

ALASKA
MUNICIPAL
LEAGUE

Local Governments and Alaska's System of Public Education

February 2025

Public Education – Alaskans' Taxes

Local governments fund more than 25% of State obligation to public education

- \$530 million in local tax contributions – residents, businesses, tourists
- Five local governments that contribute more than the State
- Local contributions of
 - Under 5% - 3 MSD, 19 REAAs (14 less than 1%)
 - 11 MSDs between 5% and 20%
 - 10 MSDs between 20% and 35%
 - 6 MSDs between 35% and 45%
 - 4 MSDs from 50% to 63%
- REAAs \$80M in federal, compared to MSD of \$50M

State Property Tax

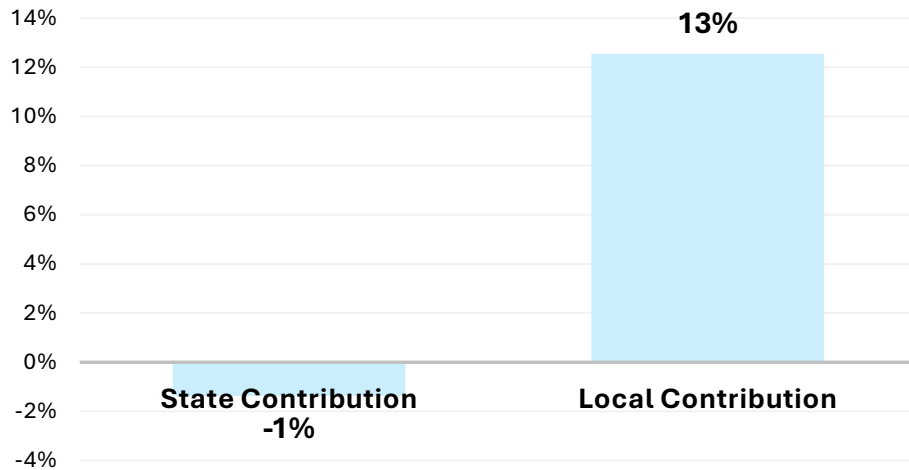
- 2.65 mills on assessed value
- Collected on behalf of State by
 - Boroughs
 - Home rule and First Class cities in the Unorganized Borough
- 90% of Alaskans

- FY23 - 28 of 52 districts budgeted for higher ADM expense than revenue

Public Education – Local Contributions

Resolution 2023-12 - Increase and Inflation-Proof BSA
 Requesting that the State increase and inflation-proof the BSA.

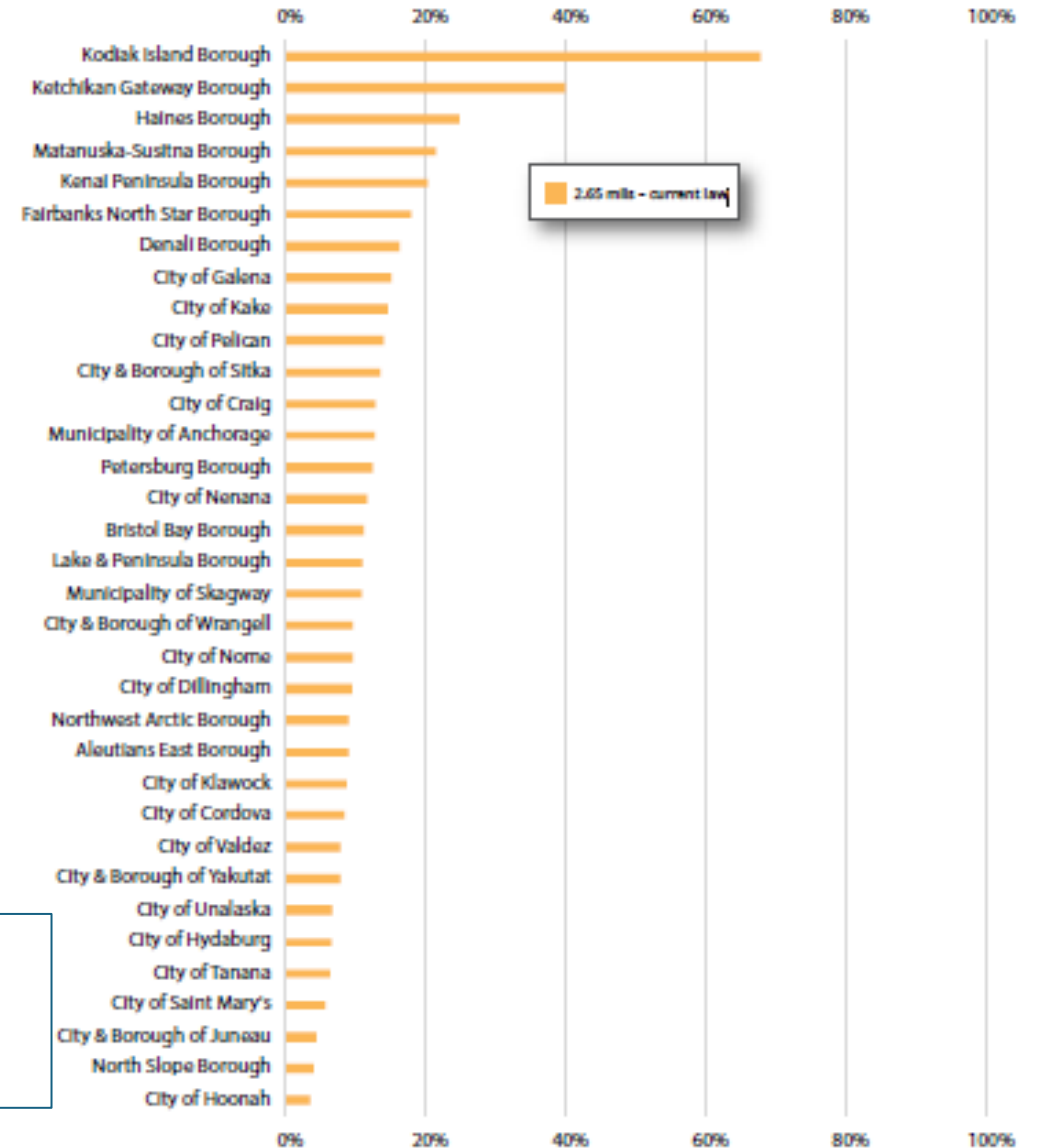
Municipal School Districts % Funding Change FY17 to FY24



