

HOUSE FINANCE COMMITTEE
February 26, 2025
1:33 p.m.

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CALL TO ORDER

Co-Chair Josephson called the House Finance Committee meeting to order at 1:33 p.m.

MEMBERS PRESENT

Representative Neal Foster, Co-Chair
Representative Andy Josephson, Co-Chair
Representative Calvin Schrage, Co-Chair
Representative Jamie Allard
Representative Jeremy Bynum
Representative Alyse Galvin
Representative Sara Hannan
Representative Nellie Unangiq Jimmie
Representative DeLena Johnson
Representative Will Stapp
Representative Frank Tomaszewski

MEMBERS ABSENT

None

ALSO PRESENT

Deena Bishop, Commissioner, Department of Education and Early Development; Karen Morrison, Deputy Commissioner, Department of Education and Early Development; Monique Siverly, Acting Administrative Services Director, Department of Education and Early Development; Benjamin Brown, Chairman, Alaska State Council on the Arts; Deborah Riddle, Division Operations Manager, Division of Innovation and Education Excellence, Department of Education and Early Development; Kerry Thomas, Acting Executive Director, Alaska Commission on Postsecondary Education; Karen Morrison, Deputy Commissioner, Department of Education and Early Development.

PRESENT VIA TELECONFERENCE

Heather Heineken, Director of Finance and Support Services,
Department of Education and Early Development.

SUMMARY

HB 53 APPROP: OPERATING BUDGET; CAP; SUPP

HB 53 was HEARD and HELD in committee for further consideration.

HB 55 APPROP: MENTAL HEALTH BUDGET

HB 55 was HEARD and HELD in committee for further consideration.

OVERVIEW: FY26 DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT BUDGET

Co-Chair Josephson reviewed the meeting agenda.

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HOUSE BILL NO. 53

"An Act making appropriations for the operating and loan program expenses of state government and for certain programs; capitalizing funds; amending appropriations; making supplemental appropriations; making reappropriations; making appropriations under art. IX, sec. 17(c), Constitution of the State of Alaska, from the constitutional budget reserve fund; and providing for an effective date."

HOUSE BILL NO. 55

"An Act making appropriations for the operating and capital expenses of the state's integrated comprehensive mental health program; and providing for an effective date."

^OVERVIEW: FY26 DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT BUDGET

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DEENA BISHOP, COMMISSIONER, DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT, introduced the PowerPoint presentation

"Department of Education and Early Development FY2026 Governor's Budget Overview" dated February 26, 2025 (copy on file). She began on slide 2 and relayed that the Department of Education and Early Development's (DEED) vision was to prepare students with the necessary knowledge and skills to achieve their goals after they leave the K-12 system. She stated that the department maintained a strong vision for students. She advanced to slide 3 and briefly referenced the department's statutory responsibilities, which were listed on the slide. She continued to slide 4 and shared that the department's work continued to be grounded in Alaska's Education Challenge, which had been a nearly decade-long collaborative effort to shape the state's educational priorities. She stated that the initiative focused on five strategic priorities.

Commissioner Bishop advanced to slide 5 which outlined the structure of the presentation. She would begin with an organizational overview. She indicated that she would then turn the presentation over to her colleague for a financial summary and other high-level budget items. She continued to slide 6 which included a list of definitions of acronyms that were commonly used by the department.

Commissioner Bishop continued to slide 7 and explained that the department operated under the authority of the State Board of Education, which she reported to as commissioner. Within DEED, she oversaw Deputy Commissioner Karen Morrison and Director Kathy Moffitt of the Division of Innovation and Education Excellence. She noted that the department included several divisions, commissions, and boards, including the Alaska State Council on the Arts (ASCA), the Professional Teaching Practices Commission (PTPC), and the Alaska Commission on Postsecondary Education (ACPE).

Commissioner Bishop advanced to slide 8 and stated that there were teams within each division that were responsible for various functions and programs. She encouraged members to examine the chart on the slide to gain a clearer understanding of the department's operations. She relayed that the Division of Innovation and Education Excellence (DIEE) encompassed a range of programs and outcomes. She moved to slide 9 which included detailed information on the commissions and boards within DEED. She then turned the presentation over to the department's acting administrative services director.

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MONIQUE SIVERLY, ACTING ADMINISTRATIVE SERVICES DIRECTOR, DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT, continued on slide 10 and stated that the department's total budget was \$1.6 billion. She noted that the most significant decrease would be seen on slide 13, which covered school finance and facilities. She relayed that in the pie chart labeled "expenditures," the green section represented funds directed toward public education in Alaska. The pie chart labeled "divisions" illustrated how funding was distributed by division. She explained that funding for K-12 education was based on average daily membership (ADM), which would be discussed further in the following slides.

Ms. Silverly advanced to slide 12, which outlined the components within the various divisions. She explained that the executive administration budget included the Commissioner's Office and the State Board of Education, both of which provided guidance, policy, and motivation to departmental employees and school districts. She stated that the executive administration budget totaled \$2 million.

Co-Chair Josephson asked if members were comfortable with the presentation's pace. He stated that he liked the speed but acknowledged that members might have questions.

Representative Galvin stated that she would have questions but was happy to hold them until the end of the presentation.

Co-Chair Josephson indicated that members could ask questions during the presentation if desired.

Representative Hannan noted that there was substantial growth in "other" funds on slide 12 between the FY 24 actuals and the FY 25 management plan. She asked for an explanation of the increase.

Ms. Silverly responded that the slide displayed FY 25 management plan authority, whereas FY 24 figures reflected actual expenditures.

Representative Hannan asked if the department was on track to use the full authority granted for FY 25 and whether it would need the same level in FY 26.

Ms. Silverly replied that she would follow up with details.

Representative Allard asked where the department would recommend cuts within the state's operating budget to support the requested increase in DEED's operating budget.

Ms. Silverly responded that she did not have a recommendation at the moment.

Commissioner Bishop added that the figures shown for FY 24 reflected actual expenditures and that the FY 25 management plan showed authorized amounts. She explained that the department had authorization to fill certain positions that remained vacant, such as a deputy commissioner role. She noted that the vacancies contributed to differences between actual and authorized amounts. She asked if Representative Allard was asking about the cuts for the following year.

Representative Allard acknowledged the state's tight budget and limited funds and explained that her question was intended to be general. She wanted to know the commissioner's personal opinion as a taxpayer on where cuts might be made in the state budget to accommodate the requested increase in DEED's operating budget.

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Commissioner Bishop responded that she would follow up with more information. She was not up to speed on other department's budgets and was uncertain where other cuts could be made.

Representative Allard stated that the response would be helpful.

Co-Chair Josephson referred to slide 12 and asked whether the executive administration component of the budget was only growing by approximately \$55,000.

Ms. Silverly responded in the affirmative.

Representative Johnson referred to the pie chart on slide 11 and asked if the \$1.2 billion section in light yellow reflected the total base student allocation (BSA) for the previous year or if other components were included in the section.

