

How much do we spend on K12 education? Alaska's per pupil spending in context

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January 9, 2025

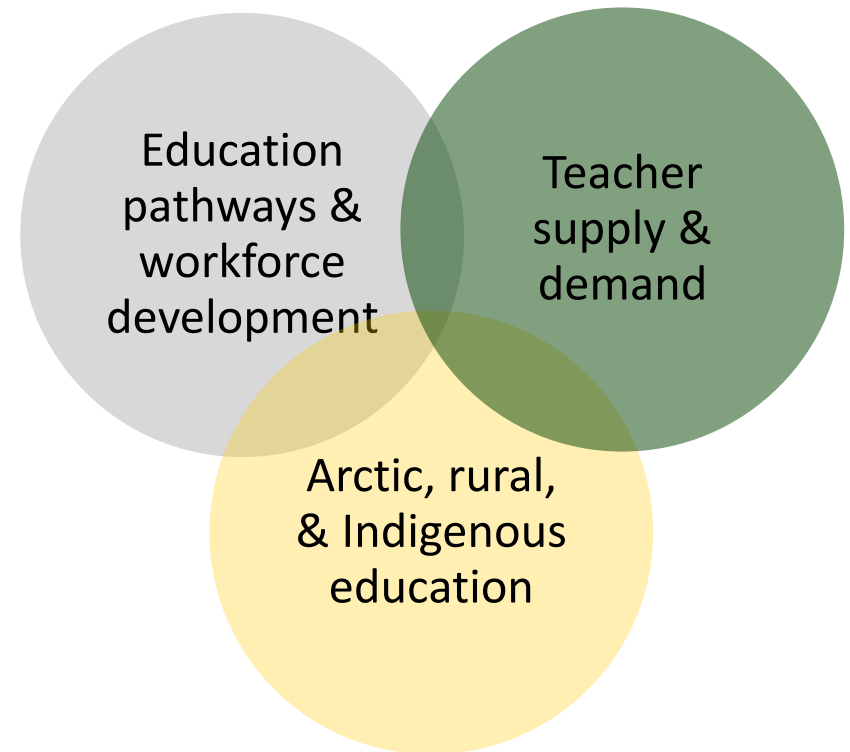


About ISER & CAEPR

Institute of Social & Economic Research


- ▶ Alaska-focused
- ▶ Nonpartisan
- ▶ Policy-focused
- ▶ Intended to help people understand social and economic systems

Center for Alaska Education Policy Research



Alaska's per-pupil k12 spending

2022 analysis
(with 2019 data)



Our key finding:

After adjusting for geographic costs, Alaska's per pupil spending is slightly lower than the national average.

How much does Alaska pay?

