



www.kingeconomicsgroup.com • Phone: (907) 699-6788 • ed.king@kingecon.com

June 10, 2026

Eaglexit Board of Directors
24618 Wilma Circle
Eagle River, Alaska 99577

RE: Potential School Funding Sources

Board Members:

I hope this memo satisfies your request to identify and estimate the potential revenue sources for the proposed Chugach Regional Borough School District. In reviewing available information, I have located potential outside revenue sources totaling a little over \$96 million per fiscal year. Over 2/3 of these funds come from the state government. These potential revenue sources are discussed in greater detail below.

I. Federal Impact Aid

The proposed school district would be eligible for federal funds under title VII, section 7003. This funding program is intended to relieve the financial burden placed on school districts due to the presence of federal employees living in the service area. Given the proximity of the proposed district to JBER, and the inclusion of the elementary schools located on the base, there will be a significant share of military dependents attending public school at CRBSD.

The federal impact aid formula can get complicated. A simplified calculation is shown in the steps below.

Step 1: Living on a military installation

Each student with a military parent living on federal property adds one full count to the average daily attendance value. This portion of the formula is intended to compensate for the non-taxable nature of the housing, which typically funds education.

Based on school enrollment data, there are 1,036 military dependent children attending school at one of the elementary schools located on JBER. Presumably, these children also live on the base with their parents. However, some of these students may be attending school on-base while living off-base. Such students would not be added during this step.

Conversely, some military dependent children live on federal property but attend school at one of the district schools off-base. This includes all middle school and high school dependent students; plus, any elementary students whose parents elect to enroll them off-base. Each of these students should be added during this step. Without better data, a simple extrapolation should provide sufficient estimate.

Given the schools on JBER only serve students in kindergarten through 5th grade. Those six grade levels represent 46% of the 13 grades. Therefore, only about 46% of the students living on base are attending elementary. Dividing the 1,036 students by 46% results in an estimate of 2,253 students living on federal property.

Step 2: Living off-base

When a federal employee lives on taxable land, the impact aid formula contemplates property tax payments supporting the education of dependent children. Although the formula does acknowledge the incremental burden placed on the district. Consequently, each of these students add a value of 0.2 to the average daily attendance (ADA) calculation.

It is unclear how many service members live in off-base housing with school age dependents attending one of the CRBSD schools. Estimating this value starts with the reported 15,288 service members stationed at JBER along with 18,844 dependents. The reported percentage of service members that are married is 55%. Therefore, approximately 8,408 of the reported dependents are spouses while the other 10,436 are children.

Of the children, assuming a proportional distribution of ages, approximately 7,537 of these children would be school age. Subtracting the 2,253 students living on base leaves 5,284 dependent students living and attending school off base. What is not clear is how many of those students will attend a CRBSD school versus an ASD or Mat-Su school. For simplicity, using the share of the population living in the new borough suggests that about 715 of these students will qualify for federal impact aid funding.

Step 3: Other qualifying students

Section 7003 funding provides for partial additions for students of other federal employees, students living in federal low-rent housing, and students living on native land. There is no data available to estimate these figures and are set at zero.

Step 4: State average expenditure

To determine the amount of federal impact aid a district is eligible to receive, the weighted ADA is multiplied by the average expenditure per student across the state. The latest available data shows an average expenditure of \$19,447. Multiplying the weighted ADA by the average expenditure results in a calculated full funding amount of just under \$22 million.

Step 5: Learning Opportunity Threshold

Because Congress has not fully funded the section 7003 grant program, the department of education established a process to allocate available funding. The process considers the degree of burden the federal dependents places on a district in two ways. First, the proportion of the district budget coming from a fully funded federal impact aid grant. Second, the share of the student population represented by the weighted ADA. The combination of these factors generates the Learning Opportunity Threshold (LOT), which establishes the priority of available funding.

Because federal employees will represent a larger share of the new CRBSD population, the proposed district will receive a higher LOT than the Anchorage School District. The result of calculating the section 7003 grant suggests an expected impact payment of just over \$16 million (assuming current funding ratios continue).

II. State Formula Funding

The State of Alaska uses a complicated education funding formula to determine state aid for a district. Calculating the amounts relevant to public school funding is found at Alaska Statute 14.17.410.

First, the “basic need” is the amount of funding deemed necessary by the legislature to provide an adequate education system. Second, the amount of the basic need that will be provided by a state grant, called “state aid,” is calculated by removing a required local contribution from “basic need.”

