



## MEMORANDUM

**To:** State Board of Education & Early Development  
**Date:** November 3, 2021

**Thru:** Commissioner Michael Johnson  
**Telephone:** (907) 465-2875

**From:** Heidi Teshner *Heidi Teshner*  
Acting Deputy Commissioner  
**Subject:** Agenda 10C. Division of Finance and Support Services Standing Report

### Child Nutrition Programs

#### Program Updates:

The U.S. Department of Agriculture (USDA) has continued to provide waivers to support flexibility in the nutrition programs during the COVID-19 pandemic. Slight modifications were made this year that support meal service alternatives such as meals-to-go, delivery, partner/guardian pick-up, etc. for times of building closures or when students are in quarantine. We have been able to extend these waivers for closures, as well as for incidents of rolling bus service disruption.

USDA announced \$1.5 billion in assistance to help schools respond to supply chain disruptions. These funds will be used to purchase additional USDA Foods for schools to use in preparing meals for students. Details on how these funds will be distributed to state agencies and/or districts has not yet been announced.

Pandemic Electronic Benefits Program (P-EBT) is a new USDA funded project requiring collaboration between the Alaska Department of Health & Social Services (DHSS), DEED, and school districts. This has been a very complex program to administer. Alaska DHSS issues benefits, similar to SNAP benefits, for all students eligible for school meals but may have missed due to school closures. To facilitate the benefits, DEED has collected site learning models, to record closures, as well as monthly enrollment of students. P-EBT benefits for school year 2020-2021 have not been distributed yet due to issues at DHSS as a result of a cybersecurity attack this past fall. At present, over \$27 million dollars have been authorized in benefits for last school year.

#### Grants:

Alaska Child Nutrition Programs received a \$925,926 technology grant from USDA to upgrade database systems. This is a three-year grant and will overhaul the existing database which has been in operation

for 18 years. The database serves as a principal tool for administrative oversight of the nutrition programs, as well as processing monthly claims for reimbursement.

Child Nutrition received a small grant from USDA in the amount of \$57,088 to provide districts with small grants for their administrative support with Pandemic Electronic Benefits; the local grants were distributed by formula based on the number of children eligible for school meals. These funds have been disbursed.

Child Nutrition Programs received two grants from USDA to provide financial relief for lost revenue due to school and childcare closures in March 2020 through June 2020; the funds were distributed based on a formula at 55% of lost revenue each month (March-June 2020). The total funding for schools was \$1,533,182 and funding was provided for childcare programs in the amount of \$829,681; these funds have been disbursed.

Child Nutrition Programs received a small grant from USDA in the amount of \$85,952 for competitive grants for kitchen equipment; this grant opportunity has been offered annually.

#### The Emergency Food Assistance Program (TEFAP):

Alaska will be receiving \$1,141,931 in bonus USDA Foods purchased through the Build Back Better Initiative, this includes \$42,000 in fresh produce boxes that will be distributed to TEFAP households beginning in January 2022.

## **School Finance**

### Foundation Funding Program:

School Finance is responsible for the administration of the foundation funding program. The foundation funding formula calculates how much each school district will need to educate their students each year (Basic Need) and the formula also determines who will pay what portion of Basic Need. The state, through state aid, provides most of the basic need school districts receive.

- The 20-day student count ends on the fourth Friday of October each year. For FY2022 the 20-day student count ended on October 22, 2021.
- Projections for the next fiscal year are due to the department by November 5 of each year.
- The districts have two weeks after the end of the 20-day count period to input and upload the Average Daily Membership (ADM) to the state. For FY2022, these are due to the department by November 5.
- Once all the district ADMs have been uploaded to the state, the state notifies the districts that they can now download their ADM duplicate report. Districts have 30 days to resolve any students that have been duplicated with another district.
- Once the duplicates have been resolved the revised ADMs are sent back to the districts and the districts have 30 days to confirm and certify the revised ADMs for their district.
- By mid-to-late January the department will finalize the ADMs and lock them as final.
- By the end of March, the department will update local contribution information and federal Impact Aid receipts that will be applied to the current year. The department will then finalize the foundation calculations and notify districts of what the final three payments will be for the fiscal year.