Source: DEED FY17 and FY24 Operating Fund Reports

Fiscal Independence

- ~40 states allow districts independent taxing authority
- Set budgets and tax levels according to local base and needs

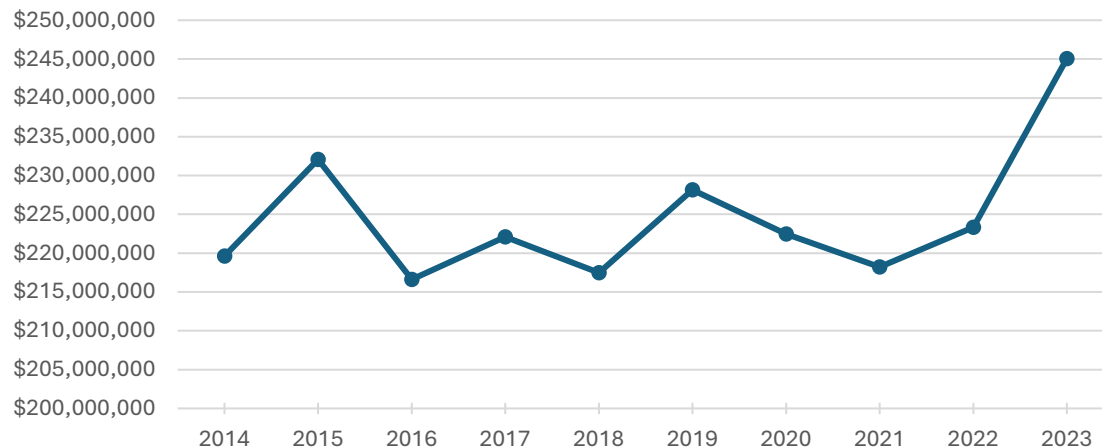


Public Education – Financials

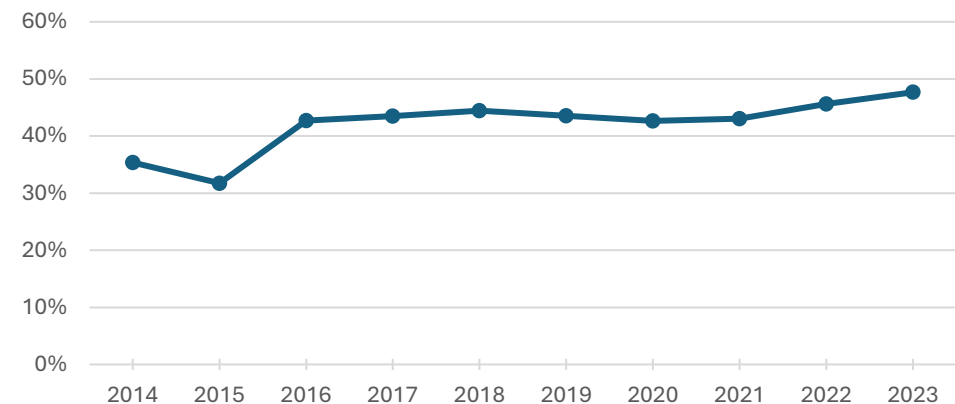
FY23 Audited Financials - DEED

- Every local government contributed beyond the RLC in FY24 = \$240 million
- 18 of 33 provided more than 50% additional
- Four have RLC/FVD amounts greater than 45% Basic Need
- State takes 75% of Impact Aid to reduce its own obligation to meet Basic Need; 100% in REAAs
 - Impact Aid meant to make up for lack of tax base, and correct inequity. Used for Adequacy instead.
- Non-instructional functions = < 25% of costs
 - 58% is operations and maintenance
- The Alaska School District Cost Study hasn't been updated since 2005

O&M Expenses Municipal SD Total



Local Contribution as Percent of All Revenue for all Municipal School Districts



Unfunded Mandates

School Districts are annually required to:

- Report to AMYA students ages 15-19 no longer enrolled but not graduated or transferred
- Report list of students eligible for Alaska Performance Scholarship
- Annual audit
- Produce disciplinary report on all incidents involving restraint or seclusion
- File a planning report to DEED with goals and measures of success.
- If low performance, must file an improvement plan having involved maximum public input.
- File a safe schools report and safety action plan.
- Develop written procedures for identifying students entitled to surrogate parent.
- Report average daily membership.
- Develop and submit teacher evaluation reports.
- File annual and quarterly transportation reports.
- File qualification statements for all teachers and administrative employees.
- Administer statewide assessments.
- Offer bilingual-bicultural education.
- Develop and adopt policy that prohibits harassment and bullying.
- Develop and publish concussion guidelines, parent information, and have staff knowledgeable.
- Develop and renew a crisis response plan.
- Submit developmental profile for each student entering kindergarten or first grade.
- Implement employee evaluation system, and conduct observation twice a year.
- Develop school disciplinary and safety program.
- Develop and provide services to gifted children.
- Appoint teams to determine necessary accommodations for English learners.
- The list goes on...

