



Anchorage School District

Education Center

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Alaska State Board of Education & Early Development
c/o Commissioner Deena Bishop
Department of Education and Early Development
801 West 10th Street, Suite 200
Juneau, AK 99801

RE: Public Comment – Opposition to Proposed Regulation Changes to Local Contribution Limits

Dear Members of the State Board of Education,

My name is Andrew Ratliff, and I am the Chief Financial Officer for the Anchorage School District. I am writing in opposition to the proposed regulation changes to local contribution limits that would further limit resources to Anchorage School District (ASD) students, and students across the state, that are currently being provided by our communities.

I appreciate the State Board of Education (SBOE) allowing public comments for such a far-reaching regulation change rather than pushing it through as an emergency action which would have given districts and communities no time to have their voices heard and make necessary budget reductions. Still, you are being asked to approve these regulations without clear definitions, a detailed financial impact analysis, or an implementation plan for districts.

This regulation change potentially puts ASD at risk of losing over \$15 million for this year that is currently being used for student transportation and preschool and could be tens of millions more depending on how the Department of Education chooses to implement the regulations and define what revenues now fit in the definition of local contributions. This is made possible by the elimination of 'City or Borough' in the definition of what constitutes a local contribution. That opens up the interpretation of what local funding makes up the maximum local contribution of a city or borough school district to extend to other receipts such as p-card rebates, interest earnings, student fees, and even jury duty pay reimbursements. We have yet to see a list of what revenues could be included in the maximum local contribution under the new regulations which makes describing the impact very difficult. Passing regulations without fully understanding the financial impact to districts and communities is not a responsible way to govern and further

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limiting the amount of funds districts can collect will make revenues more difficult to predict, not easier.

Opening up the definition of the 'value of in-kind services' could also reduce the amount of funding districts receive and place a new, unfunded administrative burden on them, further exacerbating the fiscal impacts. Again, this is very difficult to quantify the impact as there has been no discussion of what could be included as in-kind services and leaves that sole discretion up to DEED. Things like snow plowing, trail maintenance, fire department call outs, policing, meetings with the assembly, or even having a municipal health department employee as a guest speaker to a health class could now be included as local contributions and further limit the amount of funding districts can collect. This could amount to tens of millions of dollars more depending on how DEED chooses to define it. Tracking these services and putting a dollar amount to them would require a significant amount of additional administrative work for districts and, again, make revenues in a given year much more difficult to predict.

I have further concerns about using the State's failure of the Federal Impact Aid Disparity Test as the rationale for these sweeping regulation changes as I don't believe these changes will solve the problem. The State failed that test because, and I quote, "Because the State improperly excluded transfers between each LEA's general fund and its special revenue fund for transportation, and improperly included transfers from the transportation fund to the general fund as a revenue". It wasn't about revenue received from the municipalities for transportation, which is already an exclusion for Alaska in the disparity test, it was about the improper reporting of interfund transfers which isn't addressed by this regulation change.

The request for a hearing to appeal the failure of the disparity test, filed by the Bruman Group on behalf of the State dated July 14, 2025, confirms this position and requests that funding for transportation and transfers from those special revenue funds be excluded from the disparity calculation which would allow the State to pass the test. The request for a hearing makes no mention of changes to local contributions or in-kind contributions as the solution to pass the test.

There seems to be a simple solution for the State to pass the disparity test, although it is a legislative fix, not an action by the SBOE. If the State went back to the old system of transportation being a fully reimbursable expense, that would both solve the problem of the disparity test by eliminating transfers in and out and allow students across Alaska to be able to safely get to school without having to eliminate other programs to pay for it.

While the Legislature and Governor did come together to fund a 10% increase for transportation, the first permanent increase since 2015-16, it does not come close to filling the deficit caused by things like cost of labor increases, medical insurance, fuel, and liability insurance. Bus drivers are required by State Statute to be paid, at a minimum, two times the minimum wage which in 2015-16 was \$17.50/hr and is now \$26/hr, an increase of nearly 50%. The base labor rate to get kids to school has risen dramatically and State funding has simply not kept up. Anchorage has been fortunate to have a municipality willing to step up and fill the gap but this regulation change would take that flexibility away and force the district to either drastically reduce bus routes or take

money from the operating fund thereby reducing services to students or increasing class sizes.

These changes won't just have an impact on our neighborhood schools either, it will take funding away from charter schools and correspondence programs as well, as they all receive a proportionate share of the local contributions being targeted.

Again, I urge the board to not approve this regulation change. This policy is being rushed through without any sort of financial impact analysis to districts, does not improve the State's fiscal situation, and does nothing to improve academic outcomes for Alaska's students and will instead cut even more resources for students from an already underfunded school system and create more bureaucracy all while not addressing the stated goal of passing the disparity test.

Sincerely,

Andrew Ratliff
Chief Financial Officer
Anchorage School District