



MEMORANDUM

To: State Board of Education & Early Development

Date: June 4, 2025

Thru: Dr. Deena Bishop
Commissioner

Telephone: (907) 465-2785

From: Heather Heineken, Director
Finance & Support Services

Subject: 11C Finance and Support Services
Division Standing Report

This quarter, the Finance and Support Services Division has actively monitored, prepared, and presented fiscal notes for approximately 25 legislative bills. We have responded to legislative inquiries and participated in meetings with Representatives and Senators as requested. Additionally, the division has provided timely support and information to reporters and other interested parties to ensure accurate understanding of education-related fiscal matters. The following provides a more detailed review of key activities and accomplishments within each section of the Finance and Support Services Division.

School Finance

Foundation Funding Program

- FY2025 OASIS closeout was delayed by approximately a month, delaying final Basic Need calculations for district Foundation Program payments.
- One appeal to the 2024 OASIS reconciliation data had been received in February. The internal review process upheld the initial decision. The district requested an administrative hearing; however, the appeal was resolved through a settlement.
- The FY2026 disparity test was submitted to the Impact Aid Program (IAP) by the March 3, 2025, deadline. No district requests for a pre-determination hearing were received by IAP, and the application is currently under review.

Pupil Transportation Program

- This year's school bus driver instructor trainings will be held in May and June at the Alaska Vocational Technical Center (AVTEC) in Seward. There will be two workshops to recertify existing school bus driver training instructors, scheduled for May 27-30, 2025, and June 2-5, 2025. A school bus driver training certificate is good for three years and must be renewed through a refresher course paid for by the department through AVTEC.

- The request for proposals for the state school bus inspections was issued March 25, 2025. Upon review of proposals, the notice of intent to award was issued April 18 to Resurrection Auto, who is the current contractor.

Residential Schools

- The open enrollment for residential school applications is open May 1 to June 30. This is the opportunity for districts to submit for new programs or to modify a current program for FY2027 funding.

State and Federal Reporting Requirements

- **School District Audits:** Certified audits were due to the department by November 15 in accordance with AS 14.14.050, or state funding is withheld until the audit is received. The department received all school district audits as of March 18, 2025.
- **Per Pupil Expenditure Reporting:** Under the Every Student Succeeds Act (ESSA), school districts are required to report per-pupil spending at both the district and school level. For FY2024, the department has received, verified, and posted per-pupil expenditure data for 52 districts as part of their annual report cards. Two districts have not yet submitted their information.
- **School District Budget:** FY2026 budgets are due to the department by July 15, 2025.

School Broadband Assistance Grant (BAG)

- The BAG application opened to school districts in the department's Grant Management System (GMS) on March 18, 2025, for completion prior to the May 15, 2025, due date. Department funding decisions will be issued by July 15.
- The Program Coordinator is providing weekly Q&A sessions to assist school districts with applications.
- End-of-year report review showed a few districts that were not able to achieve the anticipated higher download speed of 100 Mbps through their internet service providers this year and will be returning a portion of the grant funds.

E-Rate Support

- Providing continuous E-Rate support for school districts and libraries in the FY2025 application processes, including program integrity assurance review inquiries and rate application for 30-plus small and rural libraries.
- Monitoring the Fifth Circuit ruling on USF and the pending review by the Supreme Court. Aiding Department of Law to complete the Alaska amicus brief for the E-Rate program.

School Facilities

Capital Improvement Projects (CIP)

The Facilities section annually reviews applications for state aid for school construction and major maintenance and produces statewide priority lists (additional detail below). When funded, the section administers state-aid for school capital projects ranging in size from \$50,000 to \$90,000,000.

Project-Related Statistics for This Quarter	Debt Reimbursement	Grant
Project agreements issued	1	2
Deliverables reviewed under 4 AAC 31.030, 4 AAC 31.040, and for "pre-CIP" projects	1	8
Project agreement close outs	2	6
Total active projects	9	52
Total active project value (debt approved principal and grant state share)	\$28,038,381	\$525,317,922

