



## MEMORANDUM

**To:** State Board of Education & Early Development  
**Date:** March 11, 2026

**Thru:** Dr. Deena Bishop, Commissioner  
**Telephone:** (907) 269-6889

**From:** Heather Heineken  
Finance & Support Services Director  
**Subject:** 21C Division of Finance & Support Services Standing Report

### School Finance

#### Foundation Funding Program:

- Preliminary fall 2025 OASIS reconciliation was sent to districts. Districts had 30 days to appeal, with requests due February 11, 2026.
- By the end of March 2026, 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 of the fiscal year will be.
- The below chart summarizes the statewide changes in preliminary FY2026 brick-and-mortar (B&M) Average Daily Membership (ADM) and correspondence ADM from FY2025 actuals and FY2026 projections:

	FY2025 Actual	FY2026 Projected	FY2026 Prelim	FY2026 Prelim vs FY2025 Actual	% Change	FY2026 Prelim vs FY2026 Projected	% Change
B&M ADM	103,108.65	101,824.60	100,715.42	(2,393.23)	-2.38%	(1,109.18)	-1.10%
Correspondence ADM	23,621.54	22,839.75	24,265.98	644.44	2.66%	1,426.23	5.88%
Total ADM	126,730.19	124,664.35	124,981.40	(1,748.79)	-1.70%	317.05	0.25%
Adjusted ADM	255,172.94	253,316.57	254,529.84	(643.10)	-0.25%	1,213.27	0.48%

- The Department of Education and Early Development (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. The FY2027 disparity test will be completed and submitted by the March 3, 2026, deadline.

### Pupil Transportation Program:

- For FY2026, 47 districts are participating in the program. The first two grant payments have been made to districts, with the third and final payment estimated to be paid out in March.
- The next DEED-sponsored school bus driver instructor training will be held in May 2026. Two classes are anticipated: one to recertify existing school bus driver training instructors and one 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

- There are nine DEED-approved residential school programs in eight school districts, all but one was in operation in FY2026 (school year 2025-2026). The approved residential school programs submitted their residential counts and the grant payments for FY2026 were issued January 2026. On the December 1 count date, the residential school programs reported 446 eligible enrolled students.
- Funding for a newly-approved residential program (Bristol Bay Regional Career and Technical Education) is pending before the legislature in the upcoming legislative session.

### School Debt Reimbursement

- Requests for FY2027 bond reimbursement allocations were due to the department no later than October 15. No requests for new bond approvals were received, despite the end of the program moratorium on June 30, 2025. This may be due to statements last session by legislators on the Finance Committees that an open program does not guarantee program funding.

### State and Federal Reporting Requirements

- **School District Audits:** Certified audits were due to the department by November 15 each year in accordance with AS 14.14.050. If final audits are not received by the due date the department withholds state funding until the audit is received, and the withheld funds are released to the district upon receipt of the audit. Most school district audits were delayed due to late release of the federal audit compliance supplement. Staff worked to determine which districts were otherwise eligible to submit audits and held districts harmless from withholding state aid. As of January 31, the department is still waiting on four past due audits and has been withholding state funding since December 2025.
- **District Indirect Cost Rates:** School districts have submitted Indirect Cost Rates Proposals for FY2027. The department is in the process of reviewing and approving the indirect cost rate proposals and will have them completed by March 31, 2026. The department is responsible and has been delegated the authority by the U.S. Department of Education to review and approve district restricted indirect cost rates.
- **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.
- **Fund Balance Reporting:** Final report for HB53 was transmitted to the Alaska State Legislature by February 15, 2026. HB53 was legislative intent language requesting a report on school district fund balances for each of the following funds: 1) school operating fund, 2) special revenue funds, 3) capital project funds, and 4) other governmental funds.

- **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 44 districts on their annual report cards. One district has submitted their data and is working through the verification process, while seven districts have yet to submit their information.

School Broadband Assistance Grant (BAG)

- The FY2027 BAG application opens April 1, 2026. These grants to certain eligible districts compliment the federal E-Rate program to provide support for internet access up to 100 Mbps download speeds. Weekly Q&A sessions will begin when the application window opens to guide schools through the BAG application process.

E-Rate Assistance

- Providing ongoing E-Rate support for school districts and libraries in application processes, including bi-weekly Q&A sessions during the application openings, 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.

<b>Project-Related Statistics</b>	<b>Debt Reimbursement</b>	<b>Grant</b>
Project agreements issued	0	7
Deliverables reviewed under 4 AAC 31.030, 4 AAC 31.040, and for "pre-CIP" projects	0	7
Project agreement close outs	0	8
Total active projects	8	46
Total active project value (debt approved principal and grant state share)	\$28,038,381	\$462,993,834

- **FY2026 CIP Cycle:** In addition to the three Major Maintenance projects originally funded through capital appropriations, three additional projects have been funded, bringing the total to funded projects for FY2026 Major Maintenance to six. Funding for these additional projects was made possible through a combination of Major Maintenance and Regional Educational Attendance Area (REAA) fund appropriations, along with available fund balances from both programs.
- **FY2027 CIP Rating Cycle:** For FY2027, 36 of 52 school districts submitted a total of 124 applications for the first year of the districts’ revised six-year plans; 74 of the applications were scored, and the districts requested that 50 application scores be re-used for the FY2027 list.

