

Alaska Per Pupil K-12 Spending Analysis

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April 8, 2022

Presentation to Alaska House Education Committee

Today's presentation

1. How much does Alaska pay?
 2. How does Alaska's spending compare to the US average?
 3. What drives Alaska's costs?
 4. Where are areas of opportunity?
- 

How much does Alaska pay?

Question 1

A decorative graphic at the bottom of the slide consisting of a dark green gradient area on the left, a yellow horizontal band, and a black horizontal band.

Raw dollars: Average per-pupil k12 spending

Nation

\$13,187

Alaska

\$18,394

- ▶ 6th highest in nation
- ▶ 39% higher than national average
 - 46% higher in 2017

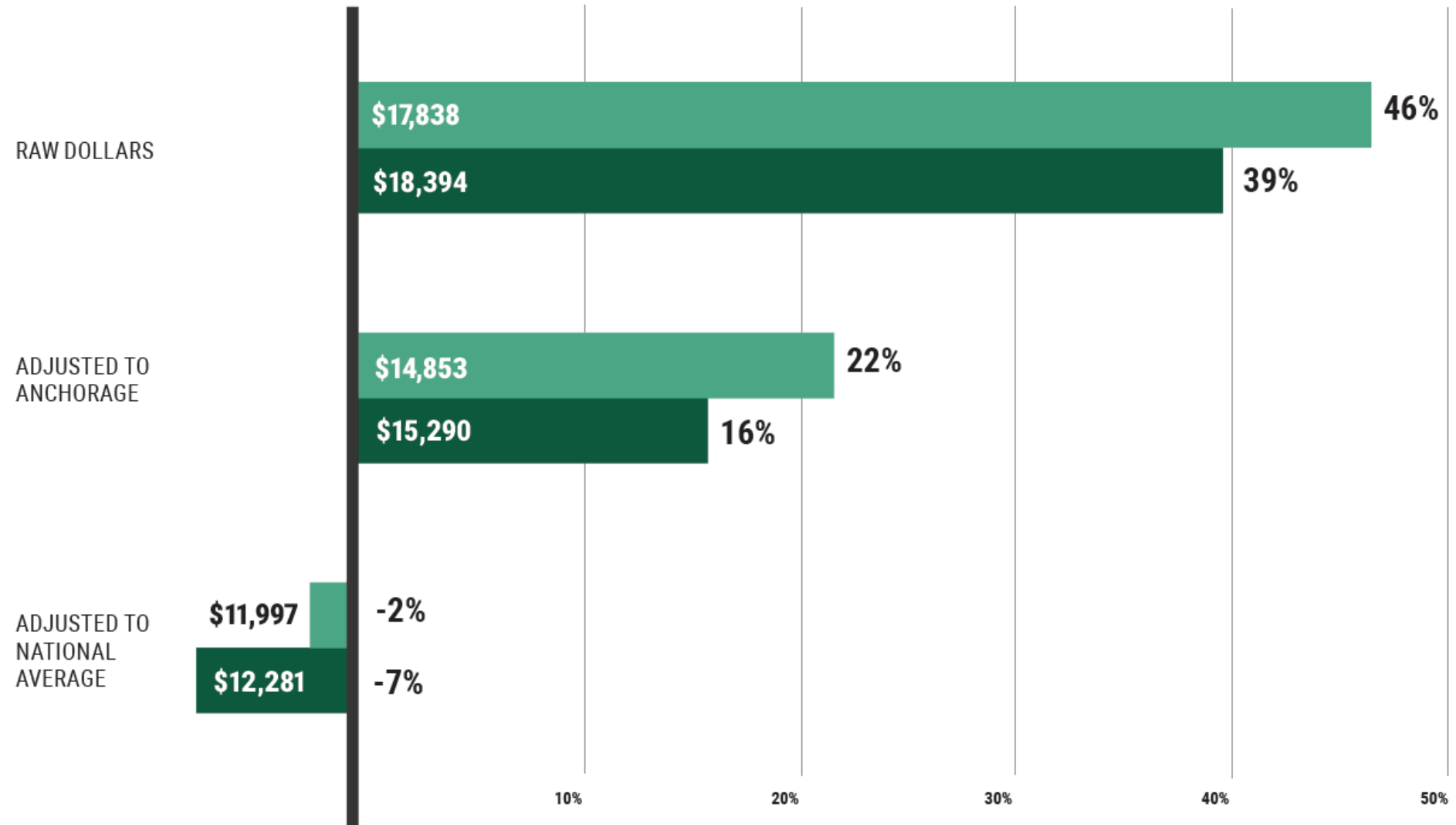
How does Alaska's spending compare to the US average?

