

Alaska's largest employer

In Alaska, more than 40,000 jobs are generated by local government, making it the state's single largest "industry employer." Alaska has 146 incorporated cities, 16 boroughs, 229 federally recognized tribal governments, one Indian reservation and 53 school districts. What they do affects almost all Alaskans in some way. They provide a whole spectrum of services, ranging from K-12 education, public safety, health care and social services to city planning, utilities and road maintenance.

Local government is big and it's often the largest employer in an area

In 2005, local government's average monthly employment was 40,200, which represents 14

percent of all wage and salary employment in the state.¹ (See Exhibit 1.) Local government workers earned nearly \$1.4 billion in 2005, or roughly 11 percent of the state's entire \$12 billion payroll.

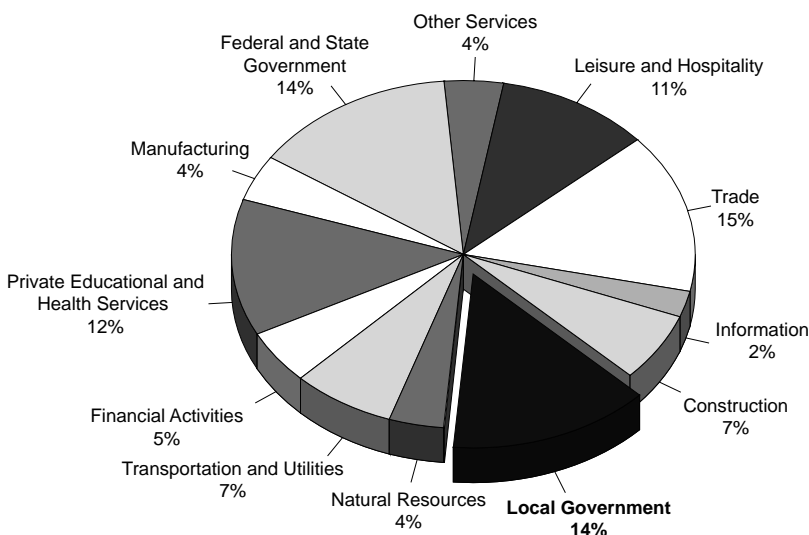
It's not uncommon that a local government entity represents the single largest employer in a community. In some small communities and villages, local government jobs may represent nearly all the wage and salary employment because nongovernment jobs are scarce. In the Lake and Peninsula Borough, and the Yukon-Koyukuk and Wade Hampton census areas, for instance, more than half the wage and salary work force is tied to local government. (See Exhibits 2 and 3.)

It's understandable that local government makes up a larger share of total employment in rural parts of the state than in more urban places. But even in Anchorage, the Anchorage School District is the single largest employer and it's closely followed by the Municipality of Anchorage – the city's third largest employer. Both are on the list of the top 10 largest employers in the state.²

It certainly hasn't been the growth industry

Over the past decade, local government has grown much more slowly (7 percent) than the overall work force (19 percent). (See Exhibit 4.) There are number of reasons for this sluggish growth. For one, the state's population has

1 Local Government's Share Alaska's wage and salary employment, 2005



¹ The year 2005 is the most recent complete year for which data are currently available.

² For the list, see Exhibit 8 of the Trends 100 article in the August 2006 Trends.

Source: Alaska Department of Labor & Workforce Development, Research and Analysis Section

grown relatively slowly over the past decade and public school enrollment growth has also been rather flat.

Changes in local government's revenue might also explain the slow growth. The state's revenue sharing program, which helped pay for local government, peaked at \$145 million in 1985 and then began to fall steeply until it was eliminated altogether in 2004. Rising pension liabilities and health care costs are placing additional burdens on local governments. And more recently, escalating energy costs have hit the state's communities hard.

Alaska spends \$4,187 per capita on local government

According to the U.S. Census Bureau, Alaska spent roughly \$3.1 billion – \$4,178 per person – on local government in 2002³ (see Exhibit 5), putting Alaska in fourth place in the nation, behind New York, Wyoming and California. According to the same figures, Alaska spends about 17 percent more per capita than the national average. This isn't surprising given the higher costs of doing business in Alaska, particularly in rural areas. Local government's slice of Alaska's employment pie is also a bit larger than the national average – 14 percent versus 11 percent for the nation.

All kinds of jobs exist in local government

Local government employs a wide range of occupations requiring all levels and kinds of skills. (See Exhibit 6.) Not surprisingly, teachers and their aides represent the single largest group – a third of all local government employment. Many of the other jobs are also tied to education, including janitors, crossing guards,

³ The year 2002 is the most recent year for which data are available.

