

UAA Institute of Social
and Economic Research
UNIVERSITY *of* ALASKA ANCHORAGE

How has Alaska's K-12 education spending changed? Trends from 2017-2023

Invited testimony to the Alaska House Education Committee

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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?

Implications & opportunities

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.



How much does Alaska spend on public education, and how does that compare to other states?

Question 1



How much does Alaska pay?

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

Nation

- \$15,633

Alaska

- \$20,191
- 8th highest in nation 29% higher than national average
- Probably 10th in 2023
 - 41 states (including Alaska) have reported
 - 2 states moved ahead of Alaska
 - Rhode Island & Delaware



Adjusting Alaska's 2022 per-pupil spending to the national average

Alaska per-pupil dollars

- Average includes costs for different places & programs
- Cost of goods varies by place

Statewide adjustment

- Adjust costs relative to Anchorage
- Use foundation formula's district cost factors

National adjustment

- Cost of living in Anchorage is higher than other places in the US

Raw dollars:

\$20,191

Alaska adjusted to Anchorage:

\$16,784

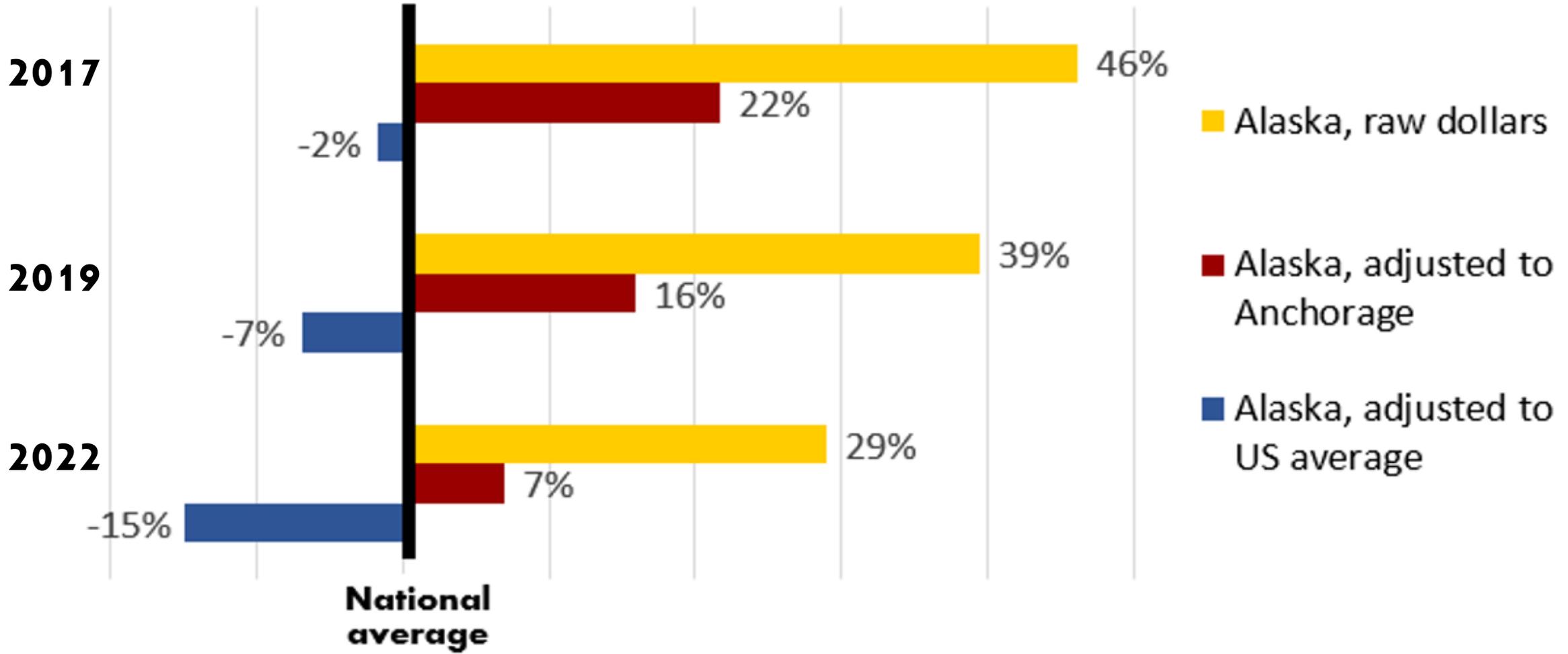
Anchorage adjusted to national average:

