



UNITED STATES DEPARTMENT OF EDUCATION

March 18, 2024

The Honorable Deena M. Bishop
Commissioner of Education
Alaska Department of Education and Early Development
P.O. Box 110500
Juneau, AK 99811

Dear Commissioner Bishop:

The U.S. Department of Education (Department) received your amended plan for a reasonable level of tolerance when calculating whether the Alaska Department of Education and Early Development (DEED) has met State maintenance of equity requirements under the American Rescue Plan Act of 2021 (ARP Act). This written plan applies only to a subset of Alaska's local educational agencies (LEAs).

The ARP Act State maintenance of equity requirements help ensure that State funding supports LEAs with high concentrations of poverty and the students who have been subject to longstanding opportunity gaps in our education system and experienced the greatest impact from the COVID-19 pandemic. These requirements are vital for ensuring that States maintain funding to address the impact of the pandemic on students' education, and for protecting students in high-need and highest-poverty LEAs from disproportionate cuts if reductions in State effort do occur. The Department determined that it is consistent with the State maintenance of equity requirements to allow a State educational agency (SEA) to calculate whether it has maintained funding equity with respect to its very small high-need and highest-poverty LEAs within a reasonable "tolerance level." The Department's determination is based on the possibility of significant volatility in the calculated per-pupil funding amounts for very small LEAs caused by small changes in student enrollment, which may be unrelated to whether an SEA has achieved the intent of the requirements. (See *Frequently Asked Questions, American Rescue Plan Elementary and Secondary School Emergency Relief Program, Maintenance of Equity Requirements*, July 26, 2022, Question 21(a).)

According to materials provided by DEED, Alaska's Public School Funding Formula works on a per-student basis and guarantees each LEA a minimum "basic need" using a combination of State funding, required Local Effort, and 90 percent of eligible Impact Aid funding received from the Federal government. Alaska's 54 LEAs include single-site remote municipalities and multi-site rural LEAs—some of which are geographically larger than many of the lower 48 States—that lack a road system or other key infrastructure. Because total average daily membership (ADM) is the main driver for determining a district's Public School Funding Formula allocation, DEED asserts that calculated per-pupil funding amounts for its small LEAs are significantly affected by small changes in attendance rates. This makes per-pupil funding amounts in Alaska's small LEAs an imperfect indicator of whether the SEA has achieved the intent of maintaining equity in funding across LEAs.

On March 12, 2024, DEED submitted a revised small LEA tolerance proposal to reflect their updated SEA-level data submission that proposes the following tiers:

- 1) For LEAs with ADMs of 16 or fewer students per square mile and regular ADMs below 55, DEED proposes to tolerate a 60 percent reduction in per-pupil funding from year to year. This would impact one LEA identified by the State as meeting the definition of high-need or highest-poverty in fiscal year (FY) 2022 that served 0.04 percent of Alaska’s students and another LEA in FY 2023 that served 0.01 percent of Alaska’s students.
- 2) For LEAs with ADMs of 0.10 or fewer students per square mile and regular ADMs between 200 and 300, DEED proposes to tolerate a 47 percent reduction in per-pupil funding from year to year. This would impact one LEA identified by the State as meeting the definition of high-need or highest-poverty in FY 2023 that served 0.20 percent of Alaska’s students.
- 3) For single-site LEAs with ADMs between 100 and 725, DEED proposes to tolerate a 30 percent reduction in per-pupil funding from year to year. This would impact four LEAs identified by the State as meeting the definition of high-need or highest-poverty in FY 2022 that served 0.9 percent of Alaska’s students and seven LEAs in FY 2023 that served 1.7 percent of Alaska’s students.
- 4) For LEAs with ADMs of 16 or fewer students per square mile and regular ADMs below 1,000, DEED proposes to tolerate a 20 percent reduction in per-pupil funding from year to year. This would impact nine LEAs identified by the State as meeting the definition of high-need or highest-poverty in FY 2022 that served 2.65 percent of Alaska’s students and 11 LEAs in FY 2023 that served 2.30 percent of Alaska’s students.
- 5) For LEAs with ADMs of 0.15 or fewer per square mile, regular ADMs between 1,800 and 3,950, and that experienced a one percent or greater reduction in ADM, DEED proposes to tolerate a five percent reduction in per-pupil funding from year to year. This would impact one LEA identified by the State as meeting the definition of high-need or highest-poverty in FY 2022 that served 1.4 percent of Alaska’s students and another LEA in FY 2023 that served 2.9 percent of Alaska’s students. (For these LEAs, it is generally not feasible for a student to travel to the closest neighboring school in the same LEA or in the next nearest LEA. These LEAs have seen particular enrollment volatility in recent years.)

After reviewing DEED’s tolerance proposal and accompanying data, the unique circumstances in the State, and our further State-specific analysis, we have determined that this amended plan includes a reasonable level of tolerance when calculating whether Alaska has maintained equity for small LEAs in FYs 2022 and 2023. Data provided by DEED indicate that Alaska will need to make additional payments to LEAs in tables 1 and 2, below, that experienced disproportionate reductions in per-pupil funding in FY 2022 or FY 2023 and are not captured by this proposal:

Table 1. Amount of State funding reductions considered disproportionate under the FY 2022 maintenance of equity requirement	
LEA	FY 2022 Maintenance of Equity Shortfall
Kenai Peninsula Borough School District	\$7,186,852
Anchorage School District	\$15,202,289

Table 2. Amount of State funding reductions considered disproportionate under the FY 2023 maintenance of equity requirement	
LEA	FY 2023 Maintenance of Equity Shortfall
Juneau Borough School District	\$204,309
Anchorage School District	\$1,391,681
Kenai Peninsula Borough School District	\$2,494,871
Fairbanks North Star Borough School District	\$3,097,911

Please advise the Department when these additional payments have been made. Alaska’s compliance plan to address FY 2022 maintenance of equity compliance was due on January 22, 2024, and is still outstanding. Please resolve this matter by March 22, 2024. If you have any questions, please contact your program officer at: Alaska.OESE@ed.gov.

Sincerely,

Laura Jimenez

Laura Jimenez
 Director, Office of State and Grantee Relations