



MEMORANDUM

To: State Board of Education & Early Development
Date: September 8, 2023

Thru: Dr. Deena Bishop, Commissioner
Telephone: (907) 465-2785

From: Karen Morrison
Finance & Support Services Director
Subject: Agenda 12C. Division of Finance & Support Services Standing Report

Child Nutrition Programs

School Meal Programs

- School District and sponsors of school meal programs are renewing school meal program. During the 2022-2023 school year, school meal programs served over 40,000 lunches per day, 20,000 breakfasts per day, and 700 snacks per day through Alaska's schools and residential childcare institutions.

Grant Funding for School Nutrition Programs

- **Equipment Assistance Grant:** Alaska will receive approximately \$96,000 in grant funding intended to be distributed to subgrantees for the purpose of purchasing or replacing equipment to improve efficiency or expand school meal program participation.
- **Non-competitive Technology Innovation Grant:** Alaska will receive approximately \$373,000 in grant funding that is designated for Child Nutrition agencies to develop, improve, and maintain automated information technology systems. These funds will be used toward modernization of interfaces that support interoperability between the Department and child nutrition program sponsors and school districts.
- **Supply Chain Assistance Grant:** Alaska will receive nearly \$3.2 million of additional Supply Chain Assistance funds which will be distributed to eligible school districts across the State. The Supply Chain Assistance grant is a noncompetitive federal award for schools to purchase minimally processed, American grown foods to be used in the National School Lunch and School Breakfast programs. With the upcoming distribution, Alaska will have received approximately \$9.2 million in Supply Chain Assistance grants since January 2022.

School Finance

Foundation Funding Program:

- The 20-day count period ends on the fourth Friday of October each year. For FY2024 the 20-day count will run from October 2, 2023 to October 27, 2023.
- Projections for FY2025 are due to the department by November 5, 2023.

Pupil Transportation Program:

- As of September 1, for FY2024, 51 of the 53 districts had submitted the verification forms; 45 districts participating in the program with 16 district-operated, 21 contractor-operated, and 12 fee-in-lieu-of operations. Some districts operate a combination of programs. The first payment of FY2024 has been delayed to September due to lack of verification from two districts.
- The state contracted school bus inspectors began the first of two annual inspections of school buses in July 2023. Seven districts received an inspection this fiscal year for a total 681 buses inspected as of August 14. The electric bus in Tok continues to function correctly, however, maintenance costs are double to 10 times what diesel units cost per the inspection status report.

Residential Schools

- There are nine DEED-approved residential school programs in eight school districts, all but one was in operation in FY2023 (school year 2022-2023). The department has distributed all applicable grant funding to the residential school programs in operation in FY2023.
- The department received a new residential school program application from Bristol Bay Borough School District during the open enrollment through June 30, 2023; the application is under review.
- The approved residential school programs will be submitting their residential counts to the department by December 1, 2023, with grant payments being issued January 2024.

School Debt Reimbursement

- The request for FY2025 bond reimbursement allocation is due to the department no later than October 15.

State and Federal Reporting Requirements

- School district operating fund budgets are due to the department annually by July 15. The department is in the process of reviewing FY2024 school district operating fund budgets for compliance with statutes and regulations. The review and approval of school district budgets was completed at the end of August; one budget was rejected and a revised submittal due September 21.
- School District Audits – certified audits are due to the department by November 15 each year in accordance with AS 14.14.050. If 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.
- The Special Education Maintenance of Effort (SPED MOE) Compliance Test compares the audited SPED expenditures for the two most recent fiscal years for which DEED has available (FY2022 and FY2021) to determine if the district complies with the federal MOE requirements. All but one school district has passed the FY2022 SPED MOE Compliance Test

and DEED is in the process of helping that district document compliance. If the district is ultimately not in compliance with the requirements, then DEED is liable in a recovery action to return to US ED an amount equal to the amount by which the district failed to maintain its level of expenditures.

