

**ALASKA STATE LEGISLATURE  
SENATE EDUCATION STANDING COMMITTEE**

March 6, 2023

3:33 p.m.

**MEMBERS PRESENT**

Senator Löki Tobin, Chair  
Senator Gary Stevens, Vice Chair  
Senator Jesse Bjorkman  
Senator Jesse Kiehl  
Senator Elvi Gray-Jackson

**MEMBERS ABSENT**

All members present

**COMMITTEE CALENDAR**

SENATE BILL NO. 29

"An Act relating to civics education, civics assessments, and secondary school graduation requirements; establishing the Alaska Civics Education Commission; and providing for an effective date."

- MOVED CSSB 29(EDC) OUT OF COMMITTEE

SENATE BILL NO. 24

"An Act relating to mental health education; and providing for an effective date."

- MOVED SB 24 OUT OF COMMITTEE

PRESENTATION ALASKA PUBLIC SCHOOL FUNDING FORMULA

- HEARD

**PREVIOUS COMMITTEE ACTION**

BILL: SB 29

SHORT TITLE: CIVICS EDUCATION; EST AK CVCS ED COMM

SPONSOR(s): SENATOR(s) STEVENS

01/18/23	(S)	PREFILE RELEASED 1/9/23
01/18/23	(S)	READ THE FIRST TIME - REFERRALS
01/18/23	(S)	EDC, FIN

02/22/23 (S) EDC AT 3:30 PM BELTZ 105 (TSBldg)  
02/22/23 (S) Heard & Held  
02/22/23 (S) MINUTE(EDC)  
03/06/23 (S) EDC AT 3:30 PM BELTZ 105 (TSBldg)

BILL: SB 24

SHORT TITLE: PUBLIC SCHOOLS: MENTAL HEALTH EDUCATION

SPONSOR(S): SENATOR(S) GRAY-JACKSON

01/18/23 (S) PREFILE RELEASED 1/9/23  
01/18/23 (S) READ THE FIRST TIME - REFERRALS  
01/18/23 (S) EDC, HSS, FIN  
02/22/23 (S) EDC AT 3:30 PM BELTZ 105 (TSBldg)  
02/22/23 (S) Heard & Held  
02/22/23 (S) MINUTE(EDC)  
03/06/23 (S) EDC AT 3:30 PM BELTZ 105 (TSBldg)

**WITNESS REGISTER**

TIM LAMKIN, Staff  
Senator Gary Stevens  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Provided a summary of changes from version A to version S SB 29.

KELLY MANNING, Deputy Director  
Innovation and Education Excellence  
Department of Education and Early Development (DEED)  
Juneau, Alaska

**POSITION STATEMENT:** Reviewed the fiscal note OMB component number 2796 for SB 29.

JOHN APPLEBEE, Chief of Staff  
Lieutenant Governor Nancy Dahlstrom  
Office of the Governor  
Juneau, Alaska

**POSITION STATEMENT:** Reviewed the fiscal note OMB component number 3389 for SB 29.

ELLEN WEISER, President  
Kids Voting North Alaska  
Fairbanks, Alaska

**POSITION STATEMENT:** Testified in opposition to SB 29.

TIM DORAN, representing self  
Fairbanks, Alaska

**POSITION STATEMENT:** Testified in opposition to SB 29.

AMY GALLAWAY, representing self  
Fairbanks, Alaska

**POSITION STATEMENT:** Testified in opposition to SB 29.

KELLY MANNING, Deputy Director  
Innovation and Excellence in Education  
Department of Education and Early Development (DEED)  
Juneau, Alaska

**POSITION STATEMENT:** Reviewed the fiscal note OMB component number 2796 for SB 24.

STEVEN PEARCE, Director  
Citizens Commission on Human Rights  
Seattle, Washington

**POSITION STATEMENT:** Testified in opposition to SB 24.

MADISON TRUITT, representing self  
Juneau, Alaska

**POSITION STATEMENT:** Testified in opposition to SB 24.

HEIDI TESHNER, Acting Commissioner  
Department of Education and Early Development (DEED)  
Juneau, Alaska

**POSITION STATEMENT:** Co-presented the Alaska Public School Funding Formula presentation.

ELWIN BLACKWELL, School Finance Manager  
School Finance and Facilities  
Department of Education and Early Development (DEED)  
Juneau, Alaska

**POSITION STATEMENT:** Co-presented the Alaska Public School Funding Formula presentation.

**ACTION NARRATIVE**

[3:33:04 PM](#)

**CHAIR LÖKI TOBIN** called the Senate Education Standing Committee meeting to order at 3:33 p.m. Present at the call to order were Senators Bjorkman, Gray-Jackson, Kiehl, Stevens, and Chair Tobin.

**SB 29-CIVICS EDUCATION; EST AK CVCS ED COMM**

[3:34:17 PM](#)

CHAIR TOBIN announced the consideration of SENATE BILL NO. 29

"An Act relating to civics education, civics assessments, and secondary school graduation requirements; establishing the Alaska Civics Education Commission; and providing for an effective date."

[3:35:06 PM](#)

CHAIR TOBIN solicited a motion to adopt a committee substitute for SB 29.

[3:35:11 PM](#)

SENATOR STEVENS moved to adopt the committee substitute (CS) for SB 29, work order 33LS0246\S, as the working document.

[3:35:19 PM](#)

CHAIR TOBIN objected for purposes of discussion.

[3:35:26 PM](#)

TIM LAMKIN, Staff, Senator Gary Stevens, Alaska State Legislature, Juneau, Alaska, provided a summary of changes for SB 29 as follows:

[Original punctuation provided.]