\$13,247



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

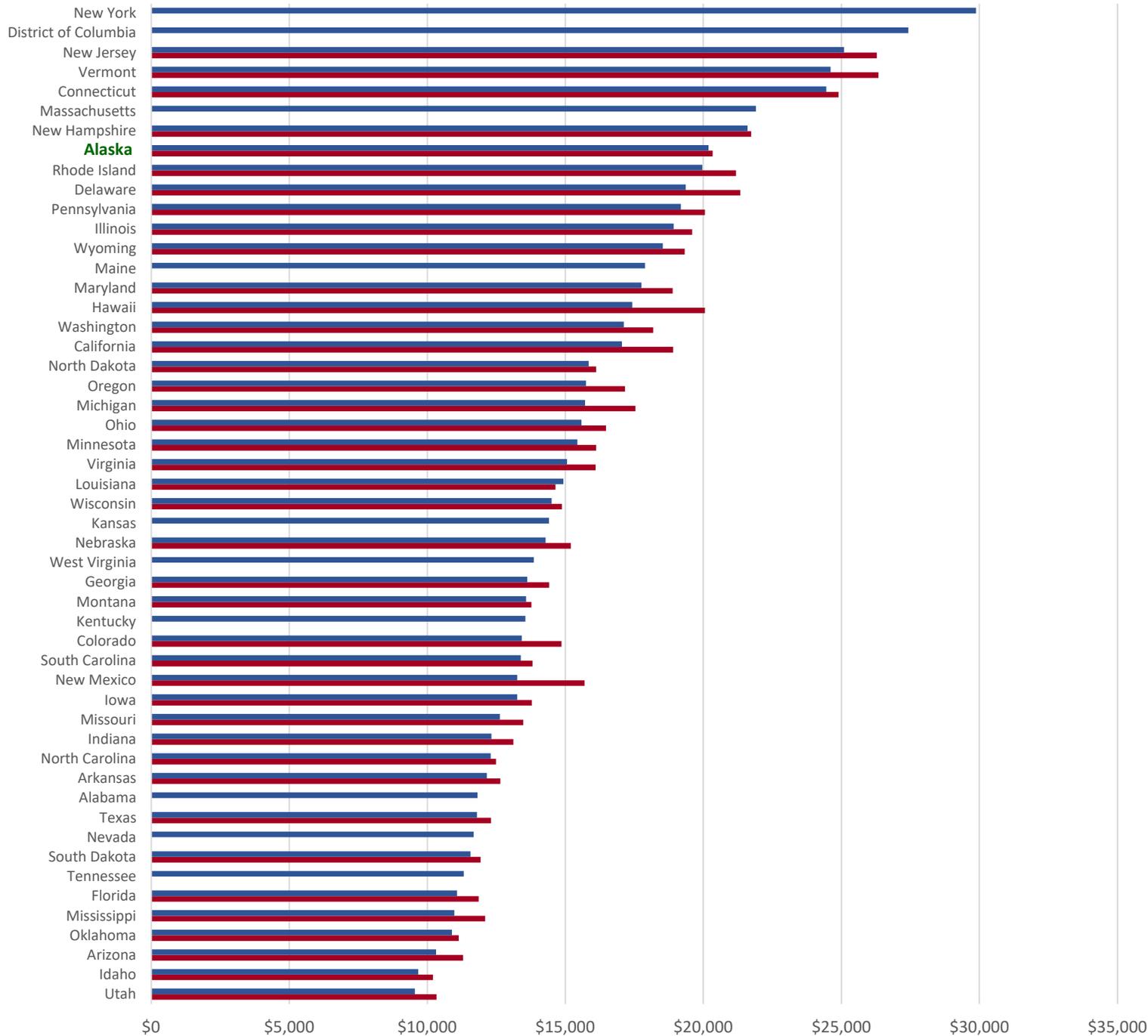
Data source: US Census Bureau Annual Survey of System Finances



What do we know about Alaska's 2023 spending?

