

# How much does Alaska spend on K-12 education?

Invited testimony to the Alaska Senate Education Committee

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Dayna Jean DeFeo, PhD  
Associate Professor of Education Policy

Matthew Berman, PhD  
Professor of Economics

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# Today's presentation


## 5 questions

1. How much does Alaska spend on public education, and how does that compare to other states?
2. What do we know about Alaska's 2023 spending?
3. Where does the money come from?
4. Where does the money go?
5. How does inflation factor in?

## Context & recommendations

1. Putting comparisons into perspective
2. Looking ahead

# Our key findings:

- ▶ After adjusting for geographic costs, Alaska's per pupil spending is 15% below the national average, and has fallen consistently since 2017.
  - ▶ Since 2017, the proportion of Alaska's per-pupil spending coming from federal and local sources has increased, while state support has decreased.
  - ▶ Alaska's education investments are not keeping up with inflation.
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**How much does Alaska spend on public education, and how does that compare to other states?**

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Question 1

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# How much does Alaska pay?

Raw dollars: Average per-pupil K-12 spending, 2021-2022

Nation

**\$15,633**

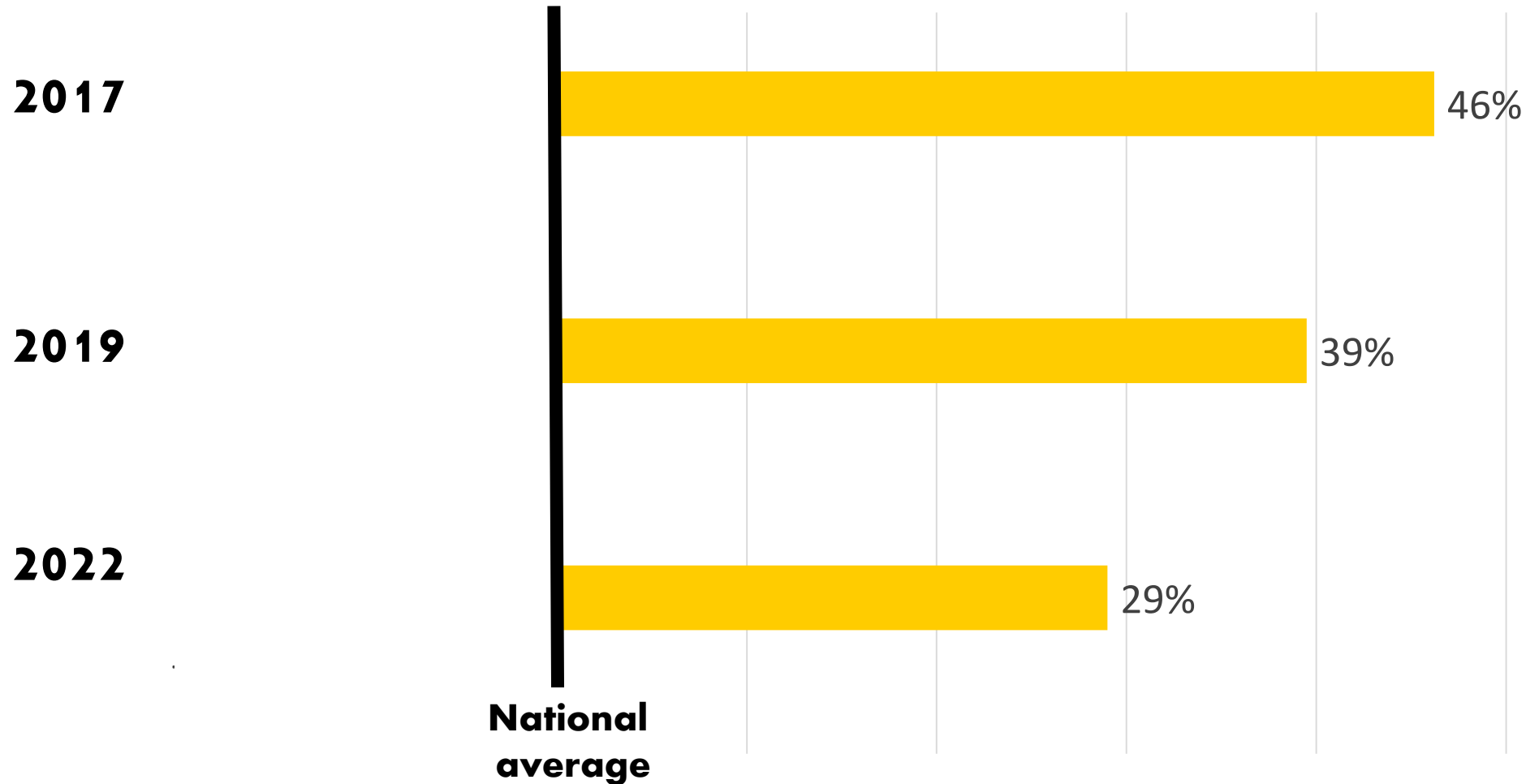
Alaska

**\$20,191**

- ▶ 8<sup>th</sup> highest in nation 29% higher than national average
- ▶ Probably 10<sup>th</sup> in 2023
  - 41 states (including Alaska) have reported
  - 2 states moved ahead of Alaska
    - Rhode Island & Delaware

# Alaska's per-pupil spending, 2017-2022

Source: US Census Bureau *Annual Survey of School System Finances*



# Step 1: Statewide adjustment

- ▶ **Alaska's average**
  - Includes costs for different places & programs
- ▶ **Statewide adjustment**
  - Cost of goods varies by place
  - Adjust costs with differentials relative to Anchorage

