contributions would be determined. He added that this is a substitute for money the state would have to contribute. He continued to slide 14 and stated that local governments can provide voluntary funding, but there is a cap on this amount. Moving to slide 15 and slide 16, he stated that districts can receive funding when there is non-taxable federal property in the district, such as military bases. He discussed how this federal impact aid effects the Foundation Funding Formula, as the state could deduct 90 percent from its share of the formula; however, Alaska would have to pass the federal disparity test to do this. Regarding this, he explained that the state must have an equalized formula.

[9:14:05 AM](#)

REPRESENTATIVE PRAX expressed the understanding that this would provide an incentive for local districts to contribute more than the limit, because they would still receive the federal impact aid, while the state would lose the funding.

[9:14:37 AM](#)

MR. BELL explained that the cap on voluntary contributions would enable the state to pass the disparity test; therefore, Alaska is considered an equalized state. If the cap were removed and the disparity were no longer passed, he expressed agreement that

districts with significant federal impact aid would receive more funding.

MR. BELL, in response to a follow-up comment, related that Alaska had failed the FY 22 disparity test, but it appealed and passed the test because the federal inclusion of pupil transportation was reversed. In response to a follow-up question from the committee, he stated that he would report back to the committee with the information on the disparity test and the numbers involved. He expressed uncertainty about whether the state has ever failed the disparity test, and he would report back to the committee on this.

[9:17:36 AM](#)

CO-CHAIR RUFFRIDGE added that, for the record, this information is available on DEED's website.

[9:18:04 AM](#)

MR. BELL moved to slide 17, which addressed the funding for pupil transportation. He stated that this is provided to any district with a pupil transportation system. He discussed the fiscal history of this funding, with the FY 24 total being at \$72.6 million, and this would come from the unrestricted general funds. He moved to slide 18, discussing indirect funding to the districts, which includes the state's retirement system, school debt reimbursement, and REAA funding. He moved to slide 21 which showed the funding levers for the legislature. He stated that if the legislature were to change school district funding, this could be done by changing the following: BSA, outside-the-formula funding, formula factors, the retirement system, required local contributions, and the local contribution cap.

[9:25:13 AM](#)

CO-CHAIR RUFFRIDGE, for the record, acknowledged that Mr. Bell has been "great to work with."

[9:26:03 AM](#)

REPRESENTATIVE PRAX expressed the understanding that if a school applies for the transportation funding, this would be awarded per the total number of students in the district, regardless of the number who would use the transportation system.

MR. BELL replied that is correct for non-correspondence students.

REPRESENTATIVE PRAX expressed the understanding for why students who are learning at home would not be considered in this funding.

[9:27:06 AM](#)

The committee took an at-ease from 9:27 a.m. to 9:34 a.m.

[9:34:54 AM](#)

CO-CHAIR RUFFRIDGE announced that the last order of business would be the presentation on reports and accountability.

[9:36:05 AM](#)

SUSAN MCKENZIE, Director, Division of Innovation and Education Excellence, Alaska Department of Education and Early Development, co-presented a PowerPoint, titled "Reports and Accountability" [hard copy included in the committee packet]. She introduced the presentation and pointed out DEED's mission, vision, and purpose, as seen on slide 2. She stated that the presentation will focus on DEED's statutory and regulatory reports and accountability. She moved to slide 3, titled "Strategic Priorities: Alaska's Education Challenge." She pointed to the five priorities listed on the slide, adding that DEED's work is centered around these priorities. She moved to slide 4 and stated that the presentation will cover the five areas listed on the agenda. She summarized the divisions listed that will be presenting.

[9:38:27 AM](#)

DEBORAH RIDDLE, Operations Manager, Division of Innovation and Education Excellence (IEE), Department of Education and Early Development, moved to slide 6, titled "Division of Innovation and Education Excellence (IEE) Data Collections." She stated that data is only collected from districts that are required to report, per state regulation. She summarized DEED's use of the data, which includes reporting, public information requests, calculating school designations, and programming decision making. She moved to slide 7, which listed the six primary data collections IEE gathers from the districts. She stated that these are the data elements that provide information for the state and federal reports.

[9:39:28 AM](#)

MS. RIDDLE, in response to a committee question, replied that the Fall OASIS collects the data under student demographics, per the U.S. Department of Education (DoED). She explained that the students' demographics, gender, age, race and ethnicity, and more would be gathered. In response to a follow-up question, she stated that this would regard the free and reduced lunch program and English as a second language program.

MS. RIDDLE, in response to a committee question regarding the Report Card to the Public, stated this report card is required by DoED, and it is mandated by the state as well. She explained this report provides an overview of the schools and a synopsis of all the collected data. She provided some of the details that would be included on the report. She noted that each school would be given an index score. She said that the report is posted in January of each year.