Ms. Silverly responded that the yellow section referred to K-12 district support and reflected the ADM.

Representative Johnson asked if the yellow section of the pie chart would increase if the BSA were increased. She asked if the other sections would increase similarly or remain relatively the same.

Commissioner Bishop responded that if the legislature increased only the K-12 support through the BSA, the other components would likely decrease in proportion if the overall budget remained fixed. She explained that other budget components contained small increases, such as \$1.5 million for career and technical education (CTE), \$1.5 million for teacher recruitment and retention, and \$120,000 for a pilot nutrition services program. She stated that the requested changes to the governor's budget within DEED's proposal were minimal compared to other proposals. She clarified that other divisions such as DIEE would experience minimal differences.

Representative Johnson asked if the BSA distributions within the district support portion were effectively directly allocated to districts. She asked if DEED exercised direct oversight over the other portion of the pie chart, which reflected the department's internal budget.

Commissioner Bishop responded in the affirmative. She noted that the district support funds were primarily distributed directly to school districts and that DEED's operational budget represented the smaller portion of the pie chart. The data provided by the Office of Management and Budget (OMB) confirmed that DEED was one of the three smallest agencies in state government in terms of staffing. She stated that the majority of the work occurred in Alaska's 53 school districts, not within the department. She noted that the other two smallest agencies were the Governor's Office and the Department of Military and Veterans Affairs (DMVA).

Representative Johnson asked if the \$1.2 billion K-12 district support figure was based on the October 2025 student count and if there was any updated enrollment data available.

Commissioner Bishop responded that the \$1.2 billion projection was based on enrollment estimates provided by districts. She explained that under current statute, the actual BSA figure would be determined by the 20-day enrollment count in October, but the current budget was based on the projections submitted in November by the districts.

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Representative Galvin thought it was important to provide the public with more context when using the term "Innovation and Education Excellence." She asked whether the DIEE portion of the pie chart represented the work taking place within the DEED building in Juneau.

Commissioner Bishop responded in the affirmative.

Representative Galvin understood that DIEE's work primarily involved determining how dollars flowed to schools as well as managing the parameters for grant and federal funds. She asked whether her understanding was accurate.

Commissioner Bishop responded by requesting to return to slide 8. She noted that the slide showed the division's areas of work, including Student and School Achievement, which encompassed implementation of the Alaska Reads Act, teacher certification, and early learning coordination. She stated that the Early Learning Coordination Office had approximately three employees. She noted that staff also supported pre-kindergarten grants and CTE grants. She added that additional employees worked on facilitating federal grants.

Representative Galvin asked how many individuals from the Juneau office were delivering the services listed on the slide. She understood that most staff were located in Juneau. She asked how current staffing levels compared to staffing levels 15 years ago.

Commissioner Bishop responded that she did not have the specific staffing numbers on hand. She stated that staffing had decreased significantly over time. Some employees shown on the earlier slide were part of ACPE, and the acting director was available to provide additional detail. She stated that approximately 50 positions were lost when investment responsibilities were transferred to an outside

agency. Overall, the department had fewer employees than it had five years earlier.

Representative Galvin stated that she had recently visited the Juneau office and the building appeared almost empty compared to previous years when it appeared to be full. She thought that changes in staffing had occurred not only due to ACPE but also due to the loss of subject-area specialists who had previously supported Alaska's 53 school districts. She observed that the specialists had assisted smaller and more remote districts with science, math, civics, home economics, social-emotional learning, and other subjects. Some support remained, such as CTE support and combined science and math specialists, but in some cases, there was only one support person assisting in one subject across all 53 districts.

Representative Galvin emphasized that historical staffing reductions were significant, and she requested to be provided with staffing data. She understood that some districts might now rely on online resources to replace prior departmental support, but the loss of state-level expertise was a significant change. She suggested that the shift could be attributed to a policy change, a change in philosophy, or funding constraints. She stressed the importance of recognizing there were fewer helpful resources available for students.

Representative Stapp observed that there was a nearly \$400,000 discrepancy between actual expenditures and the management plan on slide 12. He understood that there was a change of two full-time positions, but he thought the discrepancy seemed high for only two positions. He asked for an explanation of the discrepancy.

Commissioner Bishop suggested that Ms. Silverly respond to the question.

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Ms. Silverly responded that two full-time positions had been added. The funding for the first position was available within FY 24, but a technical adjustment was required, and the position was deleted and reestablished under a different funding code. The second was a research analyst position. She confirmed that the \$400,000 discrepancy was not simply because of wages for the two

positions, but also represented interagency authority, which was not fully utilized each year.

Representative Stapp stated that he appreciated the response, but it did not clarify the reason behind the \$400,000 discrepancy. He requested that further information be provided in a follow up. He commented that the funding still involved undesignated general funds (UGF) despite being classified as interagency authority.

Representative Allard asked for job descriptions for the two positions discussed.

Representative Hannan relayed that she remained interested in the growth in the other funding category between the FY 24 actuals and the FY 25 management plan. She acknowledged that the FY 25 numbers were based on authorization rather than actuals but noted that the source of the other funds was unclear. She asked whether the department had expected federal funds or inter-agency transfers to cover the amounts and requested that the explanation be included in a follow up.

Co-Chair Josephson directed attention to slide 11. He asked for clarification regarding the three categories within the non-K-12 district support section of the pie chart. He noted that School Finance and Facilities was listed at \$24 million, Child Nutrition at \$77.5 million, and DIEE at \$210.5 million. He asked whether the Child Nutrition funds were used to feed children.

Commissioner Bishop responded that the \$77.5 million for Child Nutrition did not remain within the department but was distributed to school districts.

Representative Hannan asked if the DIEE directly benefited students.

Commissioner Bishop responded in the affirmative. She explained that some of the funds within DIEE were distributed to districts in the form of grants. For example, school accountability funds provided grants to school districts identified through the assessment model as needing improvement. The grants supported efforts to improve educational outcomes. She added that there were other grants within DIEE that supported initiatives such as teacher retention and recruitment, about which she could provide additional details in a follow up.

Co-Chair Foster asked where Head Start program funding was in the budget.

Commissioner Bishop responded that the \$13 million for Head Start was included within the Early Development category. She explained that within the Early Learning Coordination component within DIEE, one employee was funded using federal funds from the federal Office of Head Start, but the rest of the Head Start funds were distributed to local partners. She confirmed that \$13 million went to all Head Start programs across the state but additional smaller specific amounts were allocated to Best Beginnings, Thread, DOH, and Parents as Teachers.

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Ms. Siverly continued on slide 13 and stated that the Division of Finance and Support Services (DFSS) had a budget of \$1.3 billion and included components such as the Foundation Program, Pupil Transportation, and Child Nutrition. She added that Broadband Assistance Grants (BAG) had been moved from the Division of Libraries, Archives, and Museums (DLAM), which would be reflected as a reduction on slide 17.

Representative Stapp referred to the \$21 million listed for BAG and remarked that it appeared substantially lower than what he recalled being appropriated in the previous year. He asked for more information about the reduction.

