

Submitted by: Mayor LaFrance and Vice Chair
Brawley and Assembly Members
Baldwin Day and Rivera
Prepared by: Dept. of Law, Chief Admin. Officer
Reviewed by: Office of Assembly Counsel
For reading: January 13, 2026

ANCHORAGE, ALASKA
AO No. 2026-14

AN ORDINANCE OF THE ANCHORAGE MUNICIPAL ASSEMBLY PROVIDING FOR THE SUBMISSION TO THE QUALIFIED VOTERS OF THE MUNICIPALITY OF ANCHORAGE AT THE REGULAR ELECTION TO BE HELD ON APRIL 7, 2026, THE QUESTION OF WHETHER TO APPROVE A SPECIAL TAX LEVY FOR 2026 ONLY DEDICATED TO PAYMENT OF OPERATIONAL EXPENSES TO THE ANCHORAGE SCHOOL DISTRICT.

WHEREAS, the Municipality of Anchorage has historically endeavored to contribute the maximum amount permitted under state law to operate its public schools, beyond the floor set by the State as a school district's "basic need"; and

WHEREAS, the State of Alaska is projected to spend \$16 million fewer dollars for Anchorage School District for the 2026-2027 school year compared to the current school year, of which \$11.2 million is due to cost shifting to the Municipality through the Required Local Contribution; and

WHEREAS, State law will require Anchorage to replace state funding by contributing more local funding toward the Anchorage School District's basic need, without resulting in a net increase of funding to the School District; and

WHEREAS, the State will require that Anchorage pay \$138.9 million towards the school district's basic need in the 2026-2027 school year compared to \$127.7 million in this school year, an increase of \$11.2 million; and

WHEREAS, the increase in Anchorage's required local contribution to the school district's basic need has risen faster than its tax-cap constrained revenue because the required local contribution is based solely on property valuation (which, in the municipality, has increased faster than inflation), whereas the tax increase limitation is calculated based on inflation and population growth, as required by Anchorage Municipal Charter 14.03; and

WHEREAS, the Anchorage School District projects an approximately \$83 million budget shortfall for the 2026-2027 school year; and

WHEREAS, the State law allows the Municipality to contribute additional funding beyond basic need, but caps the amount; and

WHEREAS, the State cap on additional allowed funding has increased in recent years to \$108.1 million, in a manner that has outpaced the Municipality's tax cap-constrained revenue collection; and

1 **WHEREAS**, this request is for a one-time levy calculated to collect up to \$11.8
2 million which would support funding the Anchorage School District to the maximum
3 amount permitted by state law for this year;

4
5 **WHEREAS**, it is anticipated that this one-time levy, if approved by voters, will be a
6 stopgap measure to alleviate some of the budget shortfall faced by the Anchorage
7 School District; now, therefore,

8
9 **THE ANCHORAGE ASSEMBLY ORDAINS:**

10
11 **Section 1. Ballot Proposition.** The Assembly hereby submits to the qualified voters
12 of the Municipality of Anchorage, at the regular municipal election to be held on April
13 7, 2026, the proposition of whether or not the Municipality should levy a special tax
14 to collect not to exceed \$11.8 million, dedicated to pay operational expenses for the
15 Anchorage School District. This is a special tax as described in Anchorage
16 Municipal Charter section 14.03(b)(3) and excluded from the tax increase limitation
17 (Tax Cap).

18
19 The Municipal Clerk shall prepare the ballot proposition to be submitted to
20 the qualified voters as provided by this ordinance and the Anchorage Municipal
21 Code and shall perform all necessary steps in accordance with law to place this
22 proposition before the voters at the regular election. The proposition must receive a
23 majority vote of those voting on the question to be approved. The proposition shall
24 be substantially in the following form:

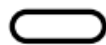
25
26 PROPOSITION NO. _____

27
28 **ANCHORAGE SCHOOL DISTRICT OPERATIONAL COSTS SPECIAL TAX LEVY**
29 **– 2026 ONLY**

30
31 For the purpose of enabling the Municipality to make
32 the maximum contribution allowed by state law to the
33 operating expenses of the Anchorage School District,
34 to fund teacher positions and student programming,
35 shall Anchorage levy a one-time special tax to collect
36 an amount not to exceed \$11.8 million, dedicated
37 solely to those purposes?

38
39 Voter approval of this proposition authorizes for each
40 \$100,000 of assessed property value in the
41 Municipality of Anchorage (based on the estimated
42 total 2026 assessed valuation in the Municipality) an
43 increase in taxes not to exceed \$27.40.

