Alaska Joint Legislative Task Force on Education Funding

Recommendations

Process Overview

The Joint Task Force on Education Funding was created by the 34th Alaska State Legislature with the passage of House Bill 57[1]. The Task Force is charged with the following:

(1) analyze the state of public education funding and the current accountability provisions for schools and districts in the state;

(2) analyze and recommend statewide policy on interdistrict open enrollment, including evaluating the effects on military families, subsidization of student transportation costs, and appeal processes;

(3) evaluate internal and external factors leading to school absenteeism and identify district and state-level intervention and incentive tools relating to school absenteeism;

(4) analyze and make recommendations on effective policies relating to school Major Maintenance and school construction;

(5) evaluate and recommend health insurance, group insurance, and ways to reduce property and building insurance for public school facilities;

(6) make recommendations relating to public education funding and accountability provisions for schools and districts in the state; and

(7) submit a report of findings and recommendations of the task force to the Senate Secretary and the Chief Clerk of the House of Representatives not later than the first day of the First Regular Session of the Thirty-Fifth Alaska State Legislature.

The Task Force consists of six members. The Senate Co-Chair is Senator Löki Gale Tobin from Anchorage. The House Co-Chair is Representative Rebecca Himschoot from Sitka. The other members of the Task Force include Senator Mike Cronk from Tok, Senator Jesse Kiehl from Juneau, Representative Andi Story from Juneau, and Representative Justin Ruffridge from Soldotna.

The Task Force on Education Funding held nine public meetings focused on a wide array of education factors, including special education, major school maintenance, and student transportation. Task Force members also visited schools to talk directly with students, parents, educators, and community leaders about their schools and the educational opportunities available to them.

Task Force documents and meeting recordings are preserved online.[2]

[1] Alaska State Legislature, *Schools: Comm. Devices/Class Size/Funding*, ch. 5, SLA 2025 (originally H.B. 57), https://www.akleg.gov/basis/Bill/Text/34?Hsid=HB0057Z

[2] https://www.akleg.gov/basis/Committee/Details/34?code=HTEF

Article 7 - Health, Education and Welfare

§ 1. Public Education

The legislature shall by general law establish and maintain a system of public schools open to all children of the State, and may provide for other public educational institutions. Schools and institutions so established shall be free from sectarian control. No money shall be paid from public funds for the direct benefit of any religious or other private educational institution.

- The Alaska Constitution

"It is the policy of this state that the purpose of education is to help ensure that all students will succeed in their education and work, shape worthwhile and satisfying lives for themselves, exemplify the best values of society, and be effective in improving the character and quality of the world about them."

- Alaska Statute 14.03.015

"Please show Alaskans what bold, innovative, inclusive, limited, and affordable public education looks like. It's the best opportunity Alaska has to regain traction."

- Jerry Covey, former Education Commissioner addressing the Task Force for Education Funding

Recommendations 4
Short-Term Recommendations 5
Adopt a Definition of Adequate Education 5
Initiate an Equity and Adequacy Study 5
Make School Funding Stable, Timely, and Consistent 6
Adjust the BSA for Inflation 7
Separate Annual Facility Operation Funding Needs from the BSA 7
Address the Crisis of Alaska's Current Public School Facility Stock 7
Address Rising Energy Costs for School Districts 8
More Accurate Legislative Fiscal Notes 8
Reading Proficiency Incentive Grants 8
Mid-Term Recommendations 8
Long-Term Recommendations 9

RECOMMENDATIONS

As the law that establishes Alaska's system of public schools reflects,[3] Alaskans want our public schools to prepare active and engaged citizens who are ready to contribute to our labor force. This means Alaska's education system is not just about preparing young people to earn a living, but also about ensuring that young citizens are prepared to make a meaningful contribution to the community.

Yet Alaska struggles to deliver on this intention. Across the state, we have witnessed schools being forced to cut programs, teachers choosing to leave their communities and careers, and a loss of public trust in our education system due to systemic underfunding. Many of our public school buildings are in poor condition, some of them dangerously so. Most tragically, we have seen a steady decline in student achievement.

The founding documents of Alaska make it clear that our state has a legal obligation to at least assure the opportunity for an "adequate education" to every student in our state. Meeting this education requirement entails ensuring that all students gain exposure to state content standards. Equally important, an adequate education must also consider what the school community determines is necessary for its students to succeed in life. This includes success in their education and work.