Commissioner Bishop indicated that DEED was available to respond to the question.

HEATHER HEINEKEN, DIRECTOR OF FINANCE AND SUPPORT SERVICES, DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT (via teleconference), responded that she did not have the comparison available currently but would follow up with the information.

Representative Stapp thought that the numbers were published on the department's website and that he could likely look the information up himself. He expressed that his primary interest was understanding whether the lower number reflected reduced participation by school districts in the program. He asked if the department could confirm

whether fewer school districts were applying for the grants.

Commissioner Bishop responded that there had been districts that no longer needed to apply for the funding. For example, the Lower Yukon School District had transitioned directly to Starlink and utilized burstable services. As a result, that district was no longer using either Federal Communications Commission (FCC) funds or state funds because it had adopted different technology. The goal was to bring all districts up to 100 megabits. If a district already received service exceeding the 100 megabits threshold, it would not qualify for funding.

Representative Stapp asked how it was possible that a school district could move from a service that was subsidized at 90 percent by the federal government and also supported by a \$21 million state grant, and yet still find it more affordable to pay out of pocket for a different service.

Commissioner Bishop responded that there had been significant local pressure within the state to continue receiving the federal money because the funds represented resources coming into Alaska. She acknowledged that using Starlink could be a cost-effective opportunity for school districts as it did not consume as high a percentage of a district's budgets. She emphasized that local stakeholders still valued the federal funding.

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Representative Hannan asked whether the department could provide the number of school districts that could not obtain service greater than 100 megabits. She suggested that a substantial reduction in spending suggested that many districts might now have access to better services. She speculated that the most remote districts likely remained underserved and were still unable to access adequate service levels. She asked how many districts remained underserved. Although a decrease in spending could be seen as a cost savings, the increasing need for online testing and initiatives meant all districts required consistent internet access. She did not believe that rural districts should be held to the same standards as urban districts. She noted that fiber optic access and Starlink

reliability could be problematic in extreme cold temperatures.

Co-Chair Josephson requested that the department follow up with the information if it did not have it readily available.

Ms. Silverly continued to slide 14. She stated that DAS had a budget of \$7.3 million and the division included human resources, grant administration, and procurement, and also included the department's leases and IT components.

Ms. Silverly proceeded to slide 15 and reported that DIEE had a budget of \$210 million. The division contained most of the programmatic funding allocated to school districts and housed special education programs and CTE.

Representative Hannan asked how many employees were currently working on teacher certifications and asked what the current wait time was for teacher certification and recertification. She noted that over the past few years, the committee had received numerous complaints from individuals seeking certification and from school districts attempting to pay individuals whose certifications were still pending. She asked for information about the backlog.

Commissioner Bishop responded that the most recent data showed the average processing time was under eight weeks. She had recently encountered two individuals who had received their certifications within four weeks. Last year, the department decided to continue accepting paper applications while also processing online submissions, which required staff to work in both systems simultaneously. The department made the decision to discontinue paper applications in the past summer. At that time, there had been a backlog, and staff worked to process all paper materials before fully transitioning to the online system. At the beginning of the current year, the department faced delays due to the processing of non-traditional certifications which required individual review, such as emergency certifications. Additionally, the influx of certification requests driven by the Alaska Reads Act created a significant volume of work, placing the department as much as four months behind.

Commissioner Bishop relayed that the department redirected two internal positions to assist with certification

processing which brought the total number of staff working on certifications to seven. She stated that processing times had returned to approximately four weeks as of the fall of 2024, and the department aimed to maintain the timeline. The long-term goal was to modernize the system, which would allow both school districts and employees to view the status of certification applications. Previously, only individual applicants could track the progress of the applications, but the new system would allow employers to also see certification status as applicants moved through the process. The department's target was a 30-day turnaround time for certification, and it was approaching its goal.

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Representative Hannan stated that the update was encouraging but she still had concerns. She asked if the transition to an entirely digital application process created complications for non-traditional teachers, such as those from foreign countries. For example, there might be a teacher who had graduated from a college in the Philippines and might still possess only paper-based transcripts. She asked whether the department was experiencing a burden related to digitizing such records for international or non-traditional applicants.

Commissioner Bishop responded that the department did not think the issue significantly impacted the backlog. She explained that there was a growing interest in hiring employees on visas through teacher recruitment and retention initiatives. Many visa holders were transitioning from J-1 visas to H visas, which provided more long-term employment options. She stated that the trend had not created bottlenecks in the certification process.

Commissioner Bishop emphasized that the real challenge was with emergency certifications. She stated that standard certifications followed set criteria, but emergency certifications required an additional level of individual review, which caused delays. She reiterated that international teachers were not contributing to the slowdown. The department sought to provide more support to school districts through teacher recruitment and retention initiatives. She noted that school districts were responsible for sponsoring J-1 visas and that much of the paperwork backlog existed at the district level. Part of

the department's funding request involved establishing a statewide system to assist districts with processing the applications. She reiterated that the backlog was more likely to occur at the local level and not within the state certification office.

Co-Chair Josephson asked if the box labeled "Federal, Student and School Achievement" on slide 15 represented the most vulnerable source of funding. He stated that the federal administration had indicated that reforms were under consideration and that the funding could be restructured into a block grant or potentially eliminated. He noted that the \$157 million funding allocation appeared uncertain compared to historical norms and asked if his assessment was fair.

Commissioner Bishop replied that the funds were currently congressionally approved and that the federal administration alone could not make changes to the funds. She clarified that the federal funds included entitlement funds and were established through congressional approval. She relayed that any modifications would require congressional action and would depend on the U.S. Congress's ability to cancel or redesign the funds. She reiterated that the funding amount itself was congressionally approved.

Co-Chair Josephson stated that he remained concerned about broader trends. He noted that congress also approved funds for the United States Agency for International Development (USAID), but the funds had nevertheless become unavailable. He stated that a definitive U.S. Supreme Court case might be needed to confirm that appropriated funds under federal law could not be undone. He noted that the issue remained unresolved. He asked if there was confidence that the funds in question would remain available for the current federal fiscal year.

Commissioner Bishop replied that the USAID funds referenced were competitive grants. She stated that the department also had a competitive grant of \$50 million over five years for reading programs. She clarified that entitlement grants were not subject to cancellation in the same way as competitive grants and that entitlement grants could only be changed through congressional action. She reiterated that while competitive grant contracts could be canceled, entitlement funds remained protected.

Co-Chair Josephson expressed appreciation for the explanation.

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Ms. Siverly continued to slide 16. She explained that the slide was included to show the FY 24 actual expenditures for the Alyeska Reading Academy and Institute (ARAI). She reported that the expenditures totaled \$4.2 million.

Co-Chair Josephson asked why the slide remained in the presentation.

Commissioner Bishop responded that the department wanted to demonstrate that the program was closed out in the prior year.

Ms. Siverly continued to slide 17 and stated that DLAM had a total budget of \$12 million. She explained that the division brought communities together and assisted libraries and museums across the state.