SUMMARY of CHANGES  
(from version A to S)

1. Deleted reporting requirements from version A
  - a. (version A) Page 2, lines 11-14, relating to School District civics curriculum and assessment data reporting requirements to DEED; and
  - b. (version A) Page 3, lines 2-7 and lines 23-28, relating to annual reporting of this data from the state board of education and early development to the Legislature.
2. Staffing the Commission from Lt Gov to DEED
  - a. (version A) Page 4, line 3, struck "lieutenant governor" and replaced with
  - b. (version S) Page 3, line 18, "Department" (of Education and Early Development), as staffing the Commission.
3. Redesigned representation of the Judiciary on the Commission:
  - a. (version A) Page 4, lines 8-9: from a justice of the Supreme Court to

- b. (version S) Page 3, lines 23-26: a retired Alaska judicial officer or administrative person with judicial experience in the state.
4. Commission meetings, sharing Legislative resources
    - a. (version S) Page 4, lines 27-29 to page 5, line 2: allowing for legislative council to assist the Commission in the conducting its business, including use of legislative meeting space and related resources.

[3:37:48 PM](#)

CHAIR TOBIN removed her objection; she found no further objection and SB 29, work order 33-LS 0246\S, was adopted.

[3:38:33 PM](#)

KELLY MANNING, Deputy Director, Innovation and Education Excellence, Department of Education and Early Development (DEED), Juneau, Alaska, explained the fiscal note OMB component number 2796 for SB 29. She said DEED's fiscal note consisted of two parts. One section addresses one-time expenses. The other section addresses annual expenses.

[Original punctuation provided.]

This fiscal note contains the following one-time expenses: 1) \$49.5 for department staff and 20 educators to travel to civics curriculum and assessment development convenings; 2) \$229.1 to contract a facilitator to convene department staff, educators, and stakeholders for participation in the development of a civics assessment and corresponding secondary semester long civics curriculum, as well as associated data collection elements, and legal fees; 3) \$5.0 for the initial supplies and equipment set up of a new employee; and 4) \$40.0 for stipends (\$2.0 per participant).

In addition, this fiscal note includes out-year annual expenses: 1) \$118.8 for one Educational Specialist 2 position to serve as a Social Studies Content Specialist and Alaska Civics Education Commission Coordinator; 2) \$4.0 for staff travel to the annual in-person Commission convening; and 3) \$33.1 for annual in-person Commission convening and department chargeback expenses.

[3:41:53 PM](#)

SENATOR STEVENS stated he was shocked by DEED's fiscal note. The cost is unnecessary and would kill SB 29. He opined that SB 29 does not require a full-time employee. He is having new fiscal notes drafted to reduce the cost substantially.

[3:42:42 PM](#)

CHAIR TOBIN stated the committee would look forward to receiving updated fiscal notes as SB 29 moves through the process.

[3:42:58 PM](#)

JOHN APPLEBEE, Chief of Staff, Lieutenant Governor Nancy Dahlstrom, Office of the Governor, Juneau, Alaska, stated the CS for SB 29 the committee adopted makes the fiscal note the Office of the Governor submitted irrelevant and zeros it out in its entirety.

[3:43:39 PM](#)

CHAIR TOBIN opened public testimony on SB 29.

[3:44:31 PM](#)

ELLEN WEISER, President, Kids Voting North Alaska, Fairbanks, Alaska, testified in opposition to SB 29. Kids Voting North Alaska is a non-partisan program committed to helping children become lifelong learners. The organization has worked in the North Star Borough for over 30 years. Kids Voting North Alaska is a supporter of civics education in schools. Its board agreed that a semester-long civics course would benefit students. The founding fathers considered public education a key element to maintaining the American Republic. She opined that schools should integrate history and civics. Civics should not take the form of a one-semester-and-done requirement. States should reconceive educational goals using open-ended questions to stimulate analytical thinking.

[3:47:10 PM](#)

MS. WEISER said the organization is concerned about the civics test educational requirement. Civics is more than memorizing facts about government. It is about applying civic knowledge within towns, boroughs, the state, and the nation. She opined that a civic service-learning component should be a culminating activity. SB 29 should be flexible and emphasize local control. Additionally, the legislation should increase the number of highly qualified civics teachers employed within a district to support any mandated assessment for graduation. Kids Voting North Alaska disagrees with having a civics commission. SB 29 should designate Alaskan educators as the experts that create

the curriculum and assessment. Local education agencies should choose the curriculum.

[3:50:38 PM](#)

TIM DORAN, representing self, Fairbanks, Alaska, testified in opposition to SB 29, saying he has been an educator for over forty years. Every teacher in a school teaches civics. When a child enters school they acquire the skills to get along, work together, share, and respect one another. They learn to live within a community while discovering how broader outside communities operate. He opined that this is the essence of civics. He said Fairbanks' schools offer civics education at every grade level and named curriculum titles. He opined that SB 29 was based on a weak premise. SB 29 would have a third party establish a civics curriculum that endangers local control and implements a high-stakes graduation test. He suggested the civics panel promote a less broad and more inclusive curriculum guided by state standards. He opined that students should not be refused graduation based on a single test score. Alaska removed a high school qualifying exam because of inequity. He said he strives for his professional vision that students become competent, confident, curious, caring, and contributing citizens. His vision is reinforced daily by watching students and educators implement the learning and teaching process. He urged support, encouragement, and recognition of educators' civics lessons.

