

RLC, Impact Aid, and State Education Obligations



Who Pays

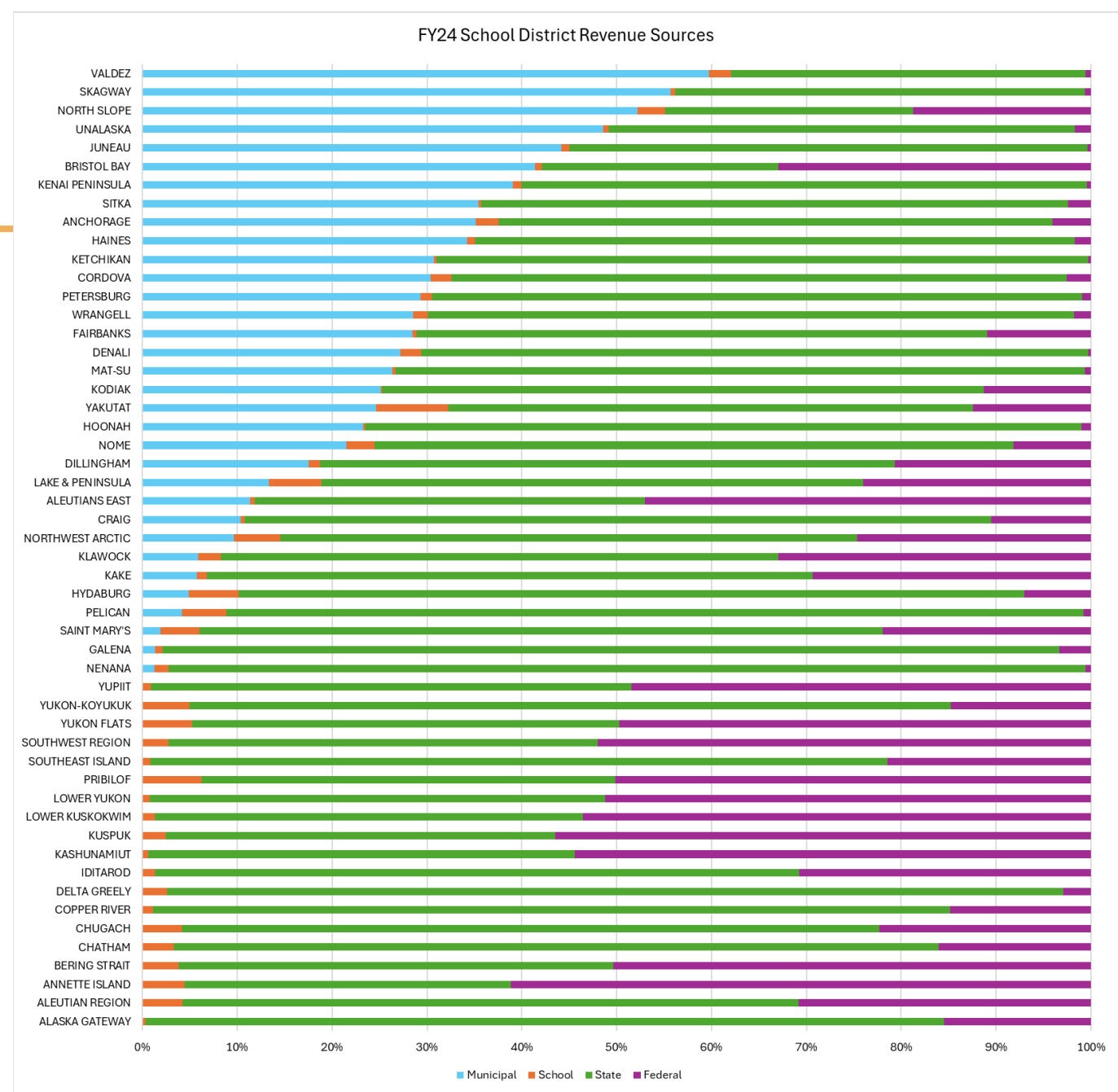
DEED FY24 audited revenues.