Question 2





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

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

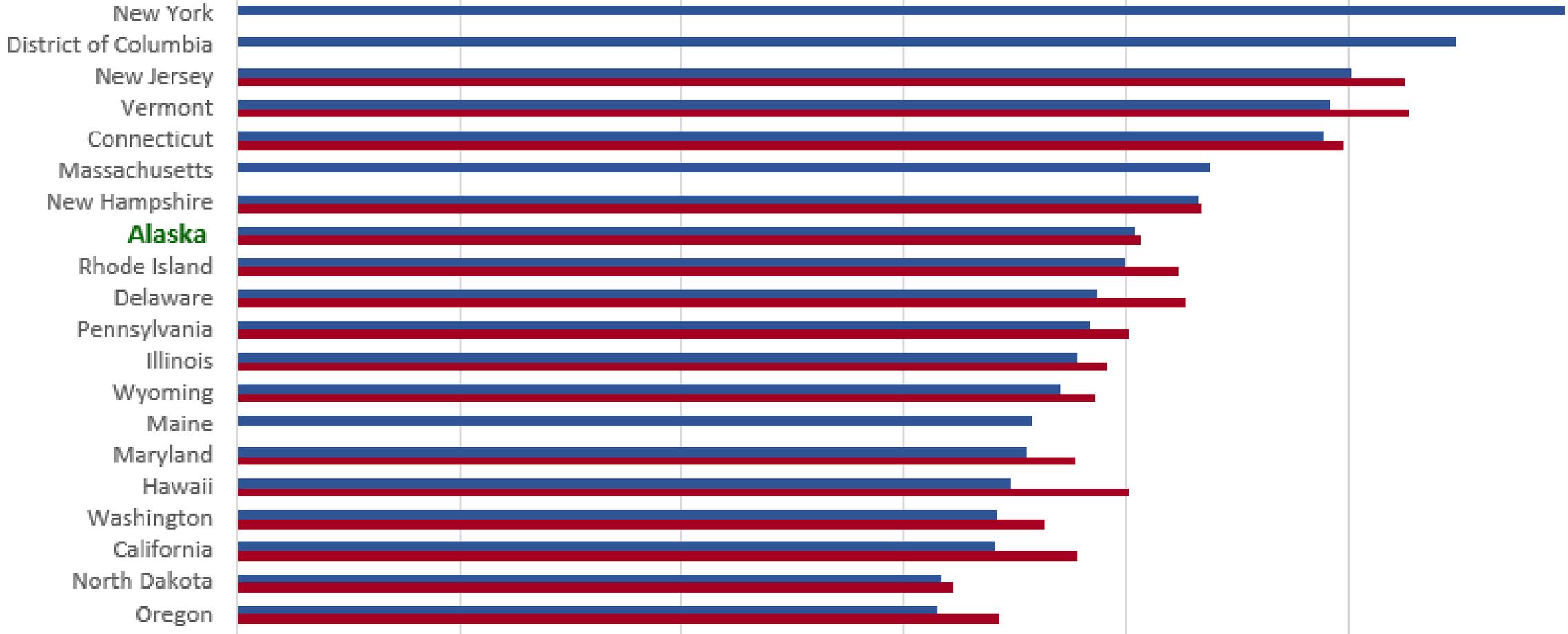
(See page 3 of printed report)



Average current spending per student,

2022 & 2023 (preliminary)