[3:54:37 PM](#)

AMY GALLAWAY, representing self, Fairbanks, Alaska, testified in opposition to SB 29, saying she is a civics teacher who was the Alaska Teacher of the Year in 2020. She opined that SB 29 is not evidence-based. It addresses the right issue but provides the wrong solution. The sponsor should change SB 29 to direct DEED, the State Board of Education, and practicing educators to develop relevant, engaging, and evidence-based K-12 civic standards. Standards should adhere to the 2020 Educating for American Democracy Roadmap. A portfolio of authentic assessment options could accompany the standards. This combination would make for a rigorous curriculum supported by research to prepare Alaska's students to save our republic. She said that for 24 years, she has told students that representative democracy is a living organism. It requires civic knowledge, skills, and dispositions to be systematically taught and assessed in grades K-12. She thanked the legislature for elevating the need for engaged and informed citizens because apathy is rampant. Civics education is about knowing how the world works. She opined that people are not disengaged because their civic knowledge is low.

They are disengaged because their political efficacy is low. They do not have the skills to be effective citizens nor the experience of successful participation. She suggested decluttering social studies to make room for problem-solving, critical thinking, and skills application by having students do projects. The citizenship test is a valuable learning tool, but when used as a high-stakes test, students memorize to pass rather than learn. Students remember authentic assessments based on community engagement. Alaska must provide training and support to educators for SB 29 to elevate civics education. She stated that although the idea of a commission is interesting, it is not necessary because DEED already has a process for creating and writing curriculums that work. Teachers and experts in the field should develop the curriculum.

[4:00:02 PM](#)

CHAIR TOBIN closed public testimony on SB 29.

[4:00:21 PM](#)

SENATOR STEVENS said it is hard to create a perfect bill and difficult to obtain funding. He said he appreciates Fairbanks testifiers. However, if Alaska were doing such a good job, young people would understand what it means to be a citizen. Yet statewide, Alaska is doing a poor job of helping its children be good citizens. Experts testified on the many positive attributes of SB 29. He hoped SB 29 would improve as it moves through the process. It is critical to encourage young people to be good citizens. He said one of the foundational reasons the US became a country was to create citizens who could participate and vote. He opined that SB 29 is a good bill.

[4:01:33 PM](#)

SENATOR KIEHL said he appreciates the sponsor's work. It is a better bill than last year. The test is not a high stakes test; it's one way students can demonstrate their mastery of the material.

[4:02:17 PM](#)

SENATOR GRAY-JACKSON said she supports SB 29 and the changes.

[4:02:50 PM](#)

CHAIR TOBIN solicited a motion.

[4:02:53 PM](#)

SENATOR KIEHL moved to report the CS for SB 29, work order 33-LS0246\S, from committee with individual recommendations and attached fiscal note(s).

[4:03:10 PM](#)

CHAIR TOBIN found no objection and CSSB 29(EDC) was reported from the Senate Education Standing Committee.

[4:03:26 PM](#)

At ease.

**SB 24-PUBLIC SCHOOLS: MENTAL HEALTH EDUCATION**

[4:04:59 PM](#)

CHAIR TOBIN reconvened the meeting and announced the consideration of SENATE BILL NO. 24 "An Act relating to mental health education; and providing for an effective date."

[4:05:15 PM](#)

SENATOR GRAY-JACKSON said she appreciated the committee hearing SB 24 again. SB 24 encourages adding mental health education to the list of subjects already in statute. It also provides the agency names to develop the mental health education curriculum.

[4:05:59 PM](#)

KELLY MANNING, Deputy Director, Innovation and Excellence in Education, Department of Education and Early Development (DEED), Juneau, Alaska, reviewed the fiscal note OMB component number 2796 as follows:

[Original punctuation provided.]

The fiscal note includes the following one-time expenses: 1) \$120.0 for 30 committee members to travel twice a year for in-person convenings (\$2.0 per participant); 2) \$36.0 for services including \$30.0 to hire a facilitator to oversee implementation and professional development for educators and \$6.0 for legal fees to implement the necessary regulation changes; and, 3) \$60.0 for committee member stipends (\$2.0 per participant).

[4:07:45 PM](#)

CHAIR TOBIN opened public testimony on SB 24.

[4:08:33 PM](#)

STEVEN PEARCE, Director, Citizens Commission on Human Rights, Seattle, Washington, testified in opposition to SB 24. He said he does not support SB 24 as written because it creates a wish list for the psychiatric lobby. Instead, it should create

meaningful, effective education that leads the next generation of Alaskans to health and wellness. For decades chemical imbalances in the brain were thought to drive mental illness. Last July, this notion was called into question by a study that found no convincing evidence that serotonin abnormalities cause depression. People take antidepressants because they believe depression has a biochemical cause. The field of psychiatry does not admit there is a problem and therefore receives criticism. Patients quit taking their medication because of its inefficacy and intolerable side effects. Medications do not achieve the desired goal. He said he is seeking to correct the mistaken view of psychiatric drugs. There are no tests that analyze the body and definitively indicate depression. He opined that students should learn a holistic approach to wellness. He stated he was against devaluing people's ability to control themselves by encouraging drugs to avoid stigmatizing labels. Some doctors make a living dealing with psychiatry's failures. Psychiatry does not look for physical causes of mental illness, so psychiatrists do not screen to identify physical ailments, nutritional deficiencies, allergies, and toxic levels of metals. He questioned trusting a system that puts labels on patients without verification.

[4:14:29 PM](#)

MADISON TRUITT, representing self, Juneau, Alaska, testified in opposition to SB 24. She said she works as a Behavioral Health Aide. She provided a metaphor of people repeatedly falling into a river and being rescued to describe the current state of the mental healthcare system in Alaska and nationwide. She opined that teaching mental health awareness early in a child's life is the first step to prevention. It teaches children about their emotions, feelings and how to express themselves. Mental health education is key to long-term and holistic well-being. Coping and attachment styles are learned based on what a person witnesses in childhood. What they witness often leads to struggles such as alcoholism, addiction, depression, anxiety, domestic violence, and suicide. Mental healthcare should not be only for the wealthy. Normalizing mental health through conversation reduces stigma. She stated that SB 24 made her feel hopeful because it allows indigenous people to care for each other. She said mental health education as a child would have helped her navigate the loss of her partner when she was 20. Every child deserves an opportunity to understand their feelings and learn healthy coping methods. Knowledge empowers children astronomically.