Representative Hannan noted that there had been issues with library grants in the past. She asked for assurance that the Public Library Assistance (PLA) grants were on track, fully budgeted, and were intended to be fully expended in FY 26.

Commissioner Bishop responded that it was a departmental and divisional priority to ensure the grants were funded first.

Ms. Silverly continued to slide 18 and relayed that Mt. Edgecumbe High School (MEHS) served approximately 400 students per school year and had a total budget of \$15.9 million. She stated that the amount included funding for the aquatic center as well as facilities operations and maintenance.

Co-Chair Josephson asked what the funding increases for MEHS had been over the last decade. He acknowledged that the question might be provocative.

Ms. Silverly replied that the department would follow up with the information.

Ms. Silverly continued to slide 19 and relayed that the Professional Teaching Practices Commission supported the preparation, attraction, and retention of qualified and ethical educators by enhancing professional performance and promoting positive and preventative measures within Alaska's teaching profession. She stated that the commission's budget was \$293,000.

Ms. Silverly continued to slide 20 and explained that the Alaska State Council on the Arts (ASCA) had a budget of \$4.28 million. She explained that the council represented, supported, and promoted the creative efforts of individuals, organizations, and agencies throughout Alaska.

Co-Chair Josephson noted that there was growth in the UGF spending for ASCA, which he thought was positive. He asked whether advocacy groups and local community arts groups were satisfied with the funding amount.

Commissioner Bishop responded that Mr. Benjamin Brown from ASCA was available to provide more information.

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BENJAMIN BROWN, CHAIRMAN, ALASKA STATE COUNCIL ON THE ARTS, noted that he served ASCA as a volunteer and had done so since his appointment by former Governor Frank Murkowski in 2004. In response to the earlier question from Co-Chair Josephson, he explained that ASCA was very satisfied with the current budget figure. He expressed appreciation for the recent increases to the National Endowment for the Arts (NEA) budget made by the U.S. Congress. He thought that the increases had resulted in slightly larger allocations in the council's three-year partnership agreements, which were grant contracts. He expressed gratitude to the governor and OMB for submitting a budget in December of 2024 that fully funded and matched the council's needs. He described the funding as a prudent investment of state dollars because it leveraged not only federal funds but also private funds from foundations such as the Rasmuson Foundation and the Margaret A. Cargill Philanthropies. He stated that Alaska had the highest ratio of non-governmental funding of any state arts agency in the country.

Representative Allard asked what the council did and what kind of programs were operated by the council.

Mr. Brown responded that the council operated several different programs. He remarked that the council was probably best known in local communities for its grants to arts organizations. Although the grants were not large, they were critical. For example, there was a \$21,000 annual operating support grant to Valley Performing Arts in Wasilla, which served as a foundational part of the organization's budget and helped provide community theater to local residents. The council also supported many arts organizations in Juneau, Nome, and Ketchikan. The grant recipients were typically small nonprofits that helped Alaskans access arts and cultural activities in their daily lives. The council also operated a much smaller individual artist grant program that was typically around typically around \$2,000 and helped visual artists who had never held a gallery show obtain necessary materials such as framing supplies. He stressed that the small grants were critical for individuals who otherwise might not be able to advance their careers.

Mr. Brown added that the council was well known for its Alaska Artistic License Plate Program, which had become extremely popular. He thanked the legislature for its assistance in changing the laws governing the program. He noted that the fireweed license plates were now the most widely distributed by the Division of Motor Vehicles (DMV) and that the modest surcharge from the plates was used to support council programming. Additionally, the council operated a contemporary art bank program, which placed contemporary Alaskan art in state offices, including legislative offices. He added that the council also partnered with NEA and the Poetry Foundation to put on the Poetry Out Loud competition. The competition encouraged young Alaskans to memorize and recite poetry at the classroom, school, district, and state levels. He announced that the statewide final competition would take place on Wednesday, March 5, 2025, and would be broadcast live on Gavel to Gavel. He emphasized that the council operated a wide variety of programs using minimal resources and that community partnerships were vital in delivering the programs.

Representative Allard stated that it was important for the public to understand the full scope of the council's work. She thought that Mr. Brown's comments served as an effective public message.

Co-Chair Josephson agreed with Representative Allard. He stated the committee would continue with the presentation.

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Ms. Siverly continued on slide 21 and stated that ACPE oversaw postsecondary education needs. She reported that the commission's responsibilities included the Alaska Performance Scholarship (APS), Alaska Education Grants, and the Washington, Wyoming, Alaska, Montana, and Idaho (WWAMI) program. She stated that the commission's total funding was \$53 million.

Ms. Silverly continued on slide 22 which detailed the FY 26 budget changes for DEED. She explained that K-12 funding formulas were fully funded according to statutory calculations and the foundation program was funded at \$1.13 billion, with a BSA of \$5,960. She reported that pupil transportation funding was set at \$67.8 million.

Representative Galvin asked for more information about the department's role in helping families and students better understand their opportunities to qualify for APS. There was legislation passed in the prior year [HB 148] that brought about an increase of students in the university and in trade programs such as CTE. She thought it would be helpful to understand how the state was better delivering messages to families and students about available opportunities.

Commissioner Bishop deferred the question to her colleagues with more detailed knowledge on the subject.

Representative Galvin added that part of the question was understanding how the team was working together. She thought that communication about available opportunities had improved both before and after a student graduated.

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DEBORAH RIDDLE, DIVISION OPERATIONS MANAGER, DIVISION OF INNOVATION AND EDUCATION EXCELLENCE, DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT, introduced herself.

KERRY THOMAS, ACTING EXECUTIVE DIRECTOR, ALASKA COMMISSION ON POSTSECONDARY EDUCATION, introduced herself.

Co-Chair Josephson relayed that there was a question about APS and how its availability was being promoted and communicated.

Ms. Riddle responded that DEED started the process by serving as the agency that provided eligibility information to ACPE. She explained that the department collaborated with school counselors and distributed information regarding early award notifications, which had been established through HB 148 in the previous year. She noted that ACPE had a strong capacity for advertising and had become a partner of the department. She explained that the department worked to support ACPE in disseminating information to school districts, and department staff worked with both private and correspondence schools to ensure that as many students as possible were informed of available opportunities.

Co-Chair Josephson asked if Ms. Thomas had additional comments.

Ms. Thomas reiterated that ACPE and DEED were strong partners in providing information about the scholarship to Alaskan families and postsecondary institutions. She noted that ACPE employed communication methods to promote the scholarship. She reported that ACPE communicated directly with students and families, typically via email, and ACPE representatives attended school events at both the K-12 and postsecondary levels, including college and career fairs. She relayed that ACPE maintained strong partnerships with the University of Alaska (UA) and other higher education institutions. The goal was to ensure that institutions were familiar with the scholarship program and were communicating details to prospective students.