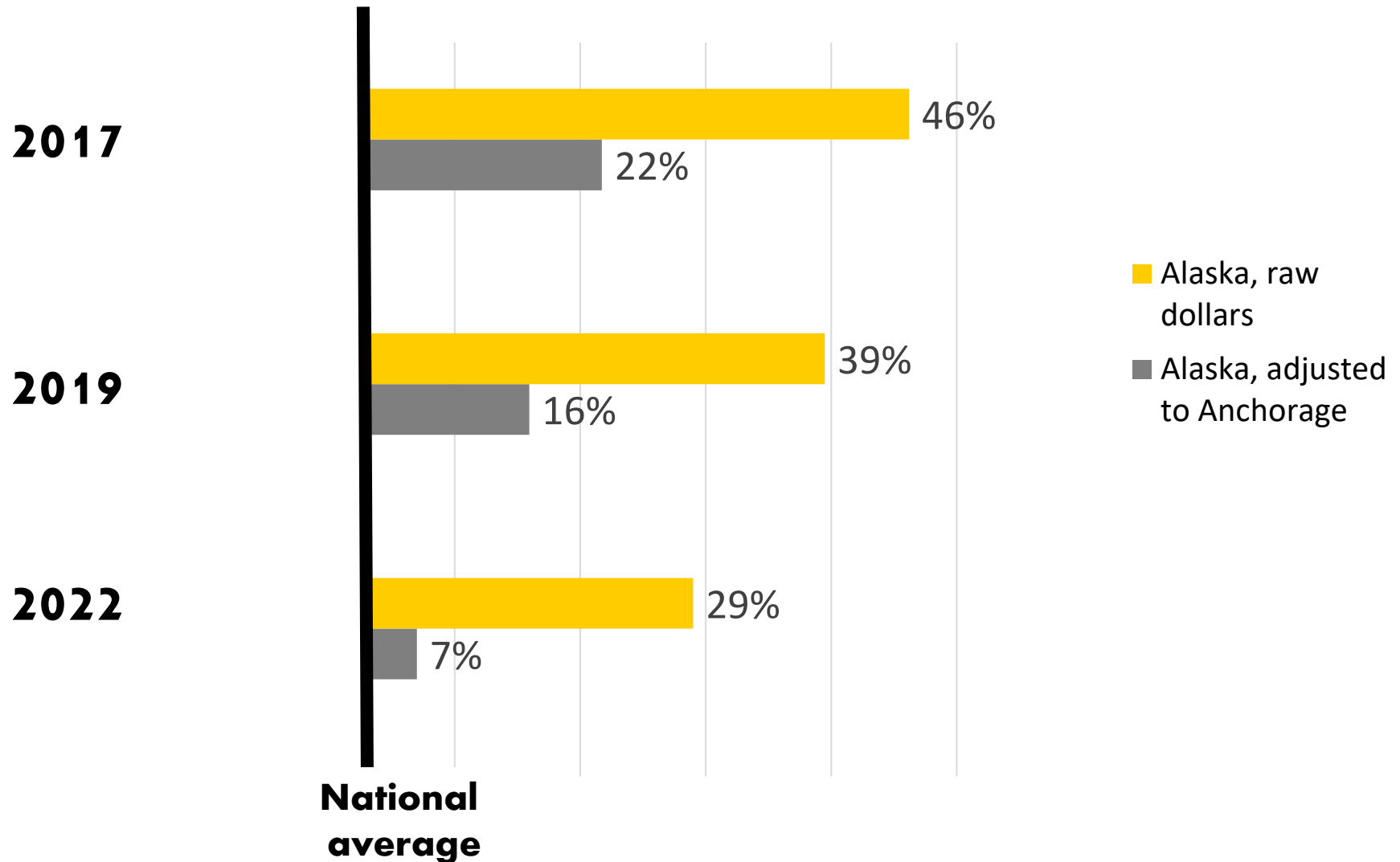
Raw dollars: **\$20,191**



Adjust Alaska to Anchorage: **\$16,784**

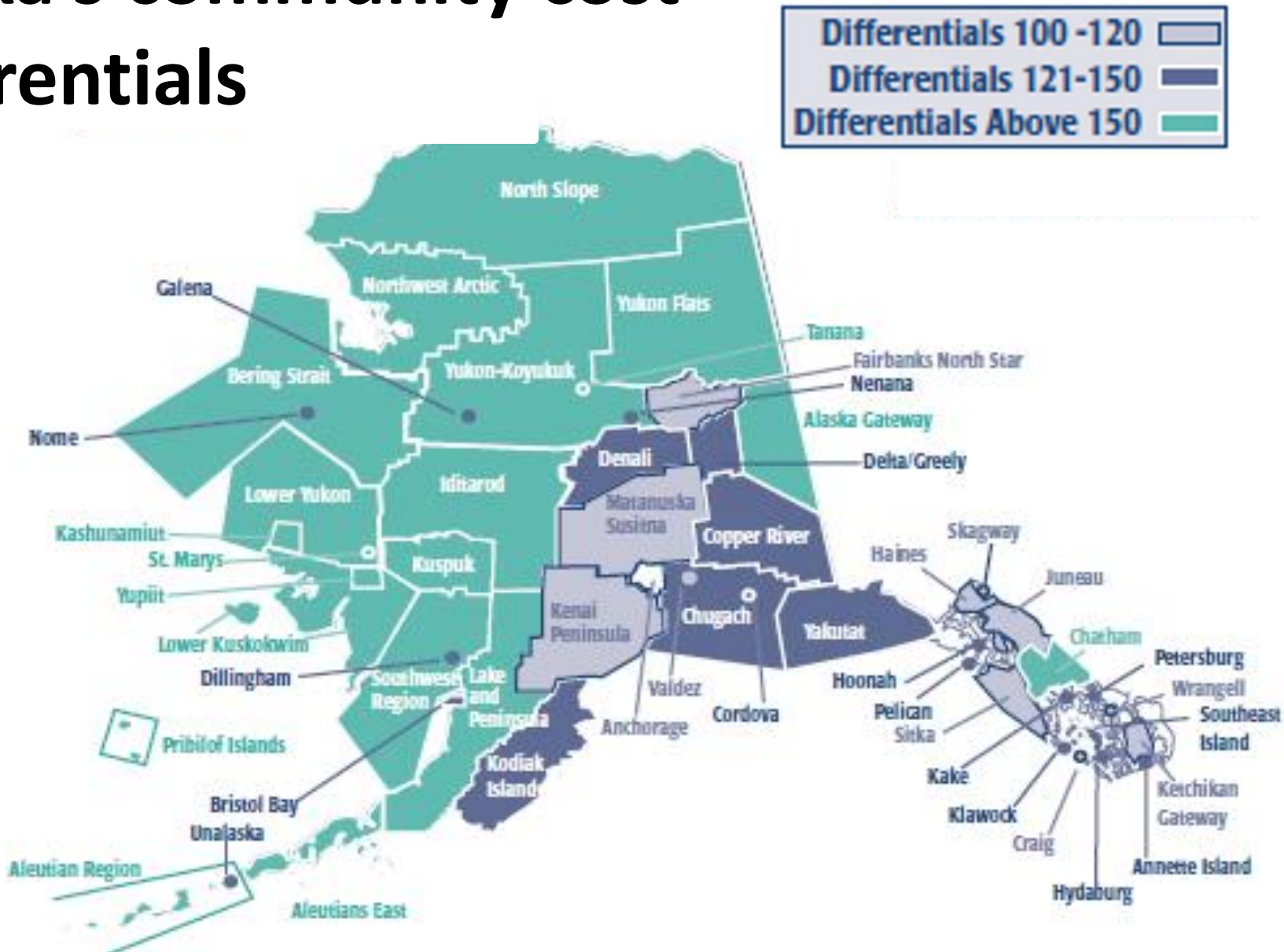
# Alaska's per-pupil spending, adjusted to Anchorage, 2017-2022

Source: US Census Bureau *Annual Survey of School System Finances*





# Alaska's community cost differentials



# Step 2: National adjustment

- ▶ **Alaska's average**
  - Includes costs for different places & programs
- ▶ **Statewide adjustment**
  - Cost of goods varies by place
  - Adjust costs with differentials relative to Anchorage
- ▶ **National adjustment**
  - Cost of living in Anchorage is higher than other places in the US