This report is intended to identify what the Alaska State Legislature can and should do, in the short and long term, to meet its constitutional responsibility to provide an adequate education for all Alaskan students.

The Task Force concludes that the state's education funding model requires reevaluation. While Alaska can point to notable successes in its education system, too many students continue to struggle. Without

[3] AS 14.03.015: It is the policy of this state that the purpose of education is to help ensure that all students will succeed in their education and work, shape worthwhile and satisfying lives for themselves, exemplify the best values of society, and be effective in improving the character and quality of the world about them.

stable, equitable funding for all components of our education system, we cannot expect it to rise to the challenge of delivering the quality education our students require and deserve.

The recommendations that follow reflect the judgment of the Task Force on Education Funding. The short-, mid-, and long-term recommendations were reached by consensus of the members. Where consensus was not achieved, a final recommendation represents the position of a majority of members.

SHORT-TERM RECOMMENDATIONS

Adopt a Definition of Adequate Education

Funding for education must begin with a clear definition of what constitutes an adequate education. Through state statutes, DEED content standards, and key court cases, a functional definition has emerged. It just has not been formally recognized.

The Task Force on Education Funding recommends the Alaska State Legislature adopt a resolution stating the Legislature is responsible for ensuring that every student in Alaska has "adequate education." The Task Force further recommends that an "adequate education" be defined as a student having an opportunity to gain the knowledge and skills necessary to productively participate in society, with the following necessary components:

- Exposure to locally adopted curricula that meet or exceed Alaska State Standards in English/Language Arts, Mathematics, Science, Geography, Government and Citizenship, Civics, Career and Technical Exploration, History, Skills for a Healthy Life, Arts, World Languages, Technology, Employability, Library/Information Literacy, and Culturally Responsive Schools.
- Taught by qualified educators who are provided the time and support for professional development.
- A safe learning environment.
- Well-maintained facilities that support the appropriate use of technology for programs.
- Have their diverse learning needs met.
- There are effective partnerships between schools, families, tribes, and the community.
- Age-appropriate opportunities to participate in all aspects of school life, including all student activities.

Sufficient state aid must be given to all districts to ensure all students have the opportunity for an adequate education as defined above.

Initiate an Equity and Adequacy Study

The main state source of public school funding is distributed through the public school foundation formula (foundation formula), which was adopted in 1998. Key inputs to the formula are the Base Student Allocation (BSA) and each district's student count. The BSA is a dollar amount set in statute (AS 14.17.470). The BSA is then applied to the foundation formula, which includes several student need-driven multipliers and factorials to generate a dollar amount for each school district.

Alaska is currently the only state that may deduct part of Federal Impact Aid from its own school-funding obligation, a practice that has lowered state funding obligation by roughly $70–90 million in

recent years. The issues surrounding Federal Impact Aid, local contribution requirements, and the equity of this approach are complex. The Task Force has determined that further analysis is needed here.

In addition to reexamining the cost-multiplier assumptions underlying the existing formula, research indicates that the foundation formula may need greater specificity and additional multipliers for special-needs students. A 2015 evaluation of the foundation formula called for additional cost multipliers for at-risk populations and limited English proficient students. It also called for using three-year averaging for student counts rather than one-year averages, along with other adjustments.

The Task Force on Education Funding recommends adopting a research-based approach to determine whether the foundation formula accurately reflects the current costs of delivering adequate and equitable education in each school district. The research should examine the use of specific factors for at-risk and limited-English-proficiency students.[4] Additionally, the independent analysis of the foundation formula should include recommendations on using multiple weights to define education adequacy for special needs students.

Funding for the adequacy study should be identified and approved in the supplemental budget bill for Fiscal Year 2027 or the Fiscal Year 2028 operating budget.

Make School Funding Stable, Timely, and Consistent

The current legislative budgeting process for public education makes it difficult for districts to plan effectively and efficiently. Decisions regarding the BSA are often made late in the Legislative session, after school districts' budgets are due and required layoff notices have been sent to staff. This instability leads to unnecessary layoffs, delayed hiring, and loss of talented educators.

This process begins in the spring, when school boards must estimate the following school year's student count as a starting point for their budget process. Small changes in school enrollment can trigger large funding losses.

A 2015 Review of Alaska's School Funding Program commissioned by the Alaska State Legislature and authored by Augenblick, Palaich, and Associates recommends changing from a one-time student attendance count to a three-year (or longer) average student attendance count. This change aims to reduce budget volatility and provide school districts with more predictable, stable funding to hire specialists and classroom teachers.