Ms. Thomas added that ACPE also conducted social media, advertising, and digital campaigns to promote awareness of the scholarship. There was a cross-agency workgroup that included ACPE, DEED, school district representatives, the Department of Labor and Workforce Development (DLWD), and UA. She explained that the goal of the workgroup was to ensure that every student and family was aware of the scholarship program at the beginning of high school. She emphasized that early awareness was important because students needed to plan in advance in order to meet the scholarship's curriculum and grade point average (GPA) requirements by graduation. She stated that the workgroup

was attempting to address the need from all possible angles.

Representative Stapp referenced slide 22 and noted that the pupil transportation program was calculated separately from the foundation formula. He asked Commissioner Bishop to explain the rationale for separating the program from the rest of the foundation formula. He noted that the program was a fixed cost.

Commissioner Bishop responded that she was not certain of the historical origin of the separation, but she thought that the approach made sense. She noted that fixed costs varied significantly across Alaska and that separating the costs allowed for clearer identification of the expenses. She added that pupil transportation costs were based on a per-pupil calculation but were separated to ensure that funds intended for transportation were used for their intended purpose, while other funds could be directed toward classroom instruction.

Representative Stapp agreed and thought it was important to understand how money reached the classroom. He noted that different districts faced different fixed costs. For example, residential electric rates in Fairbanks were approximately \$0.27 per kilowatt hour, while costs in Ketchikan and Juneau were much lower. He asked whether the commissioner had considered identifying other fixed costs outside of pupil transportation and removing the costs from the foundation formula to provide the legislature with a clearer picture.

Commissioner Bishop responded that she had considered the issue and noted that Fairbanks' energy costs also affected pupil transportation. She explained that school buses were required by law to maintain an interior temperature of 45 degrees before picking up a single student, which required heated indoor storage that was not mandatory in other areas of the state. She reported that she and her staff had explored the idea of addressing fixed energy costs directly.

Commissioner Bishop explained that historically, there had been a 70/30 provision that required 70 percent of all funds received by a district to be spent on instruction. The provision had since been removed due to increasing difficulty in adhering to it. She noted that some districts

spent as little as 8 percent of their budgets on energy, while others spent more than 40 percent on various forms of energy. She thought it would be prudent to review the last three years of actual energy expenditures and to determine an acceptable percentage of a district's operating budget to be spent on energy. She suggested a starting range of 10 percent to 15 percent. If a district participated in energy conservation efforts, the state could provide direct payments for any energy expenditures exceeding the established threshold. She emphasized that the goal was to protect classroom instruction dollars by addressing unavoidable fixed costs separately.

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Co-Chair Josephson stated that he was not an expert on the foundation formula, but he believed that it already accounted for district-level cost differentials and disparities.

Commissioner Bishop responded that the formula included a cost area differential; however, the disparity in energy costs had grown significantly. She stated that the volatility and magnitude of energy costs now exceeded the predictable market basket costs used in the original differential calculations, such as those for food and fuel. She suggested that re-examining the cost area differential could be helpful.

Representative Galvin commented that it was important to ensure that resources were being allocated in a way that was inclusive of students in rural Alaska. She stressed the importance of ensuring that all Alaskan students and families were informed about scholarship opportunities, including the complexities of completing the Free Application for Federal Student Aid (FAFSA). She requested that the department follow up with additional detail on how resources were being allocated. In addition, she thought it would be helpful to be provided with a demographic breakdown of the over 900 students who had newly taken advantage of APS. She asked whether the students were from correspondence programs, from Anchorage, or from other areas. She stated that understanding the ways in which the program had been effective in reaching students would help inform future funding decisions.

Co-Chair Josephson requested that the presenters include the requested breakdown of students in the follow-up and provide details about outreach efforts to rural Alaskans regarding the scholarship.

[2:33:32 PM](#)

KAREN MORRISON, DEPUTY COMMISSIONER, DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT, advanced to slide 23. She stated that the chart showed total state aid and one-time funding outside the foundation formula from FY 00 to fiscal year 26. She moved to slide 24, which displayed the historical trend of foundation funding and ADM over the past 26 years. She noted that the slide included preliminary data for FY 25 as well as projected data for FY 26. The table on the right side of the slide provided detailed figures and showed that the projected foundation funding for FY 26 was \$1.13 billion with an ADM of 124,700.

Representative Galvin asked whether the department had considered presenting information that accounted for the inflationary cost of education rather than only the total dollar amount spent. She noted that the purchasing power of each dollar changed over time and it was important to understand how inflation affected educational funding. While dollar values might appear to increase, the real value could decline. She reiterated the importance of understanding the value of the dollar being spent. She suggested including background data that showed an inflation-adjusted trend.

Representative Stapp recommended examining a 20-year period for inflation adjustment. He noted that the chart on the slide showed that ADM was currently slightly lower than in earlier years, while state aid had approximately doubled since 2004. He suggested that showing the growth of fixed costs over the time period would be helpful in understanding how the costs related to the increase in state aid.

Representative Allard stated that some members of the public had expressed concern about crowded classrooms. She asked the commissioner to share her perspective on the issue. She recalled that the commissioner had previously shared data and research that showed that classroom size was not correlated to student learning outcomes, which she

agreed with. She asked the commissioner to share her perspective.

[2:37:10 PM](#)

Commissioner Bishop responded that the reference came from a book she had read that was a meta-analysis of educational research. She could not recall the title of the book at the moment. According to the book, class size was one indicator of student learning outcomes but was not within the top forty factors that impacted learning trajectories. She asserted that other improvements and pedagogical practices used in schools had greater influence than class size. She offered to provide the book title or excerpted information from it in a follow up. She indicated that teacher quality, teacher feedback, and student engagement were among the higher-impact factors. The educational research detailed in the book demonstrated that class size was not the first priority for improving student learning.

Representative Allard requested that the department provide the information to members so that individual school districts could better understand the research.

Co-Chair Josephson asked if the follow up would be the report alone or the complete book.

Commissioner Bishop responded that she could extract the specific section from the book addressing class size. She explained that the study summarized which educational factors had the most significant effects on student learning. She stated she would be happy to provide full copies of the book to members if desired.

Co-Chair Josephson expressed that he was skeptical of the validity of the study. He stated that he found it difficult to accept that class size was ranked outside the top forty influencing factors and questioned the credibility of the report. He noted that at large universities, introductory classes might have hundreds of students, while small universities had small class sizes. He reiterated his suspicion of the book's data, though he acknowledged that he had not yet reviewed it.

Representative Stapp directed attention to slide 25, which addressed the growth of correspondence programs and the decline in brick-and-mortar school enrollment. He

understood that one of the formulaic issues in the foundation formula was that the school size multiplier did not act as a positive indicator for a district like Anchorage. He noted that Anchorage might see declines in brick-and-mortar enrollment because of the declining BSA amounts. He noted that Anchorage was discouraged from closing schools, and it would receive reduced funding per student under the current formula. He described the situation as a "perverse incentive" to keep under-enrolled schools open. He asked the commissioner to comment on the issue and suggest potential solutions.

