

SB 278

**PREDICTABLE LOCAL
K12 EDUCATION FUNDING**

04/08/2026

THE PROBLEM

- The increasing Full Value Determination of property within Alaska’s municipalities means that many School Districts received less money from the state of Alaska in FY 26 than they did in FY 25.

HEADLINE

Alaska legislators override Dunleavy's veto of education bill

Alaska Public Media | By Eric Stone
Published May 20, 2025 at 10:04 AM AKDT



Eric Stone / Alaska Public Media

Alaska legislators vote to override Gov. Mike Dunleavy's veto of a bipartisan education funding bill on Tuesday, May 20, 2025.

RESULT

Anchorage School Board approves 'severe' budget with hundreds of staff layoffs and 3 school closures

Alaska Public Media | By Wesley Early
Published February 24, 2025 at 11:23 PM AKST



▶ LISTEN • 2:56



Wesley Early / Alaska Public Media

Hundreds of Anchorage community members filled the school board chambers as the body voted on next school year's budget on Feb. 24, 2025.

Local News

School board OKs budget that closes schools, cuts millions in programs and staff

KDLL | By Ashlyn O'Hara
Published April 7, 2025 at 5:08 PM AKST



▶ LISTEN • 5:55



Ashlyn O'Hara / KDLL

People wave signs in support of Sterling Elementary School at the intersection of the Kenai Spur and Sterling highways on Saturday, May 3, 2025 in Seldovia, Alaska. The school is slated for closure under a budget adopted by Kenai Peninsula Borough School District school board members.

THE SOLUTION

- Long term – The BSA formula needs to be reassessed for its effectiveness at meeting our constitutional mandate to maintain a system of public education.
 - The State of Alaska is the payer of last resort.
 - Is that the correct solution?
- What can be done now?
 - Reduce the cost shifting from state government to local taxpayers by limiting increases to the Required Local Contribution.

FULL VALUE DETERMINATION → EDUCATION FUNDING

- Role of State Assessor – outside of Title 29
- Used to determine **Public Education Funding**
- AS 14.17.510: (a) To determine the amount of required local contribution under AS 14.17.410(b)(2) and to aid the department and the legislature in planning, the Department of Commerce, Community, and Economic Development, in consultation with the assessor for each district in a city or borough, shall determine the full and true value of the taxable real and personal property in each district in a city or borough.
- FVD is not the same as the local tax base actually used by a municipality.
 - From the State's perspective, it appears that the municipality has a higher tax base.
 - From the local perspective, to meet a higher RLC, the effective mill rate on property that is taxable must be higher
 - The State assumes a broader tax base than the one the community can tax—so the burden is concentrated on fewer taxpayers.

FULL VALUE DETERMINATION

To create a standardized value across all communities, the State Assessor:

- Adds back optional exemptions (e.g., residential exemptions, senior exemptions)
- Adds back personal property (even in places where it is not taxed at all or only partially taxed)
- Applies methodology adjustments to ensure consistency statewide

FVD is often higher than the value a community can actually tax

The Full Value Determination standardizes property values across the state, but by including exempt and untaxed property, it can overstate a community's ability to pay—shifting more of the education funding burden onto taxable property owners.

2025 FULL VALUE DETERMINATION WORKSHEET
OFFICE OF THE STATE ASSESSOR

Municipality:
Population:

Real Property	Locally Assessed	Optionally Exempt	OSA Addback	Ratio	Full Value	Per Capita
	\$ 1,727,255,250	\$ 4,456,300	\$ 400,675,533	81.21%	\$ 2,132,387,083	\$ 169,641

Personal Property	Locally Assessed	Optionally Exempt	OSA Addback	Full Value	Per capita
Motor Vehicles	\$ -	\$ -	\$ 141,014,782	\$ 141,014,782	\$ 11,218
Aircraft	\$ -	\$ 7,392,900	\$ 7,370,192	\$ 14,763,092	\$ 1,174
Boats	\$ -	\$ -	\$ 77,964,403	\$ 77,964,403	\$ 6,202
M&E	\$ 182,751,982	\$ 5,789,718	\$ -	\$ 188,541,700	\$ 14,999
Inventory	\$ -	\$ -	\$ 30,560,865	\$ 30,560,865	\$ 2,431
Personal Property Total	\$ 182,751,982	\$ 13,182,618	\$ 256,910,242	\$ 452,844,842	\$ 36,026