Municipal = City/Borough Appropriations,
In-Kind

School = Earnings on Investments, Tuition
from Students, Other Local Revenue, REAA
In-Kind Services

State = State

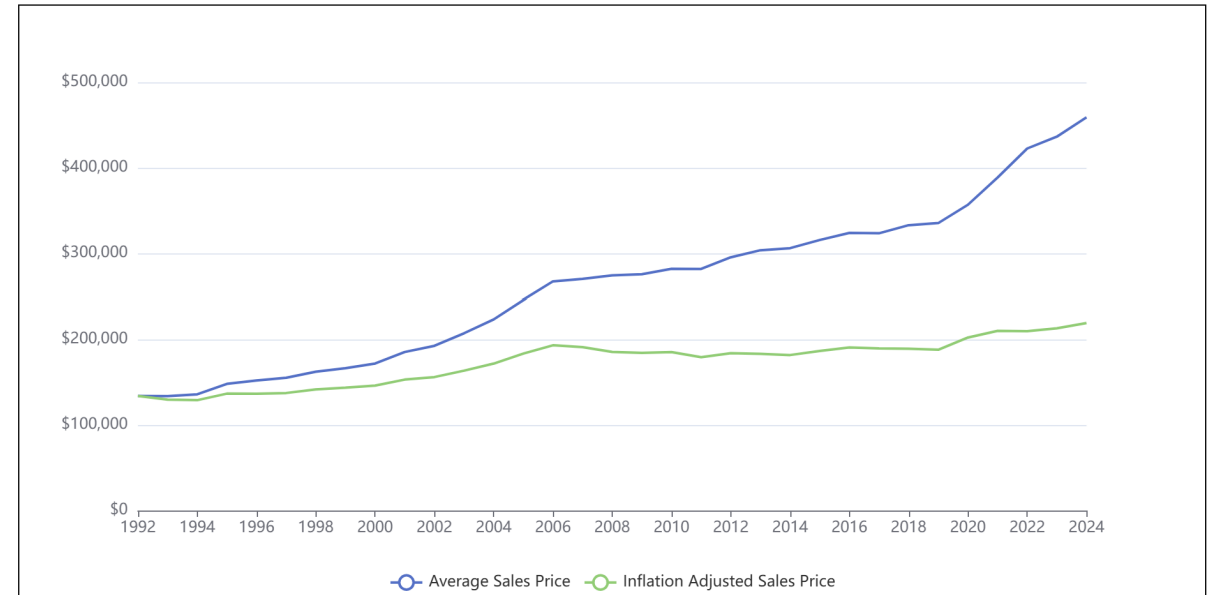
Federal = Impact Aid, etc.



