

## MEMORANDUM

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**TO:** NWABSD Board of Education  
Members

**DATE:** July 9, 2025

**NUMBER:**

**FR:** Office of the Superintendent

**SUBJECT:** Superintendent's Report

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### **U.S. Department of Education Delays FY25 Federal Grant Funds**

On Monday, the U.S. Department of Education (ED) notified states that FY2025 formula grant funds will not be disbursed on July 1 as expected. The delay affects several key programs:

- Title I-C (Migrant Education)
- Title II-A (Supporting Effective Instruction)
- Title III-A (Language Instruction for English Learners)
- Title IV-A (Student Support and Academic Enrichment)
- Title IV-B (21st Century Community Learning Centers)

ED has indicated that the delay is part of a broader review process following the transition to a new federal administration. While no timeline has been provided for when funds will be available, the Department has emphasized its intent to ensure decisions are aligned with federal priorities and statutory responsibilities.

At this time, we are not able to provide specific guidance on how this delay may impact district-level planning or program operations. However, DEED is actively monitoring the situation and will be prepared to take advantage of any flexibility or waiver opportunities that may be offered.

### **State Board of Education Regulation Change Proposal**

See attached memo on the Local Contribution Regulation Change Proposal. I reached out to our attorney at JDO. He stated the following and helped draft a letter (Also Attached) in opposition to the regulation change.

*As you know, Alaska receives a significant amount of money (tens of millions of dollars) in impact aid from the federal government. This is to compensate school districts with federal land that cannot be taxed. The state can deduct the impact aid from the federal government from its annual contribution to school districts, but only if there is not too large a gap between the funding for the most and least funded districts. In late May, the federal government notified Alaska that it had failed this disparity test (meaning that the gap between the most funded and least funded districts was too high) and that it may not receive up to \$81 million in federal dollars the state would have to pay, instead. A similar thing happened several years ago, and the state successfully appealed to get full impact aid funding.*

*The state has appealed this time, as well. However, at the same time, the state Board of Education proposed emergency regulations that it said would address the disparity gap. However, there were significant concerns from school officials that the proposed emergency regulations would actually further cut district funding from the state, while not addressing the issue that caused the federal government to warn that impact aid funding could be at risk. That is where these e-mails from Lisa arose – she was recommending districts contact the Board of Education to provide comment that it should not move forward with the emergency regulations.*

As you also likely know, on Wednesday (two days after the e-mails you forwarded) the Board of Education did indeed pause the proposed regulations. You can read more about that here: <https://www.adn.com/alaska-news/education/2025/06/04/after-outrage-and-legal-threats-alaska-education-board-pauses-new-limits-on-local-funding-for-public-schools/>

*This means that we are in the status quo, and are waiting to see how the state's appeal regarding impact aid goes. In the meantime, the Board of Education will consider their proposed emergency regulations through the regular rulemaking process, which takes many months. I expect there will be continued substantial pushback from school districts regarding the proposed regulations.*

If there are no recommendations for any changes to the letter, I will send it out Thursday to the state before their next meeting.

### **Addition of a new department**

As you know, the Iñupiaq program has historically been housed within the Curriculum Department. However, due to the broad scope of responsibilities within that department, the program has not received the focused attention it requires. If we are serious about accelerating the growth and impact of our Iñupiaq program, we must approach it with renewed urgency and intention. Continuing with the current structure will not yield the transformative results we seek. To truly advance the goals outlined in our strategic plan, it is essential that we establish a dedicated department, led by a Director, whose sole focus is the revitalization and integration of the Iñupiaq language and culture across our district.

With your support in approving the Director of Iñupiaq Programs position—funded through the ANEP grant over the next three years and Indian Ed. funds, we have the opportunity to accelerate progress on key Iñupiaq program initiatives. This Director will lead the development of the Iñupiaq-based science curriculum, strengthen partnerships to expand cultural events and activities, and support the immersion program by helping our Iñupiaq Ilitsautrit become fluent language speakers. This focused leadership is essential to realizing the full potential of our strategic goals for language and cultural revitalization.

Thank you,

Terri Walker, Superintendent

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

**June 04, 2025**

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

**Agenda Item: 14C**

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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 intent of the regulation change is to provide greater clarification regarding permissible local contributions by making reference to the federal law definition of expenditures for public education. This will provide greater certainty to school districts and assist in maintaining financial equity across the state’s school districts. In 2023, School Finance became aware of issues regarding 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. 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. In consideration of feedback expressing concerns about the timeline and effective date, DEED delayed its anticipated timeline to bring the matter before the board.
- 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 regulations.

Don’t approve the emergency regulations.

Seek more information.

**◆ SUGGESTED MOTION**

I move the State Board of Education & Early Development approve proposed emergency regulation amendments to 4 AAC 09 regarding the financing of public schools and the required local contribution and adopt the emergency finding supporting this emergency regulation.



# NORTHWEST ARCTIC BOROUGH SCHOOL DISTRICT

Ambler · Buckland · Deering · Kiana · Kivalina · Kobuk · Kotzebue · Noatak · Noorvik · Selawik · Shungnak  
PO Box 51 · Kotzebue, Alaska 99752 · Phone (907) 442-1800

July 9, 2025

Dear Alaska State Board of Education and Early Development,

The Northwest Arctic Borough School District (NWABSD) writes this letter in opposition to the proposed regulatory changes regarding the financing of public schools and the required local contribution in Alaska.

The Northwest Arctic Borough School District (NWABSD), based in Kotzebue, serves about 1,850 students across eleven villages in the region. In fiscal year 2025, the district received just over \$8 million in local funding.

The district understands the regulatory changes are proposed to address the State's recent failure to pass the federal disparity test, which resulted in a loss of Impact Aid funding. However, like many other parties, the district has not seen evidence or confirmation that the proposed changes will solve that issue. The district does not believe it is appropriate to make significant changes to the local contribution calculation without knowing whether the proposed changes will solve the issues they are purported to address.

Furthermore, the District is concerned the proposed changes are vaguely written and could result in increased costs for the district, at a time of severe budget shortages. The regulatory changes would leave the term "services" undefined in 4 AAC 09.990(b), and it is unclear what non-instructional services currently provided by the Northwest Arctic Borough to the District would be included in the local contribution formula. It is also possible this new definition could mean that non-governmental contributions or donations to NWABSD could be included in the formula. These unknowns could have the effect of reducing the local contribution available to the district, while taking away resources from District students.

Particularly in times of austerity, changes to the school funding formula demand close attention and explanation. The district objects to these proposed regulatory changes and requests the State Board conduct and publish a more thorough analysis of the effects they would bring.

Sincerely,

Terri Walker  
Superintendent