MS. RIDDLE, in response to a follow-up question concerning the index score's equality and variability, stated that the accountability system is just one part of the report card, as it would also include data for the report for the Office of Civil Rights and the report for Suspensions and Expulsions. She noted that because of DoED requirements, the accountability system is complicated, and she offered to report back with more information. In continued response, she stated that the reason some of the systems were put into place is to protect student privacy. She offered that IEE is working on revising some of these pieces in the accountability system. She noted that if there is 5 percent of a certain student demographic, this cannot be reported, and this information is suppressed.

[9:46:34 AM](#)

MS. RIDDLE, in response to a committee question, stated that the reporting requirements for student achievement gaps are required for the lowest designated schools that have an improvement designation, as these are the schools that are targeted for support. In response to a follow-up question, she discussed how the lowest designated schools would be determined, adding that currently some adjustments had been made to the formula and the growth indicator, so determinations may be different in the coming years. She stated that she would report back to the committee with the formula.

MS. RIDDLE, in response to a committee question, displayed slide 8, titled "Division of Innovation and Education Excellence (IEE) Required Reports." She explained that the Persistently Dangerous report looks at factors of a school that deem it to be dangerous, and this is a federal report. She noted that there are not many of these schools in the state. She noted that the Annual Report to the Legislature is IEE's thick report, and she moved to the next slide to discuss this.

[9:50:34 AM](#)

MS. RIDDLE addressed slide 9, titled "Division of Innovation and Education Excellence (IEE) Report Deadlines and Citations." She pointed out that the Annual Report to the Legislature is annual report, along with several others. She detailed several of the other reports on the list.

MS. RIDDLE, in response to a committee question, stated that data for the Suspension and Expulsions Report is collected by incidents, so several people could be involved in one incident, or one person could be involved in several incidents. She acknowledged that reporting in this manner could skew the data.

MS. RIDDLE moved from slide 9 to slide 11, which further addressed IEE report deadlines and citations, funding sources reports, and report distribution. She concluded IEE section of the presentation on slide 12, titled "Division of Innovation and Education Excellence (IEE) Reports Available Online."

[9:53:19 AM](#)

MR. BLACKWELL, co-presenting the PowerPoint, began on slide 14, titled "School Finance - School District Budget and Actual Reporting." He reviewed the reports listed on the slide. In response to a committee question, he expressed uncertainty concerning whether districts are required to make budget reports available to the public. He acknowledged that many do make these available. In response to a follow-up question, he stated that these financial statements are public information, and if it is requested, districts would have the obligation to provide these.

MR. BLACKWELL, in response to a series of committee questions, explained that districts' reports may be presented slightly different than how the state reports the data. He added that all the data is there, just presented differently at times. He gave details on the function levels. In response, he explained

that the state reports the budgets by district, and then by the function level. He continued that the website does not have the capability to evaluate one school against another, but this could be done by district, as the funding is always given by district. He stated that schools do not report their budgets to the state, but to the districts.

[10:00:33 AM](#)

MR. BLACKWELL moved to slide 15, titled "School Finance Forecasted Unreserved Operating Fund Balances." He stated that reports are generated off the fund balances for districts, so there is a fund balance requirement in statute, which stipulates that no more than 10 percent of expenditures can be retained by a district in any given fiscal year. He noted that each district's audit would be reviewed, per statute; however, House Bill 76 [passed during the Thirty-Second Alaska State Legislature] waived this provision until 2025, so districts can retain more unreserved funds in their operating budgets. He stated that this legislation also has required DEED to prepare a report forecasting what districts have as an ending fund balance. In response to a committee question, he stated that this year's report has already been sent to the legislature.

MR. BLACKWELL proceeded to slide 17, titled "School Finance Forecasted Unreserved Operating Fund Balances," which detailed how the report, per House Bill 76, would be compiled. He stated that using this report, the legislature can monitor the unreserved fund balance while the 10 percent requirement is being waived.

[10:03:13 AM](#)

REPRESENTATIVE HIMSCHOOT commented that while performing school reviews, she has noticed that some school districts retain the full 10 percent in reserves because of the instability in the funding cycle. She opined that the ability to hold money back would be valuable to stabilize a district's overall budget; however, the money should be going into the classroom, but it is often held back.

CO-CHAIR RUFFRIDGE commented that last year the legislature aided in this with forward funding. He questioned whether there would be a way to allow districts to hold a year's worth of budget in reserve.

MR. BLACKWELL replied that forward funding would not be the mechanism for this. He stated that forward funding usually happens when funds are appropriated a year in advance.

[10:05:47 AM](#)

MR. BLACKWELL moved to slide 18 and slide 19 and reviewed the Per Pupil Expenditure Report by School. He stated that this is a relatively new report required by the federal Every Student Succeeds Act (ESSA). He stated that this report looks at the per-pupil expenditures of federal, state, and local funds, including actual personnel expenditures and actual non-personnel expenditures. He explained that this is disaggregated by the source of funds for each local education agency and school in the state for the preceding fiscal year. The districts would report the information to DEED, and DEED posts the data.

