

**To: Members of the State Board of
Education & Early Development**

June 04, 2025

From: Dr. Deena Bishop, Commissioner

Agenda Item: 14C

◆ ISSUE

The board is being asked to approve proposed emergency regulation amendments to 4 AAC 09 regarding the financing of public schools and the required local contribution.

◆ BACKGROUND

- The definition for “local contribution” for the purposes of the public education funding formula in AS 14.17 is proposed to be amended to align with the federal definition of “current expenditures” used by the impact aid program disparity test.
- The proposed regulation change is intended to align the calculation with federal definitions and support compliance by promoting a more equitable distribution of resources. It clarifies what constitutes permissible local contributions by referencing the federal definition of public education expenditures. This will enhance transparency for school districts and help ensure financial equity across the state.
- In 2023, School Finance became aware of issues regarding some districts receiving municipal appropriations to special revenue funds and questions regarding whether such contributions were or were not “outside the cap” of the maximum local contributions.
- The Department is also endeavoring to ensure compliance each year with the requirements of the federal Impact Aid Program (IAP) given its importance to the state’s funding of public education as outlined in the education funding statutes. Bringing the definition of local contribution for purposes of state public funding of public education into alignment, where possible, with the federal definition of expenditures in relation to public school funding would serve that purpose.
- In the fall of 2024, an initial draft of the regulation was provided to the Alaska Association of School Business Officials’ (ALASBO) Education Policy Workgroup with a request for its assistance identifying areas of potential concern.
- A copy of the proposed regulations can be found behind the cover memo.
- Heather Heineken, Director of Finance & Support Services, and Lori Weed, School Finance Manager, will be available to brief the board.

◆ OPTIONS

Approve the emergency finding and emergency regulations.

Don’t approve the emergency finding and emergency regulations.

Don’t approve the emergency finding but approve non-emergency regulations.

Seek more information.

◆ **SUGGESTED MOTIONS**

1. I move the State Board of Education & Early Development adopt the Finding of Emergency supporting the emergency regulation amendments to 4 AAC 09.
2. I move the State Board of Education & Early Development adopt the proposed emergency regulation amendments to 4 AAC 09 regarding the financing of public schools and local contributions and approve for filing with the Lt. Governor's Office.

OR

3. I move the State Board of Education & Early Development open a period of public comment on proposed regulation amendments to 4 AAC 09 regarding the financing of public school and local contributions.