Local Government Employment by Area

By borough and census area, 2005



	Total Local Government Employment 2005	Total Employment 2005	Local Government's Share of Area's Total Employment 2005	Local Government Payroll 2005
Statewide	38,182	307,757	12.4%	\$1,337,167,394
Aleutians East Borough	246	1,835	13.4%	\$6,559,247
Aleutians West Census Area	508	3,844	13.2%	\$17,889,403
Anchorage, Municipality of	10,015	144,382	6.9%	\$459,616,785
Bethel Census Area	2,730	6,926	39.4%	\$64,028,800
Bristol Bay Borough	155	315	49.2%	\$5,521,271
Denali Borough	146	2,202	6.6%	\$3,801,808
Dillingham Census Area	822	2,488	33.0%	\$21,251,341
Fairbanks North Star Borough	3,002	37,898	7.9%	\$111,543,416
Haines Borough	139	1,050	13.2%	\$3,588,733
Juneau, City and Borough of	2,156	17,644	12.2%	\$85,751,932
Kenai Peninsula Borough	3,136	18,075	17.3%	\$123,089,815
Ketchikan Gateway Borough	1,048	6,957	15.1%	\$41,806,318
Kodiak Island Borough	821	5,381	15.3%	\$26,065,960
Lake and Peninsula Borough	390	710	54.9%	\$7,679,468
Matanuska-Susitna Borough	2,457	17,216	14.3%	\$92,852,947
Nome Census Area	1,396	3,700	37.7%	\$34,748,210
North Slope Borough	1,610	9,215	17.5%	\$71,050,818
Northwest Arctic Borough	1,111	2,996	37.1%	\$29,665,895
Prince of Wales-Outer Ketchikan CA	693	2,033	34.1%	\$21,608,562
Sitka, City and Borough of	641	4,418	14.5%	\$21,966,366
Skagway-Hoonah-Angoon CA	358	1,569	22.8%	\$8,986,171
Southeast Fairbanks Census Area	317	2,410	13.2%	\$9,917,138
Valdez-Cordova Census Area	853	4,733	18.0%	\$27,775,240
Wade Hampton Census Area	1,408	2,188	64.4%	\$25,024,287
Wrangell-Petersburg Census Area	642	2,575	24.9%	\$42,705,926
Yakutat, City and Borough of	95	333	28.5%	\$2,436,757
Yukon-Koyukuk Census Area	1,289	2,464	52.3%	\$32,200,597

Source: Alaska Department of Labor & Workforce Development, Research and Analysis Section

counselors, cooks and administrators. Some of the common occupations not linked to education include laborers, police officers, office clerks, nurses, bookkeepers, water and sewage treatment plant operators, and firefighters. The requirements for these jobs run the gamut from little or no training to professional degrees.

Wages lag in local government

The average annual earnings for local government in 2005 were \$36,076 – 10 percent below the overall average earnings for all jobs in Alaska. (See Exhibit 7.) This wasn't always the case. As recently as 1999, the average earnings for local government were higher than the over-

3 The 50 Largest Local government entities in Alaska, 2005

Rank		Annual Average Employment 2005	Annual Payroll 2005
1	Anchorage School District	6,539	\$284,949,386
2	Municipality of Anchorage	3,013	\$160,482,121
3	Fairbanks North Star Borough School District	2,128	\$76,970,296
4	Matanuska-Susitna Borough School District	1,872	\$72,987,952
5	Kenai Peninsula Borough School District	1,286	\$52,939,400
6	Northwest Arctic Borough School District	1,173	\$42,711,551
7	Lower Kuskokwim School District	1,062	\$34,453,961
8	Juneau School District	720	\$30,591,810
9	North Slope Borough	718	\$39,527,193
10	City and Borough of Juneau	662	\$26,045,239
11	Lower Yukon School District	581	\$13,116,598
12	Bering Strait School District	556	\$16,487,735
13	Kodiak Island Borough School District	441	\$15,971,489
14	Fairbanks North Star Borough	437	\$18,195,543
15	Bartlett Regional Hospital	412	\$18,777,388
16	Central Peninsula General Hospital	405	\$18,983,739
17	Kenai Peninsula Borough	388	\$15,599,534
18	City of Ketchikan	346	\$17,201,525
19	Ketchikan Gateway Borough School District	325	\$13,843,880
20	Matanuska-Susitna Borough	313	\$11,010,927
21	South Peninsula Hospital	256	\$10,199,672
22	Sitka School District	241	\$8,276,278
23	Central Council Tlingit & Haida Indian Tribes of Alaska	219	\$8,424,487
24	Southwest Region School District	218	\$6,639,575
25	Metlakatla Indian Community	216	\$7,664,030
26	Galena City School District	207	\$8,257,165
27	City of Fairbanks	181	\$11,819,112
28	City and Borough of Sitka	179	\$7,429,627
29	City of Unalaska	178	\$9,075,966
30	Yukon-Koyukuk School District	171	\$5,869,231
31	Lake and Peninsula School District	168	\$5,286,952
32	City of Kodiak	159	\$5,600,240
33	Ketchikan Gateway Borough	159	\$5,353,058
34	Delta/Greely School District	141	\$5,336,854
35	Valdez City School District	138	\$6,252,127
36	Ketchikan Indian Corporation	138	\$4,755,155
37	Kuspuk School District	137	\$4,293,080
38	City of Valdez	136	\$5,495,562
39	City of Wasilla	129	\$4,237,447
40	Copper River School District	123	\$3,623,540
41	Yukon Flats School District	122	\$3,007,028
42	Alaska Gateway School District	118	\$3,369,400
43	Sitka Community Hospital	116	\$4,254,979
44	Yupit School District	116	\$4,197,649
45	City of Kenai	115	\$5,519,126
46	City of Bethel	114	\$5,156,189
47	City of Homer	110	\$5,377,725
48	City of Petersburg	107	\$3,709,192
49	City of Seward	106	\$4,073,403
50	Kenaitze Indian Tribe	104	\$3,480,801

Source: Alaska Department of Labor & Workforce Development, Research and Analysis Section

all average for all jobs. But for many years, wage growth in local government has lagged behind most other industries. After adjusting for inflation, local government's average monthly earnings have fallen from \$3,809 in 1994 to \$3,006 in 2005.

