

Fiscal Note

State of Alaska
2026 Legislative Session

Bill Version: HB 261
 Fiscal Note Number: _____
 () Publish Date: _____

Identifier: HB261CS(EDC)-EED-PEF-3-25-26
 Title: EDUCATION FUNDING
 Sponsor: STORY
 Requester: (H) EDUCATION

Department: Fund Capitalization
 Appropriation: No Further Appropriation Required
 Allocation: Public Education Fund
 OMB Component Number: 2804

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

| | FY2027 | Included in | Out-Year Cost Estimates | | | | | |
|-------------------------------|-------------------------|---------------------------|-------------------------|------------------|------------------|------------------|------------------|------------------|
| | Appropriation Requested | Governor's FY2027 Request | FY 2027 | FY 2028 | FY 2029 | FY 2030 | FY 2031 | FY 2032 |
| OPERATING EXPENDITURES | FY 2027 | FY 2027 | | | | | | |
| Personal Services | | | | | | | | |
| Travel | | | | | | | | |
| Services | | | | | | | | |
| Commodities | | | | | | | | |
| Capital Outlay | | | | | | | | |
| Grants & Benefits | 100,467.3 | | 100,305.2 | 100,305.2 | 100,305.2 | 100,305.2 | 100,305.2 | 100,305.2 |
| Miscellaneous | | | | | | | | |
| Total Operating | 100,467.3 | 0.0 | 100,305.2 | 100,305.2 | 100,305.2 | 100,305.2 | 100,305.2 | 100,305.2 |

Fund Source (Operating Only)

| | | | | | | | | |
|---------------------|------------------|------------|------------------|------------------|------------------|------------------|------------------|------------------|
| 1004 Gen Fund (UGF) | 100,467.3 | | 100,305.2 | 100,305.2 | 100,305.2 | 100,305.2 | 100,305.2 | 100,305.2 |
| Total | 100,467.3 | 0.0 | 100,305.2 | 100,305.2 | 100,305.2 | 100,305.2 | 100,305.2 | 100,305.2 |

Positions

| | | | | | | | | |
|-----------|--|--|--|--|--|--|--|--|
| Full-time | | | | | | | | |
| Part-time | | | | | | | | |
| Temporary | | | | | | | | |

Change in Revenues

| | | | | | | | | |
|--------------|------------|------------|------------|------------|------------|------------|------------|------------|
| None | | | | | | | | |
| Total | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

Estimated SUPPLEMENTAL (FY2026) cost: 0.0 *(separate supplemental appropriation required)*

Estimated CAPITAL (FY2027) cost: 0.0 *(separate capital appropriation required)*

Does the bill create or modify a new fund or account? No
(Supplemental/Capital/New Fund - discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? **Yes**
 If yes, by what date are the regulations to be adopted, amended or repealed? **07/01/26**

Why this fiscal note differs from previous version/comments:

The fiscal note was updated to reflect changes in the committee substitute, including revised ADM calculations, removal of averaging provisions, and the addition of a hold harmless transition, all of which affect the timing and amount of state aid.

| | |
|---|-----------------------------|
| Prepared By: <u>Heather Heineken, Division Director</u> | Phone: <u>(907)269-6889</u> |
| Division: <u>Finance and Support Services</u> | Date: <u>03/23/2026</u> |
| Approved By: <u>Dawn Hannasch, Administrative Services Director</u> | Date: <u>03/25/2026</u> |
| Agency: <u>Department of Education and Early Development</u> | |

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2026 LEGISLATIVE SESSION

BILL NO. CSHB261

Analysis

This bill proposes allocating funds to districts based on the previous year's average daily membership (ADM) count for the current fiscal year, with exceptions beneficial to district funding. Provisions that affect the public education (Foundation) funding formula:

- Removes the current hold harmless provision for districts experiencing a five percent or greater drop in ADM at the school size factor (AS 14.17.410); however, districts that are eligible on July 1, 2026 can chose to continue until the calculation is completed over a maximum three year period.
- Provides three options for the intensive services funding factor (AS 14.17.420): previous year October count, current year October count, or current year February count.
- Provides that ADM is based on greater of the previous year ADM or prior three-year average ADM, or the current year count if five percent greater than either other option (AS 14.17.450).
- Requires payment of additional funds in current year if intensive student count increases or if current year ADM increased greater than 5 percent (AS 14.17.610).
- Provides option for using a previous three-year average ADM for determining whether a facility qualifies as a school (AS 14.17.905).