Mill Rate by Jurisdiction

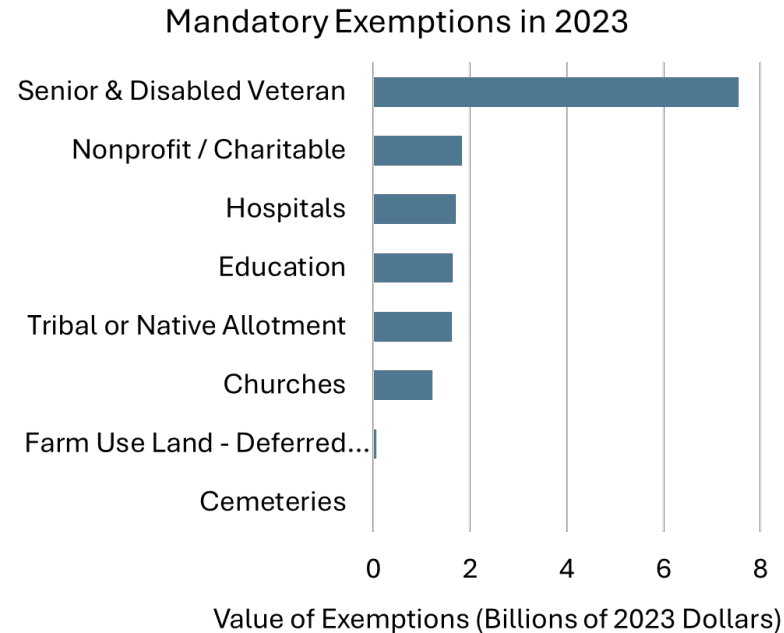
Boroughs/Unified Municipalities	2021 Mill Rate	2022 Mill Rate	2023 Mill Rate	2024 Mill Rate	2025 Mill Rate
Bristol Bay Borough	11.93	11.50	11.06	11.35	11.95
City and Borough of Juneau	10.28	10.33	9.21	9.59	9.51
City and Borough of Sitka	5.80	6.30	6.04	5.81	5.80
City and Borough of Wrangell	12.75	11.84	9.32	9.11	9.26
City and Borough of Yakutat	6.87	5.89	5.59	7.86	8.86
Cordova	11.06	11.54	10.26	9.93	11.44
Craig	6.00	5.95	5.75	5.27	5.78
Dillingham	12.94	12.94	12.17	12.97	12.82
Fairbanks North Star Borough	14.60	18.75	14.21	15.44	15.62
Haines Borough	9.47	8.55	8.18	8.73	8.73
Kenai Peninsula Borough	8.34	9.58	7.98	8.10	7.53
Ketchikan Gateway Borough	11.80	9.83	5.19	5.70	5.50
Kodiak Island Borough	12.28	12.61	12.16	11.13	10.82
Matanuska-Susitna Borough	13.58	13.00	13.30	11.56	11.17
Municipality of Anchorage	17.74	16.36	16.79	12.33	14.13
Nenana	12.00	12.00	9.72	12.00	12.00
Nome	12.00	12.00	11.51	11.50	11.49
North Slope Borough	17.53	17.99	18.17	17.21	17.30
Pelican	6.16	7.00	5.79	4.17	5.62
Petersburg Borough	10.25	10.37	9.01	9.03	9.78
Skagway	5.51	5.62	5.04	5.48	5.46
Unalaska	10.43	9.00	8.84	10.44	10.44
Valdez	17.43	20.00	20.03	16.79	16.23
Whittier	5.99	8.00	6.92	8.00	8.00
Average Mill Rate	10.95	11.12	10.09	9.98	10.22

AVERAGE SALES PRICE FOR SINGLE-FAMILY HOME, ALASKA 1992 TO 2024



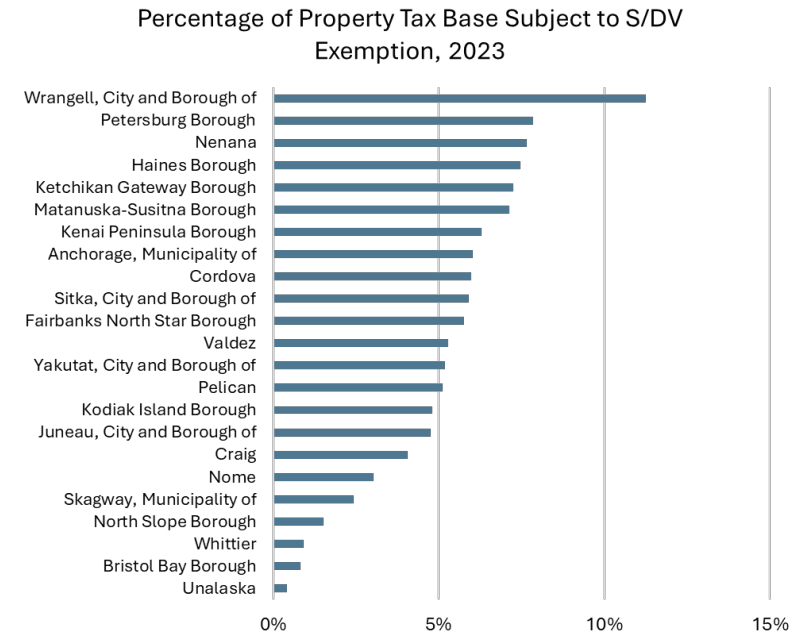
Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section and the Alaska Housing Finance Corporation,

Mandatory Exemptions



Value of Mandatory Exemptions in 2023

- \$15.7 billion of taxable value
- 12.4% of total taxable value
- Not all jurisdictions assess exempt categories