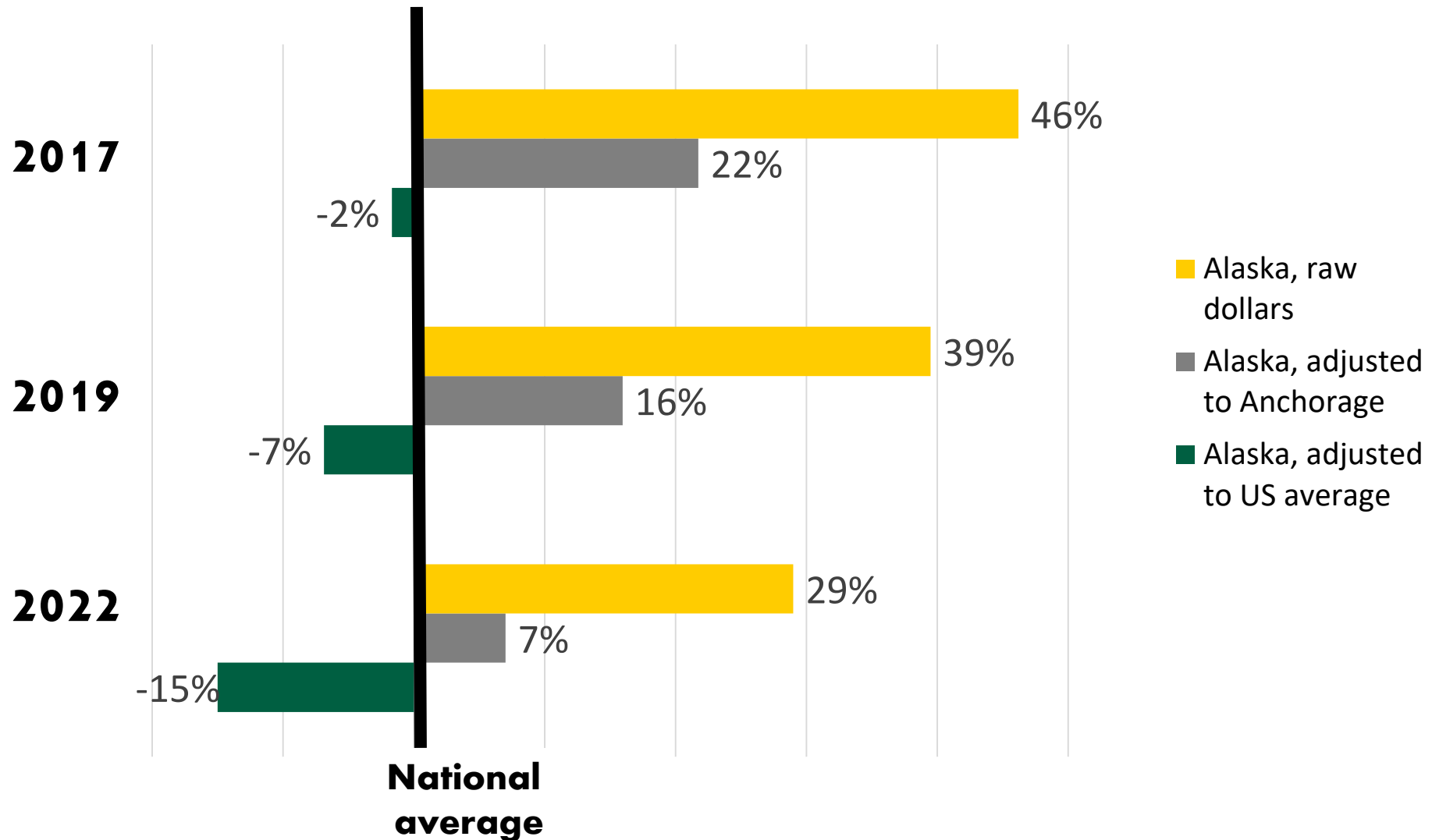
Raw dollars: **\$20,191**

Adjust Alaska to Anchorage: **\$16,784**

Adjust Anchorage to national average: **\$13,247**

# Alaska's per-pupil spending, adjusted to Anchorage and the US average, 2017-2022

Source: US Census Bureau *Annual Survey of School System Finances*