[4:19:34 PM](#)

CHAIR TOBIN closed public testimony on SB 24.

[4:19:45 PM](#)

SENATOR STEVENS moved to report SB 24, work order 33-LS0232\A, from committee with individual recommendations and attached fiscal note(s).

[4:19:57 PM](#)

CHAIR TOBIN found no objection and SB 24 was reported from the Senate Education Standing Committee.

[4:20:11 PM](#)

At ease.

**PRESENTATION**  
**ALASKA PUBLIC SCHOOL FUNDING FORMULA**

[4:22:19 PM](#)

CHAIR TOBIN announced the consideration of a presentation on the Alaska Public School Funding Formula.

[4:23:08 PM](#)

HEIDI TESHNER, Acting Commissioner, Department of Education and Early Development (DEED), Juneau, Alaska, said she would skip some of the slides in the presentation. She presented slide 3 as follows:

[Original punctuation provided.]

Public School Funding Formula

The current state public school funding formula was adopted under SB 36 in 1998; implemented in 1999.

The public school funding formula is defined in Alaska Statute 14.17.

[4:24:07 PM](#)

MS. TESHNER turned to slide 4:

[Original punctuation provided.]

**Providing an Overview**

1. October count and Average Daily Membership (ADM)
2. Calculations of Adjusted Average Daily Membership (AADM)

3. Calculation of Basic Need
4. Funding Components of Basic Need (Who Pays)
5. Additional Funds above Basic Need

[4:24:28 PM](#)

ELWIN BLACKWELL, School Finance Manager, School Finance and Facilities, Department of Education and Early Development (DEED), Juneau, Alaska, moved to slide 5, Average Daily Membership, which is the starting point for the foundation formula:

[Original punctuation provided.]

### **Average Daily Membership**

#### ADM Reporting Requirements

- Average Daily Membership is the number of enrolled students during the 20 school-day count period ending on the fourth Friday of October (AS 14.17.600)
- Reports are due within two weeks after the end of the 20 school-day count period (AS 14.17.600)
- Projected student count reports are due November 5 (AS 14.17.500)

[4:25:27 PM](#)

CHAIR TOBIN asked for the rationale behind a 20-day count.

[4:25:39 PM](#)

MR. BLACKWELL replied that the 20-day count allows time for the department to process the numbers and the districts to verify them. It ensures DEED that students are counted just once for funding purposes. The process takes several months. If DEED based the count on an entire year, funding would be based on the prior year. Twenty days provides a snapshot for the school year.

[4:26:47 PM](#)

MR. BLACKWELL moved to slide 6:

Who Qualifies as a Student?

#### **Eligibility for State Foundation Funding:**

- A child who is 6 years of age on or before September 1, and under the age of 20, and has not completed the 12th grade (AS 14.03.070)

- A child who is 5 years of age on or before September 1, may enter kindergarten (AS 14.03.080 (d))
- A child with a disability and an active Individualized Education Program (IEP) may attend school if at the age of 3 or if under the age of 22 by July 1 (AS 14.30.180 (1))

[4:27:33 PM](#)

MR. BLACKWELL moved to slide 7 and said he would discuss the six steps for calculating a district's entitlement:

[Original punctuation provided.]

6 Steps to  
DISTRICT ADJUSTED ADM

- Step 1. Adjust: ADM for School Size
- Step 2. Apply: District Cost Factor
- Step 3. Apply: Special Needs Factor
- Step 4. Apply: Vocational & Technical Factor (CTE)
- Step 5. Add: Intensive Services Count
- Step 6. Add: Correspondence Student Count

**= District Adjusted ADM**

**Used to calculate ENTITLEMENT**

[4:27:55 PM](#)

MR. BLACKWELL turned to slide 8 and said the first step is to adjust the school count for school size. DEED also breaks down school sizes by community. For example, suppose a community has an average daily membership (ADM) under ten. In that case, the department will take the students in that school and add them to the next smallest school in the district with an ADM greater than 10 for calculation purposes. A chart for adjusting the formula for ADM school size appears on slide 8, along with a table of community size parameters. He noted that if there is only one school in a community and there are over 425 students, there would still be two adjustments, one for grades K-6 and the other for 7-12.

[4:29:47 PM](#)

SENATOR STEVENS said several village schools in his district average about 10 students. A school is closed when it has under 10 students because it loses funding. He asked if the department

adds those 10 students to the count of another school with 10 or more students.

[4:30:09 PM](#)

MR. BLACKWELL replied that DEED does not close a school with fewer than 10 students. Closing a school is a district decision. The logical reason to close a school with less than 10 students is that the district does not receive the school size adjustment to help administer the school. The department derived the number 10 in 1998 as a starting point. The school size table is a cumulative process. Each step moves the accumulated school size adjustment to the next reference line. A slightly smaller factor is applied for each additional student that a school has over the parameter. Communities with over 750 students receive a factor of .84.

[4:31:37 PM](#)

MR. BLACKWELL turned to slide 9 and stated the following are exceptions when adjusting the ADM for school size:

[Original punctuation provided.]