Commissioner Bishop responded that years ago, there had been an incentive for districts to close schools, which included a "hold harmless" provision to ease the financial burden of school closure. Within the current formula, a school functioned as a funding factor, which meant that there could be financial advantages to maintaining more schools. She explained that the school size factor favored smaller schools and benefited many rural districts. However, there was a "sweet spot" in the formula where funding began to diminish with increasing school size. She believed that at the high school level, the formula provided less than one dollar per additional student after reaching approximately 1,100 students. She clarified that the reduction applied only to students exceeding the threshold, as the state considered 1,100 students to be the ideal school size.

Commissioner Bishop understood the ideal total was 450 students in elementary schools. She explained that schools would receive less funding for any child enrolled in a school after the 450 student threshold had been reached. She explained that the structure addressed the economies of scale that benefited larger cities. She noted that many students had shifted to correspondence programs, particularly over the past ten years and especially since the COVID-19 pandemic. She explained the department had examined strategies to provide funding to districts in recognition of the fact that modern correspondence education differed significantly from what it had been 20 to 30 years ago.

Commissioner Bishop continued that many parents had discovered during the pandemic that they preferred having more control over their children's education and valued the flexibility it provided. She noted that many school

districts had adapted by developing flexible correspondence models in which students participated both in traditional brick-and-mortar instruction and online learning. She added that districts continued to provide supports such as CTE, special education, and English language learner services to correspondence students. The governor's goal was to recognize the support provided by districts to correspondence students and to provide additional funding in response. She acknowledged that the hold harmless provision related to school closures only lasted about three years, and including a school in the formula created an incentive to keep schools open. She noted that there were multiple factors involved and indicated that the department was attempting to make improvements.

[2:44:13 PM](#)

Representative Stapp remarked that the growing popularity of correspondence programs had created a unique situation in which student enrollment shifted significantly from one district to another. He observed that the foundation formula did not appear to account for the shift. Once the hold harmless period expired, districts often experienced a significant and sudden drop in ADM. He noted that the Fairbanks North Star Borough School District (FNSBSD) had experienced a significant ADM drop. He asked if the commissioner had any ideas on how to compensate for the shift.

Commissioner Bishop responded that she was not certain of the exact numbers related to FNSBSD; however, a school closure triggered one type of hold harmless provision, while a district-wide enrollment drop of more than 5 percent triggered another type of provision. She stated that both provisions were currently enforced. She noted that some school districts operated popular statewide correspondence programs that had generally existed for a long period of time. She explained that 32 school districts had either launched correspondence programs or were operating their own correspondence programs in an effort to retain students. Many districts aimed to capture students as they entered kindergarten because parents preferred to retain rollover funds in the allotments, which could be used for specific educational purchases. The process was similar to how schools maintained a fund balance for targeted purposes.

Commissioner Bishop relayed that districts sought to enroll students early in their academic careers and retain the students. When families chose to stay with a correspondence program, it was often because the family was satisfied with the services provided. She reiterated that two separate hold harmless provisions existed: one for a 5 percent ADM drop and one for school closures. She explained that when students chose a correspondence program that generated less funding, it created additional challenges as districts received less funding for correspondence students than for students enrolled in brick-and-mortar schools. She explained that the disparity was one of the reasons the department attempted to enhance funding based on student needs, since districts were still providing services to those students.

Representative Stapp understood that during the pandemic, many students left brick-and-mortar schools and enrolled in correspondence programs operated by their own school districts. He stated that the shift created a funding issue because the same student was now counted at 90 percent ADM under the correspondence model, even though the student remained in the same district.

Commissioner Bishop confirmed that students in correspondence programs were funded at 90 percent ADM and also did not generate any of the additional multipliers included in the foundation formula. She emphasized that the multipliers were where districts could actually increase funding. She explained that the department had attempted to provide multipliers to districts that operated correspondence programs.

Representative Stapp asked whether the provision would be included in the governor's education bill.

Commissioner Bishop responded in the affirmative.

[2:48:35 PM](#)

Representative Galvin asked for clarification on the figures on slide 25. She noted that she had previously heard a different figure for the projected correspondence enrollment for 2026 than the 781 student decrease on the slide. She had heard it would be a loss of around 2,000 students. She asked for clarification on whether the 781

figure represented the correct projection for the decrease in correspondence enrollment.

Ms. Morrison responded that the total projected decrease in ADM was 2,053 students. Of that total, 1,270 students were projected to be lost from brick-and-mortar enrollment, and 783 from correspondence enrollment.

Representative Galvin asked whether more students were projected to leave correspondence than brick-and-mortar.

Ms. Morrison responded that the comparison to the current fiscal year showed a 61.9 percent decrease in brick-and-mortar enrollment and a 38.1 percent decrease in correspondence enrollment.

Representative Galvin reiterated that her understanding of the projection was 1,270 fewer brick-and-mortar students and 781 fewer correspondence students. She asked if her understanding was correct.

Ms. Morrison responded that the correct number for correspondence was 783.

Representative Galvin explained that she was trying to understand the broader context. She believed the projected decrease represented a higher proportion of correspondence students leaving their programs than brick-and-mortar students leaving the schools. She stated that there were approximately 120,000 K-12 students in brick-and-mortar and around 23,000 in correspondence.

Ms. Morrison confirmed that the proportionate loss for the next year was expected to be greater in correspondence than in brick-and-mortar.

[2:52:12 PM](#)

Representative Bynum remarked that the topic of education spending and the obligations involved was a complex conversation. He thought it was difficult to see how all the components were actually impacting individual school districts. He noted that districts were highly variable, including Regional Educational Attendance Areas (REAAAs) as well as city and borough school districts, each with different responsibilities. He hoped the department could

provide a high-level explanation of the various funding sources.

Representative Bynum noted that the discussion thus far had focused primarily on state aid, but earlier slides had referenced federal dollars, including impact aid. The federal funds were affected by specific state actions such as the disparity test, which resulted in cost savings for the state. He remarked that the state could choose not to administer the disparity test while allowing school districts to retain the full impact aid without a cap, which would result in a greater obligation for the state to fund schools. He asked if the department could briefly explain the challenges related to providing data on non-state funding, including federal dollars as well as required and discretionary local contributions.

Commissioner Bishop responded that under the current disparity test, approximately \$82 million was applied toward a local contribution in various REAAs or cities that received federal impact aid. She stated that the disparity test served as a balancing mechanism to ensure that there was not more than a 25 percent difference in school funding between the wealthiest and poorest districts. She explained that within the 25 percent margin, there was a basic level that all districts were required to contribute as well as an upper limit that districts could choose to approach, resulting in variability within the allowable range. She noted that Ms. Morrison had experience working directly with the formula and she suggested that Ms. Morrison speak to her experience.

Ms. Morrison added that the total amount calculated under the state's funding formula was considered the basic need. She explained that the minimum required local contribution or a portion of the district's impact aid was then subtracted from the basic need total. She clarified that the state did not directly receive any federal impact aid; rather, the amount was simply used as a numerical factor within the funding formula. After calculating the formula and subtracting the necessary amounts, the state determined its share of funding for each district and then added the quality schools funding on top.