Question 2



ALASKA'S AVERAGE PER-PUPIL SPENDING

2017
2019



NATIONAL
AVERAGE **\$13,187**

% = DIFFERENCE FROM NATIONAL AVERAGE

Applying adjustments

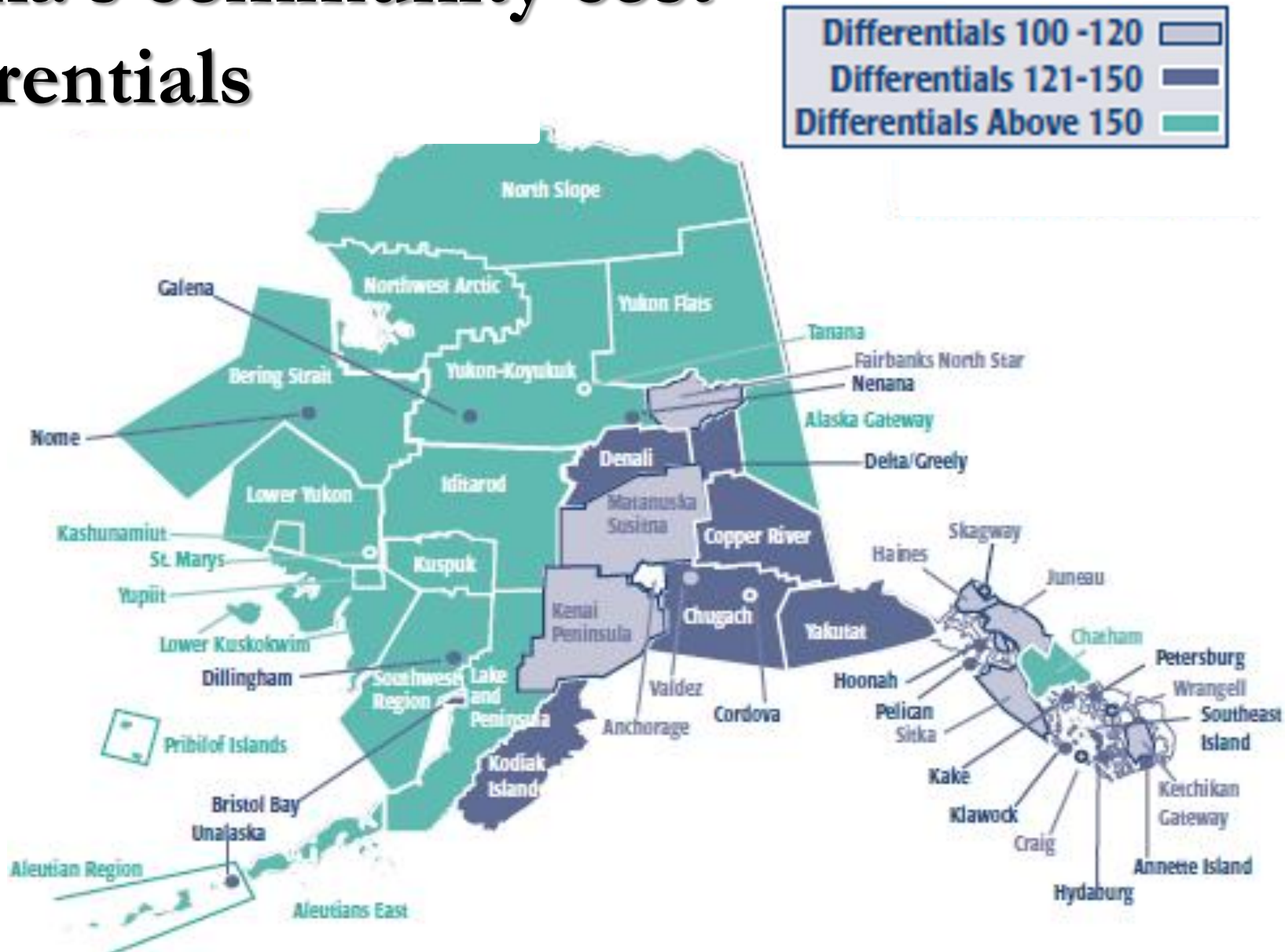
- ▶ \$18,394 is an average
 - Includes costs for different places & programs
- ▶ Statewide adjustment
 - Cost of goods varies by place
 - Adjust costs with differentials relative to Anchorage
- ▶ National adjustment
 - Cost of living in Anchorage is higher than national average

