



Representative Andi Story

Alaska State Legislature

House Bill 261 Version 34-LS1293\H.A Sponsor Statement 14 May 2026

Alaska's education funding process is broken. School communities routinely do not learn their final funding levels for the upcoming school year until late May, after critical staffing and program decisions are made and after municipal timelines are due. This backward budgeting forces districts into guesswork, creates annual instability, contributes to the outward migration of teachers and families, and undermines our education system.

This process forces districts to deliver a notice of possible non-retention ("pink slips"), causing educators to be left in limbo, unsure whether they have a job for the following school year. This matters because education operates in a competitive labor market. In the middle of a national teacher shortage, Alaskan families, children, and communities cannot wait until the rest of the nation has already recruited the best teachers. If we want to compete, districts need the ability to offer contracts when teachers are making employment decisions, not months later.

HB 261 fixes our flawed budget timeline by authorizing districts, starting July 1st of the current school year, to use the greater of the prior three-year average student count (ADM) or the previous year's student count (ADM) in planning for the next fiscal year. This is a common and responsible method used in 26 other states to smooth enrollment volatility and improve educational planning and budget predictability. This allows communities to focus on improving student achievement and efficiencies by not having to focus on budgeting and redoing budgets. This proposed student count averaging adjustment was recommended more than a decade ago in a study the legislature commissioned on our education funding process, and again, recently, as part of an Education Funding Task Force presentation last November. The Alaska Association of School Business Officials (ALASBO), in consultation with Legislative Finance, provided modeling.

This bill additionally invests in improved student achievement and student motivation by increasing funding for the Reads Act and Career and Technical Education (CTE).

This bill limits the amount of required local contribution (RLC) by municipalities to 2% of the full and true property value.

Other main components of HB 261 include:

1. Adjusts the student count for intensive needs special education students, whose complex requirements are funded at 13 times the Base Student Allocation. It provides districts with three options for the ADM intensive needs count:
 - a. use of the previous fiscal year student count; or
 - b. use of the current fiscal year student count;
 - c. use of a second count by February 15 of the current fiscal year, should the district choose to conduct an additional student enrollment count.
2. Allows alternative schools with an ADM of fewer than 175 to be counted as their own school, rather than as part of the largest school in the district. Being rolled into a count of mainstream

youth means that alternative programs, which typically require smaller class sizes and more personalized services, may be deprived of much-needed funds.

3. Smooths out the funding cliffs when school membership in small districts falls below 100 or 425 students, preventing large changes in funding with small changes in enrollment (AS 14.17.905 Facilities constituting a school).
4. Allows districts that are currently in hold harmless status, or that enter hold harmless by July 1, 2026, to be grandfathered in until phasing into the new student count adjustment.
5. Allows for districts to use the school's current fiscal year student count (ADM) if the district exceeds the greater of the prior three-year student count average or the previous student count. Just three or four students can make a big difference in revenues.

In closing, HB 261 is true educational policy reform, helping to stabilize the education funding process, resetting resource levels more smoothly, helping retain and recruit teachers, reducing outmigration of families, improving student achievement, and, importantly, building public confidence in Alaska's educational system.