Education dominates local government

Education represents the largest slice of local government both from a budgetary and employment standpoint. More than half of all employment in local government (56 percent) is tied to education. (See Exhibit 8.) The remainder includes tribal government (10 percent) and the rest of local government (34 percent), which includes the cities and boroughs around the state. A more detailed discussion of the educational side will follow later in this article.

Cities, boroughs and tribal government employ a lot of Alaskans

Together, noneducational entities employ about 17,800 workers, or 44 percent of all local government employees. Unlike the rest of the nation, Alaska isn't entirely organized at the regional level into counties (or in Alaska's case, boroughs, the equivalent of counties). While roughly 87 percent of Alaskans live in the state's 16 organized boroughs, the boroughs cover only 43 percent of Alaska's geographic area. The area outside the boroughs is divided into 11 census areas, which are areas designated by the U.S. Census Bureau. There is no census-area-level of local government.

Some Alaska communities have borough, city and tribal governments that overlap. For instance, Barrow residents live in the North Slope Borough, the City of Barrow and the Barrow Native Village – and all three entities have employees.

Other communities have a variation of the three – a borough government and a city government (the Kenai Peninsula Borough and the City of Homer, for example), a city government and a tribal government (the City of Allakaket and Allakaket Village), only a tribal government (the Native Village of Chitina) or no government below the state level (Chicken and Hollis).

There are only three places in the state with a unified local government – Sitka, Anchorage and Juneau.

Tribal government's role

In 2001, the Alaska Department of Labor & Workforce Development began counting tribal government employment as part of local government as a result of federal legislation mandating the change. Prior to 2001, tribal government employment was counted as part of the private sector.

Some examples of those in the tribal government category include the Hoonah Indian Association, New Koliganek Village Council, Native Village of Kotzebue and Central Council of the Tlingit & Haida Indian Tribes.

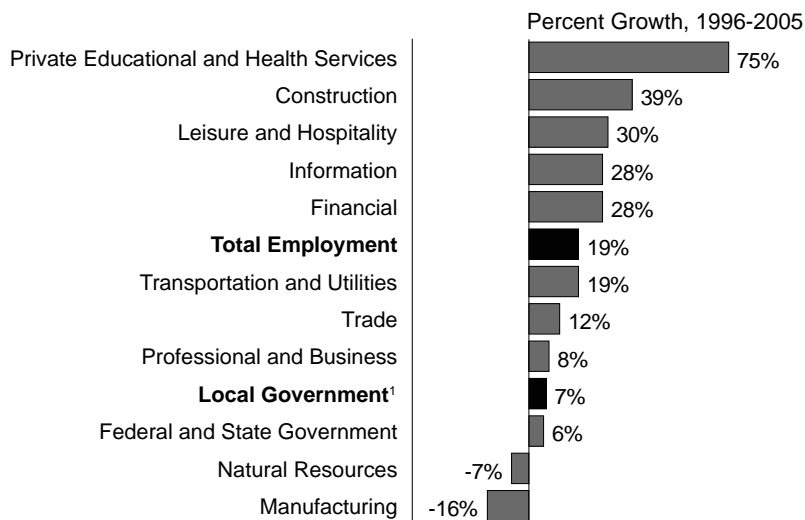
Unlike most other local government, nearly all tribal government revenue and power comes from the federal government. Generally speaking, they have different powers and perform different functions than local municipalities. Tribal governments tend to be very involved in providing their members with health care and housing services but they also often deliver social services, public safety and environmental services such as sewer and water projects.

When both tribal and city governments operate in the same area, they often work together, particularly as funding has tightened for small city governments. There are also a growing number of cases where tribal governments have taken on most of the functions of a local city government. And in places without a city government, tribal government is often the only governmental entity.

Health care is a big player

Among the largest noneducational local government employers are eight municipality-owned hospitals. Hospitals by nature are labor-intensive institutions. Altogether, the eight employed more than 1,400 workers in 2005. Some of the eight include Bartlett Regional Hospital in Juneau, Central Peninsula General Hospital in Soldotna and Sitka Community Hospital. Most are run by independent boards, sometimes with

Local Government Growth is Slow **4** Alaska employment, 1996-2005



¹ Excludes tribal governments

Source: Alaska Department of Labor & Workforce Development, Research and Analysis Section

a private contractor running the day-to-day operations. Their employees are therefore not receiving their paychecks from the local borough or city, but their employment is accounted for in local government because the eight are owned by a local borough or city.

Property taxes are the single largest source of revenue

Nearly all of Alaska's local governments generate some of their own revenue, and for many local governments, most of their revenue comes from taxes.

According to the state's Local Boundary Commission, most Alaska residents pay some kind of tax or user fee to local governments. Local governments get their local revenue from sales and property taxes, utilities they own and a variety of special taxes and specific user fees.

Property taxes make up the lion's share (60 percent), then oil and gas taxes (20 percent), sales taxes (15 percent) and special taxes (5 percent).⁴ The mixture of tax collections can vary dramatically for individual communities. For example,

⁴ These percentages exclude education and tribal governments.