Legislation Impacting Local Funding

2020-2024 legislation introduced:

1. Curriculum about opioids for grades 9-12
2. Curriculum to incorporate local traditions and customs
3. Have an online checkbook
4. Add mental health curriculum
5. Add sexual health to curriculum
6. Add financial literacy to curriculum
7. Teach about the history of Asian Americans and Pacific Islanders
8. Adopt standards for social-emotional learning
9. Provide opportunities for students to participate in vocational ed, training, and on the job experience over 14.
10. Develop a program relating to victims of communism.
11. Post all course textbooks and syllabus online.
12. Establish program on character development.
13. Create a civics curriculum.
14. Arm teachers and/or guards.

School Construction and Major Maintenance

76% of schools owned and managed by local governments

- Provide for major rehabilitation, construction, and major repair of school buildings
- State has partnered as part of its Constitutional obligation through grants and bond reimbursement
- FY23 – 14 districts didn't submit 6-year plans – 3 REAAs, 10 MSD
- FY 23 \$603 million = \$11,374.95 ADM
- Priority List - 13-year average of \$52M construction, and \$13M for maintenance
 - Of 37 construction projects, 12 districts, five municipal
 - 109 maintenance projects, 32 districts, 19 municipal
- State meeting 15% as a percentage of need annually
- 27% of all projects were REAA
- Industry standards suggest an additional 1% of replacement value should be programmed for deferred maintenance. At \$9.7 billion, the annual amount for Alaska would be \$289 million.

Public Education - Facilities

State Construction and Maintenance Programs

- FY 6-year plan = \$1,846,645,049 (\$200M+ AVG)
- 19 districts did not submit 6-year plan / 35%
- Plans range from 2 to 6 years
- [HB2003](#) report – Evaluation of combination of grant program, GO Bond, and SBDR
 - 1/3 of all schools benefiting from major maintenance
- FY11-24 - Grants from School Construction and Major Maintenance resulted in an average for school construction of \$52,677,128 (42% MSD) and for major maintenance of \$14,017,113 (59% MSD).
- 60% of school districts have benefited.
- 13 of 24 municipal districts submitted 112 applications for debt reimbursement
 - \$803 million (0 since 2016)
- Due to the decreasing amount of eligible debt reimbursement being paid by the state, the statutory calculation for the REAA fund capitalization is also declining each year.