### Pupil Transportation Program:

- School Finance provides funding to school districts operating pupil transportation services for to and from school. Funding is based on a per pupil cost established in statute multiplied by the Average Daily Membership (ADM) of students in the district's brick and mortar schools (total ADM less correspondence). For FY2022, 48 districts are participating in the program.
- School Finance maintains the contract with the state school bus inspectors. School buses are inspected two times a year. Buses that pass the mechanical and safety inspections will receive a passed inspection sticker and will be able to operate until the next inspection. Buses that fail any part of the inspection will be put out of service until the defect(s) is(are) corrected. Once the defect(s) is(are) correct the bus will be put back in service with a passed inspecting sticker.
- School Finance works with the Alaska Vocational Technical Center (AVTEC) to provide training to school bus driver instructors. The school bus driver instructors that complete the AVTEC training are certified to train new school bus drivers in the state. A school bus driver trainer certificate is good for three years and must be renewed through a refresher course paid for by the department through AVTEC.

### Residential Schools:

School Finance administers the Residential Schools program, which provides for students to live in a dormitory environment while they participate in a larger high school program, or a short term specialized intensive educational program. Residential schools can either be full year programs or variable term programs where students are in residents from three to six or more weeks.

- The department provides funding for one round trip ticket to and from the community of residence for students in the Residential Schools program on the count date.
- The residential school is provided a stipend for each qualifying student present in the residential school on the last day of the 20-school day count period. The stipend is provided for in statute and varies in amount based on the region of the state the school is located. The stipend is paid to the district based on a nine-month school year.
- There are eight school districts operating Residential Schools programs in the state with a combined approved bed total of 545 beds available for students in these programs.

### Boarding Home:

The Boarding Home program is designed to provide secondary education to students that do not have daily access to the appropriate grade level in the home community. The boarding home student will leave their home community and live with a host family while attending school in the community with the appropriate grade level. The department provides for reimbursement for one round trip to and from their home community and a stipend to be paid to the host family.

- With the rise of residential schools this program has seen a steady decrease in student participation.
- In FY2020 and FY2021 the program served one student each year. Currently it's projected that one student will be served under this program in FY2022.
- The stipend paid to the district for the host family is calculated based on the number of days the student was active in the program. If a student is in the program for the full year, the stipend would be paid for the nine months of the school year.

### School Debt Reimbursement:

School Finance administers the School Debt Reimbursement program. The program provides reimbursement on the principal and interest on bonds issued by municipalities for school construction and major maintenance projects approved by the department and the municipal voters.

- The program was closed in FY2015 for five years and during the closure of the program no new projects could be approved for reimbursement. In FY2020 the legislature extended the closure of the program for an additional five years. The program currently is expected to reopen for new department and voter approved debt on July 1, 2025.
- Reimbursement rates for approved bonds ranges from 90% to 60% of the principal and interest.
- Bonds reimbursed at 60% are bonds that have been issued for school construction projects where the district does not qualify for the additional space in the project.
- In the past six years the program has been underfunded and has been prorated three of those six years (FY2017, FY2020 and FY2022). In FY2021 no funding was made available for reimbursements to municipalities. In FY2022, the School Debt Reimbursement appropriation is \$34,949,500 (41.8% of the total eligible amount).