Raw dollars:
\$18,394

Adjust Alaska to
Anchorage:
\$15,290

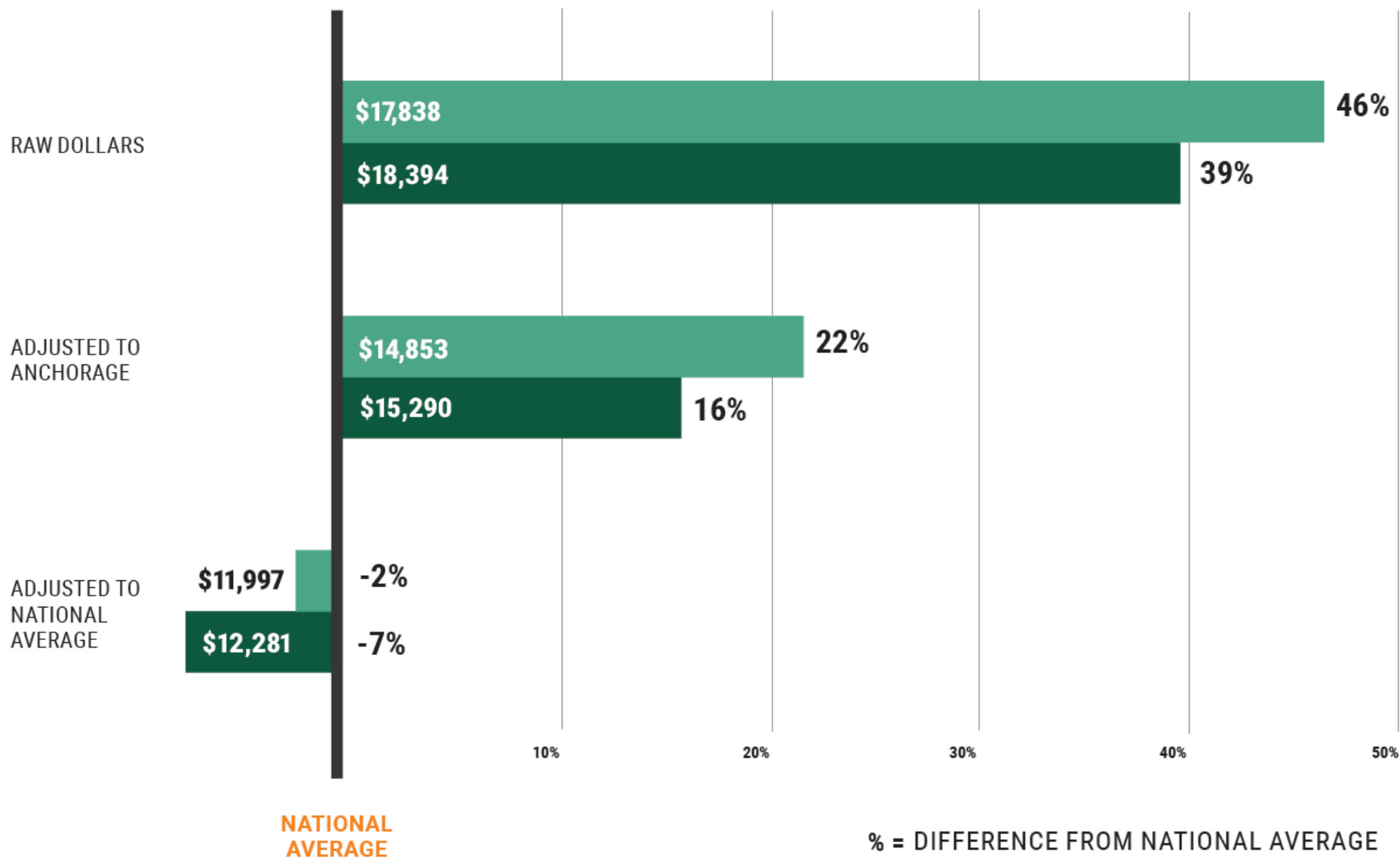
Adjust Anchorage
to national
average:
\$12,281

Alaska's community cost differentials



ALASKA'S AVERAGE PER-PUPIL SPENDING

2017
2019



Other comparisons

Private school *tuition* in Anchorage

- ▶ **Pacific Northern Academy**
 - \$18,800/year (k-8)
- ▶ **Anchorage Montessori**
 - (elementary program)
 - \$10,850/year in 2020

Infant daycare costs in Alaska

- \$11,832/year

What drives the costs?

Question 3



What drives the cost?

It's not...

- ▶ High per-pupil teacher salaries
 - On average, Alaska teacher salaries about 15% below where they should be
 - “Right” salary varies by community & working conditions there
- ▶ Extra contributions to retirement systems

Evidence that it is...

- ▶ Small schools
- ▶ Healthcare
- ▶ Energy
- ▶ Geographic costs
 - Already discussed

Alaska's small schools

Alaska has a lot

- Of the 443 “regular” schools
- 58 (13%) have fewer than 25 students
- 34 (8%) have 26-50 students

More costly to operate

- High community cost of living
- Don't benefit from economies of scale in capital costs
- Relatively small class sizes
- Higher turnover
 - Teachers
 - Principals

Our legal & ethical responsibility

- **Hootch settlement** (1976)
- **Kasayulie v. State** (1999)
- **Moore v. State** (2004)

Alaska's healthcare costs

- ▶ Highest healthcare costs in US
 - Not unique to education
 - Negatively affects private & public sector
- ▶ Healthcare is part of overall compensation
 - Starting with fixed budget, growth rate in healthcare costs puts downward pressure on wage
 - Makes competing for teachers more difficult
- ▶ In 2017, benefits costs
 - 4th highest in nation
 - 11% above average after all adjustments

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

Wrapping up

Key takeaways

- ▶ **Many of Alaska's costs are beyond education policy**
 - Fuel
 - Healthcare
 - Basket of goods reality
- ▶ **Other states are investing more in public education**
 - Alaska competes for teachers in a national market
 - To achieve education outcomes, Alaska spending needs to be competitive
 - Working conditions
 - Salaries
 - Benefits

Thank you, questions, follow-up

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