

The background of the slide features a large, multi-story brick building with numerous windows. To the left, a snow-capped mountain rises against a clear blue sky. An American flag is visible on the left side of the frame. The text is overlaid on a semi-transparent white rectangular area.

Local Contribution Overview

Joint Task Force on Education Funding
April 10, 2026
Legislative Finance Division

Local Contribution Basics

- 33 of Alaska's 52 school districts are in organized areas, meaning that their boundaries correspond to municipal boundaries. The remaining 19 districts are Regional Educational Attendance Areas (REAAs), with no municipal government and no taxing power.
- Municipal school districts have a required local contribution and a maximum local contribution.
- Required local contribution is the lesser of:
 1. 2.65 mills (0.265% of taxable property value)
 2. 45% of prior year basic need
- Currently, four districts reach the 45% of Basic Need cap: Bristol Bay, Valdez, North Slope, and Skagway.

Changes in Local Contributions

- Until FY01, the required local contribution was the lesser of 4 mills (0.4% of property value) or 45% of Basic Need.
- From FY02 to FY12, only 50% of the increase in property values could be added to the local contribution each year, resulting in many districts paying less than 4 mills.
- From FY13 on, the contribution has been fixed at 2.65 mills or 45% of prior year Basic Need.

Voluntary Local Contribution

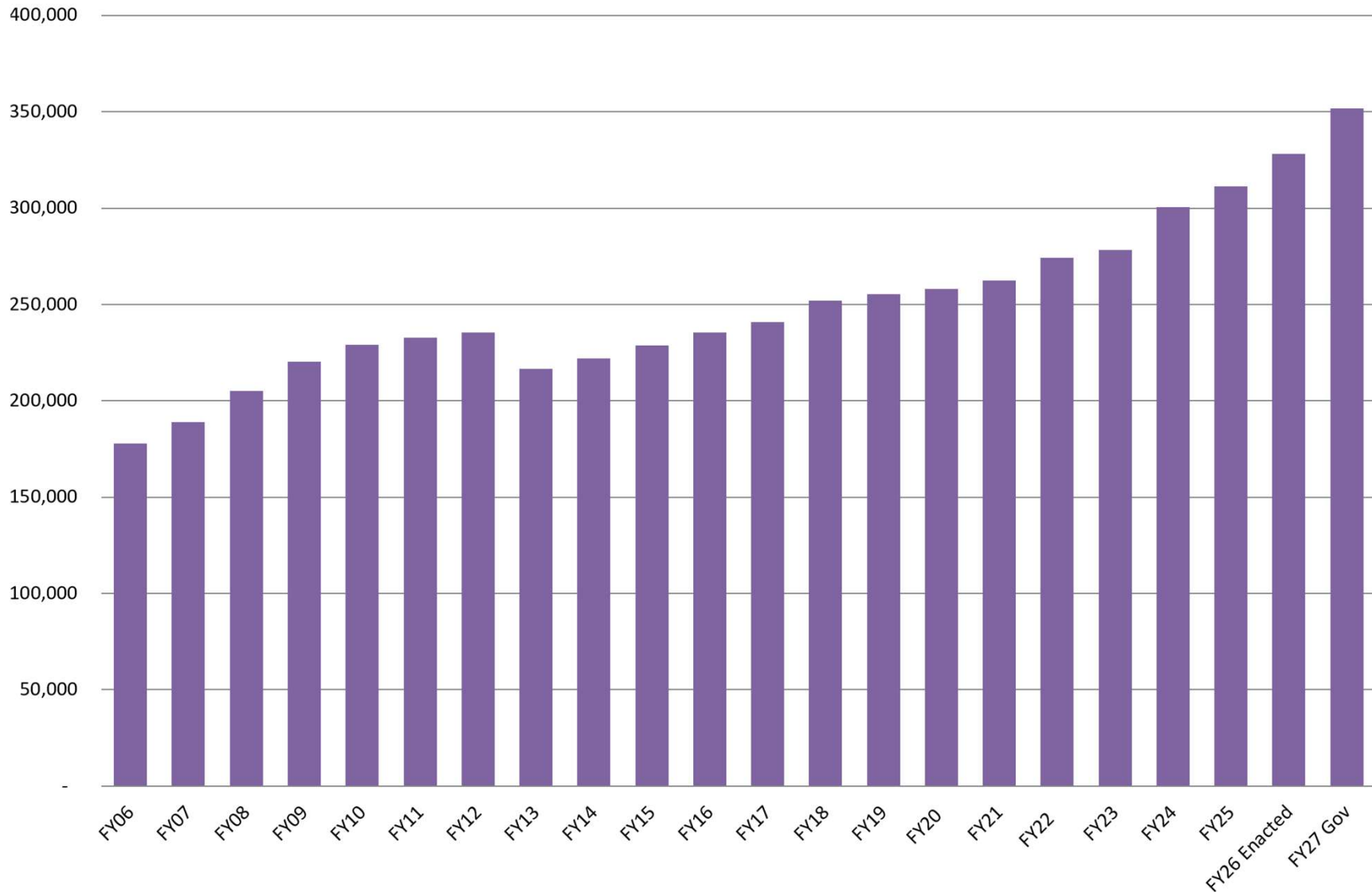
- The maximum voluntary local contribution for most districts is 23% of Basic Need, allowing Alaska to pass the federal disparity test (which requires no more than 25% difference in funding per AADM and allows Alaska to deduct \$71 million of federal impact aid from the State share of funding).
- There is an alternative maximum of 2 mills (0.2% of property value) applies to 8 districts.