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



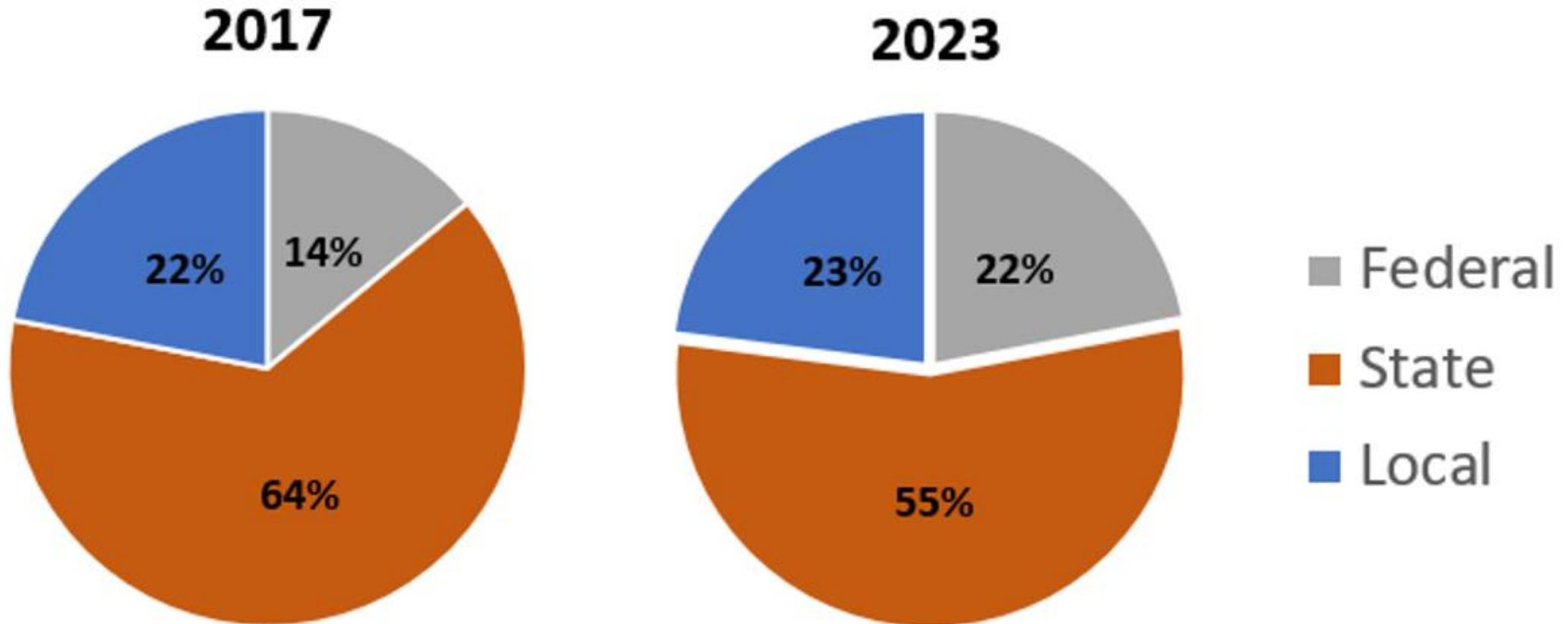
Where does school funding come from?

Question 3



Distribution of funding sources in Alaska's K-12 schools, 2017 & 2023

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



Where does the money go?