Raw dollars: Average per-pupil k12 spending

Nation

\$13,187

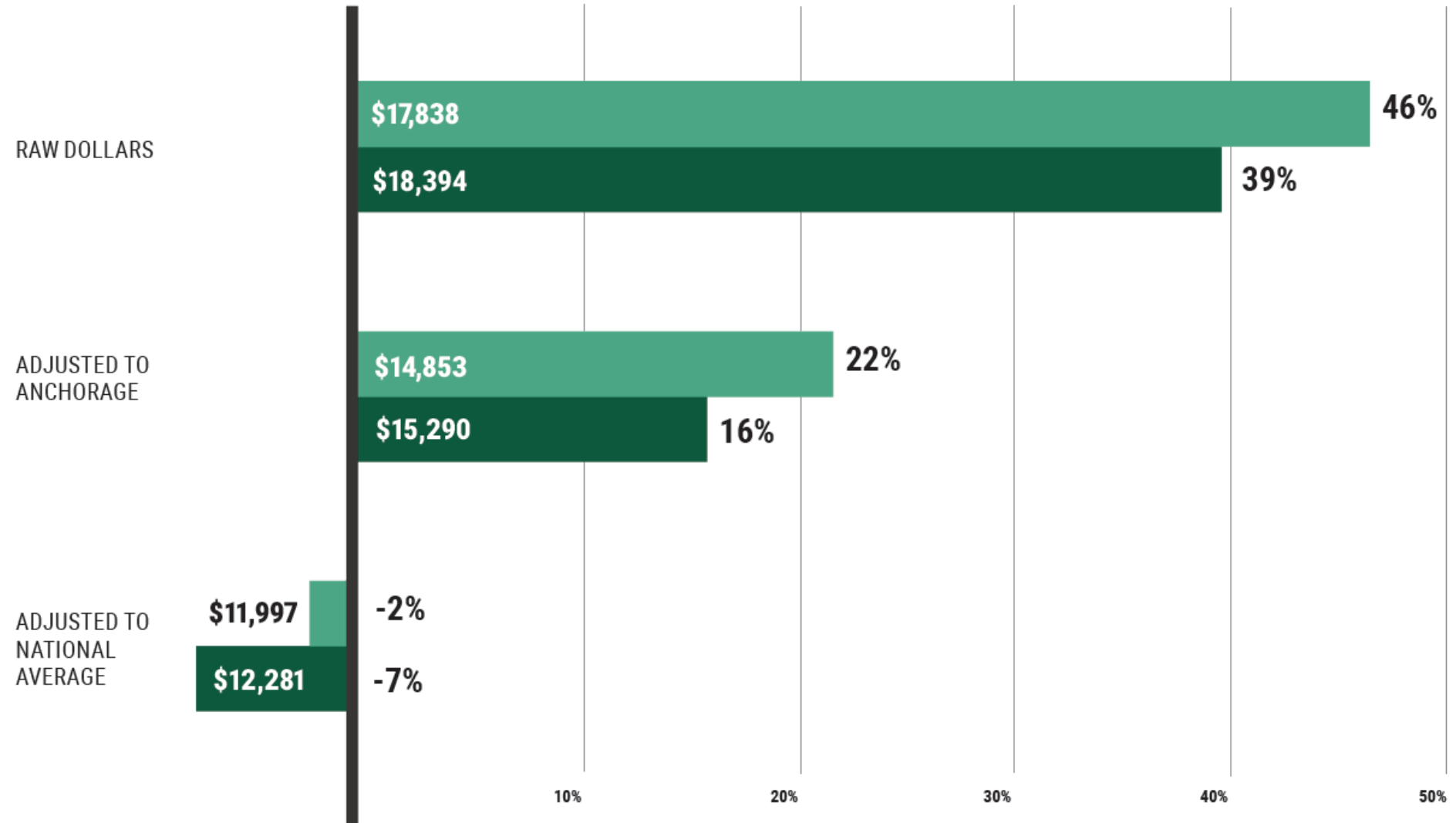
Alaska

\$18,394

- ▶ 6th highest in nation in 2019
- ▶ 39% higher than national average

ALASKA'S AVERAGE PER-PUPIL SPENDING

2017
2019



NATIONAL AVERAGE \$13,187

% = DIFFERENCE FROM NATIONAL AVERAGE

Comparing apples to apples: 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