- The Special Education Maintenance of Effort (SPED MOE) Eligibility Test compares the SPED expenditures in the current fiscal year budget to the most recent audit to determine if the district is eligible to receive the IDEA entitlement grant. The SPED MOE Eligibility Test will be done in September.
- The Department completed and submitted the National Public Education Finance Survey and the Local Education Agency (School District) Finance Survey (F-33) Reports for FY2022.

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 for school capital projects ranging in size from \$50,000 to \$80,000,000.

Project-Related Statistics for This Quarter	Debt Reimbursement	Grant
Project agreements issued	0	6
Deliverables reviewed under 4 AAC 31.030, 4 AAC 31.040, and for "pre-CIP" projects	3	11
Project agreement close outs	3	3
Total active projects	12	44
Total active project value (debt approved principal and grant state share)	\$34,717,302	\$361,187,092

- With the FY2024 appropriation of \$19,566,500 to the major maintenance grant fund, the top five major maintenance projects were awarded funding; two of these projects were originally awarded funds in FY2019 and were seeking supplemental funding for increased construction costs. The regional educational attendance area and small municipal school district school fund (REAA Fund) appropriation of \$27,897,000 plus the available fund balance was allocated to the top ranked school construction project, Newtok Relocation/Replacement K-12 School, Mertarvik; this project received partial funding in FY2023 and will require additional funding in FY2025 to fully fund the approved project cost.
- In accordance with AS 14.03.150, each district is required to provide proof of adequate property insurance for the replacement cost of all school facilities and equipment. The Facilities section receives district documentation by July 15 and enters ~800 building records into our School Facilities Database. All districts provided the required documentation by the July 15 deadline.
- Preventive Maintenance (PM) program issued the final certification report by the August 15, 2023 deadline. Districts with a certified program are eligible to participate in the upcoming capital improvement project application cycle for FY2025 funding.

Land

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

- The U.S. Coast Guard (USCG) continues to express an interest in purchasing a residual piece of Lot 15A (approx. 0.19-acres) earmarked for USCG use.
- USCG has provided a draft purchase agreement for the potential negotiated sale of MEHS parcels ASLS 88-62 Tracts C, C-1, F-1, the proposal is under review.
- Dept. of Transportation and Public Facilities (DOTPF) is pursuing action on the 2005 memorandum of agreement that states DEED will convey for fair market value certain MEHS property (Lot 15F) when DOTPF determines the parcel is needed for airport uses.
- Coordinating with the Division of Libraries, Archives, and Museums regarding the process for disposal of the Stratton Library property.

Special Projects:

- The department received an FY2022 appropriation to accomplish a new facilities master plan for MEHS. The contractor has been performing Phase 1 of this three-phase project, which involved research, space inventory and assessment, and public engagement. Phase 2 will provide facility condition assessment and a six-year program needs list for deferred maintenance, capital renewal, and new construction.
- The department received an FY2022 appropriation to develop a capital funding forecast database. This database will document the statewide need for K-12 construction and capital renewal each year and will identify how existing funding mechanisms could meet that need. Phase 2 Database Development and User Inface is underway with the contractor.
- Facilities continues to administer the Water Infrastructure Improvements for the Nation Act (WIIN Act) grant to assist with voluntary testing of lead in drinking water at schools and childcare facilities. The department is working with Iditarod School District to provide water testing to six schools, which will continue when school is back in session in September. This grant was scheduled to end September 30, 2023, but the department has requested a one-year no-cost extension of this grant.
- Facilities, in conjunction with DOTPF and the Department of Environmental Conservation (DEC), are in the process of developing a contract for completion of the site characterization at the former Pitka's Point school site. The goal of the site characterization activity is to close data gaps for DEC so that they will sign off on site closure, with or without institutional controls. Ultimately, DEED wants to be able to terminate our lease with the Municipal Land Trust in good faith so that the parcel is available for other community uses. The project is currently awaiting finalization of the term contract for hazardous materials sampling. Drilling is anticipated to begin this year to ascertain the extent of hazardous materials at the site.