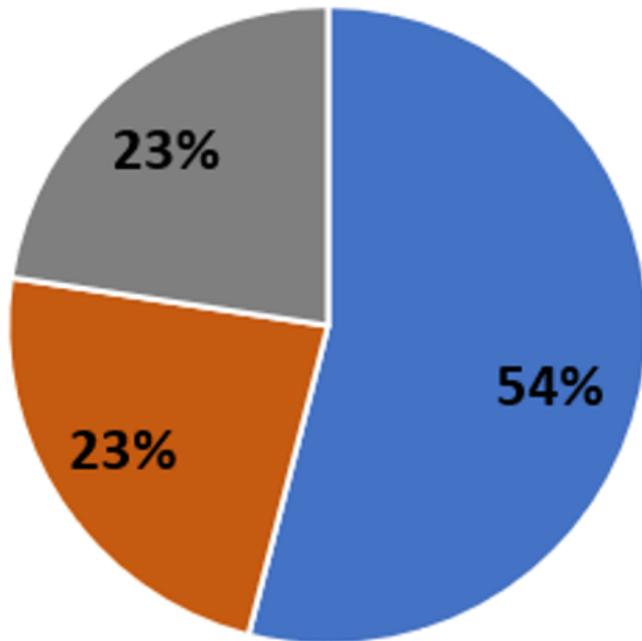
Question 4



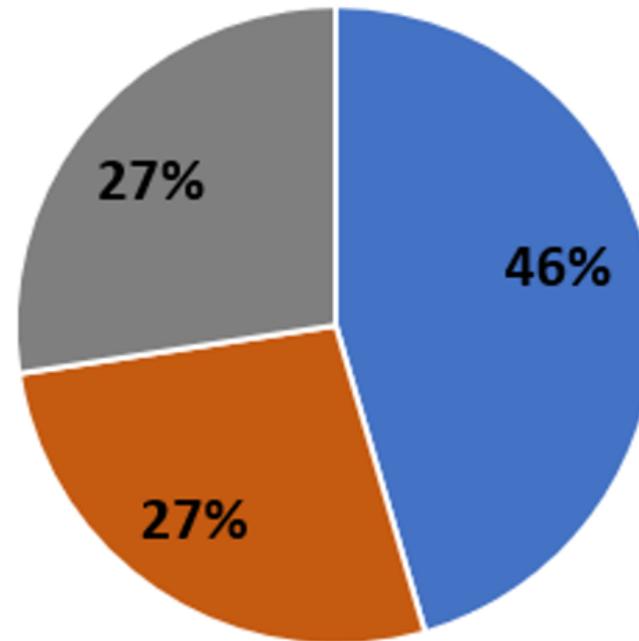
Percentage of current spending, 2022

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

US average



Alaska

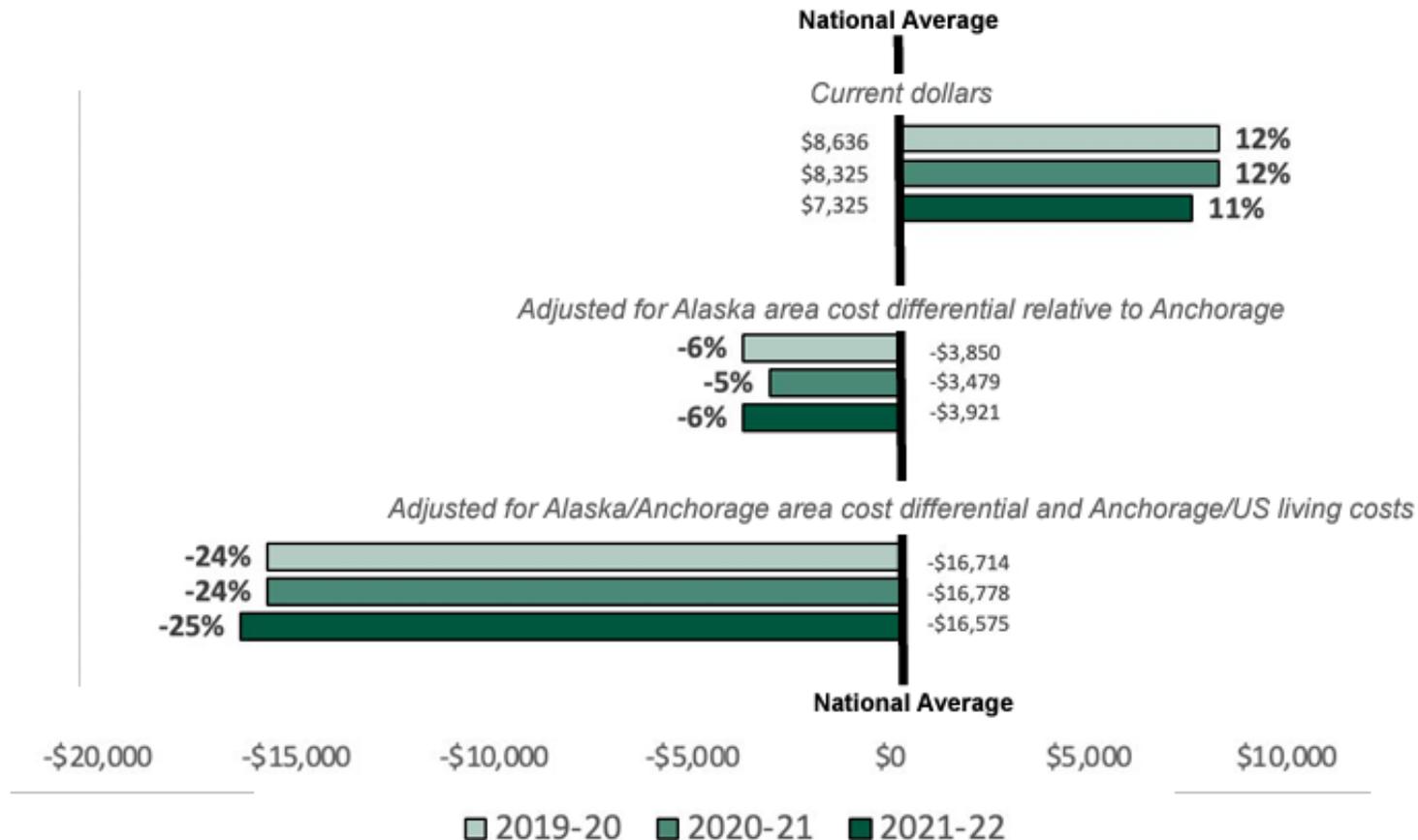


- Salaries & wages
- Employee benefits
- Operations & maintenance



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 affect education spending?