Public Education - Facilities

Resolution 2020-07 – Fund School Bond Debt Reimbursement

Supporting full payment of currently obligated school bond debt reimbursement; a reinstatement of the school bond debt reimbursement program; and a careful and deliberate reform of State support of school construction and maintenance.

Recommended & Funded Capital Renewal – DEED 2024

Fiscal Year	Insured Value Main School Facilities	Insured Value School-Related Facilities	Recommended 3% Capital Renewal	Total AS 14.11 Funding	Percent of Funded Capital Renewal
FY2011	\$6,024,558,783	\$611,992,436	\$199,096,537	\$244,938,510	123.0%
FY2012	\$6,284,565,324	\$672,832,563	\$208,721,937	\$487,746,214*	233.7%
FY2013	\$6,484,708,153	\$702,083,591	\$215,603,752	\$158,734,700*	73.6%
FY2014	\$6,674,414,111	\$731,668,516	\$222,182,479	\$222,622,004*	100.2%
FY2015	\$6,893,678,341	\$737,283,808	\$228,928,864	\$56,633,185	24.7%
FY2016	\$7,494,373,579	\$767,501,801	\$247,856,261	\$45,861,089*	18.5%
FY2017	\$7,527,851,947	\$843,273,351	\$251,133,759	\$74,562,588*	29.7%
FY2018	\$7,806,679,400	\$884,635,956	\$260,739,461	\$45,815,477*	17.6%
FY2019	\$7,948,009,247	\$928,767,221	\$266,303,294	\$69,690,759*	26.2%
FY2020	\$8,306,164,560	\$959,092,600	\$277,957,715	\$27,448,190*	9.9%
FY2021	\$8,375,372,209	\$968,531,369	\$280,317,107	\$34,277*	0.0%
FY2022	\$8,640,281,425	\$971,902,844	\$288,365,528	\$12,608,008	4.4%
FY2023	\$9,225,094,162	\$1,041,287,466	\$307,991,449	\$139,129,382*	45.2%
FY2024	\$10,461,130,625	\$1,242,840,821	\$351,119,143	\$70,416,930	20.1%
Totals			\$3,606,317,286	\$1,656,241,313	45.9%

*See endnote.

Public Education - Considerations

Equity - 2015 outside consultant report

“Finally, as noted in the equity study chapter, it is difficult to determine whether the current state and local funding shares for K-12 education are appropriate and equitable. Currently, the state lacks a comprehensive and consistent measure of local wealth that can be applied across all district types. The state could use a formal definition and measure of local fiscal capacity to provide a better understanding of local districts’ ability to contribute to K-12 education and to establish a more equitable and balanced local contribution.”

Adequacy - 2001 DEED report

I. Measurable standards for student achievement have been set by the State of Alaska to meet the higher expectations of the public. “Making the connection between school dollars and student achievement is the principal school finance challenge of the next century.”

II. To meet that challenge, we must identify and reflect on the changes that have occurred over the last 10 years.

- A. The basic amount of school funding per student has not changed since 1993.
- B. Inflation has eroded buying power.
- C. New requirements have been added without the dollars to cover their costs.
- D. Societal changes such as concerns for student safety and changing demographics have impacted schools.

Public Education - Accountability

Achievement

- High performing schools are important to local governments
- Bedrock is local decision making, where local funding is applied
- Measures of accountability developed between funders