Real/Personal Total	Locally Assessed	Optionally Exempt	OSA Addback	Full Value	Per Capita
	\$ 1,910,007,232	\$ 17,638,918	\$ 657,585,775	\$ 2,585,231,925	\$ 205,667

COMPILATION OF FULL VALUE

Real Property	\$ 2,132,387,083		
Personal Property	\$ 452,844,842		
State Assessed Oil and Gas	\$ -		
Total FVD	\$ 2,585,231,925	\$ 205,667	2.20%

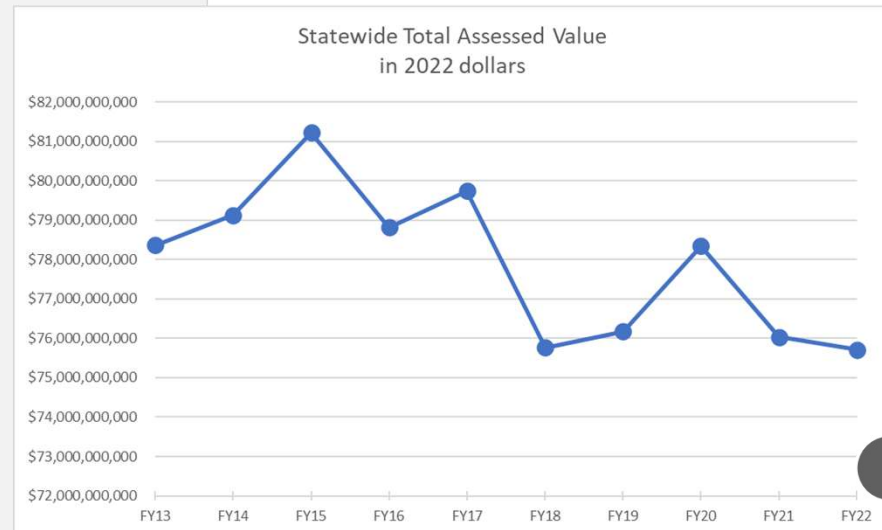
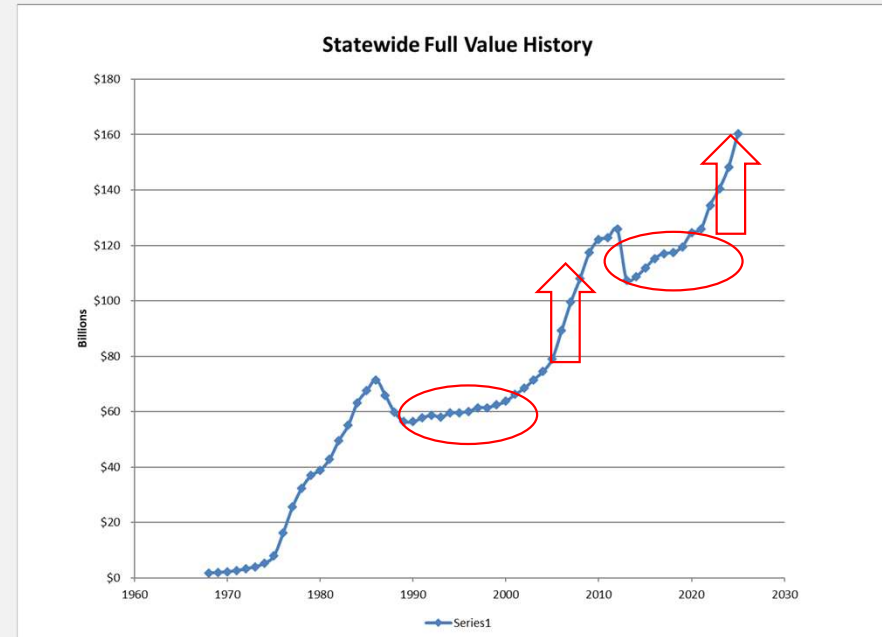
Includes 43.56 property

FULL VALUE DETERMINATION

Property owners without exemptions bear more of the load.

Businesses (especially those with taxable personal property) may carry more weight in some communities.

In places without personal property tax, real property owners absorb the difference.