MR. BLACKWELL responded to a question on the report on per-pupil expenditures. He expressed uncertainty concerning the report's intent. He pointed out that this is a mandate from the federal government, and he expressed confusion concerning its usefulness. He suggested that there is no relationship between per pupil expenditures and student achievement, or growth rate.

MR. BLACKWELL responded to a series of committee questions. Concerning the definition of "disaggregated by source," he stated that this means DEED is making some assumptions concerning what dollars are going where, as all the funding from different sources are deposited into the same account, and then disaggregated by purpose. He stated that if federal money is received through a title program, this program will dictate how the money is spent; however, discretionary grants can be used as needed. In regard to targeted funds, he stated that all the students in the district would be considered, allocating this fund across all, so specifics are not known.

[10:13:03 AM](#)

REPRESENTATIVE STORY expressed the understanding that ESSA is targeting down on these dollars because it wants more accountability with school board members. Regarding the levels of experience within different teaching positions held in schools across the state, she discussed how the school funding amounts differ. She suggested that ESSA is attempting to get school board members to consider this.

[10:14:23 AM](#)

MR. BLACKWELL moved to slide 19 and slide 20, which were both titled "School Finance Per Pupil Expenditure Report by School." He stated that this lays out the location of reporting requirements. In response to a committee question, he stated that "LEA" stands for local education agency, "ESSA" stands for Every Student Succeeds Act, and "ESEA" stands for Elementary and Secondary Education Act. He stated ESSA and ESEA are both federal.

MR. BLACKWELL expressed uncertainty on the question of what would happen if the federal report on per-pupil expenditure was not submitted to the federal government. He stated that he would report this answer back to the committee. In response to a follow-up question, he expressed uncertainty on the number of positions in Alaska's education system that are federally funded.

[10:17:45 AM](#)

LORI WEED, Finance Specialist, Division of Financial and Support Services, Department of Education and Early Development, resumed the presentation on slide 22, titled "School Facilities School Capital Funding Report," which read as follows [original punctuation provided]:

- Statutory Reporting Requirement: AS 14.11.035
- School Capital Project Funding Under SB 237 (Chapter 93, SLA 2010)
- Provided to Legislature annually by February 28 An Excellent Education for Every Student Every Day
- Used to review impacts of funding on schools
  - Operating budget: fund capitalization of Regional educational attendance area and small municipal school district school fund
  - Capital budget: appropriations to School Construction Grant Fund and Major Maintenance Grant Funds
- Program funding available to all school districts via capital improvement project application and ranking process
- Priority lists and publications/reports:

- [education.alaska.gov/facilities](http://education.alaska.gov/facilities)

MS. WEED, in response to a committee question, stated that the available funding through the capital improvement projects (CIP) list would vary every year, and this is based on legislative appropriation. Concerning which programs are funded, she replied that DEED funds down the list, and if there is a set amount of appropriations and not sufficient funding for a particular project, it would go down the list to the next project. She stated that when an entire school has to be replaced, it would be on this list.

MS. WEED, in response to a committee question, stated that she does not have exact numbers for school maintenance. She expressed the understanding that it is around \$200 million. She commented that funding has varied widely over the last ten years for the school maintenance list and school construction list. In response to a committee question, she stated that she would report back to the committee with the number of schools in the state that are at full capacity. She responded that the square footage of school buildings and their capacity vary widely. She deferred the question.

[10:22:56 AM](#)

LACY SANDERS, Deputy Commissioner, Office of the Commissioner, Department of Education and Early Development, stated that every school district has a variation in size and capacity of its facilities. In regard to reporting this information back to the committee, she noted that the buildings are not owned by the state, but they are owned by local school districts, and any facility that is closed or disposed of would be up to the school district. She stated that any information on this will be pulled together for the committee. In follow up, she stated that the districts could also be asked for the information. She added that DEED is limited on the information it can request from districts, and it may have to request additional authority to obtain this information. She reiterated that she would follow up with whatever statutory authority DEED has in relation to this information.

MS. WEED, in response to a question on school bond debt reimbursement, stated that the division manages the financial side of this.

MR. BLACKWELL responded that the only requirement of the municipality would be to notify DEED of the anticipated debt for

budgeting purposes. He added that the finance division would do the reimbursement side, while the facilities division would do the project side. He expressed uncertainty on how this would show up in the budgets. He deferred the question on how bond debt reimbursement would show up in the budgets.

MS. SANDERS responded that each year the value on the appropriation is based off what is due for a bond reimbursement. She stated that this number is a formula number prepared by DEED, and this goes to the governor's office. This amount is included in the appropriation bill. She stated that once the legislature determines this amount, it would be given to the municipalities.