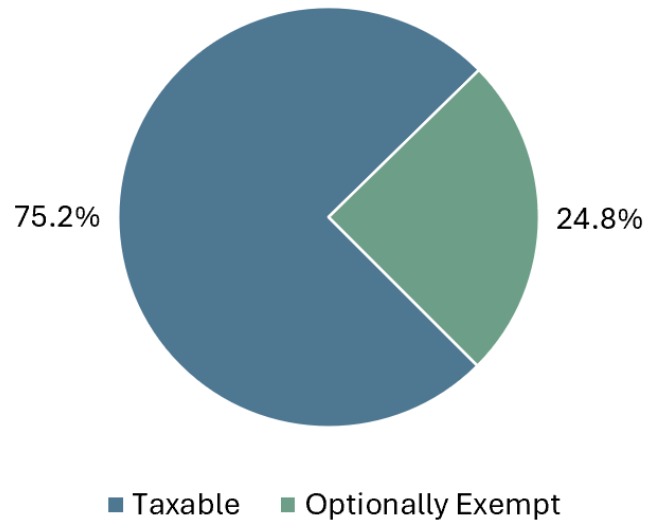


Senior/Disabled Veteran Exemption

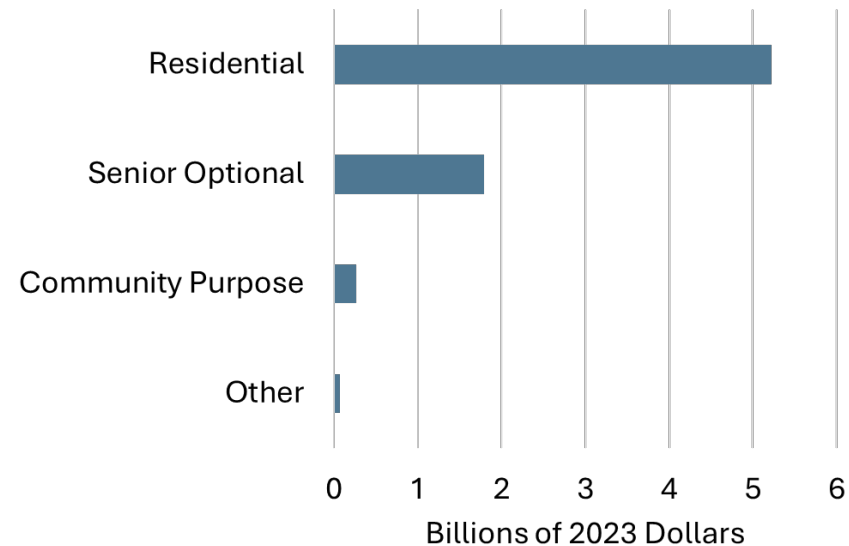
- \$7.56 billion in 2023
- Average 6% of total value
- Larger percentages in places with less commercial/ industrial activity or older populations

Optional Exemptions

Share of Real Property that is Subject to Optional Exemptions



Value of Real Property Optional Exemptions, 2024



- \$27.4 billion exempted in 2024.
- Includes real and personal property, including modeled values.
- Including mandatory exemptions, 34.2% of all property is exempt.

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 remaining 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	\$ 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