\* Alternative school with an ADM of 175 or greater and administered as a separate facility the ADM will be adjusted separately, unless:

1. It is in the 1st year of service with ADM between 120 to 175 receives an adjustment of 1.33; **OR**
2. It had an ADM of 175 or greater in the prior year but drops below 175 in the current fiscal year it will receive an adjustment of 1.33; **OR**
3. It has an ADM of less than 175 it shall be counted as a part of the school in the district with the highest ADM

\* Charter school with an ADM of 150 or greater is adjusted as a separate facility unless:

1. It is in the 1st year of service with ADM between 75 to 150 it receives an adjustment of 1.45; **OR**
2. It had an ADM of 75 or greater in the prior year but drops below this in the current fiscal year it will receive an adjustment of 1.45; **OR**
3. It continues to stay below 75 ADM then it receives an adjustment of 1.18

[4:33:23 PM](#)

MR. BLACKWELL moved to slide 10:

[Original punctuation provided.]

**Step 1.**

**Example: NOME PUBLIC SCHOOLS  
Projected FY2024 ADM by School**

- Nome Elementary School.....330.00
- Nome-Beltz Jr/Sr High School.....300.00
- Anvil City Science Academy.....60.00
- Extension Correspondence .....25.00
- Total ADM.....715.00

[4:33:40 PM](#)

MR. BLACKWELL turned to slide 11 and provided an example of how Nome schools' ADMs are adjusted based on school size.

[4:34:06 PM](#)

MR. BLACKWELL turned to slide 12:

[Original punctuation provided.]

**HOLD HARMLESS PROVISION**

Enacted in 2008, House Bill 273 established a Hold Harmless provision for those school districts experiencing a reduction in their brick and mortar school(s) ADM after it has been adjusted for school size. The sum total adjusted for school size ADM is compared to the prior fiscal year's to determine if a decrease of 5% or greater has occurred. If the answer is "yes", then the prior fiscal year is locked in as the "base year" for the next three years.

Available up to 3 years if district stays below the base year.

1st year 75 percent of difference to the base year is retained

2nd year 50 percent of difference to the base year is retained

3rd year 25 percent of difference to the base year is retained

AS 14.17.410 (b) (1) (E)  
<https://education.alaska.gov/publications/Foundation-CountPeriodHoldHarmlessPymts%208.7.2020.pdf>

[4:35:11 PM](#)

MR. BLACKWELL turned to slide 13 and said Nome Public Schools do not qualify for the hold harmless provision:

[Original punctuation provided.]

**Nome Public Schools:  
HOLD HARMLESS PROVISION**

Nome just completed the hold harmless three-year step-down provision in FY2023 and is now transitioned to the lower ADM.

Has the district decreased by 5% or greater when compared to FY2023 school size adjusted total and eligible to restart the hold harmless provision? No.

FY2024 Total School Size Adj. ADM 849.10  
FY2023 Total School Size Adj. ADM 824.85 (base year)  
DIFFERENCE: 24.25

**RESULT:** District proceeds through formula without hold harmless provision; total school size adjusted ADM remains 849.10.

[4:35:29 PM](#)

MR. BLACKWELL moved to slide 14 and addressed district cost factors as follows:

**Step 2.  
DISTRICT COST FACTORS**

Cost Factors were modified based on a 2005 ISER study and implemented over five years, FY2009 - FY2013. They are specific to each school district and range from 1.000 (Anchorage) to 2.116 (Yukon Flats).

Multiply the School Size Adjusted ADM by the District Cost Factor for Nome:

849.10 x 1.450 = 1,231.20

AS 14.17.460

[4:36:10 PM](#)

CHAIR TOBIN said that when the foundation funding formula was last evaluated in 2015, there was conjecture about the need to reevaluate the district cost factor. She asked if there was a provision in statute regarding evaluation requirements.

[4:36:26 PM](#)

ACTING COMMISSIONER TESHNER replied that the statute directs the review of district cost factors every two years. DEED reviewed the cost factors, and the legislature rejected them, leaving the statute unfunded. The outdated numbers are from the early 2000s.

CHAIR TOBIN asked for confirmation that if the legislature directed DEED to do another evaluation, the legislature would need to accept DEED's proposal.

[4:37:09 PM](#)

ACTING COMMISSIONER TESHNER replied that the legislature could direct DEED to do an evaluation, but the legislature would also need to fund the evaluation.

[4:37:18 PM](#)

SENATOR STEVENS asked who is harmed when the district cost factor is not reevaluated.

[4:37:32 PM](#)

MR. BLACKWELL asked him to repeat the question.

SENATOR STEVENS said he is concerned about the legislature's lack of attention to evaluating district cost factors because the change could be substantial. He asked what communities are most harmed by the lack of adjustment to district cost factors.

[4:38:05 PM](#)

ACTING COMMISSIONER TESHNER replied that every district is affected. The department questions whether Anchorage or Mat-Su would be the base if a reevaluation were performed. She opined that a reevaluation would be a shift for all communities.

SENATOR STEVENS said Mat-Su as the base is an interesting thought.

[4:38:49 PM](#)

MR. BLACKWELL turned to slide 15 and said the formula provides 20 percent block funding for special (except intensive), vocational, gifted/talented, and bilingual/bicultural education.

[4:39:31 PM](#)

SENATOR KIEHL asked how the 20 percent relates to districts' spending on special needs services.

[4:39:48 PM](#)

ACTING COMMISSIONER TESHNER replied that the department does not know how districts spend the 20 percent because it becomes discretionary money once factored into the formula. School districts are aware of the special needs factor, and many try to put the money into special needs programs.

[4:40:32 PM](#)

SENATOR KIEHL asked if it is possible to understand the spending of the 20 percent special education funding through the annual district budget audits.

[4:40:46 PM](#)

ACTING COMMISSIONER TESHNER answered that there are two special education functions. DEED knows how much districts put towards special education. Still, it does not necessarily relate to the 20 percent because it could include special education intensives, which is an additional amount.

[4:41:10 PM](#)

SENATOR KIEHL said he questions the adequacy of the 20 percent block funding to cover special, vocational, gifted, and bilingual education needs.

