

Legislative Update For NWABSD April 22, 2024:

Budgets:

The Senate PASSED **SB187 Capital Budget** (FIN) and transmitted it to the House of Representatives. The House, for its part, delivered **HB268 Operating Budget** and **HB270 Mental Health Budget** (FIN) to the Senate. The bills were passed along caucus lines. See detailed budget reports posted on the Legislative Finance Division webpage [HERE](#).

The Senate's capital budget is larger than previous years and includes funding for school construction and improvement, road and airport maintenance, and housing project grants. It includes \$90 million of named-recipient and municipal grants. Big education items in the capital budget are:

- \$36,190,793 – Major Maintenance Grant Funds: funding for the top 15 projects on [major maintenance list](#). Davis-Ramoth K-12 School Renovation is number 3 on the list!
- \$26,978,028 – REAA and Small Municipal School District School Fund
- \$2,806,000 – Mt. Edgecumbe High School deferred maintenance: main girls dorm roof replacement and dorm window replacement
- \$3,986,471 – Newtok K-12 School relocation/replacement
- \$5,363,528 – Minto K-12 School renovation/addition
- \$21,614,500 – Nelson Island School replacement
- \$227,425 – Healy area and school pedestrian path (TAP Award, 2023)

The House's operating budget includes additional funding for education, the AMHS, public radio, a few precise reductions, and a large dividend at \$2,700. School meals received a small increase of \$479,500.00. An additional \$8.9 million was added for the Alaska Reads Act to fund \$180 per student in K-3 and an additional \$100 for each student below the poverty level. This has now come out in the most recent version. There is also a \$680 BSA increase.

One concern moving forward is that the combined budgets exceed revenue by an estimated \$300 million. But because House and Senate negotiators previously agreed on the size of the capital budget, they're expected to cut first from the operating budget to make ends meet. Negotiators from the House and Senate agreed to spending on the capital budget as follows: \$250 million in projects submitted to the Legislature by Governor Dunleavy, approximately \$200 million in projects added by senators, and another \$100 million in House projects. In order to pass a balanced budget, they will have to find cuts. Likely, there will also be a reduction in the PFD.

Bills:

The newest version of the education funding bill is now in House Finance and is scheduled for a hearing next week, along with several other education funding bills. In short, HB 392 does the following:

- Provides BSA increase of \$680.
- Increases ADM to 1.2 for correspondence programs.
- Provides \$180 for every student K-3 that has a reading deficiency and an additional \$100 for K-3 students in a Title 1 school.
- Adds the charter school provisions taking away local control
- Adds a charter school coordinator
- Adds an 18% increase for transportation funding.

We are hearing that the bill is unlikely to move on the Senate side without significant changes. The TVEP bill, HB 55 is also in House Finance and is moving slowly through the process. Earlier conversations about changing the program have died down as time runs out.

Problems:

Maintenance of Equity: U.S. Department of Education officials have informed the Dunleavy administration it failed to meet “maintenance of equity” funding requirements for six of the state’s largest school districts. The state was supposed to maintain its funding to districts that got pandemic relief dollars, but it shorted several school districts with students from low-income families in 2021 and 2022. The result is a federal “high risk” designation that could cost the state more than \$400 million in grant funding. Federal officials say funding was reduced for Kenai, Anchorage, Juneau and Fairbanks schools by \$29 million in FY 2022 and FY 2023. The state will now have to repay \$15 million, the negotiated amount, and legislators are considering adding it into the budget. Every state except Alaska has resolved similar maintenance of equity issues.

Litigation: Last Friday, a state superior court struck down [an Alaska law](#) that allows the state to distribute cash payments to the parents of homeschooled students on the grounds that it violates constitutional prohibitions against spending state money on private education. The Alaska Constitution’s Article VII, Section 1 states that: “No money shall be paid from public funds for the direct benefit of any religious or other private educational institution.” The invalidated state statute provides for families to use the allotments, which can be up to \$4,500 per school year, to purchase “nonsectarian services and materials from a public, private or religious organization.” Governor Dunleavy’s administration began allowing participants to use their allotments to pay for classes at private and religious schools. Anchorage Superior Court Judge Adolf Zeman ruled that the practice was not only unconstitutional but so flawed that the entire cash payment system must be struck down along with other elements of the laws governing the state’s public home school system. The ruling leaves the state’s more than 24,000 home school students facing uncertainty and legislators scrambling for a potential fix. Both parties to the litigation are now seeking a stay of the decision while parties appeal to the Alaska Supreme Court for a final ruling. In a recent press availability, some senators were hopeful that some of the issues could be addressed through emergency regulations with statutory fixes coming later. For a more detailed history of the home school system and its expansion this article has an excellent overview [HERE](#).

Chris and Reggie

J&H Consulting