

MEMORANDUM

TO: NWABSD Board of Education
Members

DATE: September 30, 2025

NUMBER: 26-042

FR: Office of the Superintendent

SUBJECT: Education Payroll Tax

ABSTRACT:

AASB has requested that boards review and propose regulations to AASB at the Annual Conference in November.

ISSUE:

The funding of public education in Alaska is subject to an annual appropriation from the state's general fund and is contingent upon available state revenues. State revenue is primarily derived from two primary funding sources: oil revenues and investment returns from the Permanent Fund. Both funding sources can vary wildly from year to year, providing little stability for education funding. Education funding is also subject to the changing funding priorities of administrations and legislatures. Funding for education has increasingly failed to provide a stable and secure source of funding for Alaskan students.

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BACKGROUND AND/OR PERTINENT INFORMATION:

AASB lends its full support for the establishment of a yearly education tax. An education payroll tax will provide a secure source of funding for education to be used for public elementary and secondary education.

ALTERNATIVES:

1. Approve the Education Payroll Tax Credit as presented.
2. Do not approve the Education Payroll Tax Credit as presented.
3. Take no final action.

ADMINISTRATION'S RECOMMENDATION:

Approve the Education Payroll Tax Credit as presented.

CORE RESOLUTIONS

EDUCATION TAX

AASB lends its full support for the establishment of a yearly education tax. An education head tax will provide a secure source of funding for education to be used for public elementary and secondary education.

Rationale. The funding of public education in Alaska is subject to an annual appropriation from the state general fund and is subject to available state revenues. State revenue is largely derived from two primary funding sources: oil revenues and investment returns from the Permanent Fund. Both funding sources can vary wildly from year to year providing little stability for education funding. Education funding is also subject to the funding priorities of administrations and legislatures which change. Funding for education has increasingly failed to provide a stable and secure funding source for Alaskan students. A yearly education head tax will provide a secure funding source for public education funding and allow for long-range education planning. The education tax alone will not solve the issue of funding education but it could serve as a solid foundation and as a part of a larger fiscal solution for the State of Alaska.