Step 1: Determine Average Daily Membership (ADM)

The ADM of a school is the average number of students in attendance at a school during the count period each October. The 15 schools in the proposed district have a combined FY25 ADM of 6,300.

Step 2: Adjust each school ADM by the school size factor

The funding formula allows each school to receive additional funding based on the number of students it serves. It contemplates school expenditures benefiting from economies of scale, thus providing additional support to smaller populations that don’t have sufficient a population base to realize those benefits. Table 1 shows the results of applying the school size factor to the relevant schools. The adjusted ADM values sum to 6,946.

School Name	School ADM (FY24)	SS Adjusted ADM
Alpenglow Elementary	276.1	351
Aurora Elementary	353.2	426
Birchwood Elementary	239.18	314
Chugiak Elementary	439.8	508
Chugiak High School	918.16	935
Eagle Academy Charter School	204.45	277
Eagle River Elementary	256.58	332
Eagle River High School	758.99	801
Fire Lake Elementary	193	265
Gruening Middle School	790.75	828
Homestead Elementary	255.05	331
Mirror Lake Middle School	572.74	631
Orion Elementary School	403.35	475
Ravenwood Elementary	358.95	432
Ursa Minor Elementary	279.68	355
All Schools Enrollment	6,300	7,261

Step 3: Calculate the block grant adjustment for special needs

Current state law provides a flat percentage increase of 20%, applied to the total school size adjusted ADM. This funding is intended to support a school district's non-general education programs but is not based on any actual costs or restricted to any specific use. The "special education" factor applied to CRBSD's student base adds a value of 1,452 to the district ADM.

Step 4: Calculate the block grant adjustment for career and technical education (CTE)

A second block grant for non-general education exists in state law. While described as CTE funding, the amount is based on the running adjusted ADM regarding of actual program offerings. This grant is calculated by multiplying the adjusted ADM, including the school size and special needs adjustment, by 1.5%. The "CTE" factor applied to CRBSD's student population results in another 131 added to the adjusted ADM.

Step 5: Apply the District Cost Factor (DCF)

Each district is assigned a number intended to represent the cost difference in providing educational services relative to Anchorage. These cost factors are set in statute and do not adjust without legislative action.

The cost factor for the proposed district has not been set by statute. It is therefore unclear what factor would apply. Presumably, the factor will remain at 1.0 (as it is currently part of the Anchorage school district, which is the base) until adjusted by the legislature.

It is reasonable to assume the cost factor for CRBSD will be set closer to the factor of 1.07 assigned to the Mat-Su school district. If that assumption holds, the adjusted ADM increases by another 7%, bringing the district adjusted ADM to 9,463.

Step 6: Add intensive needs funding

According to AS 14.17.420, each student that qualifies as needing intensive services during the October count period adds a value of 13 to the ADM. Estimating the exact number of students requiring special needs requires additional data. However, a reasonable estimate can be made based on the Anchorage school district numbers.

ASD reports 1,110 of its 40,902 students attending in-person as requiring intensive services. A simple division yields an average of 2.71% of students requiring intensive services.

Applying this average to the students in CRBSD schools results in an estimated 164 students qualifying for intensive needs funding. Multiplying that number by 13 generates an additional value of 2,132 to the district ADM.

Step 7: Add correspondence funding

Alaska provides financial support to students receiving public education from outside a physical public-school building. These students enroll in a district or statewide correspondence program, which is then responsible for ensuring the student meets state standards.

A district receives 90% of the base student allocation for each student enrolled in its program, regardless of where the student lives within the state. The funding formula adds these adjusted counts to the district ADM when determining the amount of state aid the district will receive.

Personal communication with board members indicates an intent for CRBSD to offer a district correspondence program. Based on current enrollment in the ASD correspondence programs, approximately 360 students living in the proposed district may elect to switch enrollment to the new program. It is unclear if additional students from outside the district would participate in the new program.

Step 8: Apply the Base Student Allocation (BSA)

The final step in determining a district's basic need is to multiply the district adjusted ADM, as calculated in the steps above, by the base student allocation set forth in AS 14.17.470. The value in fiscal year 2026 was \$6,960.

Applying the BSA to the district adjusted ADM generates a basic need of \$79.4 million.