Thoughtful work has already been done to address these issues in the 34th Legislature under House Bill 261.[5] The bill would allow student counts to be based on the average of the previous three years, or the previous year, whichever is greater. The bill also allows districts to adjust the intensive student count to accommodate students with special needs who arrive after the student count. It smooths out funding cliffs when school membership falls below certain thresholds and allows alternative schools with fewer than 175 students to be counted as their own school, ensuring they receive adequate funding.

The Task Force on Education Funding recommends that the Alaska State Legislature work to make school funding more stable, timely, and consistent by enacting legislation similar to House Bill 261, which was considered by the 34th Alaska State Legislature.

---

[4] Justin Silverstein, Amanda Brown, and Mark Fermanich. Augenblick, Palaich and Associates: *Review of Alaska's School Funding Program*. July 2015, https://lba.akleg.gov/wp -content/docs/issues/fiscal/AlaskaFunding2015.pdf

[5] https://www.akleg.gov/basis/Bill/Detail/0?Root=hb261#tab6_4

Adjust the BSA for Inflation

Annual inflation is a fact of the United States economic system. It results in the cost of delivering the same education services increasing each year. If the Base Student Allocation remains the same from year to year but the cost of delivering education increases, then the BSA is no longer sufficient to provide an adequate education.

The nonpartisan Legislative Finance Division uses an Adjusted Base budget to account for one-time appropriations plus statewide increases needed to maintain services at a status quo level. This Adjusted Base represents the version of the following year's budget that would exist in the absence of any new initiatives by the Governor or Legislature.

The Task Force on Education Funding recommends that, when calculating the Adjusted Base budget, the Legislative Finance Division uses the same standard for the BSA and the resulting foundation formula calculation as it uses in its budget analysis of other state agency operations.

Separate Annual Facility Operation Funding Needs from the BSA

Alaska's school finance system largely expects districts to fund facilities operations and maintenance from the same operating fund that supports instructional costs, which is based on student enrollment. Facility costs, though, have more to do with building age, climate, and remote logistics than with the number of enrolled students or their instructional needs. At the same time, the state's capital funding system—school construction and Major Maintenance grants, REAA and small municipal projects, and debt reimbursement—is organized around discrete capital projects and eligibility rules that explicitly exclude routine maintenance and smaller operation and management-driven renewals. Creating a separate, formula-driven operating allocation to fund defined facility-related operation, management, and lifecycle renewal costs outside the instructional BSA will allow for these funds to be dedicated to educating students.

The Task Force on Education Funding recommends the creation of a separate, formula-driven operating allocation to fund defined facility-related operation, management, and lifecycle renewal costs outside the instructional BSA. Such an allocation would allow instructional BSA funds to be dedicated to educating students.[6]

The Task Force further recommends reevaluating the process for ranking projects eligible for major maintenance in public schools and encourages the Bond Reimbursement and Grant Review Committee to revise its scoring system to prioritize projects that address life-and-safety issues for funding. Additionally, the Task Force supports legislation that requires funding for major life-and-safety issues in public school buildings.

Address the Crisis of Alaska's Current Public School Facility Stock

For over ten years, Alaska has only funded a fraction of the Major Maintenance and facilities requests needed. This has led to collapsing structures, facilities that do not meet Americans with Disabilities Act requirements, non-functioning fire suppression systems, and dozens of identified health and safety

[6] The Alaska Municipal League has provided a document describing what this Base Facilities Allocation might look like. It is included as Appendix B in this report.

threats. There is currently a $535 million backlog in school maintenance requests. Inaction will only increase the eventual costs of repair or replacement and continue to put children at risk.

The Task Force on Education Funding recommends reevaluating Alaska's regulatory processes for funding major and deferred maintenance for public school facilities.

Address Rising Energy Costs for School Districts

School districts across Alaska are facing skyrocketing energy costs due to high oil and electricity prices. The rise in energy prices has strained schools, forcing them to divert classroom funds for electricity and heating. In response, during the 2026 legislative session, the Alaska Legislature passed House Bill 28, which includes a provision authorizing the State of Alaska to reimburse each school district for its energy costs based on a 3-year average. The estimated cost is about $88 million in Fiscal Year 2028.

The Alaska State Legislature recommends full funding for the new Energy Cost Reimbursement Program in the FY 2028 budget and all future budgets for the State of Alaska.