### State and Federal Reporting Requirements:

- School District Operating Fund Budgets – operating fund budgets are due to the department by July 15 each year. Even though the 70% minimum expenditure for instruction requirement was repealed under HB156 (Chapter 54, SLA 16), School Finance staff still review the operating fund budgets on an annual basis. For FY2022, 32 districts budgeted above 70% for instructional functions and 21 districts budgeted below 70% for instructional functions. FY2022 revenue and expenditure budgeted information is available on the department's website at the following link: <https://education.alaska.gov/schoolfinance/budgetsactual>.
- School District Audits – certified audits are due to the department by November 15 each year in accordance with AS 14.14.050.
- Per Pupil Expenditure Reporting – Under the Every Student Succeeds Act (ESSA), school districts are required to report per-pupil spending at both the district and school level. Annually, states are required to include the per-pupil expenditures of Federal, State, and Local funds for each district and each school within the district on their annual report cards. FY2019 was the first year per-pupil expenditure data was collected from districts. The FY2021 per-pupil expenditure data is due to the department by December 15 and will be included in the 2020-2021 School Year Report Cards to the Public and posted to the department's website in January 2022.
- Maintenance of Effort (MOE) – federal programs, such as ESEA/ESSA and Special Education, that pass through the department contain an MOE provision. The federal COVID relief funds also contain this provision.
  - For the Coronavirus Aid, Relief, and Economic Security (CARES) Act, it applies to the Elementary and Secondary School Emergency Relief (ESSER) Fund and the Governor's Emergency Education Relief (GEER) Fund and is for FY2020 and FY2021. FY2021 data is due by December 30, 2021.
  - For the Coronavirus Response and Relief Supplement Appropriations (CRRSA) Act, it applies to ESSER II, GEER II, and the Emergency Assistance to Non-Public (EANS) program and is for FY2022 only. FY2022 interim data is due by December 30, 2021.
  - For the American Rescue Plan (ARP) Act, it applies to ARP ESSER only, but is for FY2022 and FY2023.

- Maintenance of Equity (MOEquity) – Section 2004 of the ARP Act included a new MOEquity provision that is a condition for state educational agencies (SEA) and local educational agencies (LEA) to receive funds under ARP ESSER. This is a new fiscal equity requirement is for FY2022 and FY2023 and is to ensure that:
  - (1) an SEA does not disproportionately reduce per-pupil State funding to high-need LEAs;
  - (2) an SEA does not reduce per-pupil State funding to the highest-poverty LEAs below their FY2019 level;
  - (3) an LEA does not disproportionately reduce State and local per-pupil funding in high-poverty schools; and
  - (4) an LEA does not disproportionately reduce the number of full-time equivalent (FTE) staff per-pupil in high-poverty schools.

The department has identified 17 districts that are required to meet MOEquity. The remaining 37 districts are exempt from MOEquity because they either have a total enrollment of less than 1,000 students; operate a single school; or serve all students within each grade span with a single school. Department staff are working with districts on the upcoming December 31 deadline.

## **School Facilities**

### **Capital Improvement Projects (CIP):**

The Facilities section annually reviews applications for state aid for school construction and major maintenance and produces statewide priority lists. When funded, the section administers grant funding for school capital projects ranging in size from \$50,000 to \$60,000,000.

- The section is currently managing 30 active capital projects with grant funding and eight active projects with debt funding.
- Issued a FY2022 grant from the Regional Educational Attendance Area and Small Municipal School District School Fund (REAA Fund) to the Southeast Island School District for the Hollis K-12 School Replacement – Phase 2 Construction. \$9,476,008 state share; \$193,388 local share.
- Drafted a Project Agreement for a FY2022 grant to the Matanuska-Susitna Borough for a portion of the Houston Middle School Replacement project, \$9,000,000.
- Drafted a Project Agreement for a FY2022 grant from the REAA Fund to the Lower Kuskokwim School District for the William N. Miller Memorial K-12 School Replacement, Napakiak. The grant will fund phased demolition of the existing school. \$3,132,000 state share; \$62,640 local share.
- The initial FY2023 CIP School Construction and Major Maintenance Grant Fund priority lists were made public on November 5. The School Construction list included 13 projects at a state share total of \$182,683,686 and the Major Maintenance list included 97 projects at a state share total of \$196,906,266. 29 districts (55%) submitted 72 new applications and reused 41 applications requesting FY2023 funding; this is a 2% decrease from the FY2022 participation. Approximately 900 staff hours were expended on this effort over a six-week period. The State Board of Education will see the final lists at the March 2022 quarterly meeting.