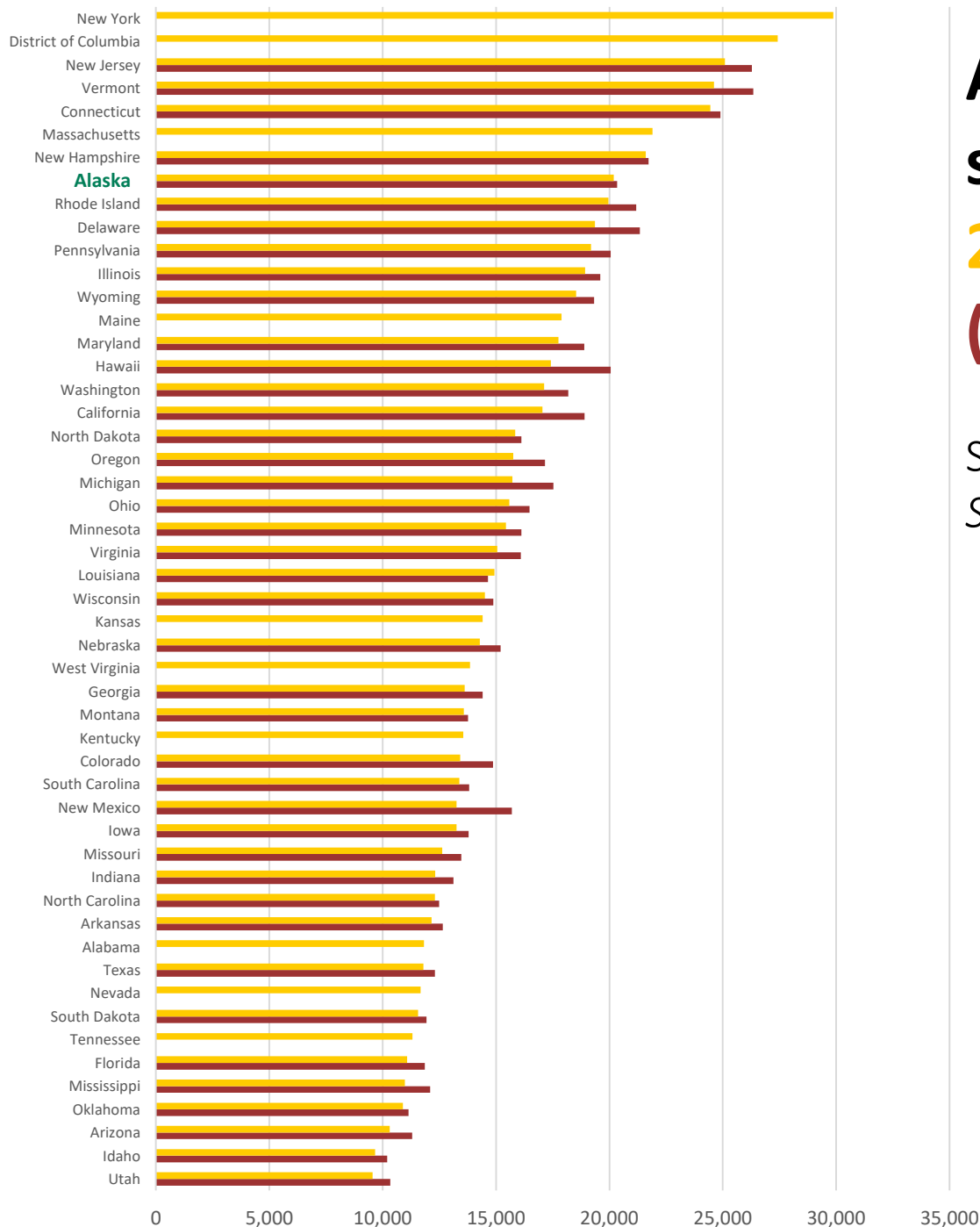


# What do we know about Alaska's 2023 spending?

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Question 2

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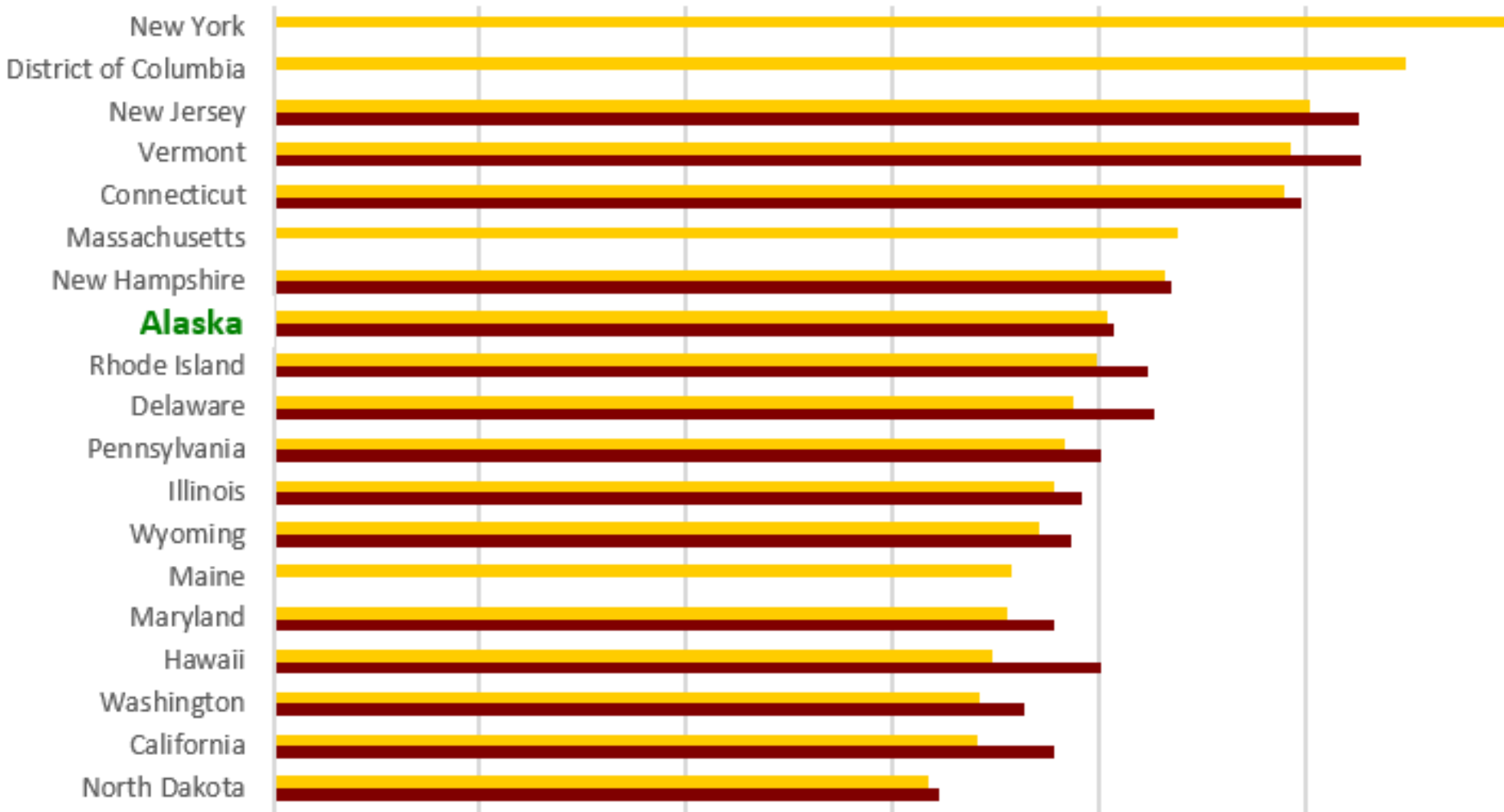


# Average current spending per student, 2022 & 2023 (preliminary)

Source: US Census Bureau *Annual Survey of School System Finances*