[10:30:17 AM](#)

REPRESENTATIVE STORY clarified that some school buildings are owned by the cities, and not the districts.

REPRESENTATIVE PRAX expressed the opinion that it would be easy for these facilities to be mismanaged. He opined on this, suggesting that districts are shifting costs to the state.

[10:31:53 AM](#)

JOE WILLHOITE, Manager, School Facilities, Department of Education and Early Development, answered that systems are in place that would respond to preventative maintenance. He stated that to participate in the CIP process, a district must have a robust preventative program. He explained the monitoring process of the preventative maintenance program. In response to the suggestion that school districts are shifting maintenance costs to the state, he reiterated that it is a requirement that districts maintain preventative maintenance.

REPRESENTATIVE PRAX suggested that this requirement is not working as well as it should, as there are a number of capital requests coming from municipalities for repairs to school buildings.

MR. WILLHOITE responded that all parts of a building, depending on the value of the original facility, are perishable, and eventually they will need major maintenance. He stated that a roof can only be patched a number of times before it would need replacing. He added that not all CIP projects would get funded soon enough to prevent "them from starting to leak." He stated

that funding can be requested, but until a project becomes a real problem, it does not get the funding.

[10:35:19 AM](#)

MS. SANDERS, in response to a committee question, stated that major maintenance funding comes from a grant program. She stated that the legislature would appropriate money into a fund for specific projects that are on the list, so the money is obligated. She stated that it is not often there is a balance in the fund. In response to a follow-up question, she stated that the funding is on an annual basis.

[10:36:17 AM](#)

CO-CHAIR ALLARD expressed concerns on accountability for the deferred maintenance funding. She suggested there be an audit on this process. She questioned whether there is an investigation of the needed deferred maintenance in each school district.

MR. WILLHOITE replied that a system exists which requires districts to provide a preventative maintenance schedule, along with the history of what has been done. If this is not provided, or preventative maintenance is failing, he said that the district would be put on a provisional list. He added that being on this list could disqualify a district from the CIP process, and why a district is on the list must be addressed before it can apply for a CIP. In response to a follow-up question, he stated that districts are put on the provisional list "more frequently than I'd like." He stated that this would be funded through a district's general fund, and he expressed the opinion that this is unfortunate. He pointed out that some districts put more emphasis on deferred maintenance than others. In response to a request for a historical record of the provisional lists, he stated that he would report this back to the committee. He deferred to Ms. Weed.

MS. WEED responded that DEED currently has nine districts on the provisional list and five districts that have not certified their programs. She stated that the five districts cannot be on the CIP list until their programs are certified.

MS. WEED, in response to a committee question, stated that districts would use their foundation formulas for funding facility maintenance. In response to whether this would jeopardize the BSA, she replied that it has been noted that

maintenance funding "takes hits" because it is believed that this funding should be kept in the classroom.

[10:42:14 AM](#)

AMY PHILLIPS-CHAN, PhD, Director, Libraries, Archives, and Museums (LAM), Department of Education and Early Development, joined the presentation on slide 25, titled "Division of Libraries, Archives, and Museums (LAM) - School Broadband Assistance Grant (BAG)." She stated that the BAG program was created to increase download speeds for the internet in schools. She stated that BAG was established in 2014, originally allowing schools to reach download speeds of 10 Mbps. She stated that in 2020, the legislature revised the statute to help schools reach download speeds of 25 Mbps. She stated that in FY 23 BAG awarded \$6.1 million to 151 schools in Alaska. She moved back to slide 24, titled "Division of Libraries, Archives, and Museums (LAM) School Broadband Assistance Grant (BAG) Program Annual Timeline" and went through BAG's application and reporting process.

[10:47:17 AM](#)

REPRESENTATIVE PRAX expressed the opinion that this program should be managed by the individual districts and included as a school operating expense, as opposed to a separate grant program. He argued that the management of this program should be reconsidered.

[10:48:47 AM](#)

ANDREA NOBLE, Executive Director of Alaska State Council on the Arts, (ASCA), joined the presentation on slide 27, titled "Alaska State Council on the Arts (ASCA)." She stated that the slide shows only the grant programs in school districts where ASCA reports are required by regulation. She stated that the content and format of the reports are aligned with the federal requirements for funds from the National Endowment for the Arts. She noted that the reporting process is similar to that of LAM's process.

[10:50:28 AM](#)

REPRESENTATIVE PRAX expressed the opinion that this should also be managed by districts in their regular school budget process.

[10:50:49 AM](#)

CO-CHAIR RUFFRIDGE extended gratitude for DEED and offered closing comments.

[10:51:45 AM](#)

**ADJOURNMENT**

There being no further business before the committee, the House Education Standing Committee meeting was adjourned at 10:51 a.m.