Summary of Statewide Performance

English Language Arts

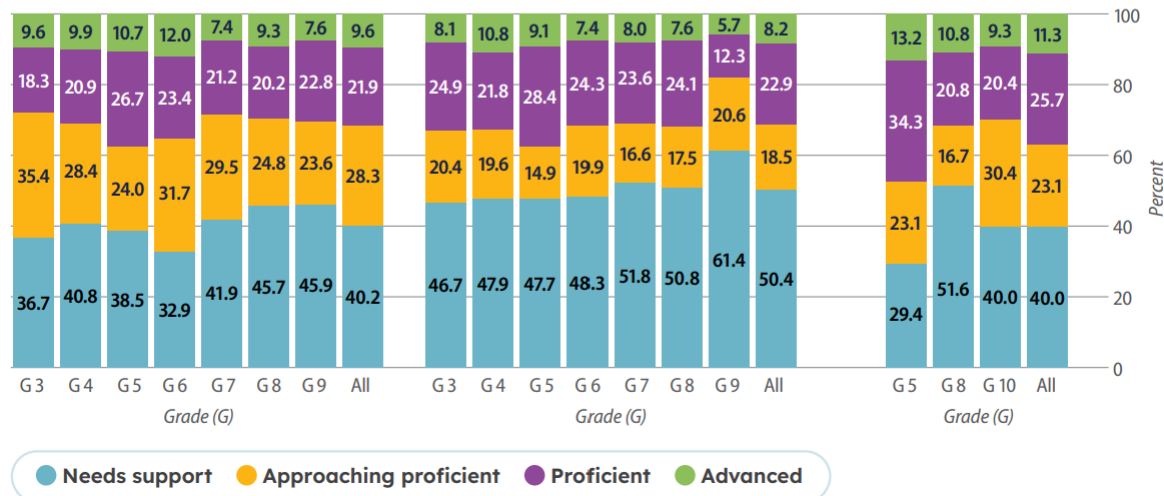
- 31.5% of Alaska students met grade-level expectations.
- Students in grade 5 (37.4%) and grade 6 (35.4%) had the highest achievement levels.
- Students in grade 9 (45.9%) demonstrated the greatest need for support.

Mathematics

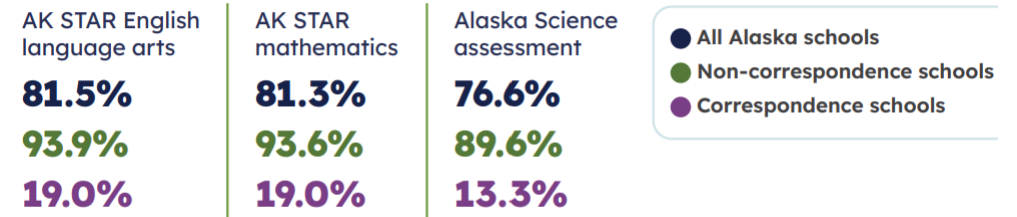
- 31.1% of Alaska students met grade-level expectations.
- Students in grade 5 (37.5%) had the highest achievement levels.
- Students in grade 9 (61.4%) demonstrated the greatest need for support.

Science

- 37% of Alaska students met grade-level expectations.
- Students in grade 5 (47.5%) had the highest achievement levels.
- Students in grade 8 (51.6%) demonstrated the greatest need for support.

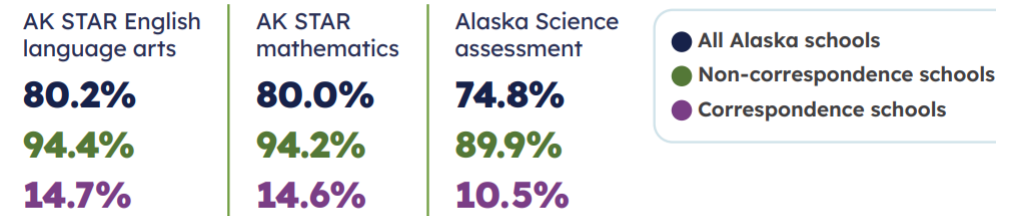


Student Participation in Spring 2023 Assessments



Full assessment results can be viewed here <https://education.alaska.gov/assessments/results>

Student Participation in Spring 2024 Assessments



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Public Education - Considerations

Alternatives to Status Quo

- Ensure accountability to State and local governments – based on budgets
- Extend accountability to all students where local and state funding applies
- Ensure equitable application of State property tax
- Fund current and future mandates
- Release Impact Aid directly to districts
- Develop State-led disparity test
- Reform grant and bond program
- Implement a Base Facilities Allocation
- Address recruitment and retention

Recent growth in Alaska's VPSO Program strengthens public safety



Table 1.3: Personal Importance Top 15 Rankings for Subgroups by School Location.

Personal Importance Items	Total (N = 4223)	Rural (N = 858)	Rural Hub (N = 347)	Rural Road System (N = 626)	Urban (N = 1774)	Unclassified (N = 618)
adequate compensation for assigned duties (salary)	1	4	3	1	1	1
positive workplace conditions	2	1	1	2	3	2
personal connections with students	3	2	2	3	6	3
retirement benefits	4	6	6	5	2	4
good healthcare benefits	5	5	5	4	4	5

Testimony from Municipal Officials



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