# Average current spending per student, 2022 & 2023 (preliminary)

Source: US Census Bureau *Annual Survey of School System Finances*



# Where does the money come from?

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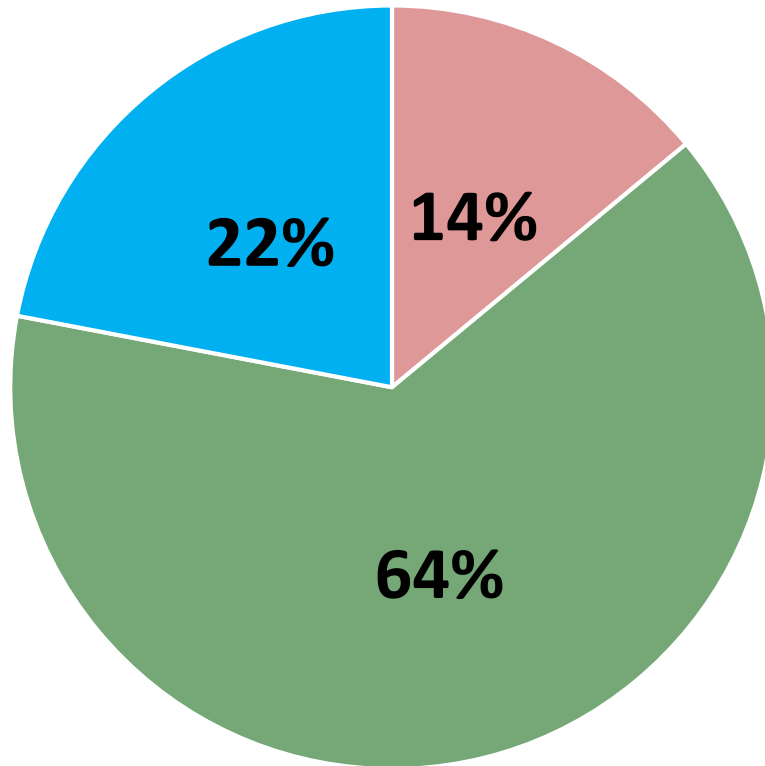
Question 3