Representative Bynum remarked that the legislature had a constitutional obligation to establish and maintain a system of public schools open to all children of the state.

He asked whether it was correct to interpret the state aid requirement as the minimum level of funding needed to meet that constitutional obligation.

Ms. Morrison responded in the affirmative.

Representative Bynum understood that districts had the ability to contribute additional funding to schools beyond what was required to meet the constitutional obligation. He stated that he would not delve into school bond debt reimbursement, but he thought that most city and borough school districts had the ability to fund the physical school buildings that students attended. He asked for confirmation that spending on school facilities was not linked to the state's operational funding requirement.

Commissioner Bishop responded in the affirmative. She stated that it was managed through a separate account.

[2:58:00 PM](#)

Representative Bynum suggested that when evaluating education policy in the state holistically, it became clear that Alaska approached funding differently depending on the type of district. He relayed that REAAs and city or borough school districts operated under vastly different funding mechanisms. He pointed out that city and borough districts were required to contribute to meeting the constitutional obligation, whereas the state covered the obligation in REAAs. He thought that the charts in the presentation did not reflect the full picture of education funding because local required contributions and federal dollars were sometimes excluded.

Commissioner Bishop responded that the charts did not account for all funding flowing into school districts. For example, a local homeowner in Ketchikan or Anchorage might pay a separate tax for a school construction bond in addition to any taxes levied for school operations. She clarified that the two were separate and distinct items within the taxing authority.

Representative Bynum clarified that his intent was to make the distinction clear. He acknowledged that he was not an expert in REAAs or in the city and borough model, but he had spent four years studying the foundation funding formula and how it affected local school districts within

his district. He stated that the funding mechanisms were highly variable across districts, and he wanted to highlight the complexity of the system.

Representative Bynum shared that he had a second question regarding an issue that had not been discussed. He noted that the charts in the presentation showed trends in funding, including increases that leveled off and the incorporation of one-time funding. He noted that since the foundation formula had last been studied in depth 25 years ago, there had been a significant change related to the special education multiplier. He had not heard anyone address the changes to the special education multiplier or how the resulting funding had impacted overall school funding. For example, when the intensive special education multiplier had increased in Ketchikan around 2009, it had grown from a factor of five to a factor of 13 over a short period of time. He explained that approximately 5 percent of the district's funding had been attributed to intensive special education in 2009. In 2025, roughly 35 percent of the total funding was now tied to intensive special education. He noted that while overall school funding may appear to be increasing, much of the increase could be attributed to the compounded effect of the higher multiplier. He asked how the increased funding requirements associated with intensive special education had affected overall funding going into school districts.

Commissioner Bishop responded that under Alaska's funding formula, all funds began with the ADM and then were ran through various multipliers, including the small school and large school multipliers. She explained that the result of the process was one collective pool of funding at the district level. Districts then allocated the funds through internal budgeting processes to support their programs.

Commissioner Bishop added that that there were six qualifying provisions a student needed to meet in order for the district to receive funds for intensive special education. She acknowledged that there was an increase in funding related to intensive special education and stated that the department was reviewing the current system, particularly because once a student qualified, the funds continued without routine auditing after the initial determination. She stated that districts reported the data themselves.

Commissioner Bishop relayed that the department was considering a regulatory change to gain a clearer understanding of how the funds were being used and to better assess the ongoing need. She added that many young children had been entering the system with intensive needs and the department was considering how to address transitions for higher need students as they grew older. She did not have specific information on services within Representative Bynum's district, but the data would be held locally. She emphasized that all funds were placed in one account, but the funds designated for special education were specifically directed toward students with intensive and low incidence needs.

[3:03:51 PM](#)

Representative Bynum asked if the department had observed a statewide trend of more students being placed in the intensive special education category. He reported that prior to the multiplier change, there had been approximately 35 students in the category in his district. He stated that the current number had grown to between 125 and 130 students and had increased each year. He acknowledged that some definitional changes may have occurred but asked if the department had observed similar trends statewide.

Commissioner Bishop confirmed that there had been a statewide increase in students qualifying for intensive special education funding. She stated that the trend was most prevalent in schools in larger cities. She added that the department could provide exact figures and a historical trend analysis in a follow up.

Representative Bynum asked what substantial changes the department had implemented over the last 20 to 25 years that had resulted in better educational outcomes for students, apart from the special education multiplier and the Reads Act.

Commissioner Bishop responded that data from the era of the No Child Left Behind Act and the High School Graduation Qualifying Exam indicated that student achievement used to be higher. She stated that direct investments CTE had also contributed to improved opportunities for students, although she would need to review student outcome data to make a conclusive statement on the impact. She predicted

that the Reads Act would demonstrate a positive trend in student achievement in the future.

Representative Bynum relayed that a consistent concern reported by education leaders in his district had been the increasing prevalence of mental health issues among students. He stated that mental health issues affected students' ability to learn and it was critical to address the issues. He asked what kinds of creative strategies or collaborative efforts the department was pursuing to improve the state's response to the growing concern in schools, such as partnerships with the Alaska Mental Health Trust Authority (AMHTA).

[3:07:27 PM](#)

Commissioner Bishop responded that one strategy under consideration was a bill sponsored by Representative Zack Fields that aimed to eliminate cell phone usage among students [HB 57]. She stated that data demonstrated the harmful effects of cell phone usage on students' mental health. She noted that Ketchikan had been a frontrunner in a separate initiative involving partnerships with external agencies, particularly the U.S. Department of Health and Social Services. She explained that both the federal government and the state had changed policies in the prior year to allow districts to bill Medicaid and Medicare for mental health services provided to students with demonstrated needs who did not have Individualized Education Plans (IEPs). Previously, only students with IEPs qualified for such billing under the Individuals with Disabilities Education Act (IDEA). School districts historically had not been responsible for providing mental health services; however, Alaska Department of Health (DOH) Commissioner Heidi Hedberg had begun leading new partnership efforts with external agencies. She stated that under the new approach, outside agencies could now bill for mental health services if a student's parent did not have insurance and the student was not on an IEP.

Representative Bynum asked if DEED was working toward modeling a program that could be replicated in other districts.

Commissioner Bishop responded that DEED was collaborating with DOH and had been actively engaged in the work since the federal allowance was adopted at the state level the

previous year. She acknowledged that one of the primary challenges was the shortage of clinicians in Alaska, but the department was still exploring how to expand the program statewide.

[3:10:22 PM](#)

Representative Allard asked for more information about the increase in special education enrollment and the associated rise in funding. She thought that the significant increase in enrollment was particularly notable and stated that numerous teachers had told her it was difficult to ignore the link between increased diagnoses and increased funding. She asked who was responsible for diagnosing students at the earliest level. She inquired whether the responsibility fell to a school counselor, nurse, teacher, or parent.