44
45 The tax shall be levied and collected from real and
46 personal property areawide within the Municipality.



YES



NO

49 **Section 2.** This ordinance shall be effective immediately upon passage and
50 approval by the Assembly.

PASSED AND APPROVED by the Anchorage Assembly this ____st day of January, 2026.

ATTEST:

Chair

Municipal Clerk



MUNICIPALITY OF ANCHORAGE

Assembly Memorandum

No. AM 39-2026

Meeting Date: January 13, 2026

**From: MAYOR LAFRANCE AND ASSEMBLY VICE-CHAIR BRAWLEY
AND ASSEMBLY MEMBERS BALDWIN DAY AND RIVERA**

**Subject: AN ORDINANCE PROVIDING FOR THE SUBMISSION TO THE
QUALIFIED VOTERS OF THE MUNICIPALITY OF ANCHORAGE
AT THE REGULAR ELECTION TO BE HELD IN THE
MUNICIPALITY ON APRIL 7, 2026, THE QUESTION OF
WHETHER TO APPROVE A SPECIAL TAX LEVY DEDICATED TO
PAYMENT OF OPERATIONAL EXPENSES TO THE
ANCHORAGE SCHOOL DISTRICT.**

The Anchorage School District is experiencing a shortfall of approximately \$83 million as it prepares its budget for the 2026-2027 school year, and the Municipality is permitted under state law to fill approximately \$12 million of that gap if it wishes to find additional revenue to do so beyond what is currently in the projected ASD budget. This Ordinance proposes putting to the voters of the Municipality of Anchorage the question of whether they wish to maximize local funding of public schools with an areawide special one-time tax levy.

The amount of money that the Anchorage School District receives is mostly dictated by the State, which controls the funding formula, sets the floor of school funding that any school district in Alaska should receive (which is called a school district's "basic need"), dictates the required local contribution that Anchorage must pay towards its schools, and also caps the additional voluntary contribution that Anchorage is permitted to contribute to its schools. Historically Anchorage lawmakers have endeavored to contribute the maximum amount permitted by state law. This year, due to the convergence of different funding and taxing formulas that operate independently of each other, Anchorage is budgeting approximately 12 million less for ASD than the state-allowed local contribution maximum.

In summary, the \$12 million that Anchorage is beneath the local contribution cap is due to:

- (1) an \$11.2 million increase compared to last year in the state-required local school contribution, replacing state education dollars,
- (2) which outpaces by \$1.5 million the increase in revenue that ASD was budgeted to have, \$9.7 million, based on its historical share of increased tax revenue (which is limited by the tax cap, Charter § 14.03), and

(3) an increase in the amount that Anchorage is permitted to voluntarily contribute to schools due to the legislature increasing by \$700 the dollar figure for the base student allocation.

For this budget cycle the Municipality's mandatory local contribution increased \$11.2 million, to the benefit of the state. Under AS 14.17.410(b)(2), "the required local contribution of a city or borough school district is the equivalent of a 2.65 mill tax levy on the full and true value of the taxable real and personal property in the district." (The statute also limits required local contribution at 45% of basic need—but Anchorage does not approach this limit, so the 2.65 mill rate is the relevant figure.) For the current school year (budgeted last year), the Municipality was required to pay \$127.7 million as a required local contribution to fund the school district's basic need. For the 2026-27 school year, the State has calculated the Municipality's required contribution at \$138.9 million, an increase of \$11.2 million.

Importantly, state aid under the formula is reduced dollar for dollar as Anchorage's required local contribution goes up. As Anchorage's total property value increases, the state statutory mandate for the Municipality's required share of education costs goes up whether or not the Municipality's local taxes have increased by the same dollar figure. Because the required local contribution is a steady mill rate tied to overall property value, and the Municipality's overall property values have gone up at a faster rate than Anchorage's property tax revenue has increased based on the tax-cap limited taxes the Municipality collects (calculated on population growth and rate of inflation). In other words, in a year like the last several where Anchorage's increased tax revenue is behind the pace of increase in overall property value (and the overall taxation mill rate goes down) the mandatory education funding mill rate has held steady and thus becomes a relatively bigger percentage of the pie that the Municipality collects, all without resulting in any additional dollars for Anchorage schools because the State reduces its contribution of state aid by the amount that Anchorage's required contribution increases. The state benefits from that reduction in its aid amount.

The Municipality's tax collection did not increase by the same rate as the rate of increase in the required contribution, creating a \$1.5 million shortfall on the ASD side of the ledger: This year, the Municipality's required local contribution went up \$11.2 million due to increased property values, but ASD's "share," if it were the same percentage of tax revenues as the prior year, of the increased revenue available in the budget only increased by \$9.7 million.