Local Contribution and State Aid

- Basic Need is determined by multiplying Adjusted Average Daily Membership by the Base Student Allocation (currently \$6,660).
- A portion of Basic Need is funded by deductible federal impact aid and required local contributions. Any remaining amount is funded by the State.
- Any increase in Required Local Contributions leads to a corresponding decrease in State Aid.
- Voluntary local contributions are in addition to Basic Need.

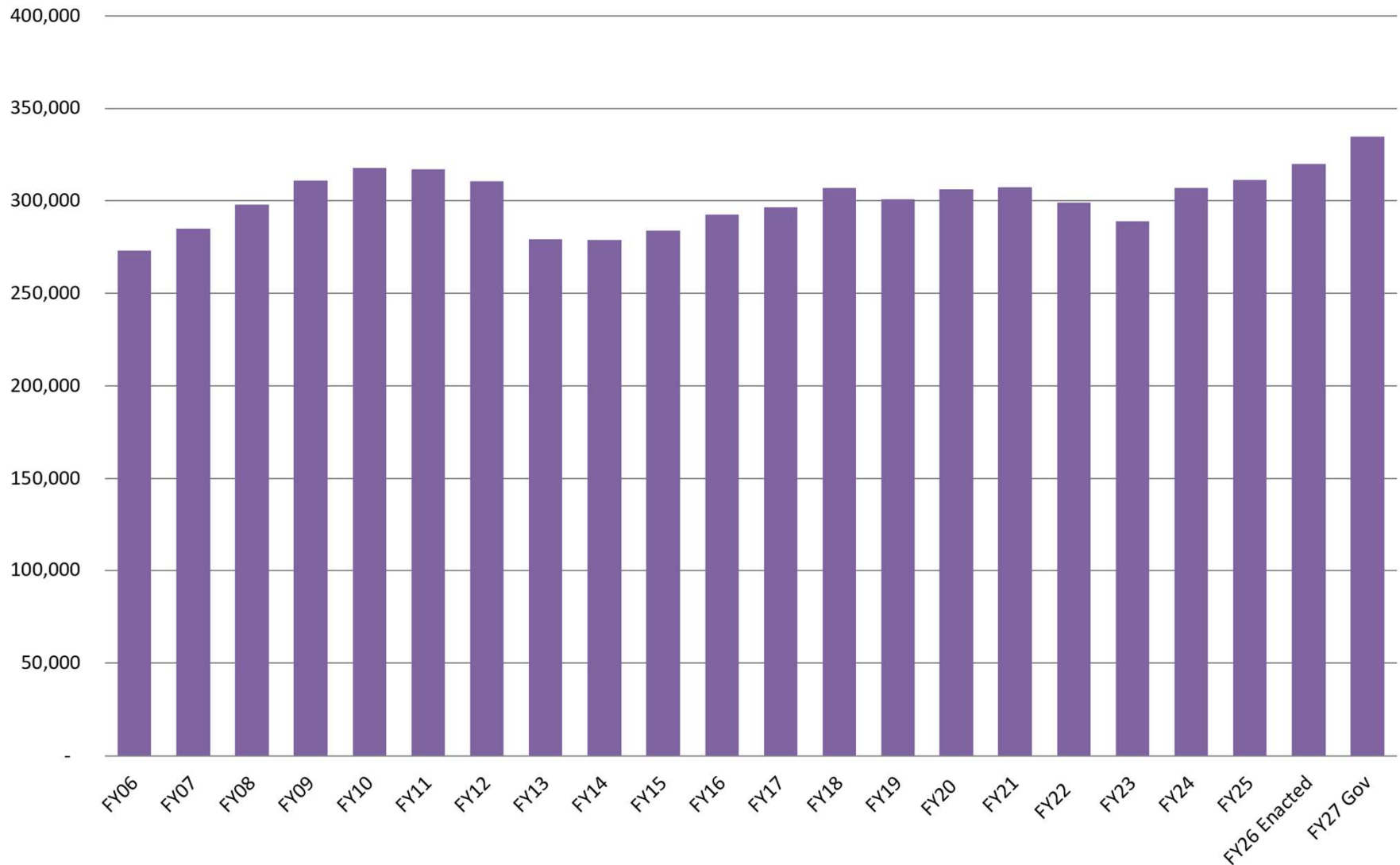
Nominal Required Local Contribution History