5 Spending on Local Government

What states spend per capita, 2002¹

Rank		Per Capita
1	New York	\$5,489
2	Wyoming	\$4,798
3	California	\$4,566
4	Alaska	\$4,178
5	Minnesota	\$3,925
6	New Jersey	\$3,699
7	Nevada	\$3,691
8	Colorado	\$3,589
9	Wisconsin	\$3,586
	National Average	\$3,576
10	Ohio	\$3,531
11	Washington	\$3,504
12	Oregon	\$3,443
13	Michigan	\$3,399
14	Illinois	\$3,375
15	Florida	\$3,292
16	Massachusetts	\$3,256
17	Maryland	\$3,239
18	Georgia	\$3,149
19	Kansas	\$3,123
20	Pennsylvania	\$3,123
21	Nebraska	\$3,121
22	Iowa	\$3,105
23	Connecticut	\$3,087
24	Arizona	\$3,024
25	Indiana	\$3,011
26	Texas	\$2,985
27	Virginia	\$2,982
28	North Carolina	\$2,961
29	Louisiana	\$2,826
30	Alabama	\$2,788
31	New Mexico	\$2,788
32	Idaho	\$2,754
33	Maine	\$2,727
34	New Hampshire	\$2,701
35	Missouri	\$2,678
36	South Carolina	\$2,659
37	North Dakota	\$2,654
38	Utah	\$2,595
39	Mississippi	\$2,579
40	Rhode Island	\$2,535
41	Tennessee	\$2,476
42	Vermont	\$2,452
43	Montana	\$2,439
44	Oklahoma	\$2,423
45	South Dakota	\$2,384
46	Delaware	\$2,343
47	Kentucky	\$2,134
48	Arkansas	\$2,103
49	West Virginia	\$2,096
50	Hawaii	\$1,243

¹ The year 2002 is the most recent year per capita data are available.

Source: U.S. Census Bureau, "State and Local Government Finances, 2002 Census of Governments."

the North Slope Borough generates nearly all its tax revenue from oil and gas property taxes. In 2005, the borough received \$189 million, or nearly \$27,000 per person, from oil and gas property taxes.

The City of Unalaska collected \$4 million in property taxes, nearly the same amount in raw fish taxes and \$7.6 million in sales taxes, which combined represents 35 percent of its 2005 revenue. The City of Wasilla's largest revenue source is sales taxes, which are roughly 66 percent of the city's operating revenue. In fact, Wasilla's sales tax has grown so rapidly that the city set its property mil rate at zero for fiscal years 2007 through 2009.

A closer look at school districts

Alaska has 53 school districts of vastly different sizes. The largest school district is Anchorage's with an average daily enrollment of 49,320; the smallest is the Pelican City School District, which has one school and an average count of 14 students.

There are 23 charter schools in Alaska and 10 statewide correspondence schools; two of the latter are also charter schools. About 6,550 students were subscribers of the state's 10 correspondence schools during the 2005-2006 school year, and more were enrolled in district-designed correspondence programs. In all, roughly 10,100 students received instruction outside traditional classroom settings that year.

Counting students, population and employment

In this article, all numbers used for school district enrollments, or student counts, are an average of the daily enrollment numbers for 20 days in the latter part of October for each year. Those numbers often differ from Oct. 1 enrollment numbers, which aren't cited in this article.

Alaska population estimates, which help school districts plan for future enrollments, reflect a demographic profile as of July 1 of each year. School-age population numbers (for ages 5 to 18) don't match actual enrollment numbers

because not all 5-year-olds attend school and some 18-year-olds have already graduated. Additional reasons for the discrepancies include the different count dates (October versus July), net-migration, private school student counts (3,400 in the 2005-2006 school year) and the number of home-schooled students.

To show annual employment changes, April staff levels are used in this article due to the high seasonality in school district employment caused by the summer break and other vacations.

Statewide average daily enrollment has dropped

Enrollment in Alaska's K-12 schools rose steadily until 1999, when it peaked with a count of 132,597. Since then, it has dropped to 130,868 in 2006. (See Exhibit 9.) Alaska's population has grown continuously, but its school-age population has fallen. Falling birth rates, low in-migration and the military cutbacks of the mid-1990s account for the lack of growth in the school-age population.

This trend may be coming to an end. Alaska's school-age population is now expected to increase slightly from the 2005 level of 151,663 to 153,120 by 2009. (See Exhibit 9.)

Big shifts are occurring geographically

Between fiscal years 2001 and 2006,⁵ average enrollment in Alaska's schools fell by more than 1,050 students, representing a nearly 1 percent decline. While the number of students grew by about 5 percent in the Anchorage/Mat-Su economic region and marginally (less than 1 percent) in the Southwest region, student counts registered losses in the Northern, Gulf Coast and Southeast regions. (See Exhibit 10.)

The Anchorage/Mat-Su region

The Anchorage/Mat-Su economic region's geography principally encompasses the Municipality of Anchorage and the Matanuska-Susitna Borough. Between 2000 and 2005, the growth in

⁵ The fiscal year for Alaska schools begins July 1. The 2006 fiscal year is July 1, 2005, to June 30, 2006.

