



Fairbanks North Star Borough

DEPARTMENT OF THE ASSEMBLY

Assembly

assembly@fnsb.gov

Main: (907) 459-1401

Fax: (907) 459-1224

May 6, 2026

The Honorable Löki Tobin, Chair
Senate Education Committee
Alaska State Legislature
State Capitol
Juneau, AK 99801

Re: Support for SB 278 – Required Local Contributions

Dear Chair Tobin and Members of the Senate Education Committee:

I write in support of SB 278, relating to the required local contribution made by local governments for public school funding. SB 278 offers a reasonable, targeted, and immediately helpful reform by limiting annual increases in the required local contribution to no more than two percent. This change would help restore predictability and fairness to the state-local partnership that supports public education in Alaska.

Under current law, the required local contribution is based on the equivalent of a 2.65 mill tax levy on the full and true value of taxable real and personal property in a district. SB 278 does not eliminate that local contribution. Instead, it recognizes that annual increases in the required local contribution should be reasonable and predictable by providing that the required local contribution may not exceed the prior year's contribution by more than two percent.

This issue is particularly important to the Fairbanks North Star Borough. For example, Fairbanks' required local effort increased from approximately \$37.1 million in 2024 to \$38.7 million in 2025 and nearly \$39.9 million in 2026—an increase of approximately \$2.76 million over that period. Because the school funding formula subtracts the required local contribution from state aid, increases in the required local contribution reduce state funding dollar-for-dollar. As a result, even when the Legislature increases the Base Student Allocation, a simultaneous increase in required local contribution can offset those gains and leave school districts with reduced net increase in operating support.

The Borough also supports SB 278 because the current formula can overstate a community's actual ability to pay. The Full Value Determination used for education funding is not the same as the local tax base available to a municipality. The State's calculation may include property value that is exempt or not practically available to generate municipal revenue in the same way the formula assumes. From the State's perspective, a community may appear to have a broader tax base; from the local perspective, however, the burden is concentrated on fewer taxable property owners. This can place disproportionate pressure on homeowners, businesses, and property owners without exemptions.



The Fairbanks North Star Borough has long recognized that the required local contribution is not merely an abstract formula. It is a state-mandated local funding obligation that relies heavily on the municipal property tax base. Local elected officials must balance education funding with other core public services, while also remaining accountable to the taxpayers who ultimately bear the cost.

SB 278 provides a practical near-term solution. It does not attempt to resolve every concern with the school funding formula, nor does it remove the need for a broader reassessment of whether the formula is meeting Alaska's constitutional obligation to maintain a system of public education. But it does address a clear and immediate problem: rapid growth in required local contribution can shift education costs from the State to local taxpayers in a way that destabilizes municipal budgeting, undermines school district planning, and erodes confidence in the state-local education funding partnership.

Predictable education funding benefits students, families, school districts, municipalities, and taxpayers. School districts cannot responsibly plan, hire, retain staff, or sustain programs when a major component of the funding formula changes unpredictably. Communities cannot maintain durable support for public education when the burden shifts in ways that feel disconnected from their actual ability to pay. SB 278 establishes a more stable and balanced framework while preserving local participation in school funding.

I respectfully urge the Senate Education Committee to support and advance SB 278.

Sincerely,

Patrick F Roach

[Patrick F Roach \(May 6, 2026 18:20:02 AKDT\)](#)

Patrick Roach, Assembly Legislative Liaison
Fairbanks North Star Borough