

February 24, 2022

Anna Brawley, Chair
Budget Advisory Commission
Municipality of Anchorage
632 West Sixth Avenue
Anchorage, AK 99501

Dear Chair Brawley,

On January 6, 2022, and February 9, 2022, Anchorage resident Hans Thompson requested that the Budget Advisory Commission (BAC) investigate whether the Municipality of Anchorage (MOA) funding school resource officers (SROs) through the Anchorage Police Department represents an illegal in-kind contribution which violates Alaska's maximum local contribution to education. As a BAC member with professional experience around Alaska's public school funding law I volunteered to investigate this issue. This letter contains a discussion of the topic and my findings.

Description of the Issue

Alaska's public education system is funded through three primary sources: local contributions, federal aid, and state aid to education. State law [requires](#) that municipalities make a minimum location contribution to education equal to 2.65 mils of the full and true value of the real property within that district; not to exceed 45 percent of the district's basis of the need in the preceding fiscal year. The City or Borough can contribute more than is required, but that amount may not exceed the defined maximum local contribution. The maximum local contribution allowed is:

the required local contribution plus 23% of basic need and those state funds calculated on adjusted average daily membership or a 2-mill equivalent of the full and true value of the taxable and real property within the district; whichever is greater. The additional amount is added to the required local effort to reach the maximum local contribution.

For the purpose of this discussion the only thing the reader need focus on is the fact that the state has a maximum local contribution, and that the MOA traditionally contributes to the maximum allowed.

As outlined by Mr. Thompson in his February 9th letter, Anchorage created its SRO program 20 years ago. The program was initially funded by grants, but after a couple of years the funding for the program was picked up by taxpayers. Over the years the funding for the SRO program has existed inside the school district's (ASD) budget and/or inside the Anchorage Police Department budget. When ASD's budget has paid for the SRO program, the money comes out of the local contribution from Anchorage taxpayers. Thus, that funding of the program counts as part of the

maximum local contribution. When the SRO has been funded fully, or in-part, by the APD budget (or any other department) neither the SOA, the MOA, or ASD have counted that portion of the funding against the maximum local contribution. In short, when the cost of the program is picked up outside ASD's budget there has been no effort to hold what effectively becomes in-kind contribution against the Anchorage's maximum local contribution.

Mr. Thompson questions whether this effective in-kind contribution is illegal under state law. Alaska law recognizes the issue that in-kind contributions could allow municipalities to skirt the maximum local contribution and includes in-kind services in the definition of local contribution. Specifically, [AS 14.17.990](#) defines the local contribution as

(6) "local contribution" means appropriations and the value of in-kind services made by a district;

While simply reading this definition would make it appear that funding the SRO program via APD should count against the local maximum contribution, further definition of "in-kind contributions" by [4 ACC 09.990](#) makes it clear that police services are not included in the list of services which count as in-kind contributions (see below)

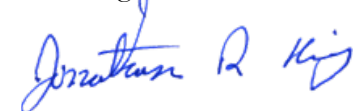
(b) In the definition of "local contribution" in AS 14.17.990, (1) "appropriations" means money appropriated to a district's school operating fund by the city or borough; (2) "value of in-kind services" means the documented fair market value of insurance, utilities, energy, audits, and maintenance of facilities provided at no charge to a district by the city or borough as reported in the district's school operating fund.

Finding

By the plain reading of the applicable statutes and administrative code it appears that funding the SRO program via APD's budget **does not** count as in-kind contribution and thus would not count against the local maximum contribution. Further, the fact that the SRO program has operated openly with on and off funding from APD since 2002 and state officials have taken no known action count that funding against the local maximum contribution likely indicates that the SOA does not feel these monies count as such. Folding police services into the definition of in-kind contribution would likely require a statute change or a challenge of the current interpretation of statute and code in court. Neither of these actions likely fall under the BAC's role or interest.

Thank you for the opportunity to serve the BAC and the citizens of Anchorage. If you have any questions about my research or what I've found please let me know.

Warm regards,



Jonathan King, M.S., ACC
BAC Member