Top 50 Local Government Occupations Alaska, 2005

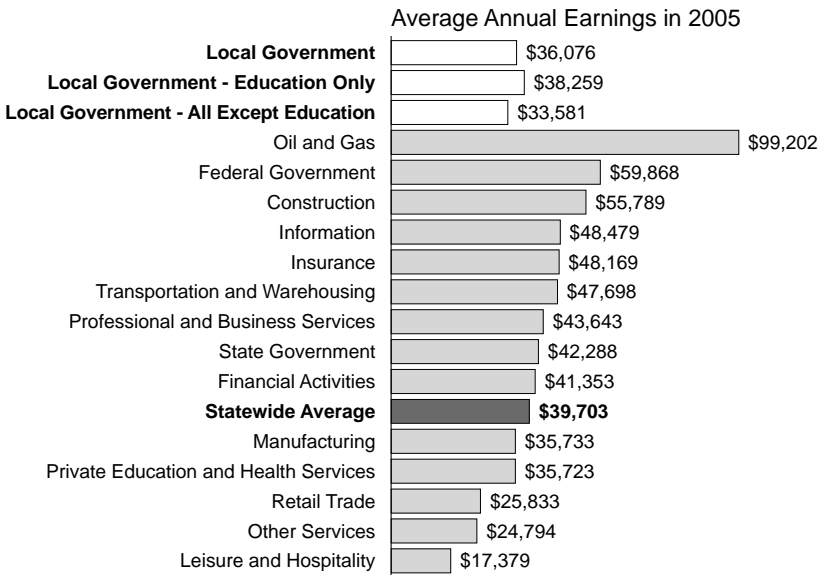
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2005
Employment

Elementary school teachers (except special education)	4,046
Teacher assistants	3,776
Teachers and instructors, all other	2,621
Secondary school teachers (except special and vocational education)	2,387
Janitors and cleaners (except maids and housekeeping cleaners)	2,052
Special education teacher assistants	1,055
Laborers and freight, stock and material movers, hand	1,032
Executive secretaries and administrative assistants	999
Secretaries (except legal, medical and executive)	959
Police and sheriff's patrol officers	953
Office clerks, general	897
Maintenance and repair workers, general	857
Middle school teachers (except special and vocational education)	727
Construction laborers	723
Registered nurses	597
Special education teachers, preschool, kindergarten and elementary school	594
Special education teachers, secondary school	585
Education administrators, elementary and secondary school	581
Office and administrative support workers, all other	559
Bookkeeping, accounting and auditing clerks	491
Recreation workers	458
Substitutes, teachers and instructors, multi-level (except post-secondary)	431
Education, training, and library workers, all other	425
Water and liquid waste treatment plant and system operators	395
Firefighters	379
Crossing guards	374
Managers, all other	354
Educational, vocational and school counselors	351
Administrative services managers	325
General and operations managers	319
Landscaping and grounds keeping workers	308
Food preparation workers	287
Information and record clerks, all other	283
Lifeguards, ski patrol and other recreational protective service workers	277
Librarians	273
Library assistants, clerical	270
Preschool teachers (except special education)	268
Carpenters	257
Refuse and recyclable material collectors	257
Gaming and sports book writers and runners	256
Receptionists and information clerks	253
Cooks, institution and cafeteria	250
Cashiers	242
Operating engineers and other construction equipment operators	241
Police, fire and ambulance dispatchers	237
Power plant operators	236
Chief executives	231
Nursing aides, orderlies and attendants	208
Cooks, all other	205
Bus drivers, school	201

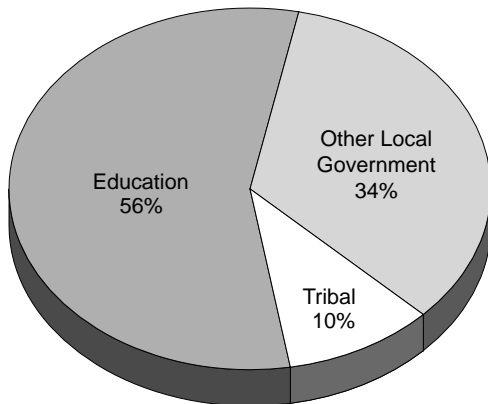
Source: Alaska Department of Labor & Workforce Development, Research and Analysis Section

7 An Earnings Comparison Local government vs. other industries, 2005



Source: Alaska Department of Labor & Workforce Development, Research and Analysis Section

8 Education is the Dominant Player Local government employment, 2005



Source: Alaska Department of Labor & Workforce Development, Research and Analysis Section

the Mat-Su Borough's population and average school enrollment has been spectacular. The population grew by nearly 25 percent and enrollment increased by over 21 percent.

Yet during the past five years, Anchorage's growth has been much more moderate: its population increased by 7 percent but its student count barely changed, mustering less than 1 percent growth. Employment in the Anchorage/Mat-Su region's schools rose by 9 percent between April 2000 and April 2005.

The Southwest region

Enrollment in Southwest Alaska grew between fiscal years 2001 and 2006 – but only barely. In all, the entire region grew by just 80 students. Six of the region's 13 school districts recorded small increases.

The Southwest region's overall population has grown very little – less than 2 percent – during the last five years and the region's school district employment increased by 5 percent.

Population losses in some of the Southwest region's remote areas can be attributed to the economic decline of fisheries. Growth in the student-age population was concentrated in the Yukon-Kuskokwim region, which consists of the Bethel and Wade Hampton census areas. That area's population growth remained positive and more than offset the declines elsewhere.

The Northern region

Net out-migration in the Northern economic region exceeded natural population growth between 2000 and 2005, which resulted in a loss of 120 residents. Nearly all the decline can be attributed to people moving out of the North Slope Borough. The borough's net migration meant a loss of 1,168 residents, whereas natural increase added 677.