DEED determined that 7 applications were ineligible, modified the category of 4 projects that resulted in a change of list, and adjusted the budgets of approximately 32 projects under provisions of AS 14.11. The CIP rating period has been completed, and public notice of the initial lists was posted by November 5 in accordance with AS 14.11.013(e). Reconsideration hearings were held by December 1 and responses were provided to districts. The department received two appeals and has completed the appeal process with those districts. The final lists will be presented for approval at the March 10-11 State Board of Education (SBOE) meeting.

- **FY2028 CIP Rating Cycle:** The department will prepare its annual suggested revisions to the application and instructions and the modifications will be presented to the BRGR (Bond Reimbursement & Grant Review Committee) for consideration in April.

### Preventative Maintenance (PM) Program

- Site visits and assessments are underway for FY2028 CIP eligibility; five visits were conducted between September 5, 2025 and February 6, 2026 including Northwest Arctic Borough School District, Ketchikan Gateway Borough School District, Juneau School District, Dillingham City School District and Annette Island School District. Districts continue to experience challenges in retaining qualified staff which affects their ability to consistently perform preventive maintenance. As facilities statewide continue to age, maintenance demands are increasing and more time is required to address system and component failures.



Figure 1: Hoonah School Library

### Land

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

- **MEHS**
  - A temporary Cell on Wheels (COW) lease was executed for Verizon to place a COW unit in MEHS parking lot. Negotiations are underway for a long-term lease for a permanent Verizon cell tower on MEHS property. Leases will be finalized once terms have been agreed upon.
  - A lease extension was granted to SouthEast Alaska Regional Health Consortium (SEARHC) for Millerville Lot 15G, representing the final extension allowed under the current lease, which ends June 30, 2026. SEARHC has expressed interest in renewing the lease. 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. Terms will be negotiated.
- **REAA**
  - Alaska Gateway School District, City of Eagle, and Alaska Power & Telephone lease issues are ongoing. Alaska Gateway attorneys are working to resolve the issue.

- The Department is working with the Kuspuk School District to renew the existing lease with Alaska Department of Transportation (DOT) in Aniak on airport land.
- 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 new well and water treatment facility in Tununak.

## **Child Nutrition Programs**

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

- This school year there are 403 sites operating under the NSLP in Alaska. Of these, 217 are Community Eligibility Provision (CEP), which means meals are provided at no cost to all enrolled students, and 186 operate a regular/pricing program. Additionally, 61 sites are participating in the Afterschool Snack Program and 224 participate in the Fresh Fruit & Vegetable Program.



*Figure 2: Sushi for school lunch!*

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

- Program support remains a key initiative for the CACFP. In January, DEED released a new Farm to Early Care & Education (ECE) module on the DEED eLearning platform.

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

- Last summer, the SFSP served 1.3 million meals reaching over 10,000 children in Alaska. The program will continue in FY2026. 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>

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

- New computer software from PrimeroEdge was implemented to support Child Nutrition Program operations, improve efficiency, data management, and reporting capabilities statewide. School districts began submitting SY27 orders for USDA Foods (commodities) in the new Food Distribution module in Primero Edge, the transition has been very successful.

### **Farm to School**

- Ten Farm to School and Farm to Early Care & Education grants were awarded to districts and Early Care & Education centers in 2025 with seven more awards given out for this year.

### **Grants**

- Six sites were recently awarded grants to introduce middle and high school students to school nutrition as a profession via CTE course. We had more school districts than ever before participate in Local Foods for Schools which provides funds for schools to purchase locally grown/caught foods for school meals.

## **Support to Districts During Typhoon Halong**

While the department does not have a dedicated funding source for emergency response or disaster recovery, we recognize the significant impact emergency events have on districts and communities. The department remains committed to supporting districts during these events by providing guidance, coordination, and technical assistance, and by helping connect districts with available state and federal resources whenever possible. During and following Typhoon Halong, the department took multiple actions to support affected districts, students, and communities, including:

### **Coordination and Communication**

- Maintained regular communication with impacted districts to assess facility damage, student displacement, and operational needs.
- Coordinated with other state and federal agencies (e.g., emergency management, Federal Emergency Management Agency (FEMA), DOT, and health and sanitation partners) to align support and resources.

### **Facilities and Infrastructure Support**

- Assisted districts in documenting facility damage and understanding eligibility pathways for disaster assistance and insurance claims.
- Provided technical guidance related to temporary facilities, safety considerations, and continuity of operations.

### **Funding and Program Flexibility**

- Provided guidance on funding options, including disaster-related funding mechanisms, grants, and allowable uses of existing funds.
- Worked with districts on ADM considerations and other funding implications tied to student displacement or interrupted operations.

### **Student Services Support**

- Shared information on boarding home options and other student support mechanisms where local facilities were impacted.
- Coordinated with Child Nutrition Programs regarding meal service disruptions and waiver options where applicable.

### **Ongoing Recovery Assistance**

- Continued to serve as a liaison between districts and state/federal partners throughout recovery planning.
- Provided technical assistance to help districts plan for repair, replacement, and long-term resilience.