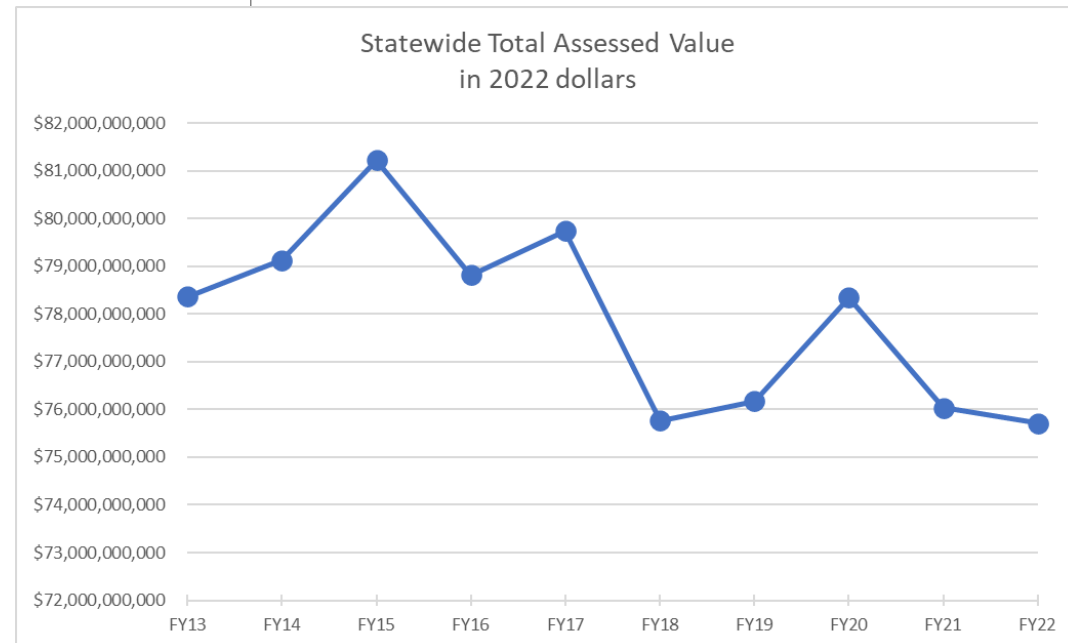
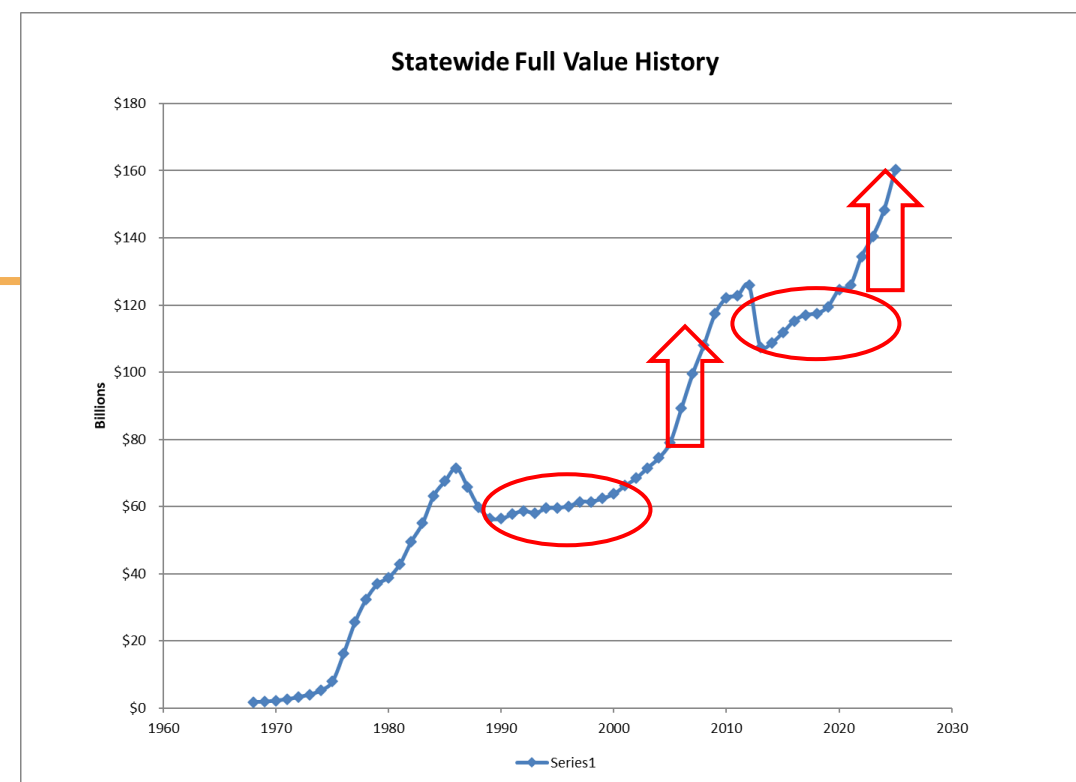
Property owners without exemptions bear more of the load.

