



NORTH SLOPE BOROUGH SCHOOL DISTRICT

MEMORANDUM

TO: Board President Roxanne Brower
Members of the School Board

FROM: Stewart McDonald, Superintendent

DATE: May 3, 2019

SUBJECT: State Budget Update

Memo No. SB19-204
(Information Item)

NSBSD Strategic Plan Goal:

4.0 Financial & Operational Stewardship: Effectively employ our operational and financial resources to support our strategic goals and long-term stability of the district.

4.1 Financial Stewardship/Management: Ensure financial management based on what is best for our students.

Issue Summary:

There are less than two weeks until the adjournment deadline, May 15, 2019, and the list of active items in the session regarding the operating budget are as follows:

- FY20 Funding for K-12 Education has been “forward funded” last year, and is not subject to appropriation this session. Earlier this session, Governor Dunleavy proposed withholding a \$20 million one-time increase for K-12 funding. Earlier this week, the non-profit group Coalition for Education Equity filed litigation in Anchorage Superior Court to compel the Governor to release the funding. In response to the litigation, the Governor’s Office released a statement that the funds would be released once the Legislature has adjourned the session.
- FY21 “forward funding” for K-12 Education and Pupil Transportation was approved by the House in their version of the Operating Budget (House Bill 39). The Senate budget did not include forward funding. The two versions will now get reconciled by a Conference Committee, expected to begin deliberations early next week. Here is a link to the House version of the Operating Budget, with FY21 education funding on page 68, beginning at line 25:
<http://www.legis.state.ak.us/PDF/31/Bills/HB0039D.PDF>
- For Early Learning Coordination programs, the House and Senate passed similar versions that do not need to be reconciled by the Conference Committee. Governor Dunleavy proposed a cut of \$6.8 million to Head Start Grants, a cut of \$474,700 to Parents as Teachers Grants, a cut of \$320,000 to Best Beginning Grants, and a cut of \$1.2 million to Early Childhood Grants. Both the House and Senate rejected all of these cuts in their entirety. Final funding levels for FY20 will be subject to Governor Dunleavy’s review and line-item veto after the Legislature has passed the budget.
- School Bond Debt Reimbursement was proposed by Governor Dunleavy for elimination in FY20. The House budget funded the program at 50%, and the Senate budget funded it at 100%. This will be a major item for the Conference Committee to reconcile. One consideration is the formula for the REAA School Construction Fund, which is calculated on the Debt Reimbursement funding level.

For the Capital Budget, there have been no proposals from the Legislature yet. Governor Dunleavy's Capital Budget proposed \$7.4 million toward the DOE Major Maintenance list, which would fund one project in Fairbanks. Funding for REAA School Construction is tied to whatever level of funding is approved in the Operating Budget for School Bond Debt Reimbursement.

For Bills in the legislative session, there are only a few bills considered likely to pass. The Bills that are still active are:

HB 24, relating to instruction in a language other than English, has a hearing scheduled Friday, May 3rd, in the House Labor & Commerce Committee at 3:15PM

<http://www.legis.state.ak.us/PDF/31/Bills/HB0024A.PDF>

HB24 would authorize the Dept. of Education to issue a limited teacher certificate for a person with expertise to teach 1) Alaska Native Culture; 2) military science; 3) vocational or technical education; and 4) any subject if the language of instruction is not English.

HB75/SB74, relating to internet services for school districts, has moved to the respective Finance Committee in both the Senate and House. This bill would qualify school districts to receive funding for up to 25 megabits of download per second. A concern was raised earlier this week whether internet funding from the universal services fund and BAG grants would create a federal disparity funding problem. Both Finance Committees are currently working on language to add to the bill that would make funding contingent on compliance with federal disparity requirements.

In conclusion, the items to consider advocating for over the next two weeks are:

- Operating Budget Conference Committee consideration of forward funding FY21 K-12 Education. This would require adoption of the House version language.
- Operating Budget Conference Committee consideration of FY20 funding for School Bond Debt Reimbursement. The Senate proposal funds the program at 100%, which also increases funding for the REAA School Construction fund.
- Capital Budget funding for both School Construction and Major Maintenance lists.