Step 9: Determine the required local contribution

AS 14.17.410(b)(2) requires that each school district must contribute a percentage of its property tax base toward education. Conceptually, this element of the formula ensures that a greater amount of

state support flows to lower income regions of the state. The current law sets the local funding requirement at 0.265% of the total property value in the district¹.

The CRB property tax base is estimated to be \$4,933,531,411 based on values provided by board members. Applying the 2.65 mill rate mandated by state law yields a required local contribution of \$13.1 million.

Step 10: Calculate State Aid

Subtracting the required local contribution from the basic need leaves \$66.4 million unfunded. The state considers the amount of federal impact aid a district receives when determining the amount the state will contribute. There are two components to calculate how much of a district's impact aid is applied toward basic need. First, the state removes some federal impact aid from consideration. Then, 90% of the remaining eligible impact aid applies toward basic need.

For this estimate, the eligible impact aid rate of 84% is applied to the \$12.0 million total grant. The result of \$10.0 million is the estimated eligible impact aid. Applying the 90% factor results in \$9.0 million of basic need being considered met by federal impact aid.

Subtracting the required local contribution and the federal impact aid deduction from basic need generates a state aid grant of \$57.3 million.

State Aid Calculation	
Base AADM Funding	\$ 63,022,417
Correspondence Funding	\$ 2,157,840
Intensive Needs Funding	\$ 14,199,120
Basic Need	\$ 79,379,377
Required Local Contribution	\$ 13,073,858
Impact Aid Reduction	\$ 9,034,651
State Aid	\$ 57,270,868

III. Other Noncompetitive State Grants

In addition to the foundation funding formula, Alaska provides various additional educational grants. The largest is a per pupil amount intended to assist with pupil transportation. If the CRBSD receives the same rate as the Mat-Su school district, it would result in around \$5.7 million. Another state grant every district receives is a "quality schools grant." This is a \$14 per student payment regardless of location or need. For CRBSD, this is a \$182,613 unrestricted grant. Each district also receives a pro-rata share of proceeds from the education raffle fund. The most recent payment rate would result is around \$18,182 for the CRBSD, but the amount should increase as the fund grows.

IV. Other Federal Funding

¹ This value cannot exceed 45% of the calculated basic need from the previous year.

There are several federal funding sources in addition to federal impact aid under section 7003. While it is unclear what the exact amounts the proposed district would qualify to receive, estimates can be made based on reported data for other districts. The following table shows some approximations.

Title Funds	
Title 1-A (Improving Education for the Disadvantaged & Struggling Students)	\$ 1,790,250
Title 1-C (Migrant Students Educational Support)	1,732,495
Title 1 (Improving Education for the Disadvantaged & Struggling Students (Competitive))	17,124
Title 1-D (Neglected or Delinquent Educational Support)	6,951
Title II-A (Teacher and Principal Quality and Support)	535,498
Title III (English Language Learners Support)	31,500
Title IV (Student Support and Academic Enrichment Grants)	302,399
Title IV-B (21st Century Community Learning Centers)	-
Title VI-B (Individual with Disabilities Education)	2,456,992
Title VII (7003 Impact Aid)	12,017,854
Total Title Funds	\$ 18,891,062.30
Federal Grants	
School Improvement 1003a	-
Career and Technical Education (CTE)	207,899
McKinney Vento Education for Homeless Children and Youth	25,200
Migrant Literacy	12,600
Disabled 619 (Individual with Disabilities Education PRESCHOOL)	107,100
SPED Discretionary (Individual with Disabilities Education)	-
Literacy Development	380,325
HOMELESS	25,200
Trauma Recovery	-
Substance Abuse and Mental Health	-
Child Nutrition Programs	1,518,295
Institute of Museum and Library Services	-
Other Direct Federal Grants	170,099
E-rate	314,999
Total Other Federal Funds	\$ 2,761,717.44

This suggests an additional amount of \$6.9 million beyond the Title VII impact aid may be available.

Summary

Based on my review of current district funding sources and applying the current funding formula to the proposed district, it appears that the CRBSD would qualify for education support of approximately \$63 million from the state and about \$22 million from the federal government.

The new borough government would also be required to provide over \$13 million to the school district, either in tax revenue or in-kind services, bringing the district budget to around \$98.1 million (plus any voluntary local contributions).

I hope this memo meets your needs. Please let me know if you have any questions or if I can be of further assistance.

Ed King
Principal Economist
King Economics Group