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.
- Full Value Determination – and local assessment – generally grows over time, and sometimes substantially.



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.

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 = State Aid

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
Take	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

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.

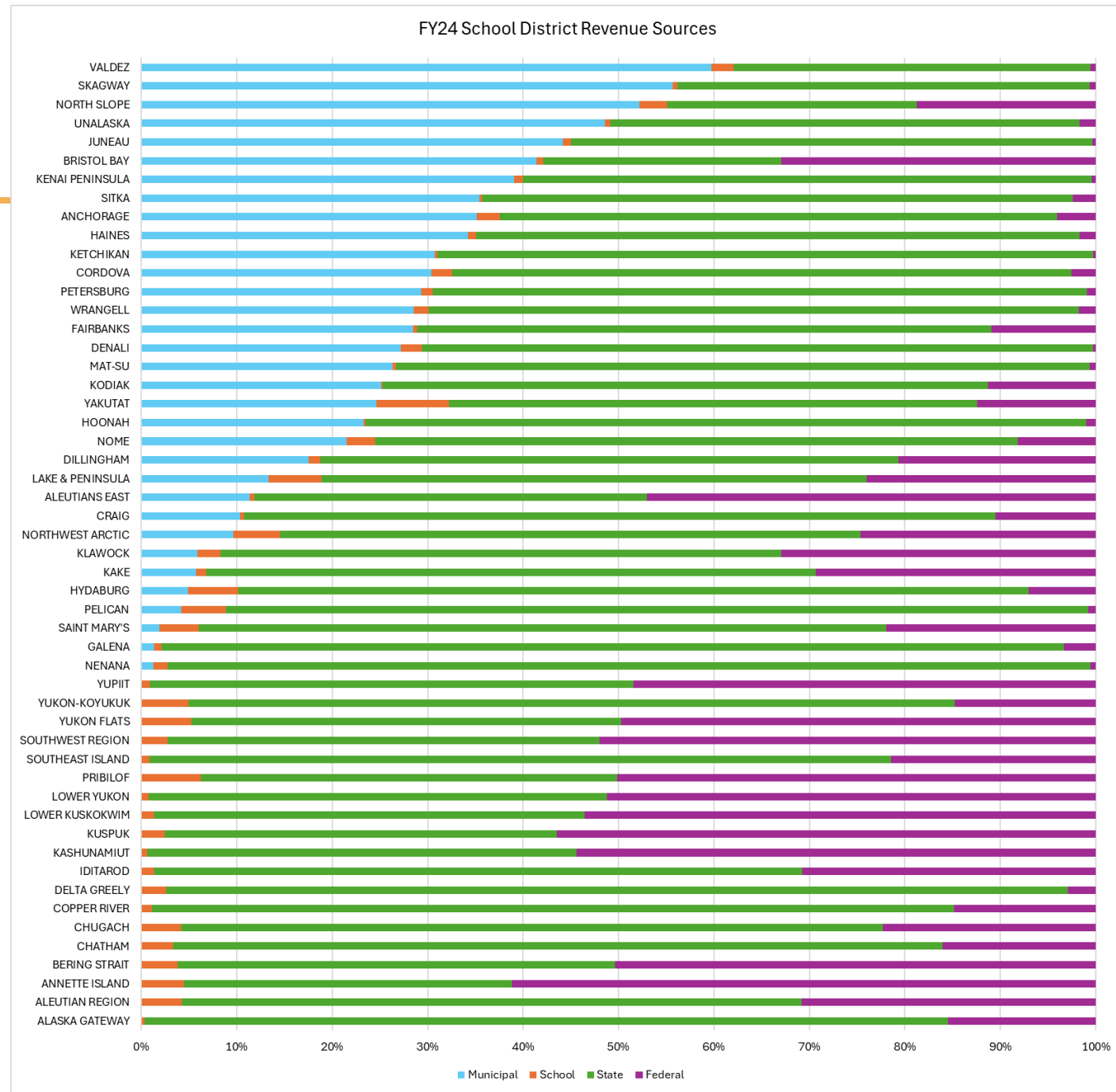
The State acts as the “payer of last resort” in the formula, for its Constitutional obligation.

