

## FINDING OF EMERGENCY

The State Board of Education and Early Development finds that an emergency exists and that the attached regulation is necessary for the immediate preservation of the public peace, health, safety, or general welfare. The facts constituting the emergency include the following:

The emergency regulations update the definition of “local contribution” for purposes of the public education funding formula in AS 14.17, aligning them with the federal definition of “current expenditures” used by the Impact Aid program disparity test. The regulations will assist the state with meeting federal disparity test submissions and provide clarification to school districts regarding permissible local contributions.

There is a two-fold need for emergency regulations to be in effect before the conclusion of the 2025 fiscal year ending on June 30, 2025. First, the federal disparity test for fiscal year 2027 will be based on expenditures in fiscal year 2025. School districts have until fall of 2025 to “provide for an audit of all school accounts for the school year ending the preceding June 30.” AS 14.14.050(a). Second, the state has become aware that some school districts are receiving in excess of the local contribution cap as established in state statute by making appropriations to funds other than the school district’s operating fund. The emergency regulations would provide clarification to school districts to ensure compliance with existing statutes and federal funding conditions and limit the risk to the state for future disparity tests. If the regulations are not in place in fiscal year 2025, the state could be at risk of failing the federal disparity test for fiscal year 2027 resulting in significant fiscal consequences to the state that could exceed \$80 million dollars – an outcome that is untenable given the state’s current fiscal condition.

On May 16, 2025, the U.S. Department of Education, Office of Elementary and Secondary Education issued a letter and report concluding that Alaska did not meet the requirements of federal Impact Aid law for fiscal year 2026, based on expenditures for fiscal year 2024, and therefore is not eligible to consider a portion of federal Impact Aid payments as local resources for fiscal year 2026. Unless reversed, this could result in an \$80 million shortfall in the state’s education funding for FY2026. The emergency regulations seek to limit the risk of such a finding for fiscal year 2027.

Given the immediate need to provide clarity regarding the definition of local contribution under the State’s education funding program and in order to limit potential severe budgetary consequences resulting from potential failure of the federal Impact Aid disparity test for fiscal year 2025, the immediate adoption of emergency regulations on the subject are necessary to preserve the general welfare of the state.

## ORDER CERTIFYING ADOPTION

I certify that the State Board of Education and Early Development, under the authority of AS 14.07.060, AS 14.17.410, AS 14.17.920, AS 14.17.990 and Sec. 40, ch. 83, SLA 1998, adopted at its June 4, 2025 meeting the attached one page of regulation changes as an emergency regulation to take effect immediately upon filing by the lieutenant governor, as provided in AS 44.62.180(3).

This action is not expected to require an increased appropriation.

Date: \_\_\_\_\_

\_\_\_\_\_  
[official's signature]  
[official's name and title, typed]

#### FILING CERTIFICATION

I, Nancy Dahlstrom, Lieutenant Governor for the State of Alaska, certify that on  
\_\_\_\_\_, 20\_\_\_\_, at \_\_\_\_\_.m., I filed the attached regulation according to the  
provisions of AS 44.62.

\_\_\_\_\_  
[signature]  
Lieutenant Governor

Effective: \_\_\_\_\_.

Register: \_\_\_\_\_.