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# Distribution of funding sources in Alaska's current per-pupil spending

Source: US Census Bureau *Annual Survey of School System Finances*

**2017**

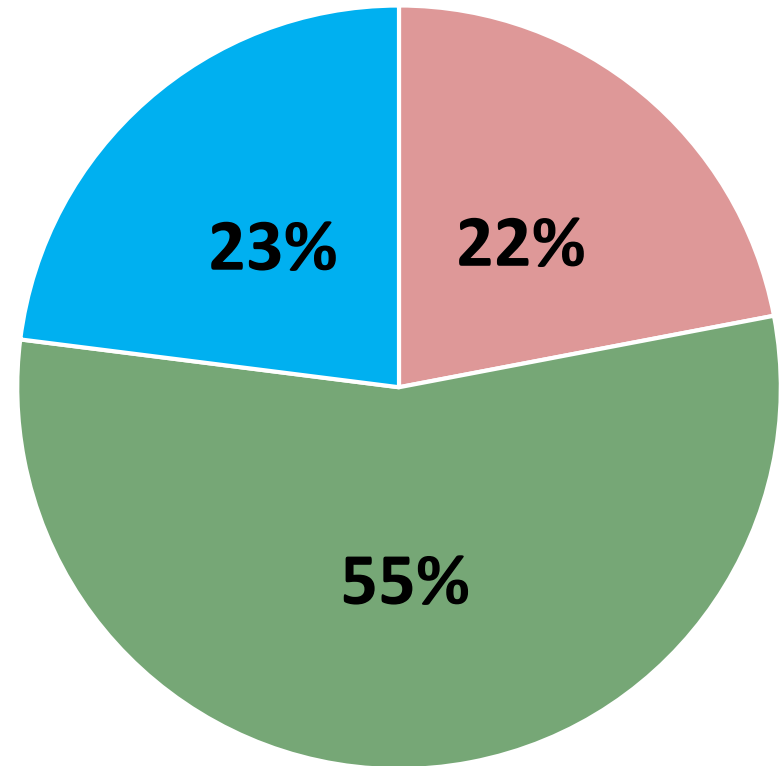


**Federal**

**State**

**Local**

**2023**





# Where does the money go?

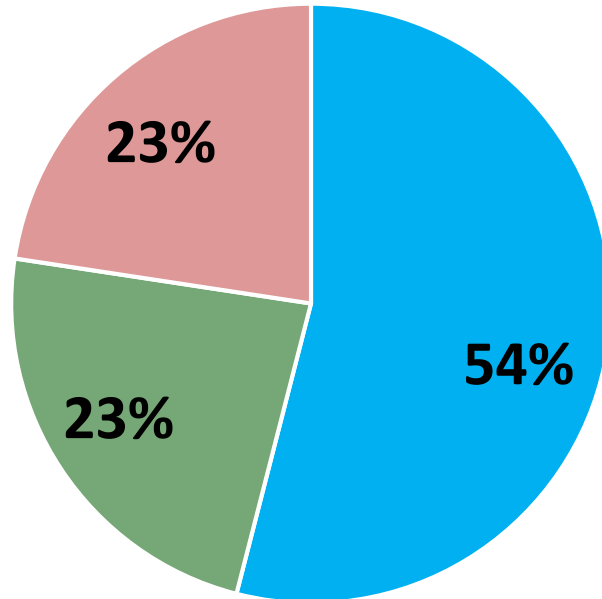
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Question 4