- 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.
- The only way to meet a district's actual needs (assuming they are more than State formula) is for a local contribution to exceed the RLC.

Who Pays



Impact Aid is Local

45% of Basic Need - cap on the Required Local Contribution; 23% beyond that optional additional.

Impact Aid % exceeding cap:

- Annette Island 52.09%
- Kashunamiut 45.74%

One consistent likeness among public lands counties, growth or decline, remains the limitation on revenue generation through taxation, property or otherwise, which can cause revenue shortages that strain service delivery expenditures.

Impact Aid plus the local contribution:

- Aleutians East 64.70%
- Anchorage 55.17%
- Cordova 45.75%
- Fairbanks 53.47%
- Juneau 69.99%
- Kenai Peninsula 55.09%
- Kodiak 46.45%
- Petersburg 45.69%
- Sitka 50.43%

Formula at Work

School District	New \$5,960 Basic Need (HB261B)	Minimum RLC	Eligible Federal Impact Aid Total prior to applying %	Impact AID Percent	Deductible Impact AID 90%	BSA State AID	Quality Schools	FY2025 Total State Aid	Additional Local .002 Mills of Current Full & True Value subtotal
Alaska Gateway	9,784,472	-	420,884	100.00%	378,796	9,405,676	23,506	9,429,183	-
Anchorage	480,831,021	120,159,280	13,250,172	51.34%	6,122,374	354,549,367	1,155,150	355,704,517	90,686,249
Bering Strait	46,254,899	-	14,173,371	100.00%	12,756,034	33,498,865	111,123	33,609,988	-
Chatham	4,013,982	-	72,485	100.00%	65,237	3,948,745	9,643	3,958,388	-
Copper River	7,094,099	-	251,422	100.00%	226,280	6,867,819	17,043	6,884,862	-
Craig	6,802,924	486,928	400,182	36.37%	130,992	6,185,004	16,343	6,201,347	367,493
Delta/Greely	12,178,276	-	193,852	100.00%	174,467	12,003,809	29,257	12,033,066	-
Fairbanks	157,393,649	38,662,228	15,737,184	64.27%	9,102,859	109,628,562	378,123	110,006,685	29,179,040
Haines	4,700,761	1,336,562	-	72.85%	-	3,364,199	11,293	3,375,492	1,008,726
Hoonah	3,100,963	273,113	-	30.93%	-	2,827,850	7,450	2,835,299	206,123
Juneau	56,503,507	19,622,560	-	56.99%	-	36,880,947	135,744	37,016,691	14,809,479
Kake	2,775,089	86,310	561,442	34.80%	175,844	2,512,935	6,667	2,519,602	65,140
Kenai Peninsula	114,619,932	33,151,200	-	58.49%	-	81,468,732	275,363	81,744,095	25,019,774
Ketchikan Gateway	34,205,960	5,741,504	-	42.63%	-	28,464,456	82,176	28,546,632	4,333,211
Klawock	2,936,461	186,885	797,638	89.42%	641,923	2,107,653	7,055	2,114,707	141,045
Nome	12,052,735	1,431,334	61,553	36.33%	20,126	10,601,275	28,956	10,630,231	1,080,252
Petersburg	8,315,543	1,654,247	-	46.30%	-	6,661,296	19,977	6,681,273	1,248,489
Sitka	17,752,363	4,138,275	32,092	51.21%	14,791	13,599,297	42,648	13,641,946	3,123,227
Skagway	2,707,223	1,082,348	-	50.52%	-	1,624,875	6,504	1,631,379	1,050,934
Southeast Island	5,156,572	-	-	100.00%	-	5,156,572	12,388	5,168,960	-
Wrangell	4,315,813	862,086	-	59.41%	-	3,453,727	10,368	3,464,096	650,631
Yakutat	1,741,657	314,366	4,733	39.69%	1,691	1,425,600	4,184	1,429,784	237,258

