



# Finance and Support Services

**To:** Members of the State Board of Education & Early Development  
**From:** Heather Heineken, Director  
**Date:** June 4, 2026  
**Item:** 13C

## Standing General Report

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During the second regular session of the 34th Legislature, the Finance and Support Services Division monitored legislation and prepared fiscal notes for more than 27 bills related to school finance, child nutrition, facilities, pupil transportation, residential programs, and statewide education funding. Division staff participated in legislative hearings, budget presentations, task force meetings, and discussions with legislators and legislative staff. The division also provided presentations, answered questions, and provided testimony related to school construction and major maintenance, REAA funding, residential schools, pupil transportation, and the Bond Reimbursement and Grant Review (BRGR) process. This work continues to require significant coordination across School Finance, Facilities, and Child Nutrition staff while ensuring legislators receive timely, accurate, and transparent information to support decision-making. The following details provide a summary of key activities and accomplishments within each section of the Finance and Support Services Division.

### *School Finance*

#### Foundation Funding Program

- FY2026 OASIS closeout was sent to districts in March. A late appeal was filed by a district and allowed to be reviewed under 4 AAC 40, with the Foundation decisions affirmed and no effect on the final determinations.
- DEED continues to work through the appeal process for the federal Impact Aid Program (IAP) determination of the FY2026 disparity test; this will determine whether the state is approved to consider a portion of district IAP funds in the current FY2026 state entitlement funding. Briefings by DEED and IAP to the U.S. Department of Education's Office of Administrative Law Judges were filed in April and May.

The FY2027 disparity test was submitted on March 3, 2026, with a disparity of 19.6%; Alaska districts had through April 30, 2026, to request a pre-determination hearing with IAP.

#### Pupil Transportation Program

- The DEED-sponsored school bus driver instructor training will be held in June 2026 to train and certify new instructors. The school bus driver instructors that complete the training are certified to train new school bus drivers in the state.

## Residential Schools

- The open enrollment for residential school applications is open May 1 to June 30. This is the opportunity for districts to submit new programs or to modify a current program for FY2028 funding.
- Funding for a newly approved residential program (Bristol Bay Regional Career and Technical Education) was before the legislature and is pending final budget determinations.

## State and Federal Reporting Requirements

- **School District Audits:** Certified audits were due to the department by November 15 in accordance with AS 14.14.050, or state funding is withheld until the audit is received. The department received all school district audits as of April 1, 2026.
- **Special Education Maintenance of Effort (SPED MOE) Compliance Test:** The SPED MOE Compliance Test compares the audited SPED expenditures for the two most recent fiscal years for which DEED has data available (FY2025 and FY2024) to determine if the district complies with the federal MOE requirements. The FY2025 testing is in progress.
- **Per Pupil Expenditure Reporting:** Under the Every Student Succeeds Act (ESSA), school districts are required to report per-pupil spending at both district and school levels. The department has received, verified, and posted reports for 47 districts on their annual report cards. One district has submitted their data and is working through the verification process, while four districts have yet to submit their information.
- **School District Budget:** FY2027 budgets are due to the department by July 15, 2026.

## School Broadband Assistance Grant

- The FY2027 BAG application opened April 1, 2026, for completion prior to the May 15, 2026, due date. Weekly Q&A sessions were provided throughout the application window to guide schools through the BAG application process. Department funding decisions will be issued by July 15. These grants to certain eligible districts compliment the federal E-Rate program to provide support for internet access up to 100 Mbps download speeds.

## E-Rate Assistance

- Providing ongoing E-Rate support for school districts and libraries in application processes, including program integrity assurance review inquiries and rate application for 30-plus small and rural libraries.

## 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 (additional detail below). When funded, the section administers state-aid grants for school capital projects greater than \$50,000. The section also administers state aid for school capital projects greater than \$200,000 under the debt reimbursement program.

Project-Related Statistics	Debt Reimbursement	Grant
Project agreements issued	0	0
Deliverables reviewed under 4 AAC 31.030, 4 AAC 31.040, and for "pre-CIP" projects	0	0
Project agreement close outs	0	4
Total active projects	8	42
Total active project value (debt approved principal and grant state share)	\$ 28,038,381	\$ 433,211,916

- **FY2027 CIP Rating Cycle:** Having been approved by the State Board of Education, the final lists are now under consideration by the legislature, which will determine how many projects are funded in FY2027.
- **FY2028 CIP Rating Cycle:** The BRGR met on April 2 and 3, 2026, to review and discuss updates to the FY2028 CIP application and related materials. Changes include replacing weighted average age with a Facility Condition Index (FCI), revising scoring criteria to better differentiate project need, renaming and updating Section 5 to address space utilization for both school construction and major maintenance projects, and redistributing design-phase scoring to reduce advantages for projects that have already advanced further in design.