Differences from the original to the committee substitute: removed alternative program school size change, added comparison to current year ADM to choose greater of if more than five percent increase, removed use of prior three-year average for intensive student count, added transition for hold harmless.

The definition of "prior three-year average ADM" uses the data from the three count periods prior to the current year count. For this fiscal note the previous three-year average ADM counts were based on FY2023-2025 and compared to the current FY2026 preliminary counts, and then further compared to the FY2027 projected ADM to determine estimated funding for FY2027-FY2032. Intensive counts compared FY2026 preliminarily and FY2027 projected; no data is available for the proposed February 15 count. Correspondence ADM is from FY2026 preliminary counts.

This bill takes effect July 1, 2026 (FY2027).

Regulations will be developed establishing reporting timelines and requirements for the alternate intensive student count date.

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2026 LEGISLATIVE SESSION

BILL NO. CSHB261

Analysis

| School District | FY2027 PROJECTED Total State Entitlement | CS HB261() "I" FY2027 PROJ. Total State Entitlement | FY2027 PROJ. Cost to State | CS HB261() "I" FY2028 PROJ. Total State Entitlement | FY2028 PROJ. Cost to State |
|---------------------------|---|---|-------------------------------|---|-------------------------------|
| Alaska Gateway | \$ 8,749,369 | \$ 8,872,875 | \$ 123,506 | \$ 8,796,502 | \$ 47,133 |
| Aleutian Region | 1,244,980 | 1,244,980 | - | 1,244,980 | - |
| Aleutians East Borough | 3,815,115 | 4,325,295 | 510,180 | 4,325,295 | 510,180 |
| Anchorage | 327,335,148 | 355,314,064 | 27,978,916 | 355,314,064 | 27,978,916 |
| Annette Island | 5,244,704 | 5,694,934 | 450,230 | 5,694,934 | 450,230 |
| Bering Strait | 32,584,914 | 35,044,819 | 2,459,905 | 35,044,819 | 2,459,905 |
| Bristol Bay Borough | 1,098,509 | 625,047 | (473,462) | 600,479 | (498,030) |
| Chatham | 3,998,845 | 3,930,015 | (68,830) | 3,930,015 | (68,830) |
| Chugach | 5,875,634 | 5,481,217 | (394,417) | 5,481,217 | (394,417) |
| Copper River | 6,623,852 | 6,707,837 | 83,985 | 6,707,837 | 83,985 |
| Cordova | 5,206,681 | 5,243,933 | 37,252 | 5,243,933 | 37,252 |
| Craig | 5,747,634 | 5,780,147 | 32,513 | 5,780,147 | 32,513 |
| Delta/Greely | 11,854,559 | 12,491,984 | 637,425 | 12,491,984 | 637,425 |
| Denali Borough | 8,048,370 | 8,292,310 | 243,940 | 8,292,310 | 243,940 |
| Dillingham | 5,139,822 | 5,272,273 | 132,451 | 5,272,273 | 132,451 |
| Fairbanks N. Star Borough | 98,491,611 | 110,674,375 | 12,182,764 | 110,674,375 | 12,182,764 |
| Galena | 51,310,594 | 52,900,015 | 1,589,421 | 52,900,015 | 1,589,421 |