- **Preventative Maintenance (PM) Program:** PM site visits and assessments of district compliance in five areas of maintenance and facilities management are being conducted for FY2027 CIP eligibility. Nine visits were conducted between February 1, 2025, and April 30, 2025. A common challenge observed across all sites is a lack of personnel to carry out essential maintenance and custodial duties. Due to ongoing budget cuts, support staff positions have been reduced or eliminated, resulting in a shift toward reactive or “crash” management. In this model, maintenance is deferred until a failure occurs, at which point costly contractor intervention is required to replace entire components. While this approach may appear to reduce short-term expenses, it leads to significantly higher long-term costs.
- **FY2026 CIP Cycle:** The Major Maintenance and School Construction lists were finalized upon approval of the State Board of Education (SBOE) on March 11, 2025.
- **Bond Reimbursement & Grant Review (BRGR) Committee:** The BRGR met in person in Juneau on April 9 and 10, 2025. All members of the committee participated including Senator Matt Claman and Representative Alyse Galvin. Three subcommittees were formed including: (1) CIP Application and Process, (2) Preventative Maintenance Administration, and (3) Space Utilization.
- **FY2027 CIP Application:** The BRGR committee approved the FY2027 application with minor changes from the FY2026 CIP application on April 10, 2025.

Land

The Facilities section manages state-owned land in support of school facilities, several Regional Educational Attendance Area (REAA) districts, and Mt. Edgecumbe High School (MEHS).

- Continuing work with Millerville Lot 15 Japonski Island (MEHS) property transfer to SouthEast Alaska Regional Health Consortium (SEARHC).
- Finalizing with MEHS and AT&T on a renegotiation of lease terms for AT&T Control Tower site location. Waiting for the final document from AT&T.
- Reviewing for approval new MEHS/Verizon Cell-On-Wheels (COW) lease agreement.

- Quit claim deed in process to issue for Auntie Mary Elementary School in Aniak to School District.
- Alaska Gateway School District/City of Eagle lease issue ongoing.
- Working with Department of Natural Resources (DNR) over a covenant for the MEHS Navel Operations Base (NOB) A site related to contamination.
- Continued customer support to various outside partners regarding land/lease inquiries.

Special Projects

- The department received an FY2022 appropriation to develop a capital funding forecast database. This database will document the statewide need for K-12 construction and capital renewal each year and will identify how existing funding mechanisms could meet that need. Six capital planning dashboards have been released for use by the public and are available here: <https://education.alaska.gov/facilities/capitalplanning>. An additional capital forecasting tool is nearing completion and will be available for use by June 30, 2025.

Child Nutrition Program

Community Meal Programs

- The Department of Education and Early Development (DEED) supports several federally funded community meal programs in addition to school nutrition programs. These include the Child and Adult Care Food Program (CACFP) and Summer Food Service Program (SFSP). These programs provide nutritious meals during summer and afterschool programs, as well as children in childcare centers and day care homes. One adult day care center is also supported under CACFP.

Child and Adult Care Food Program (CACFP) Monitoring

- DEED has completed the federally required monitoring of CACFP sites and program sponsors. The monitoring visits ensure compliance with federal nutrition, administrative, and financial regulations, and also serve as an opportunity to provide technical assistance and share best practices. DEED uses a combination of contracted and in-house monitoring staff to conduct these visits. DEED staff visited five sites in Petersburg, Anchorage, Mat-Su, and Kenai.

Summer Food Service Program (SFSP) preparation

- DEED is preparing for the largest SFSP operation in Alaskan history. The Meals to You Alaska demonstration project is expanding under the Food Bank of Alaska's sponsorship; they are onboarding approximately 20 new school districts from summer 2025 which will provide meals by mail to children throughout Alaska where traditional SFSP operations are not possible. In addition, SFSP will onboard one new sponsoring organization and approximately a dozen new sites including both urban and rural locations and in congregate (on-site) and non-congregate (take-home) settings.

Farm to School Grant Awards

- DEED awarded \$55,400 in Farm to School Grants to ten recipients including school districts and non-profit organizations to support farm to school initiatives. The Farm to

School Formula Grant was awarded to DEED in federal FY 2021. These initiatives include school gardens, food production and farm education, and support for local food procurement efforts (although the funds may not be spent directly on food procurement).

The Emergency Food Assistance Program (TEFAP) order cancellations

- The US Department of Agriculture (USDA) has cancelled food deliveries to Alaskan food banks and food pantries, with an estimated value over \$595,600. At this time, the USDA has not provided official guidance regarding replacement orders or future funding levels.