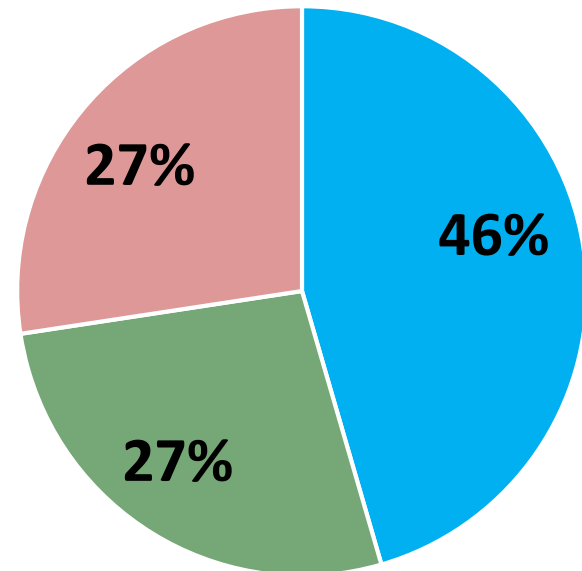
# Percentage of current spending, 2022

Source: US Census Bureau *Annual Survey of School System Finances*

## US average



## Alaska



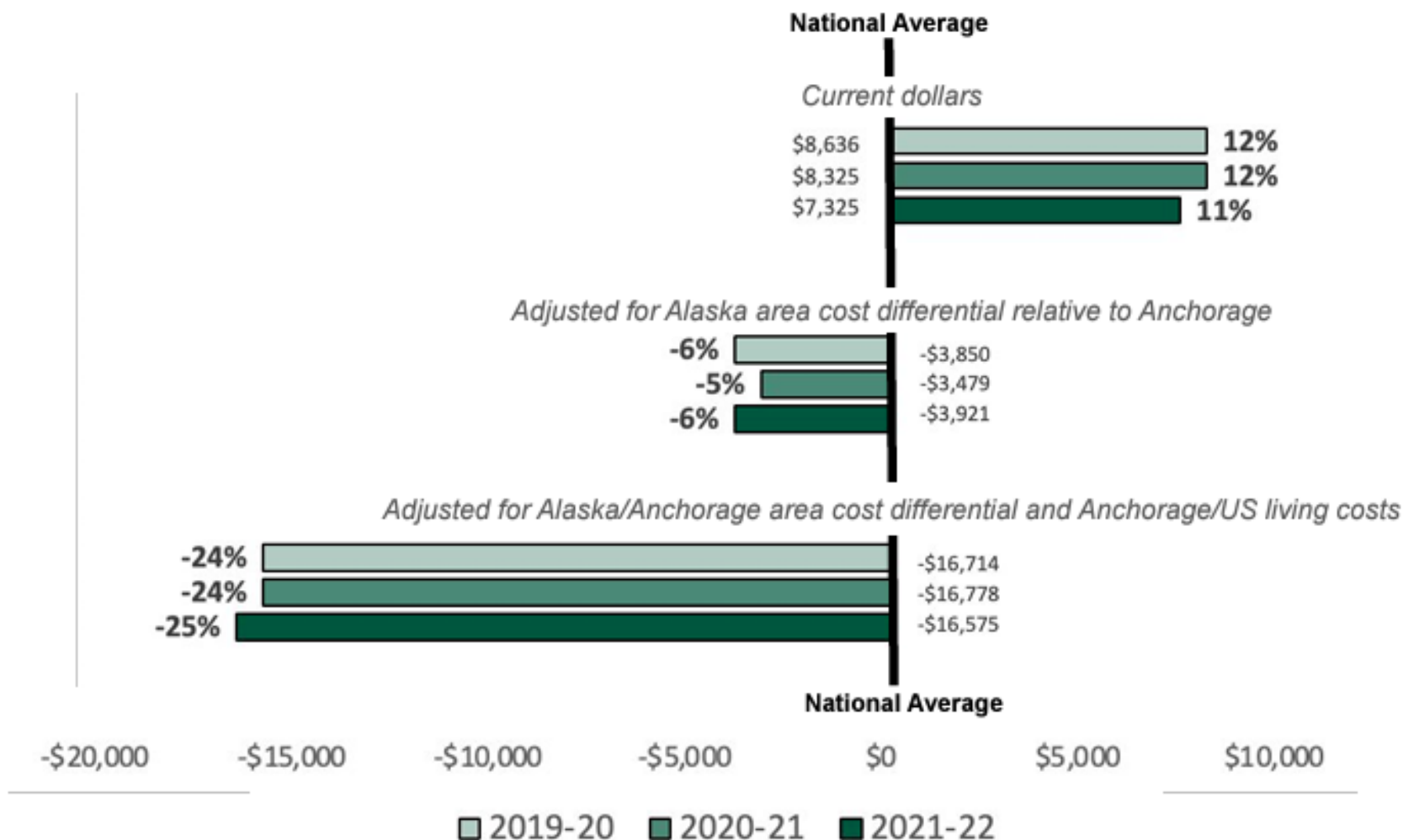
**Salaries & wages**

**Employee benefits**

**Operations & maintenance**

# Salaries & wages:

Compared to the national average and adjusted for cost of living, Alaska's teacher salaries are not competitive.



Sources: National Center for Education Statistics, Alaska Department of Education and Early Development, and the Council for Community and Economic Research

# Employee benefits:

**Alaska's healthcare costs are highest in nation.**

- ▶ Alaska offers similar benefits to other states
- ▶ Highest benefit cost is health care premiums
  - Packages and employee costs differ between Alaska districts
- ▶ Alaska has highest healthcare costs in US
  - Not unique to education
  - Negatively affects private & public sector
- ▶ Health care costs are part of overall compensation
  - Starting with fixed budget, growth rate in healthcare costs puts downward pressure on wage
    - Makes competing for teachers more difficult

# Operations & maintenance:

## Energy is expensive and variable.

### Costs

- ▶ Fuel
  - Costs more in remote places
  - Costs fluctuate (a lot)
  - Districts have different capacities to negotiate competitive prices
- ▶ Electricity
  - Schools don't benefit from Power Cost Equalization (PCE) program