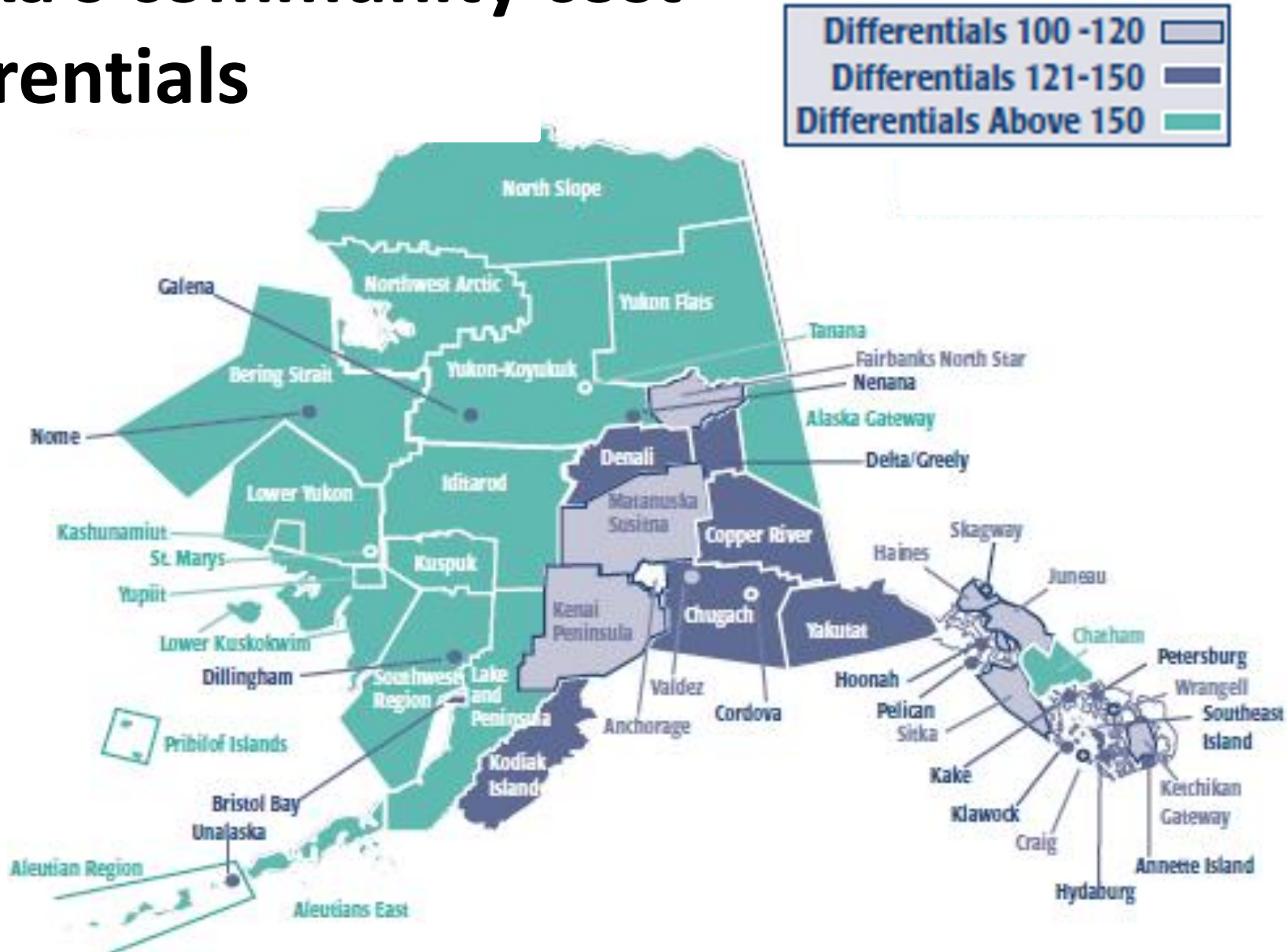
Adjust Alaska to
Anchorage:

\$15,290

Adjust Anchorage
to national
average:

\$12,281

Alaska's community cost differentials



KPSD community cost differentials for teacher salaries

Calculated in 2015*

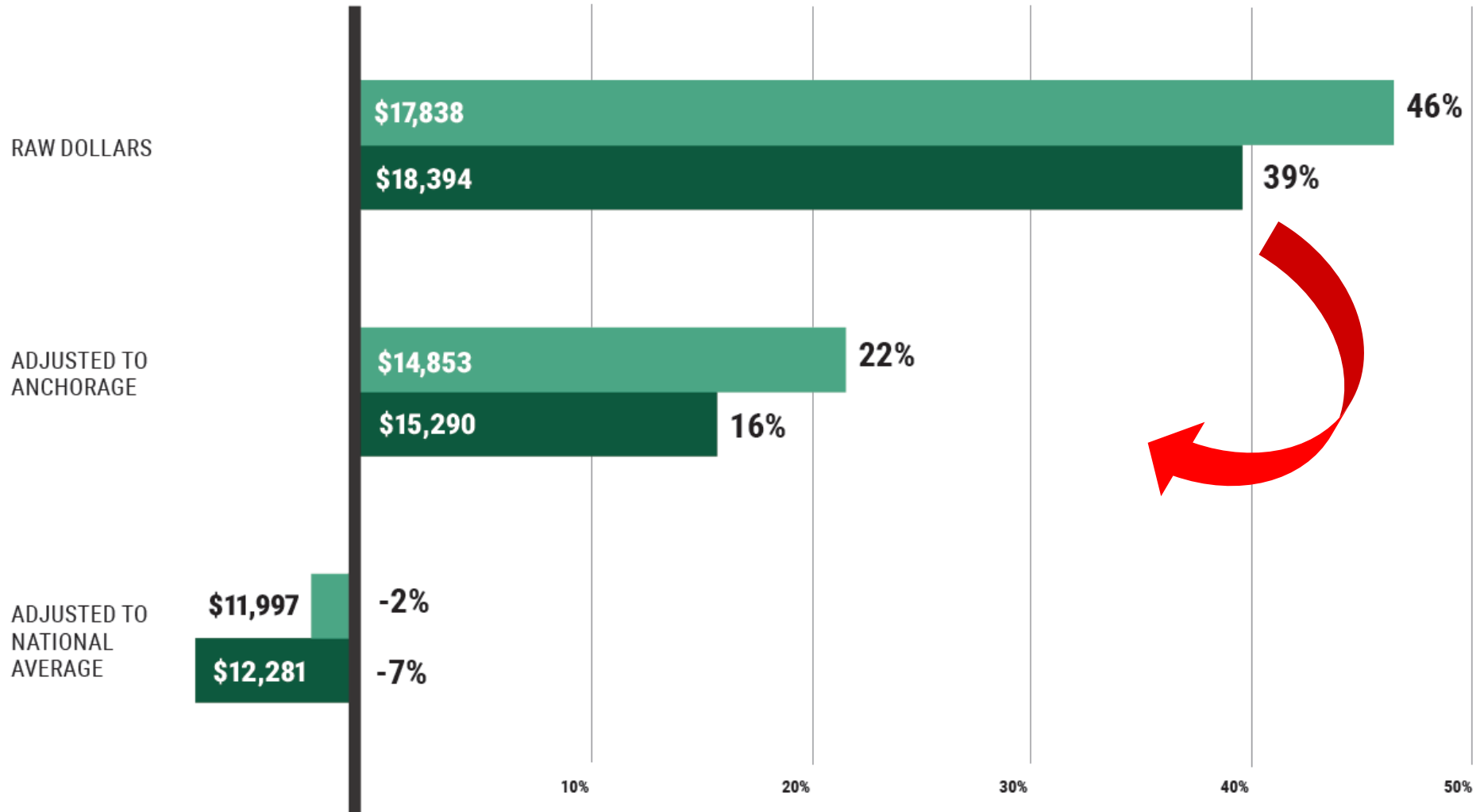
- ▶ Percent recommended change from 2015 salaries +14%

*Numbers are a decade old. I use them only to show the significant variations in costs between communities.

| Community | Differential relative to Anchorage |
|--------------------|------------------------------------|
| Kenai City | 0.93 |
| Seward City | 0.96 |
| Sterling CDP | 0.96 |
| Soldotna City | 0.99 |
| Nikiski CDP | 0.99 |
| Homer City | 1.01 |
| Moose Pass CDP | 1.09 |
| Fritz Creek CDP | 1.07 |
| Cooper Landing CDP | 1.05 |
| Anchor Point CDP | 1.11 |
| Hope CDP | 1.12 |
| Seldovia City | 1.21 |
| Ninilchik CDP | 1.24 |
| Tyonek CDP | 1.26 |
| Kasilof CDP | 1.27 |
| Port Graham CDP | 1.27 |
| Nanwalek CDP | 1.32 |
| Nikolaevsk CDP | 1.40 |

ALASKA'S AVERAGE PER-PUPIL SPENDING

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NATIONAL
AVERAGE

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 - 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 other places in the US

Raw dollars:

\$18,394

Adjust Alaska to
Anchorage:

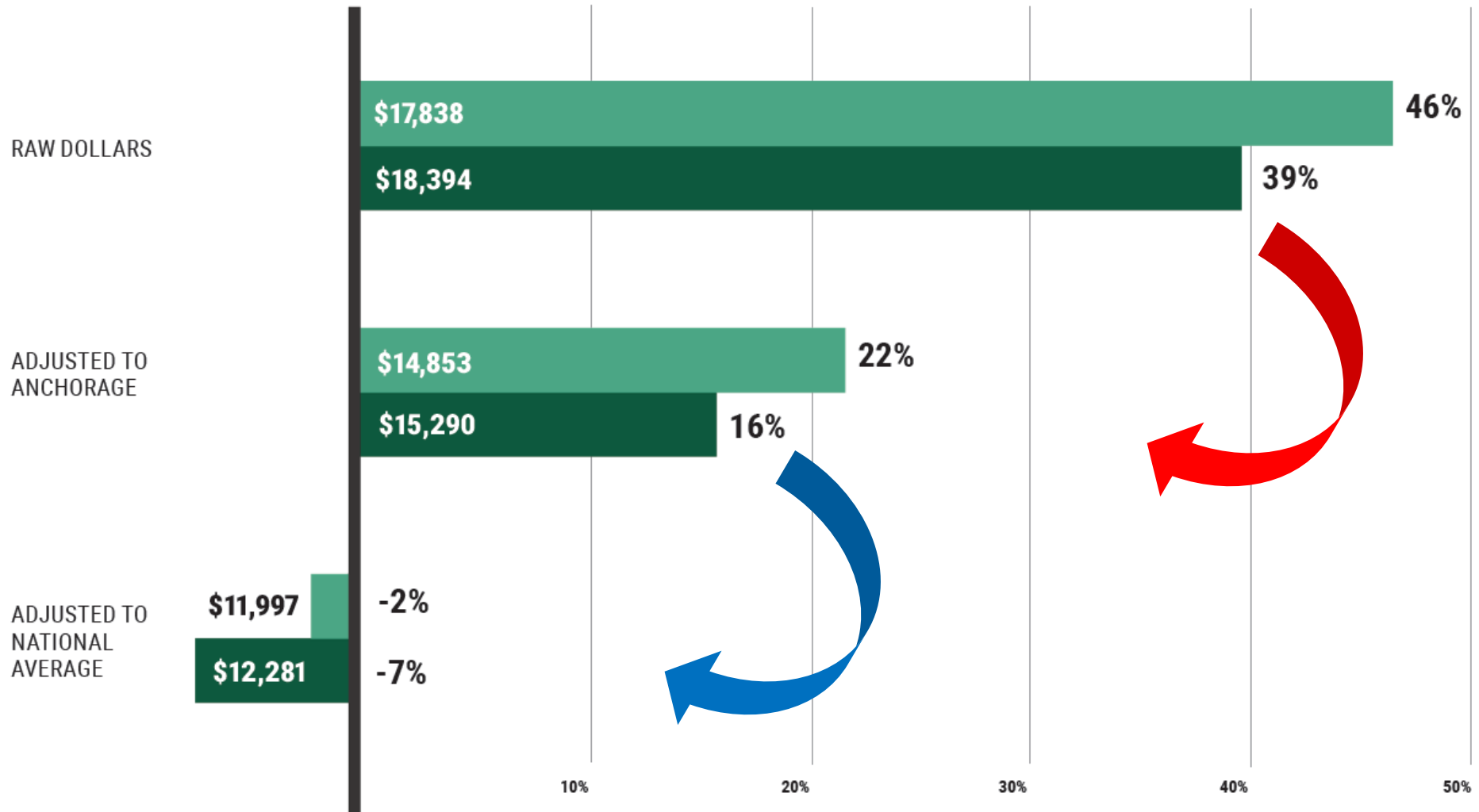
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Adjust Anchorage
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ALASKA'S AVERAGE PER-PUPIL SPENDING