Commissioner Bishop responded that eligibility for special education services was clearly defined under IDEA. She stated that a school psychologist and the student's teacher were required to be involved in the evaluation process. There was substantial supporting documentation required for a formal diagnosis. She added that for many students with high needs or low incidence conditions, eligibility was determined through medical diagnoses and made early in life. The state also operated the Child Find program, which identified eligible children as young as three years old in order to begin intervention early and potentially alter the child's developmental trajectory. She stated that Child Find was funded through special education dollars. The identification process was lengthy and governed by legal statutes and regulations. She added that the department hoped to move toward more regular reevaluation of students' needs as they progressed through school, especially for those receiving intensive behavioral support.

Representative Allard stated that she was concerned about student behavior in relation to special education enrollment. She asked whether the department had any statistics regarding how many older students had been evaluated for special education services, particularly those diagnosed with ADHD or prescribed medication such as Ritalin. She acknowledged that it was a complex question but wanted to hear the department's perspective. She was concerned that children were being misdiagnosed due to limited recesses and shortened lunch periods. She noted that in prior decades, children had longer breaks and there

were fewer behavioral interventions. She speculated that the rise in diagnoses might be correlated with increased funding allocations. She had not yet received an explanation for the steep increase in Alaska's special education population and found the trend alarming. She suggested that limiting cell phone use might be part of the solution.

[3:13:45 PM](#)

Commissioner Bishop responded that there was a law prohibiting educators from recommending medication to students. She stated that only medically trained professionals were permitted to discuss medication and school nurses could not prescribe it.

Representative Allard asserted that there was also a law that said "you're not allowed to not do certain things to your children" and she alleged the Anchorage School District (ASD) violated the law routinely.

Co-Chair Josephson interrupted and requested clarification from Representative Allard. He stated that she had asserted that ASD was violating the law, but he was unsure of what she meant. He asked her to allow the commissioner to finish her response and then stated that he did not know what her comment was referring to.

Representative Allard replied that she did not trust the actions that seemed to be forthcoming.

Co-Chair Josephson stated that he was simply unclear on the actions she was referring to.

Representative Allard stated that she was speaking about transgender students. She had read a document from ASD that stated that students could use different names or identify as a different gender without parental notification. She understood that a federal law was being broken by the district.

Representative Hannan stated that she wanted to address a common misconception about special education. She stated that many people held a narrow view of what constituted a special education student and expressed appreciation for Commissioner Bishop's inclusion of low incidence special education. She noted that such students were typically

medically complex and had significant medical or cognitive conditions identified near birth or caused by later medical events. In small or remote communities in Southeast, families with children requiring frequent medical care often moved to larger communities such as Ketchikan, Sitka, or Juneau, where access to pediatric care was more readily available. She asked for more information on what a low incidence special education student typically looked like.

Commissioner Bishop responded that intensive special needs funding was primarily designated for low incidence special education students, especially as the students aged. She explained that the goal of special education was not to label students but to provide early intervention to help students succeed. She stated that in the first few years of school, such students were often identified under the category of "developmentally delayed," unless a medical diagnosis or a physical or cognitive disability had already been identified.

Commissioner Bishop explained that students who were initially identified as developmentally delayed were reassessed at age eight and were sometimes reclassified as having a learning disability in areas such as reading or math. The students might also continue receiving services under the high-intensive needs category for special education, which would require the assistance of a teacher and potentially another adult supervisor. She stated that the students often required support beyond the assistance of a classroom teacher. She explained that some of these supports included adult supervision, assistance with toileting, medication administration, and transportation. She reiterated that although the occurrence of such needs was low in the general population, the intensity of required support was often significant and typically resulted from birth conditions or medical diagnoses.

Representative Hannan noted that in December of 2024, the department had issued notice of proposed regulations related to funding disparities. She stated that many districts were concerned that the changes would be harmful, including in her own district of Juneau. The concern stemmed from the proposal to include local contributions for activities traditionally outside the funding cap in the disparity calculation, such as sports programs. She asked whether the proposed regulations would be included on the State Board of Education's March agenda.

Commissioner Bishop responded that the regulations would not be on the March agenda. She stated that the department was still receiving feedback from school districts and anticipated bringing the regulations forward in June of 2025. She deferred further detail to Ms. Morrison.

[3:19:17 PM](#)

Ms. Morrison added that the regulations had already been drafted and were currently under review by the Department of Law (DOL). She confirmed that the regulations would not be reviewed at the March board meeting because they were not yet ready. The department did not take a formal position but it had felt obligated to explore the issue after media coverage in July of 2023 highlighted that the Juneau School District (JSD) had exceeded the funding cap. She noted that Alaska statute clearly defined both the minimum required local contribution and the maximum cap. The department's intent was to ensure equitable funding across the state in alignment with the foundation formula.

Representative Hannan asked why the state had decided to join litigation concerning Section 504 accommodations in Texas. She noted that the accommodations were not for special education students but for students with other specific needs requiring support under federal law. She expressed concern that if the lawsuit prevailed, it could jeopardize school districts' ability to provide 504 accommodations. She asked whether DEED had been consulted by DOL before Alaska joined the lawsuit. She hoped that the state would not succeed in the litigation.

Commissioner Bishop responded that she had not provided input into the decision to join the lawsuit.

Representative Tomaszewski asked for more information about the projected number of students in both public and correspondence schools. He inquired whether the department had data disaggregated by high school graduates exiting the system and by new kindergarten students entering the system. He asked whether the numbers were available or could be provided.

Commissioner Bishop responded that Legislative Finance Division (LFD) Director Alexei Painter had previously provided data indicating that the birth rates in 2020 for

children entering kindergarten were significantly lower than the birth rates for students graduating from high school. She stated that the decline in enrollment could be attributed in part to lower birth rates. She asked if Ms. Morrison had reviewed the data.

Ms. Morrison added that the data was lumped together by grade as follows: kindergarten through third grade, sixth through eighth grade, and ninth through twelfth grade. She clarified that the data were not available by individual grade level. She stated that she would check with the department's data team to determine whether the requested information could be extracted and provided.

[3:23:26 PM](#)

Representative Jimmie expressed her gratitude for the Head Start and Parents as Teachers programs. She shared that her two daughters had participated, and the programs had been helpful. She relayed that many rural districts had requested that the department consider reinstating co-curricular activities and additional counseling services. She asked if the department had any comments on the request.

Commissioner Bishop responded that school districts typically did not direct such requests to the department but instead brought them to the legislature. She affirmed that reinstating counselors and co-curricular activities were considered high priorities by school districts. She emphasized that keeping students engaged and supported remained a significant focus for the department.

[3:24:38 PM](#)

Co-Chair Josephson thanked the presenters. He reviewed the agenda for the following day's meeting.

HB 53 was HEARD and HELD in committee for further consideration.

HB 55 was HEARD and HELD in committee for further consideration.

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ADJOURNMENT

3:25:13 PM

The meeting was adjourned at 3:25 p.m.