| Haines Borough | 2,729,495 | 3,345,957 | 616,462 | 3,345,957 | 616,462 |
| Hoonah | 2,625,307 | 2,672,306 | 46,999 | 2,672,306 | 46,999 |
| Hydaburg | 1,268,543 | 1,757,826 | 489,283 | 1,715,835 | 447,292 |
| Iditarod Area | 5,820,421 | 6,066,766 | 246,345 | 6,066,766 | 246,345 |
| Juneau Borough | 33,938,338 | 44,633,691 | 10,695,353 | 44,633,691 | 10,695,353 |
| Kake | 2,540,011 | 2,567,449 | 27,438 | 2,567,449 | 27,438 |
| Kashunamiut | 4,483,742 | 4,500,299 | 16,557 | 4,500,299 | 16,557 |
| Kenai Peninsula Borough | 72,094,570 | 77,781,187 | 5,686,617 | 77,781,187 | 5,686,617 |
| Ketchikan Gateway Borough | 26,397,395 | 28,813,574 | 2,416,179 | 28,813,574 | 2,416,179 |
| Klawock | 1,760,298 | 1,858,902 | 98,604 | 1,858,902 | 98,604 |
| Kodiak Island Borough | 24,992,735 | 29,349,426 | 4,356,691 | 29,349,426 | 4,356,691 |
| Kuspuk | 6,108,200 | 7,688,009 | 1,579,809 | 7,688,009 | 1,579,809 |
| Lake & Peninsula Borough | 8,713,953 | 9,150,030 | 436,077 | 9,150,030 | 436,077 |
| Lower Kuskokwim | 67,672,666 | 71,964,933 | 4,292,267 | 71,964,933 | 4,292,267 |
| Lower Yukon | 44,759,843 | 45,545,074 | 785,231 | 45,545,074 | 785,231 |
| Mat-Su Borough | 182,461,323 | 192,956,128 | 10,494,805 | 192,956,128 | 10,494,805 |
| Nenana | 15,794,911 | 15,764,869 | (30,042) | 15,764,869 | (30,042) |
| Nome | 10,457,451 | 11,161,302 | 703,851 | 11,161,302 | 703,851 |
| North Slope Borough | 19,692,051 | 21,679,563 | 1,987,512 | 21,679,563 | 1,987,512 |
| Northwest Arctic Borough | 39,460,270 | 42,534,568 | 3,074,298 | 42,534,568 | 3,074,298 |
| Pelican | 431,152 | 431,152 | - | 431,152 | - |
| Petersburg | 6,824,968 | 6,942,666 | 117,698 | 6,942,666 | 117,698 |
| Pribilof | 1,046,088 | 1,046,088 | - | 1,046,088 | - |
| Saint Mary's | 4,513,541 | 4,627,232 | 113,691 | 4,627,232 | 113,691 |
| Sitka Borough | 11,438,685 | 12,634,357 | 1,195,672 | 12,634,357 | 1,195,672 |
| Skagway | 1,298,649 | 1,556,943 | 258,294 | 1,556,943 | 258,294 |
| Southeast Island | 5,248,204 | 5,358,424 | 110,220 | 5,358,424 | 110,220 |
| Southwest Region | 10,976,601 | 11,277,288 | 300,687 | 11,277,288 | 300,687 |
| Unalaska | 3,952,780 | 4,060,732 | 107,952 | 4,060,732 | 107,952 |
| Valdez | 4,433,840 | 4,641,797 | 207,957 | 4,641,797 | 207,957 |
| Wrangell | 3,267,830 | 3,599,827 | 331,997 | 3,599,827 | 331,997 |
| Yakutat | 1,221,781 | 1,297,621 | 75,840 | 1,297,621 | 75,840 |
| Yukon Flats | 5,621,618 | 5,767,355 | 145,737 | 5,767,355 | 145,737 |
| Yukon/Koyukuk | 27,394,358 | 31,205,218 | 3,810,860 | 31,205,218 | 3,810,860 |
| Yup'it | 10,823,392 | 11,111,795 | 288,403 | 11,111,795 | 288,403 |
| Mt. Edgecumbe High School | 3,526,394 | 3,382,527 | (143,867) | 3,363,433 | (162,961) |
| TOTAL | \$ 1,258,161,745 | \$ 1,358,629,001 | \$ 100,467,256 | \$ 1,358,466,975 | \$ 100,305,230 |