Positive but small population growth in the Nome Census Area and the Northwest Arctic Borough mitigated some of the Northern region's population losses. But in all four school districts, the October average enrollment fell by a total 653 students between fiscal years 2001 and 2006. The nearly 10 percent decline was the biggest drop in regional school enrollment in the state.

Employment in the Northern region's school districts, however, rose by 8 percent between April 2000 and April 2005.

The Southeast region

The least favorable change in absolute numbers occurred in the Southeast region's school districts where 1,095 fewer students were enrolled

School enrollments and population, 1991-2014

in fiscal year 2006 compared to fiscal year 2001. Sixteen of the region's 17 school districts had declines in the number of students. Craig City School District, which runs a statewide correspondence school program, was the only district that had an increase.

The student decline correlates with Southeast's overall population trend, which shows a roughly 3 percent drop between 2000 and 2005. In contrast, regional school district employment numbers went up 3 percent between April 2000 and April 2005. (Mt. Edgecumbe High School, a statewide boarding school, isn't included in these numbers because it's not a part of local government.)

The Gulf Coast region

Lower average student counts were also recorded for all but one school district in the Gulf Coast region. Altogether, the region lost 744 students between fiscal years 2001 and 2006. The exception was the Chugach School District, which operates a statewide correspondence school. The Kenai Peninsula Borough suffered the biggest loss – 558 students, about a 7 percent drop – during the same period, but the impact was greater in the smaller Copper River School District. It lost 80 students, a roughly 12 percent drop.

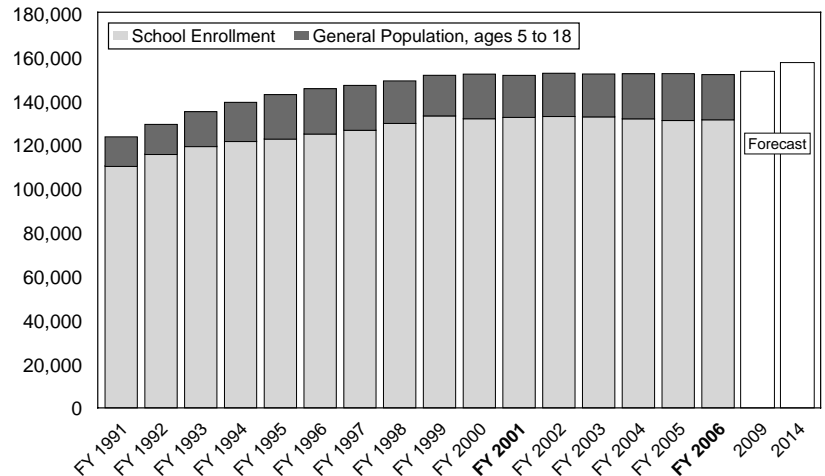
The Gulf Coast region's population registered a small gain between 2000 and 2005, but only because of an increase the Kenai Peninsula Borough's newborn and toddler population. Natural increase more than absorbed population losses stemming from out-migration.

The Kodiak Island Borough and the Valdez-Cordova Census Area both lost population and students. The economic mainstay of the two areas – fishing – hasn't made a significant recovery from its long-lasting downturn. Consequently, employment in the Gulf Coast region's school districts fell by 5 percent between April 2000 and April 2005.

The Interior region

Seven of the Interior region's 10 school districts operate fairly large correspondence school

Enrollment/
Population



Note: Population estimates and enrollment numbers refer to the start of school fiscal year. For example, fiscal year 1991 reflects October 1990 enrollment and the population estimate of July 1, 1990.

Source: Alaska Department of Education and Early Development and Alaska Department of Labor & Workforce Development, Research and Analysis

programs. There were 5,944 students in the programs in fiscal year 2006, a number that has increased 13 percent since fiscal year 2001. (Many students throughout Alaska participate in correspondence programs at specific Interior school districts via the Internet.)

When factoring in the correspondence students, the Interior's school districts had a decline of 486 students – a 2 percent drop – between fiscal years 2001 and 2006. Without the correspondence students, the decline would have been much greater – 1,000 students, representing a more than 5 percent decline.

The region's downward trend is due to out-migration from the Fairbanks North Star Borough and the vast Yukon-Koyukuk Census Area. The extended deployment status of Fairbanks' Stryker Brigade and other factors may have contributed as well.

Population, however, has been slowly increasing by nearly 5 percent over the past five years, yet the positive change is very recent. The Fairbanks North Star Borough and the Southeast