### Amount needed

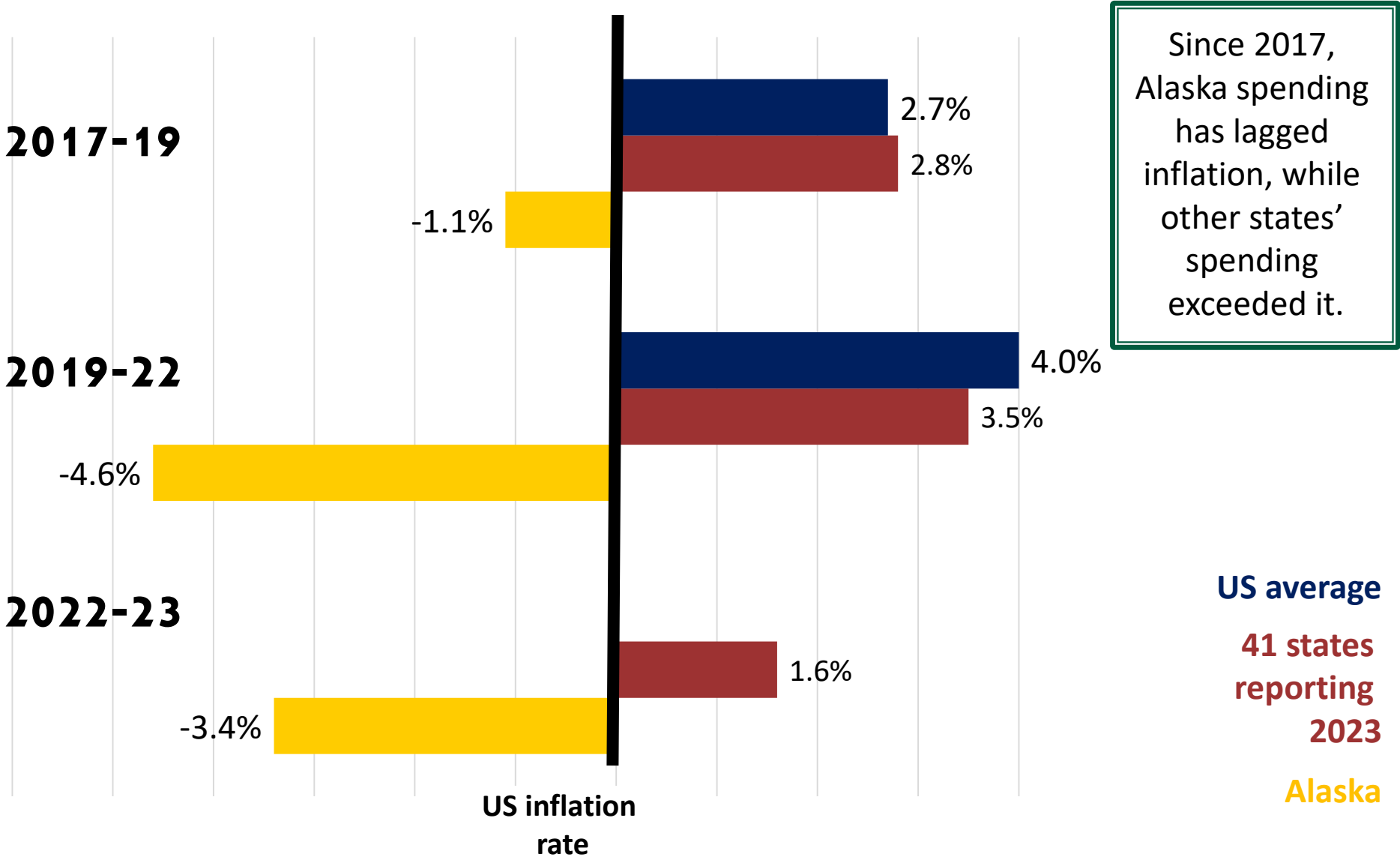
- ▶ More to heat schools in colder places
- ▶ Regardless of the number of students in a building, it must be heated and lit

# How does inflation factor in?

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Question 5

# Changes in per-pupil spending relative to inflation in the same time period



# Comparing more than dollars

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Putting comparisons into perspective

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# Vermont

288 public schools

98 districts

84,000 students

\$24,608/student

# Alaska

498 public schools

54 districts

131,000 students

\$20,191/student



Image: Alaska.org

Data sources:

*NCES Digest State Dashboard*  
(2022),  
[nces.ed.gov/programs/digest-  
dashboard](https://nces.ed.gov/programs/digest-dashboard)

*Ballotpedia List of School  
Districts in Vermont,*  
[ballotpedia.org](https://ballotpedia.org)

# North Dakota

511 public schools

179 districts

118,000 students

\$15,843/student

# Alaska

498 public schools

54 districts

131,000 students

\$20,191/student



Image: Alaska.org

Data sources:

*NCES Digest State Dashboard (2022),*  
[nces.ed.gov/programs/digest-  
dashboard](https://nces.ed.gov/programs/digest-dashboard)

*NCES Number of Operating Public  
Schools and Districts ... by State  
Jurisdiction (2015-16)*  
[nces.ed.gov/pubs2018/2018052/tab  
les/table\\_02.asp](https://nces.ed.gov/pubs2018/2018052/tables/table_02.asp)

# Florida

4,230 public schools  
76 districts  
2.87 million students  
\$11,076/student

# Alaska

498 public schools  
54 districts  
131,000 students  
\$20,191/student



Image: Alaska.org

Data sources:

*NCES Digest State Dashboard (2022),*  
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# Areas of opportunity as we look ahead

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Wrapping up

A decorative graphic at the bottom of the slide consisting of three overlapping, wavy shapes. The top shape is yellow, the middle shape is black, and the bottom shape is a dark green. They are layered such that the yellow is on top, black is in the middle, and green is at the bottom, creating a modern, abstract look.

# Concluding thoughts

- ▶ **Higher costs are real, particularly in remote, rural communities, but are beyond the control of school districts.**
  - Fuel & electricity
  - Healthcare
  - “Basket of goods” reality
- ▶ **As state support lags behind inflation, school districts are left with few options to cut besides instructional expenditures.**
  - This limits our ability to attract and retain qualified teachers.
  - This will affect education outcomes.
- ▶ **How much Alaska *should* spend is a question of education inputs, rather than dollars.**
  - Opportunity for evidence-based analyses that can help Alaska determine the inputs to the education system.
  - Research consider the relationship between inputs and outcomes in a variety of teaching, learning, and community contexts.

# Thank you & questions

**Dayna Jean DeFeo**

907.786.5494

[djdefeo@alaska.edu](mailto:djdefeo@alaska.edu)

**Matthew Berman**

907.786.5426

[mdberman@alaska.edu](mailto:mdberman@alaska.edu)

All reports available on our website:

[iseralaska.org](http://iseralaska.org)