Required Local Contribution Funding, FY06-FY27 Projected
(Nominal \$Thousands)



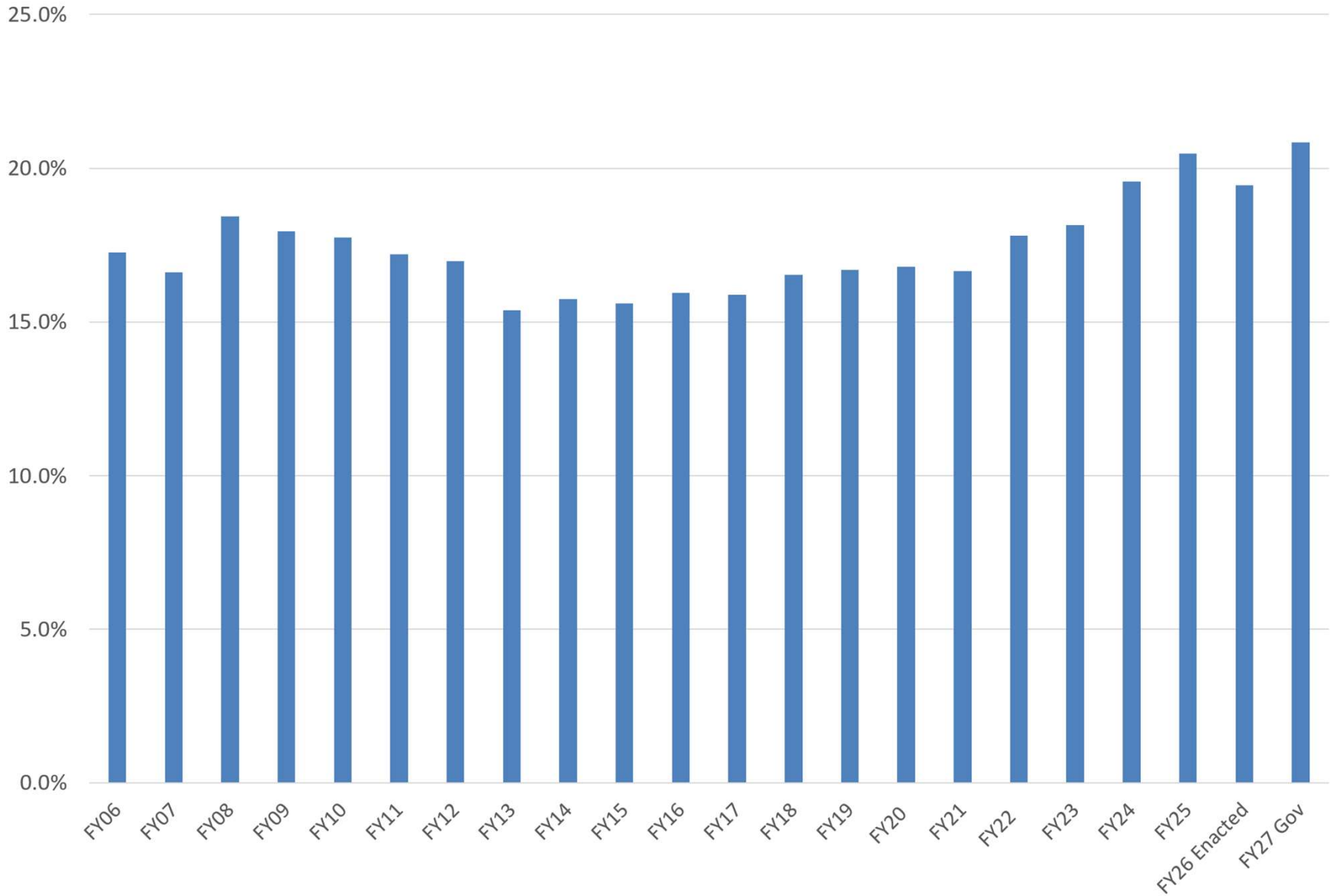
Inflation-Adjusted Required Local Contribution History