[4:41:41 PM](#)

CHAIR TOBIN asked if the department included English as a Second Language (ESL) in special needs funding.

[4:42:02 PM](#)

ACTING COMMISSIONER TESHNER said she did not know the answer.

[4:42:15 PM](#)

SENATOR STEVENS asked if schools do Individualized Educational Plans (IEPs) for special education, gifted, and bilingual students.

[4:42:52 PM](#)

ACTING COMMISSIONER TESHNER stated her belief that only special education students receive IEPs.

[4:43:03 PM](#)

MR. BLACKWELL turned to slide 16 and stated that the example shows what happens to the Nome school district funding formula once the special education factor is applied:

[Original punctuation provided.]

**Step 3. Example:  
NOME PUBLIC SCHOOLS**

Multiply the Adjusted ADM (from Step 2) by  
the Special Needs Factor

$$1,231.20 \times 1.20 = \mathbf{1,477.44}$$

[4:43:14 PM](#)

MR. BLACKWELL moved to slides 17 - 18 to address career and technical education and the funding formula:

**Step 4.  
VOCATIONAL & TECHNICAL FUNDING**

Career & Technical Education (CTE), is funded at a factor of 1.015.

It is intended to assist districts in providing career and technical education services in grades seven through 12.

This excludes costs associated with administrative expenses and instruction in general literacy, mathematics, and job readiness skills.

AS 14.17.420 (a)(3) 18

**Step 4. Example:  
NOME PUBLIC SCHOOLS**

Multiply the Adjusted ADM (from Step 3) by the Career  
& Technical Education Factor

$$1,477.44 \times 1.015 = \mathbf{1,499.60}$$

[4:43:48 PM](#)

CHAIR TOBIN asked why the presentation included vocational education in special education funding and in vocational and technical funding.

MR. BLACKWELL said the slides make vocational education appear to be double dipping a bit due to changing from the old foundation formula to the new one.

[4:44:47 PM](#)

CHAIR TOBIN asked if delineation occurs in district vocational and technical funding audits.

[4:45:02 PM](#)

MR. BLACKWELL replied that there are no specific function codes for CTE.

[4:45:24 PM](#)

MR. BLACKWELL moved to slide 19 and said DEED added a consolidation of schools provision a few years ago when the department discovered that larger schools could lose numerous students and not qualify for the hold harmless provision. He provided the provision as follows:

[Original punctuation provided.]

#### **CONSOLIDATION OF SCHOOLS**

This provision is for districts choosing to consolidate one or more schools within a community. Each of the affected schools' ADM in the base year (the year prior to consolidation) and the current year are adjusted through the vocational and technical factor, the result of each calculation is divided by its respective fiscal year's ADM total to arrive at the quotients. The difference between these two quotients is added back to the district's ADM being adjusted in the current fiscal year.

Available up to 4 years if district stays below the base year.

- First two fiscal years following consolidation is 100% offset of the reduction in basic need for the affected schools
- Third fiscal year is 66 percent offset of those funds in basic need of the affected schools
- Fourth fiscal year is 33 percent offset of those funds in basic need of the affected schools

A district may not use this provision to offset the decrease of a new facility is constructed; reopen the school being consolidated until seven or more years

have passed and provided evidence schools are over capacity; or reopen and reconsolidate more than once every seven years.

AS 14.17.410 (b) (1) (H) - (M)

[4:47:44 PM](#)

SENATOR STEVENS asked whether Alaska has consolidated any schools.

MR. BLACKWELL answered yes. Consolidation has occurred in Anchorage and Kenai. Due to Covid upending the theory behind the consolidation formula, DEED has not run through the complete process. The department used to say a large district was unlikely to trigger the hold harmless provision. However, in 2021 with the onset of Covid, many students entered homeschool, significantly decreasing the student population in brick-and-mortar schools and triggering the hold harmless provision. DEED asked the schools to elect either the hold harmless provision or the consolidation of schools provision. The schools selected hold-harmless as it was fiscally more advantageous.

[4:49:18 PM](#)

MR. BLACKWELL turned to slide 20 and said some special education students have intensive needs. Additional funding is provided to school districts as follows:

[Original punctuation provided.]

**Step 5.**  
**INTENSIVE SERVICES FUNDING**

**A school district will receive funding for intensive services students that:**

1. Are receiving intensive services and
2. Enrolled on the last day of the 20-school-day count period and
3. Meet intensive qualifications for each intensive services student

**(Intensive Student Count) x 13 = Intensive Student Funding**

An Intensive Services student generates \$77,480

AS 14.17.420(a) (2) 21

[4:50:36 PM](#)

CHAIR TOBIN asked if there are additional reporting requirements for intensive services funding besides IEPs.

[4:50:50 PM](#)

ACTING COMMISSIONER TESHNER replied yes and said she would provide the committee with the school districts' checklist.

[4:51:16 PM](#)

MR. BLACKWELL turned to slide 21 and provided an example of how intensive services funding impacts the funding formula:

[Original punctuation provided.]

**Step 5. Example:  
NOME PUBLIC SCHOOLS**

Multiply the Intensive Student Count by 13 & add to  
the adjusted ADM (from Step 4)

Nome Public Schools has 15 Intensive Students  
 $15 \times 13 = 195$

$1,499.60 + \underline{195} = 1,694.60$

[4:51:36 PM](#)

MR. BLACKWELL moved to slides 22 - 23 and stated that Nome had projected to have a few correspondence students. It is at this point in the funding formula that they are considered in the calculation as follows:

[Original punctuation provided.]

**Step 6.  
CORRESPONDENCE PROGRAMS**

Districts offering correspondence programs receive  
funding based on 90% of the Correspondence ADM.