10 Changes in School Enrollments 2005¹

	School District Headquarters	FY 2001	FY 2006	Change FY 2001 to FY 2006	Percent Change FY 2001 to FY 2006
Anchorage/Mat-Su Region					
Anchorage School District	Anchorage	48,856	49,320	464	0.9%
Matanuska-Susitna Borough School District	Palmer	12,752	15,438	2,686	21.1%
Gulf Coast Region					
Chugach School District	Anchorage	167	214	47	28.1%
Copper River School District	Glennallen	690	610	-80	-11.6%
Cordova School District	Cordova	476	447	-29	-6.1%
Kenai Peninsula Borough School District	Soldotna	9,947	9,389	-558	-5.6%
Kodiak Island Borough School District	Kodiak	2,774	2,718	-56	-2.0%
Valdez City School District	Valdez	865	797	-68	-7.9%
Interior Region					
Alaska Gateway School District ²	Tok	481	412	-69	-14.3%
Delta/Greely School District	Delta Junction	802	1,261	459	57.2%
Denali Borough School District	Healy	313	634	321	102.6%
Fairbanks North Star Borough School District	Fairbanks	15,547	14,509	-1,038	-6.7%
Galena City School District	Galena	3,374	3,639	265	7.9%
Iditarod Area School District ³	McGrath	639	331	-308	-48.2%
Nenana City School District	Nenana	1,828	686	-1,142	-62.5%
Tanana School District	Tanana	80	67	-13	-16.3%
Yukon Flats School District	Ft. Yukon	307	270	-37	-12.1%
Yukon-Koyukuk School District	Fairbanks	485	1,561	1,076	221.9%
Northern Region					
Bering Strait School District	Unalakleet	1,760	1,668	-92	-5.2%
Nome Public Schools	Nome	777	768	-9	-1.2%
North Slope Borough School District	Barrow	2,094	1,726	-368	-17.6%
Northwest Arctic Borough School District	Kotzebue	2,203	2,019	-184	-8.4%
Southeast Region					
Annette Islands School District	Metlakatla	326	291	-35	-10.7%
Chatham School District	Angeon	248	204	-44	-17.7%
Craig City School District	Craig	516	766	250	48.4%
Haines Borough School District	Haines	407	291	-116	-28.5%
Hoonah City School District	Hoonah	227	167	-60	-26.4%
Hydaburg School District	Hydaburg	103	73	-30	-29.1%
Juneau School District	Juneau	5,521	5,237	-284	-5.1%
Kake City School District	Kake	165	116	-49	-29.7%
Ketchikan Gateway Borough School District	Ketchikan	2,490	2,296	-194	-7.8%
Klawock City School District	Klawock	208	136	-72	-34.6%
Pelican City School District	Pelican	23	14	-9	-39.1%
Petersburg City Schools	Petersburg	678	591	-87	-12.8%
Sitka School District	Sitka	1,589	1,477	-112	-7.0%
Skagway City School District	Skagway	137	109	-28	-20.4%
Southeast Island School District	Thorne Bay	281	207	-74	-26.3%
Wrangell Public Schools	Wrangell	488	370	-118	-24.2%
Yakutat School District	Yakutat	166	133	-33	-19.9%
Southwest Region					
Aleutian Region School District	Anchorage	59	44	-15	-25.4%
Aleutians East Borough School District	Sand Point	308	246	-62	-20.1%
Bristol Bay Borough School District	Naknek	243	179	-64	-26.3%
Dillingham City School District	Dillingham	580	551	-29	-5.0%
Kashunamiut School District	Chevak	314	331	17	5.4%
Kuspuk School District	Aniak	470	415	-55	-11.7%
Lake and Peninsula School District	King Salmon	462	386	-76	-16.5%
Lower Kuskokwim School District	Bethel	3,648	3,930	282	7.7%
Lower Yukon School District	Mountain Village	1,927	2,037	110	5.7%
Pribilof School District	St. Paul Island	144	115	-29	-20.1%
St. Mary's School District	St. Mary's	138	165	27	19.6%
Southwest Region School District	Dillingham	768	669	-99	-12.9%
Unalaska City School District	Unalaska	351	398	47	13.4%
Yup'it School District	Akiachak	420	446	26	6.2%
Statewide - Alyeska Central School		1,306	0	-1,306	-100.0%
All School Districts		131,926	130,868	-1,058	-0.8%

Fairbanks Census Area gained most of their new residents between 2004 and 2005. Southeast Fairbanks' big attraction is the Pogo mine; in Fairbanks, the newly assigned Stryker Brigade is included in population estimates, although the troops aren't actually there now.

Employment in the Interior region's school districts showed an increase of 4 percent between April 2000 and April 2005.

Overall employment in the school districts has varied

Employment in Alaska's school districts has risen 26 percent in the past 15 years. But the growth hasn't been continuous – employment actually fell in 1995 and 2004, while it peaked in 2003. (See Exhibit 11.)

Although school enrollment levels and school district employment are closely related, their growth trends differ at times. In 1994

Notes and Source for Exhibit 10

Note: The average daily enrollment for fiscal year 2001 is the average of the daily enrollment numbers for 20 days in the latter part of October 2000; the average daily enrollment for fiscal year 2006 is the average for the 20 days in October 2005.

¹ Enrollment numbers include correspondent school students.

² The Alaska Gateway School District's Mentasta Lake School is located in the Gulf economic region, even though the rest of the district is in the Interior economic region. The school is counted as part of the Alaska Gateway School District in the Interior region.

³ The Iditarod School District's Lime Village School is located in the Northern economic region, even though the rest of the district is in the Interior economic region. The school is counted as part of the Iditarod School District in the Interior region.

Source: Alaska Department of Education and Early Development

(fiscal year 1995),⁶ for example, student counts increased while employment declined, and in 2003, at peak employment, the number of students (including correspondence students) was down 420 from fiscal year 1999, when the employment numbers were the highest. But in 11 of 15 years, employment and enrollment moved in synch.

Other factors that influence employment

The number of students isn't the only factor that influences school district employment. Program changes, such as the inclusion of special education, an increased demand for vocational schools and bilingual education programs, affect staff levels, along with changes in the number of correspondence or home-schooled students.

The specific composition of the student body in schools or districts also plays an important role. A school that has a large number of special-needs students or those who lack a proficiency in English requires more staff. In fiscal year 2006, for example, more than 18,000 students, or nearly 14 percent of Alaska's K-12 students, needed special education due to physical, emotional or mental disabilities.