Question 5



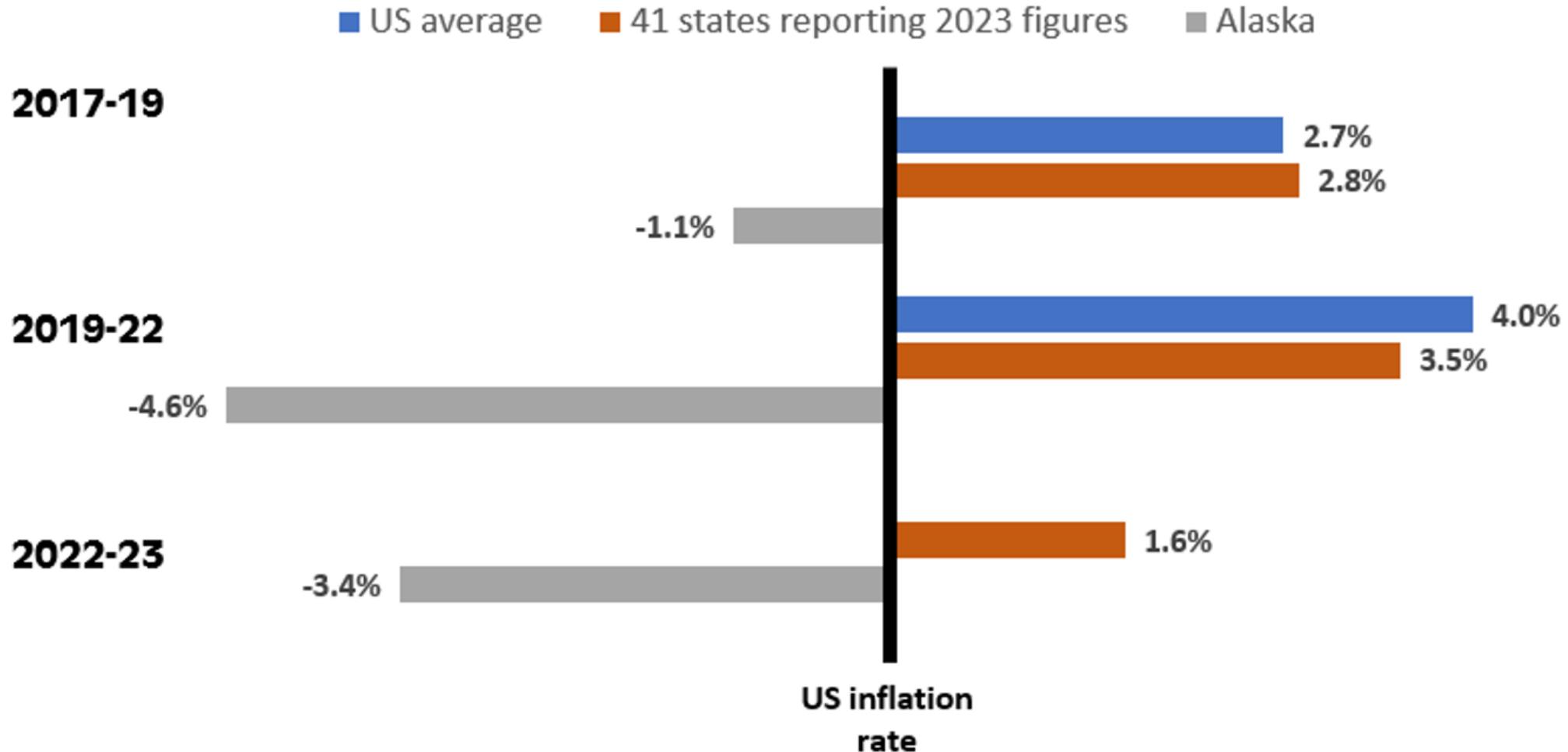
Changes in per pupil current spending during three periods of analysis, compared to the US Consumer Price Index (CPI)

Change in per pupil spending	2017-2019	2019-2022	2022-2023
US average	6.9%	18.4%	
41 states reporting 2023 figures	7.0%	17.9%	5.7%
Alaska	3.1%	9.8%	0.7%
US CPI	4.2%	14.4%	4.1%



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

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



Wrapping up



Implications & opportunities

- 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

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