Finally, the cap on Anchorage's voluntary contribution to schools has increased with rising school formula funding. The state cap on voluntary local contributions is the final factor in local education funding. This is money that Anchorage can choose to spend on its schools and (unlike the required contribution) the voluntary contribution does not reduce the amount of state aid the Municipality receives. The amount that a Municipality may spend as a voluntary contribution is capped by state law at AS 14.17.410(c). The amount the Municipality can voluntarily spend increases when school funding overall increases (as it did last year) because it is defined as a percentage based on that funding (the Municipality can contribute up to 23% of Anchorage's state formula-determined "basic need" amount).

The Municipality has historically budgeted the maximum permitted by state law on school funding (or as best as can be budgeted given the changing numbers because the maximum voluntary local contribution is dependent on state formula funding which often isn't known at the time the budget is made). But the currently planned 2026-2027 school year budget does not fund Anchorage schools to the cap. The current budget provides \$96 million in additional local contributions. But the State-defined additional local contribution maximum for Anchorage this budget cycle is around \$108.3 million, or about \$12 million more than is currently provided.

The proposed one-time levy, if approved by voters, would be dedicated to operational costs at the Anchorage School District. The superintendent and Anchorage School Board have committed to target reducing the expected increases in class sizes and preserving student programming that would otherwise be subject to cuts. This proposed special tax levy would support the Municipality's ability to fund the Anchorage School District to the maximum amount permitted by state law for the coming year.

THE SPONSORS RECOMMEND APPROVAL.

Prepared by:	William D. Falsey, Chief Administrative Officer and Kathryn R. Vogel, Senior Counsel to the Municipality
Reviewed by:	Office of Assembly Counsel
Concur:	Ona R. Brause, Director, Office of Management and Budget
Concur:	Eva Gardner, Municipal Attorney
Concur:	Philippe D. Brice, CFO
Concur:	Rebecca A. Windt Pearson, Municipal Manager
Respectfully submitted:	Suzanne LaFrance, Mayor Anna Brawley, Assembly Vice Chair Erin Baldwin Day, Assembly Member Felix Rivera, Assembly Member

MUNICIPALITY OF ANCHORAGE
Summary of Economic Effects -- General Government

AO Number: 2026-14

Title: **AN ORDINANCE OF THE ANCHORAGE MUNICIPAL ASSEMBLY PROVIDING FOR THE SUBMISSION TO THE QUALIFIED VOTERS OF THE MUNICIPALITY OF ANCHORAGE AT THE REGULAR ELECTION TO BE HELD ON APRIL 7, 2026, THE QUESTION OF WHETHER TO APPROVE A SPECIAL TAX LEVY FOR 2026 ONLY DEDICATED TO PAYMENT OF OPERATIONAL EXPENSES TO THE ANCHORAGE SCHOOL DISTRICT.**

Sponsor: **Mayor LaFrance and Vice Chair Brawley and Assembly Members Baldwin Day and Rivera**
Preparing Agency: Chief Administrative Office, Department of Law
Others Impacted:

CHANGES IN EXPENDITURES AND REVENUES:					
(In millions of Dollars)					
	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>	<u>FY30</u>
Operating Expenditures					
1000 Personal Services					
2000 Non-Labor					
3900 Contributions	11.8				
4000 Debt Service					
TOTAL DIRECT COSTS:	11.8	\$ -	\$ -	\$ -	\$ -
Add: 6000 Charges from Others					
Less: 7000 Charges to Others					
FUNCTION COST:	11.8	\$ -	\$ -	\$ -	\$ -
REVENUES:	\$ 11.8	\$ -	\$ -	\$ -	\$ -
CAPITAL:					
POSITIONS: FT/PT and Temp					

PUBLIC SECTOR ECONOMIC EFFECTS:

The proposed one-time calendar year 2026 levy is designed to generate \$11.8 million, which would support funding the Anchorage School District to the maximum amount permitted by state law for this year. Revenues will be used to fund teacher positions and student programming. ASD has reported that \$11m equates to approximately 90 teacher positions, which would reduce class sizes by approximately 2 students. General Government Treasury collects ASD property-tax revenues and transfers them to ASD.

PRIVATE SECTOR ECONOMIC EFFECTS:

Voter approval of the proposition authorizes for each \$100,000 of assessed property value in the Municipality of Anchorage (based on the estimated total 2026 assessed valuation in the Municipality) an increase in taxes of approximately \$27.40.

Prepared by: *Chief Administrative Officer*

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