Other changes, such as the federal No Child Left Behind Act of 2001, required school districts to meet national education standards. Alaska's schools, like those of other states, found that many of its students needed additional instruction to pass the mandatory examinations. Between April 2001 and April 2002, Alaska's school district employment rose by more than 4 percent but student average enrollment in fiscal years 2001 and 2002 showed little change.

The financing of local education

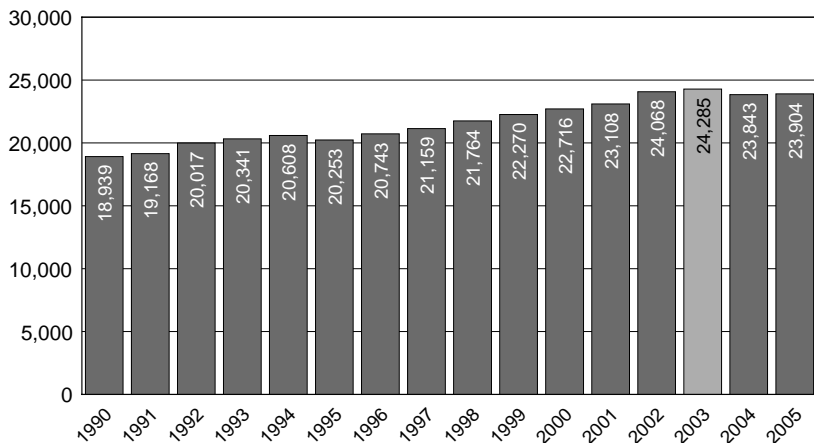
Local education is financed through a maze of channels from public sources, and to some extent, from private sources. School districts have operating funds that are supplemented by special revenues for dedicated purposes. (Capi-

⁶ Employment is calculated by the calendar year; school districts use the fiscal year.

School Employment Peaked in 2003 Alaska school district employment, 1990-2005



Employment in Alaska school districts during April of each year



Source: Alaska Department of Labor & Workforce Development, Research and Analysis Section

tal budget funds, pupil transportation and food services are subject to separate appropriations, which come in different forms from local, state and federal sources. Funds for those expenditures aren't considered basic operational obligations and therefore aren't part of the revenue picture given here.)

Alaska's school districts received \$1.38 billion in operating funds and special revenue in fiscal year 2005 from three main sources: the state, federal and local governments, according to the Alaska Department of Education and Early Development.

The state tracks each school district's operational revenue and special revenue. It uses a funding formula that factors in the amount each district gets from nonstate funding sources and the number of students in a district to determine how much it'll give that district.

Statewide, 53 percent of school district funding in fiscal year 2005 came from the state, which receives most of its revenue from oil industry related taxes. The amount the state gives each school district, however, varies greatly. In general, the state gives more to districts located in areas that don't generate enough local taxes to help pay for schools; Alaska has 19 such districts. For example, the state furnishes 78 per-

cent of St. Mary's School District revenue – St. Mary's is a small district in an area with an insufficient local tax base – while it contributes only 20 percent toward the North Slope Borough School District's revenue. The North Slope Borough pays 51 percent of its school district's operating costs, mostly from local oil related taxes.

Statewide, local property and sales tax revenues represented 24 percent of school district funding in fiscal year 2005.

Eight percent of school district funding came from the federal government, mostly as impact aid, which compensates a school district for its lack of local property tax revenue due to federal land holdings within a district's boundaries. There is no federal land within the Nenana School District's boundaries, for example, so that district doesn't receive any federal impact aid. But the federal government pays 62 percent of Annette Islands School District's operating funds because Alaska's only Indian reservation is within its boundaries.

Special revenue

In fiscal year 2005, \$175.5 million, or 13 percent of the state's school district revenue, called "special revenue," came mostly from federal grants, as well as from state, local and other sources. The amount of special revenue each school district gets every year varies, depending on need and the grants it receives. The grants include those to support the Title I program (aimed to assist economically deprived students), special education, migrant education, technology education, aid to charter schools, reading excellence programs and continuing education for teachers.

Several grants aimed at achieving proficiency in the English language have become especially important to some districts. In recent years the Anchorage School District in particular has noted an increase of cultural diversity among its students with multiple linguistic backgrounds. Just recently the district proclaimed that 95 different languages are spoken in Anchorage households with school-age children. Such special demands usually boost staff levels and payroll.

Two percent of school district funding in fiscal year 2005 came from investment interest and other income.

Payroll costs increase

In the past five years the state's combined school payroll – excluding benefits – has risen by nearly 16 percent, while employment increased by 5 percent. In 2005, the average gross pay per school district employee in Alaska was \$38,260 per year, up 8 percent from 2000. Anchorage's consumer prices, however, increased by 13 percent during that time, based on the Anchorage Consumer Price Index, the state's only local inflation measure.

Local government is a big industry and big employer

Although many people might not think of local government as an industry, its role and economic impact on Alaska's communities is substantial. Local government creates thousands of jobs in a wide variety of occupations; its employees provide essential services to virtually everyone in the state. In many areas in Alaska, local government is often one of the main employers; sometimes it's an area's only major employer.

Local government employment, though, has grown very slowly over the past decade. In part this is due to slower population growth, flat school enrollments and slower growth in the financial resources needed to operate government. This trend is likely to continue for the foreseeable future.