

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

**June 03, 2025**

**From: Dr. Deena Bishop, Commissioner**

**Agenda Item: 7C**

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**◆ 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 education funding into alignment, where possible, with the federal definition of expenditures related 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 in identifying areas of potential concern.
- If adopted, the regulations will take effect immediately upon filing by the Lieutenant Governor’s office.
- A copy of the emergency finding and proposed emergency 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**

This is a work session item. Action will take place under Agenda Item 14C.