REQUIRED LOCAL CONTRIBUTION

- 2.65 mills (or equivalent) of Full Value Determination.
- State controls the Full Value Determination.
- Full Value Determination – and local assessment – generally grows over time, and sometimes substantially.

School District	2024 Required Local Effort	2025 Required Local Effort	2026 Required Local Effort	State Savings - FY24-26
Aleutians East	623,000	644,987	656,009	33,009
Anchorage	120,362,918	120,159,280	127,700,087	7,337,169
Bristol Bay	774,425	758,014	848,210	73,785
Cordova	1,094,102	1,183,153	1,150,231	56,129
Craig	471,328	486,928	480,413	9,085
Denali	1,056,375	1,051,949	1,115,439	59,064
Dillingham	800,599	793,366	869,746	69,147
Fairbanks	37,148,412	38,662,228	39,907,995	2,759,583
Galena	108,787	114,074	122,199	13,412
Haines	1,359,650	1,336,562	1,462,150	102,500
Hoonah	263,537	273,113	282,152	18,615
Hydaburg	42,554	43,851	44,142	1,588
Juneau	17,538,925	19,622,560	19,948,922	2,409,997
Kake	82,854	86,310	90,584	7,730
Kenai Peninsula	31,096,893	33,151,200	35,537,970	4,441,077
Ketchikan Gateway	5,584,814	5,741,504	6,214,443	629,629
Klawock	180,385	186,885	190,550	10,165
Kodiak Island	5,613,724	5,703,184	6,703,145	1,089,421
Lake & Peninsula	407,447	497,484	437,022	29,575
Mat-Su	42,173,492	47,177,910	49,661,045	7,487,553
Nenana	92,497	94,068	91,555	(942)
Nome	1,335,324	1,431,334	1,431,656	96,332
North Slope	15,692,861	15,353,645	15,964,096	271,235
Northwest Arctic	2,381,205	2,304,357	2,454,223	73,018
Pelican	42,012	46,273	60,067	18,055
Petersburg	1,567,899	1,654,247	1,606,261	38,362
Saint Mary's	89,176	91,048	93,222	4,046
Sitka	4,143,780	4,138,275	4,180,579	36,799
Skagway	1,089,362	1,082,348	1,030,880	(58,482)
Unalaska	2,365,192	2,480,064	2,506,938	141,746
Valdez	4,059,696	3,924,088	3,992,747	(66,949)
Wrangell	674,458	862,086	885,962	211,504
Yakutat	277,363	314,366	325,559	48,196
TOTALS:	300,595,046	311,450,741	328,046,199	27,451,153

SCHOOL FUNDING FORMULA

Basic Need = Base Student Allocation (BSA) × Adjusted Average Daily Membership (ADM)

- “Basic Need” is calculated by multiplying the Base Student Allocation (BSA) by a district’s Adjusted ADM, where ADM is modified through a series of factors – including school size, district cost factors, special education, vocational/technical instruction, intensive services, and correspondence students – to reflect the true cost of providing education in different communities, and implemented in different configurations based on local need.

Public School Funding = State Aid – Required Local Contribution (RLC) – Impact Aid

- State Aid – what the State pays after other required revenues are applied

Basic Need – RLC – Impact Aid + Quality Schools Grant = State Aid

WHO PAYS AND WHAT'S THE IMPACT

- Because State Aid is calculated after subtracting the Required Local Contribution (RLC), an increase in local contribution directly reduces State funding dollar-for-dollar.
- Even when the legislature increases the Base Student Allocation (BSA), raising Basic Need, a simultaneous increase in the Required Local Contribution can offset or even reduce the amount of new State funding a district receives.
- The State acts as the “payer of last resort” in the formula, for its Constitutional obligation.
- If Basic Need increases by \$1 million due to a higher BSA, but the Required Local Contribution also increases by \$1 million, then State Aid does not increase at all.
- If the Required Local Contribution increases by \$2 million, while Basic Need increases by only \$1 million, then: State Aid decreases by \$1 million overall.

Impact to Schools

- An increase in the BSA can result in no additional State Aid if the Required Local Contribution (RLC) increases by more than the resulting increase in Basic Need.
- The increased RLC simply replaces State funding—leaving districts with no net gain.

THANK YOU!

SENATOR JESSE J BJORKMAN
907-465-2828

SEN.JESSE.BJORKMAN@AKLEG.GOV