**(Correspondence ADM) x .90 = Level of**

Each Correspondence ADM generates \$5,364.

AS 14.17.430

**Step 6. EXAMPLE:  
NOME PUBLIC SCHOOLS**

Multiply the Correspondence Student ADM by 90 percent and add to the Adjusted ADM (from Step 5) to get Final District Adjusted ADM (AADM).

Nome Public Schools  
has 25 Correspondence ADM  
 $25 \times .90 = 22.50$

$1,694.60 + 22.50 = 1,717.10$

[4:52:06 PM](#)

MR. BLACKWELL moved to slide 24 and stated that the formula multiplies a school district's adjusted average daily membership (AADM) and base student allocation (BSA) to determine basic need:

[Original punctuation provided.]

**BASIC NEED  
Entitlement**

Multiply the district adjusted ADM by the  
base student allocation [BSA] = BASIC NEED  
 $1,717.10 \times \$5,960 = \$10,233,916$

AS 14.17.470

[4:52:43 PM](#)

MR. BLACKWELL said the six steps for adjusting the average daily membership (ADM) are consolidated on slide 25 as follows:

[Original punctuation provided.]

**NOME: Summarized  
District Adjusted ADM & Basic Need**

Projected ADM for Nome:	$690.00 + 25.00$ corresp. =	715.00
Step 1. Adjusted ADM for Total School Size:		49.10
No Hold Harmless Adjustment		
Step 2. Apply the District Cost Factor:		<u>x 1.450</u>
		1,231.20
Step 3. Apply the Special Needs Factor:		<u>x 1.20</u>
		1,477.44
Step 4. Apply the Career & Technical Ed Factor:		<u>x 1.015</u>
		1,499.60
Step 5. Add Intensive Service Counts:		<u>+195.00</u>
	(15 x 13 = 195)	1,694.60
Step 6. Add Correspondence Student Counts:		<u>+22.50</u>
	(25 x .90 = 22.50)	

= District Adjusted ADM 1,717.10  
Multiply by \$5,960 the FY2024 Base Student Allocation x \$5,960

**BASIC NEED: \$10,233,916**

[4:53:04 PM](#)

ACTING COMMISSIONER TESHNER pointed out that the projected ADM started at \$715. However, the ADM increased to \$1,717.10 once the department made all the district adjustments.

[4:53:25 PM](#)

MR. BLACKWELL moved to slide 26 and said required local contribution, federal impact aid, and state aid pay for basic need.

[4:53:50 PM](#)

CHAIR TOBIN asked for a description of the three contributions.

MR. BLACKWELL said a description would be forthcoming in the presentation.

[4:54:00 PM](#)

MR. BLACKWELL turned to slide 27 and said that by statute, first-class cities, first-class boroughs, and home rule cities are municipal school districts responsible for operating the schools within a defined geographic area. The local effort calculation follows:

[Original punctuation provided.]

#### **Full & True Value / Local Effort Calculation**

Current year full & true value, as provided annually by the State Assessor's Office, is multiplied by 2.65 mils for the purposes of calculating the Required Local Effort for foundation funding.

[4:55:19 PM](#)

MR. BLACKWELL moved to slide 28 and provided an example of calculating the required local contribution:

[Original punctuation provided.]

#### **CALCULATING REQUIRED LOCAL CONTRIBUTION**

##### **Example: Nome Public Schools**

The **lesser** of the equivalent of 2.65 mils of the full & true value for 2022 calendar year, but not to exceed 45% of the school district's prior year basic need.

.00265 of full & true value Tax Base:  
.00265 x \$ 503,895,691 = **\$1,335,324**

**OR**

45% of Prior Year Basic Need:  
.45 x \$9,906,955 = \$4,458,130

AS 14.17.410 (b) (G) (2)

[4:56:04 PM](#)

MR. BLACKWELL moved to slide 29 and said school districts having federal lands within them receive federal impact aid payments since federal lands are not subject to taxation. He spoke to the following:

[Original punctuation provided.]

**Title VII**  
**FEDERAL IMPACT AID PAYMENTS**

Title VII Federal Impact Aid Payments received from March 1 through the last day of February are used as payment for Basic Need.

The State must first deduct out the federal funding for special education (SPED), 1/5th Native lands, and construction funds.

[4:57:13 PM](#)

MR. BLACKWELL turned to slide 30 that provided an example of the impact aid Nome received:

[Original punctuation provided.]

**Title VII FEDERAL IMPACT AID PAYMENTS**  
**Example: Nome Public Schools**

Payments received by the Nome Public Schools from March 1 through the end of February. There are no SPED, Native lands, or construction funds included in their payments therefore the total received is eligible.

\$30,807  
(amount eligible for Deduction)

AS 14.17.410(e)(2)(B)

[4:57:35 PM](#)

SENATOR STEVENS asked if the funding formula bases federal impact aid payments on student numbers.

[4:57:51 PM](#)

MR. BLACKWELL replied yes, the number of students living on certain lands determines the amount. The military reports the number of students living on bases to DEED, and DEED applies for aid. School districts identify students living on native lands and apply for federal aid directly.

[4:58:38 PM](#)

SENATOR STEVENS asked if the count included parents.

MR. BLACKWELL stated his belief that the aid payment is based only on students living on federal properties.

[4:59:05 PM](#)

MR. BLACKWELL moved to slide 31 and stated that since Nome is a first-class city the state does a calculation to determine the impact aid percentage:

[Original punctuation provided.]