### **Land:**

The Facilities section manages state owned land in support of school facilities, several REAA districts, and Mt. Edgecumbe High School.

- Prepared and issued a Final Decision Best Interest Determination for Lot 15A, MEHS land on Japanski Island. Decision was in support of a sale to the City & Borough of Sitka. Also, issued a commitment to sell and offer at \$753,125. Public comment has closed on the Final Decision with none received. Response to the offer letter is pending.
- Regularly assists school districts and other state agencies on real property that DEED has or had a property interest in, including providing information on chain of title, receiving title under AS 14.08.151, and excessing state-owned school property.

#### Facilities and Preventive Maintenance (PM) Assessments:

The Facilities section conducts site visits and provides assessments of district compliance in five areas of maintenance and facilities management. Compliant districts are eligible to request state aid through the annual CIP process.

- Conducted on-going work with three school districts on provisional certification of data submission deadlines. Received and reviewed data from the Bristol Bay Borough School District (energy monitoring), Kake City School District (energy monitoring), and Yakutat City School District (energy monitoring and maintenance training).
- There are scheduled site visits to 12 school districts in FY2022. One staff member is set to perform PM assessments on the following districts in November 2021, with remaining site visits occurring after January 2022:
  - *Craig City School District – November 15*
  - *Klawock City School District – November 16*
  - *Hydaburg City School District – November 17*
  - *Southeast Island School District – November 18-19*

#### Publications:

The Facilities section manages 13 DEED publications providing guidance and tools for managing school facilities and capital projects with state aid. Publications are validated and updated on a 5-year cycle.

- Issued *Guidelines for School Equipment Purchases* for public comment in September 2021. Comment period ended October 22. Comments and responses will be evaluated by the department and the Bond Reimbursement and Grant Review (BRGR) Committee on December 9 with publication to follow.
- Issued *Site Selection Criteria and Evaluation Handbook* for public comment in September 2021. Comment period ended October 22. Comments and responses will be evaluated by the department and the BRGR Committee on December 9 with publication to follow.
- Issued our 14<sup>th</sup> publication, *Alaskan School Design and Construction Standards* on October 23 for a period of public comment. This publication is in response to HB212 (Chapter 79 SLA2018) requiring development and periodic update of regionally based building system standards and design ratios for cost-effective school construction in Alaska. It includes Baseline, Provisional, and Premium (read ‘not permitted’) standards for building systems and school spaces.

#### Special Projects:

- Facilities Manager, Tim Mearig, currently serves on the board of the National Council on School Facilities (NCSF). The NCSF membership is comprised of the 50 states K-12 school facilities directors, and also those from U.S. Territories and the Department of Defense. Alaska recently provided data and assisted in the NCSF publication (with WELL Building institute and the 21<sup>st</sup>

Century School Fund), *2021 State of our Schools*. Tim will be attending the NSCF Annual Meeting (virtually) on December 6 and 7.

- Building Management Specialist, Wayne Marquis, currently serves as the Commissioner Designee for the Military Interstate Children's Compact Commission (MIC3) for Alaska. Wayne has worked to achieve a full membership for the State Council on Educational Opportunity for Military Children. Recently, Superintendent Deena Bishop (ASD) and School Liaison Officer Janet Ferris (Fort Wainwright) were confirmed. Wayne attended (virtually) the MIC3 Annual Business Meeting on November 3 and 4.
- Wayne Marquis is also the Advisory Board Coordinator for the Alaska Purple Star School Designation Award. The Purple Star Award for military-friendly schools recognizes schools that show a major commitment to students and families connected to our nation's military. The department initiative to support this program was launched in May 2021. The application process is on-going with deadline submittals set for January 31, 2022. Four schools have applied so far.
- Architect Assistant, Wayne Norland, completed an analysis of construction spending in the K-12 sector in support of a report being prepared for the Associated General Contractors of Alaska (AGC – Alaska) statewide construction spending forecast for FY2022. For projects with state aid, we project FY2022 K-12 at \$64 million.