Required Local Contribution Funding, FY99-FY27 Projected
(Thousands of FY25 Dollars)



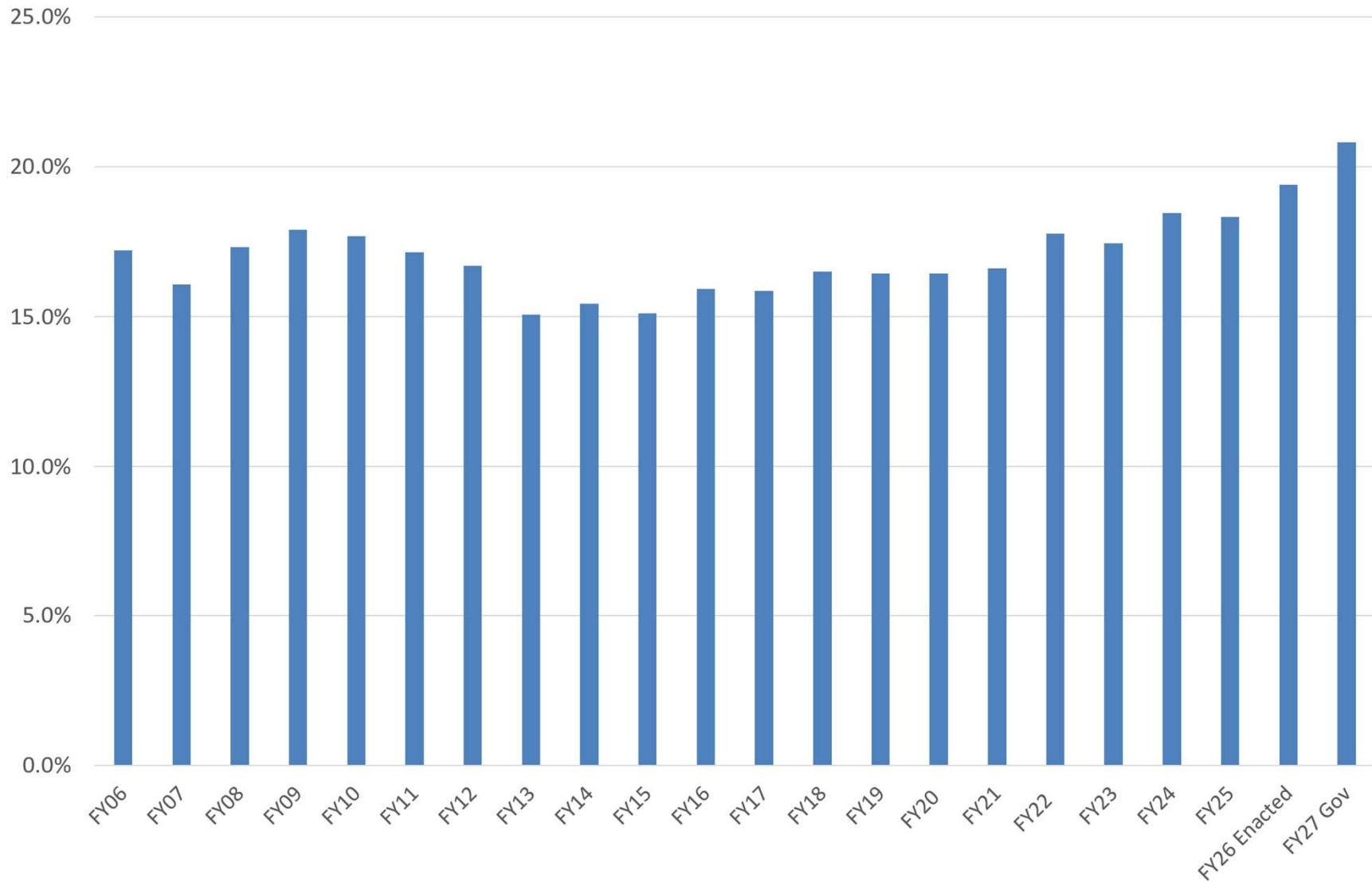
Required Local Contribution Share of Basic Need

Required Local Contribution Percentage of Statutory Basic Need



Required Local Contribution Share of Total K-12 Formula Funding

Required Local Contribution Percentage of Basic Need plus Quality Schools and Additional Foundation Funding



Questions?

Contact Information

Conor Bell

Fiscal Analyst

(907) 465-3002

Conor.Bell@akleg.gov

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