### Preventative Maintenance (PM) Program

- The Building Management Specialist position was vacant from February 19 to May 10; however, a qualified candidate has been selected and is being oriented into the position. The section is currently working with one district to achieve certification for the FY2028 CIP cycle, while two other districts are preparing documentation to maintain certification.
- Districts facilities staff retention remains a significant statewide challenge and continues to plague district operations. As facilities age, districts are finding it increasingly difficult to maintain preventive maintenance programs, leading to more frequent reliance on reactive, breakdown maintenance.
- House Finance amended the Governor’s budget to include additional funding for two new positions within the School Facilities section. These positions are intended to strengthen the department’s preventive maintenance support efforts by assisting districts with ongoing facility maintenance challenges, improving compliance with preventive maintenance requirements, and providing technical assistance in the preparation of Capital Improvement Project (CIP) applications. House Bill 383 School Maintenance Positions was also introduced and heard. This bill supports the positions as well as necessary supplies and travel expenditures.

### Real Property – Land Management

- The land manager position was vacant from December 2025 to March 2026. The position is now filled. The section is now more effectively moving forward with land issues.

The Facilities section manages state-owned land in support of school facilities for several REAA districts and Mount Edgecumbe High School (MEHS).

## **MEHS**

- Negotiations are underway for a long-term lease with Verizon for a permanent cell tower on MEHS property.
- A final lease extension was granted to SEARHC for Millerville Lot 15G through June 30, 2026; renewal terms will be negotiated.
  - The SEARHC land transfer determination for Millerville Lot 15G is back under review due to age of prior approval.
  - Secon Construction has expressed interest in leasing a portion of MEHS property for use as a staging area for a nearby upcoming project. The lease is under development.
  - A lease will be negotiated with Hansen Maritime for use of the old WWII seaplane ramp on the northwest side of MEHS, allowing limited summer use (up to four days per year) to remove derelict boats.

## **REAA's**

- Alaska Gateway School District, City of Eagle, and Alaska Power & Telephone (AP&T) lease issues are ongoing. The district and AP&T have come to an agreement; the city is not communicating.
- A lease has been executed between the department and the Alaska Department of Transportation (DOT) in Aniak on airport land for use by the Kuspuk School District.
- The Department is coordinating with Alaska Native Tribal Health Consortium (ANTHC) and Lower Kuskokwim School District (LKSD) to negotiate an easement on state-owned land for a new well and water treatment facility in Tununak.

## ***Child Nutrition Program***

### **United States Department of Agriculture (USDA) Food Distribution Program (FDP)**

- The State of Alaska has successfully implemented new software from PrimeroEdge to support Child Nutrition Food Distribution Program operations statewide. This system enhances operational efficiency, strengthens data management, and improves reporting capabilities. All school districts successfully submitted their School Year 2027 (SY27) USDA Foods (commodities) orders through the new Food Distribution module in PrimeroEdge, marking a significant milestone in statewide system adoption.
- The USDA Department of Defense (DoD) Fresh Program, which enables school districts to utilize USDA Foods entitlement dollars to procure fresh produce, has been expanded to serve all districts across Alaska, regardless of geographic location. Participation in the program continues to increase, with two additional school districts joining in SY27. A total of 13 districts will now participate, improving access to fresh fruits and vegetables for students statewide.

### **Summer Food Service Program (SFSP)**

- SFSP sponsor and site applications are now open. The deadline for applications is June 15, 2026.
- The Meals to You program will continue in summer 2026. The program is a partnership with Food Bank of Alaska. Additional Meals to You program information:
  - <https://foodbankofalaska.org/meals-to-you>
  - <https://education.alaska.gov/cnp/m2y>

### **National School Lunch Program (NSLP)**

- Fourteen (14) of nineteen (19) School Year 2025-2026 administrative reviews have been completed with the remaining five (5) reviews near completion.
- On March 4, 2026, the Child Nutrition Programs Administrative Review Request for Proposals was issued, and the contract was fully signed and executed on April 20, 2026.

### **Child and Adult Food Program (CACFP)**

- CACFP has completed the required federal monitoring visits of program operators for the year and is working to approve two more program operators.

### **Farm to School**

- USDA has offered a one-year no cost extension on the state allocation Farm to School grant. This will give DEED more time and flexibility to continue the Farm to School program. DEED intends to offer more subgrants to school districts and early care and education (ECE) organizations during this period.

### **Grants**

- USDA released Request for Application (RFA) for a school nutrition equipment grant. DEED will apply for this grant and, if granted it, will offer much needed subgrants to school districts to purchase kitchen equipment. These grants have been very popular as it serves a vital need in school kitchens across the state.
- Applications are open for a new Child Nutrition Mentorship cohort. This program is funded by the USDA Team Nutrition grant and connects experienced child nutrition directors with new or aspiring directors.