More Accurate Legislative Fiscal Notes

To better reflect actual costs, the Task Force on Education Funding recommends revising the process for creating legislative fiscal notes. Specifically, the Task Force recommends providing a detailed breakdown of the financial resources school districts would need to allocate to implement a proposed education policy. Currently, legislative fiscal notes only reflect the costs to the State of Alaska.

Reading Proficiency Incentive Grants

The Task Force on Education Funding recommends legislation allocating funding to school districts to properly implement the reading provisions of the Alaska Reads Act, which was signed into law in 2022.

In 2025, the Alaska Legislature approved reading proficiency incentive grants of at least $450 for each K-6 student who demonstrates grade-level reading proficiency or improvement. The funding for the grants was contingent on the passage of a specific revenue bill, which ultimately did not become law.

MID-TERM RECOMMENDATIONS

The Task Force on Education Funding recommends reevaluating Alaska's pupil transportation formula. The revised transportation formula should include a hold-harmless average daily membership calculation when student counts change substantially.

While DEED must immediately intervene to stabilize Mt. Edgcumbe High School, the Task Force encourages the Alaska State Legislature and DEED to develop a shared governance structure that empowers tribal partners and alumni.

Currently, school districts with approved residential boarding schools may be reimbursed with a per-pupil stipend to assist with operational costs. The reimbursement rate set in statute has not changed since 2014. The Task Force on Education Funding recommends evaluating the residential school stipend to ensure annual operational funding does not lose purchasing power due to inflation. Senate Bill 257,

sponsored by Senator Mike Cronk, in the 34th Alaska State Legislature, offers one approach to addressing this issue.

To make charter schools more affordable for school districts to operate, the Task Force on Education Funding recommends increasing the cap on indirect costs from 4 percent to a percentage that more accurately reflects actual costs.

To ensure the State is meeting its requirement to provide an adequate public education, the Task Force recommends reviewing Alaska's existing correspondence school statutes, which allow broad exemptions from statewide content standards, proficiency assessments, and fiscal audits.

The Task Force supports legislative and regulatory reforms to address the top issues identified by educators in the 2023 Alaska Teacher Retention and Recruitment Survey. Consideration should be given to how rural schools are staffed and what draws and retains teachers in that environment.

The Task Force recommends that school districts investigate effective methods for incorporating public correspondence programs into a broader brick-and-mortar framework, acknowledging extensive post-pandemic research indicating that for most students, in-person learning significantly outperforms online and distance learning.

The Task Force recommends that the Alaska Department of Education and Early Development contract with a design team to assess projects statewide and develop project estimates. The assessments should include clear indications of instances where a building does not conform to ADA standards, student security, or privacy needs. The economy of scale of this concept will reduce overall cost.

The Task Force further recommends:

- Implement appropriate diagnostic tools for intensive needs and conduct additional professional evaluations for students requiring IEPs who are enrolled in correspondence programs.
- Explore negotiated agreements for school maintenance between school districts and state departments with experience providing services to school districts under receipt authority or at no cost.
- Dedicated funding and training for public school administrators and educators to address student housing insecurity.

LONG-TERM RECOMMENDATIONS

To address rising health care costs for public school employees, the Task Force on Education Funding supports continued examination of ways to reduce costs while maintaining health care quality and access. Options for policymakers to consider should include forming larger pools of insured workers, which will reduce costs by spreading risk, and exploring a publicly funded health insurance program. The Task Force supports employing actuaries to ensure cost savings are certain.

The Task Force recommends that policymakers explore strategies to expand the number of certified CTE instructors in Alaska schools, including re-establishing university preparation programs, expanding Type M certificates, creating provisional licenses, assuring competitive pay/incentives, encouraging grow-your-own programs, and encouraging partnerships with employers/retirees.

To gain a better understanding of student absenteeism, the Task Force recommends a statewide absentee accounting system that provides more detail on the type and reason for absences.

The Task Force supports the expansion of place-, community-, and culture-based education and recommends dedicated funding be identified to augment local school district efforts.

The Task Force further recommends:

- Create incentives for school districts to standardize major equipment (e.g., boilers, HVAC) across the state to create redundancy and familiarity.
- Create incentives for school districts to develop either a shared services agreement with larger facilities in their region, or for rural districts to co-develop a hub for parts and maintenance staff.
- Institute a workforce development initiative to create more local bus drivers.
- Funding to allow school districts to invest in facility upgrades that enhance energy efficiency.