**IMPACT AID PERCENTAGE**

**Required Local Contribution**  
*divided by*  
**Budgeted Local Contribution**

Budgeted Local Contribution, for the purposes of calculating the Impact Aid percentage is found in the Budgets submitted on July 15 of each year and may consist of:

- Appropriations
- Investment Earnings
- In-Kind Services
- “Other” Local

[4:59:53 PM](#)

CHAIR TOBIN stated that Legislative Research shows that the idea of local contribution has existed since 1966. Some people have

suggested reducing or eliminating it. She asked whether eliminating local contributions is statutorily possible and how eliminating it would impact funding.

MR. BLACKWELL replied that the legislature is free to change the statute. The idea is to use impact aid to support basic need. The state must prove that it is equalized through a disparity test. The test ensures a less than 25 percent disparity after dismissing the low and high five percent. A state can utilize impact aid as a funding component only when the federal government acknowledges equalization. If Alaska did not achieve equalization, the legislature would need to provide approximately \$75 million in additional in-state aid to schools.

MR. BLACKWELL moved to slide 32 and provided an example of Nome public schools and the Title VII percentage:

[Original punctuation provided.]

**Title VII PERCENTAGE**

**Example: Nome Public Schools**

Required Local: \$1,335,324

Budgeted Local: \$3,535,000 = **37.77%**

(This percentage is only derived for City & Boroughs)

[5:02:21 PM](#)

MR. BLACKWELL advanced to slide 33 and said only 90 percent of what is left is used to pay for part of basic need. The calculation is different for REAAs. For REAAs, it is the eligible amount times the 90 percent. Even though REAAs do not have a local contribution, DEED uses more impact aid to fund basic need than it does for municipal schools.

[5:03:10 PM](#)

MR. BLACKWELL moved to slide 34 and spoke about State Aid and how the formula potentially applies to Nome in FY 2024:

[Original punctuation provided.]

**STATE AID**

**Nome Public Schools**

BASIC NEED:	\$ 10,233,916
(less) REQUIRED LOCAL:	(1,335,324)
(less) IMPACT AID:	(10,472)
<b>STATE AID</b>	<b>\$ 8,888,120</b>

[5:03:41 PM](#)

MR. BLACKWELL turned to slide 35 and said additional funds above basic need include an additional local contribution for municipal school districts and quality schools grants for all districts.

[5:04:01 PM](#)

MR. BLACKWELL moved to slide 36 and spoke about two calculations for determining the additional local contribution amounts municipalities can make using Nome as an example:

[Original punctuation provided.]

**Calculating the  
ADDITIONAL LOCAL CONTRIBUTION  
Example: Nome public Schools**

The **greater** of 2 mils of the tax base **or** 23% of the district's current year Basic Need and State funds calculated on AADM can be contributed, but not exceeded.

.002 of Full & True Value Tax Base:  $.002 \times \$503,895,691 = \$1,007,791$

**OR**

23% of Basic Need & funds calculated on AADM:  
 $.23 \times (\$10,233,916 + \$27,474) = \$2,360,120$

[5:04:36 PM](#)

MR. BLACKWELL turned to slide 37 showing Nome's maximum contribution, and said the reason the department caps local contribution is for state equalization:

[Original punctuation provided.]

**MAXIMUM LOCAL CONTRIBUTION  
Example: Nome City Schools  
  
Required Local Contribution  
plus  
Additional Local Contribution**

REQUIRED Local Contribution: \$1,335,324

ADDITIONAL Local Contribution: + 2,360,120  
**MAXIMUM Local Contribution:** \$ 3,695,444

AS 14.17.410 (c)

[5:05:08 PM](#)

SENATOR STEVENS asked if Nome contributed the minimum required amount and the maximum additional amount.

MR. BLACKWELL said slide 37 shows what Nome can contribute.

SENATOR STEVENS asked if Nome could contribute \$2,360,120.

[5:05:42 PM](#)

ACTING COMMISSIONER TESHNER said the required local contribution is the amount Nome must pay, and the additional local contribution is the maximum amount Nome can elect to contribute based on projected numbers for FY 2024. She offered to provide the committee with a chart showing the amounts districts have contributed.

SENATOR STEVENS replied that knowing what districts have contributed would be helpful.

[5:06:25 PM](#)

MR. BLACKWELL turned to slide 38 and briefly discussed the quality schools grant:

[Original punctuation provided.]

#### **QUALITY SCHOOLS GRANT**

**AS 14.17.480** provides a Quality School Grant based on the district's Adjusted ADM multiplied by \$16.

*Example: Nome Public Schools*  
1,717.10 x \$16 = **\$27,474**

<https://education.alaska.gov/tis/qualityschools/>

[5:06:55 PM](#)

MR. BLACKWELL moved to slide 39, Components of State Aid:

#### **COMPONENTS OF STATE AID**

A Permanent Funding Component of State Aid

**Nome's total State Aid equals:**

Calculated STATE AID	\$8,888,120
plus QUALITY SCHOOLS Grant	27,474
<b>TOTAL STATE ENTITLEMENT</b>	<b>\$8,915,594</b>

AS 14.17.410

[5:07:02 PM](#)

MR. BLACKWELL moved to slide 40 and said there is a provision in statute that says if the legislature were to provide insufficient funding to fund the program fully, DEED would prorate based on basic need.

[5:07:20 PM](#)

MR. BLACKWELL turned to slide 41 and said the chart provides a linear statewide look at how money flows through the foundation funding formula. The amounts shown are totals and end with the FY 2024 state aid entitlement amount of approximately \$1.2 billion.

[5:07:31 PM](#)

MR. BLACKWELL moved to slide 42 and provided DEED's contact information.

[5:07:41 PM](#)

CHAIR TOBIN found no further questions from committee members and thanked the presenters for their time.

[5:08:32 PM](#)

There being no further business to come before the committee, Chair Tobin adjourned the Senate Education Standing Committee meeting at 5:08 p.m.