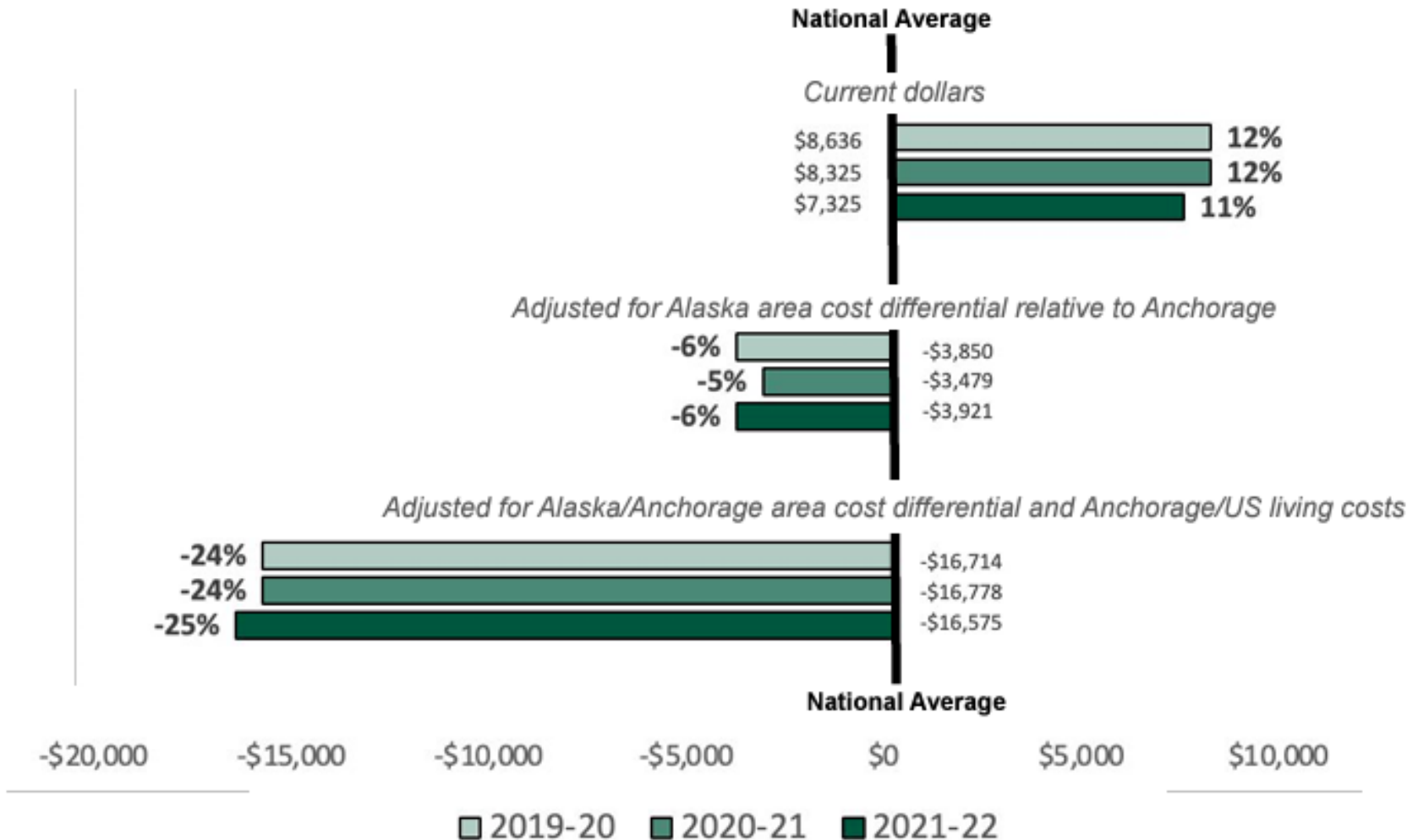
2017
2019



NATIONAL
AVERAGE

% = DIFFERENCE FROM NATIONAL AVERAGE

Adjustments applied to teacher salaries



Sources: National Center for Education Statistics, Alaska Department of Education and Early Development, and the Council for Community and Economic Research

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)

Healthcare costs

- ▶ 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
- ▶ 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

Policy considerations

- ▶ **Many of Alaska's costs are beyond education policy**
 - Fuel
 - Healthcare
 - “Basket of goods” reality
 - ▶ **Other states are investing more in public education**
 - To achieve education outcomes, Alaska needs to be competitive
 - ▶ **Shift focus from *how much* we spend to *what we need to buy* with our dollars**
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Thank you & questions

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Links to full reports

How much does Alaska spend on K12 education?

- [2019](#)
- [2022 update](#)

[Are Alaska teacher salaries competitive?](#)