October 4, 2023

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 written 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 funds schools 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 received. Alaska’s 54 LEAs
include single-site, remote municipalities, and rural, multi-site LEAs – many of which are
geographically larger than many of the lower 48 states – that lack a road system or other 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 very
small LEAs are significantly affected by small changes in attendance rates. This makes per-pupil
funding amounts in Alaska’s very small LEAs an imperfect indicator of whether the SEA has achieved the intent of maintaining equity in funding across LEAs.

Accordingly, DEED proposes five tolerance levels:

1) For LEAs with an ADM of 16 or fewer students per square mile and with regular ADMs below 1,000, DEED proposes to tolerate a 20 percent reduction in per-pupil funding from year to year. This would impact 10 LEAs identified by the State as meeting the definition of high-need or highest-poverty in fiscal year (FY) 2022, and 11 LEAs in FY 2023, that served 2.2 and 2.4 percent of Alaska’s students, respectively.

2) For LEAs with an ADM of 16 or fewer students per square mile and with regular ADMs below 25, DEED proposes to tolerate a 40 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 0.01 percent of Alaska’s students in FY 2022, and two LEAs that served 0.02 percent of Alaska’s students in FY 2023.

3) For single-site LEAs with an ADM between 100 and 725, DEED proposes to tolerate a 15 percent reduction in per-pupil funding from year to year. This would impact five small LEAs identified by the State as meeting the definition of high-need or highest-poverty in FY 2022 and 2023 that served 2 percent of Alaska’s students in both FYs.

4) For LEAs with an ADM of 130 or fewer that experienced a 25 percent or greater reduction in ADM, DEED proposes to tolerate a 30 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 and FY 2023 that served 0.1 percent of Alaska’s students in both FYs.

5) For LEAs with ADMs of 0.15 or fewer per square mile, whose regular ADMs are between 1,800 and 3,950, and that experienced a 4 percent or greater reduction in ADM, DEED proposes to tolerate a 5 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 and FY 2023 that served 1.4 percent and 2.9 percent of Alaska’s students respectively.

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 levels one through four include a reasonable level of tolerance when calculating whether Alaska has maintained equity for small LEAs in FYs 2022 and 2023. We do not find extending tolerance to Level 5 LEAs to be reasonable. For example, it is unclear how changes in enrollment in LEAs with several thousand students would affect per-pupil funding in ways that are unrelated to maintaining equity as compared to an LEA with many fewer students.

Data provided by DEED indicates that Alaska will need to make additional payments to LEAs that experienced a disproportionate reduction in per-pupil funding in FY 2022 or FY 2023 and are not captured by this proposal. Please advise the Department as additional payments are made.

DEED notes that supplemental payments to this subset of LEAs may affect the State’s ability to demonstrate that, for the purpose of State compliance with the Impact Aid statute, the State equalizes expenditures amongst LEAs under section 7009 of the Elementary and Secondary Education Act of 1965 (ESEA). We understand that any supplemental payments from DEED to LEAs to address
noncompliance with maintenance of equity requirements in a prior fiscal year would be funds that DEED would not ordinarily allocate to these schools. After consulting with the Impact Aid Program, we have concluded that any supplemental payments from DEED to LEAs to resolve noncompliance with maintenance of equity requirements in a prior fiscal year may be excluded from the State’s disparity test analysis under section 7009 of the ESEA.

We appreciate your diligence in developing this proposal. 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

cc: Faatimah Muhammad, Director, Impact Aid Program
Office of Elementary and Secondary Education