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Written Testimony on CSHB 261 (Version I)
Submitted by Lon Garrison,

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Co-Chairs Himschoot and Story, and members of the House Education Committee,

My name is Lon Garrison and I serve as the Executive Director of the Association of Alaska School Boards (AASB). Thank you for the opportunity to provide testimony on CSHB 261. On behalf of the Association of Alaska School Boards, I offer support for this legislation as an important step toward improving the structure, predictability, and responsiveness of Alaska's public school funding formula.

CSHB 261 focuses on a fundamental issue that school boards and superintendents across Alaska experience every year: **volatility in student counts** and the resulting uncertainty in school district budgets. While enrollment changes are a reality, the current system can produce sudden and sometimes dramatic shifts in funding that are difficult for districts to absorb, particularly in small and rural communities.

The committee substitute makes **meaningful structural improvements that move the foundation formula toward greater stability**. By allowing districts to use the greater of prior-year ADM or a prior three-year average, **the bill moderates the impact of short-term enrollment declines**. This approach recognizes that districts cannot immediately scale down staffing, programming, or operations in response to a single year of declining enrollment. Schools are long-term institutions, and their cost structures reflect that reality.

At the same time, the bill thoughtfully avoids locking districts into outdated enrollment figures. The addition of a provision allowing districts to use current-year ADM when enrollment exceeds prior-year levels by 5% or more ensures that districts experiencing growth are not underfunded. This is particularly important in communities where enrollment can increase rapidly due to economic activity, housing changes, or population shifts. The ability to recognize that growth in the same fiscal year is a critical improvement in the formula.

CSHB 261 also **improves the treatment of intensive services funding** by allowing districts to use current-year or additional count options. This is a practical and necessary change. Students requiring intensive services represent some of the most significant and immediate cost pressures on districts. Providing **multiple count options** allows funding to better align with actual student needs, rather than relying solely on a single point-in-time count that may not reflect current conditions.

Another important feature of the committee substitute is the transition provision related to hold harmless. While **the bill appropriately moves away from long-term reliance on declining enrollment protections, it does so in a measured way**. Allowing districts currently in hold harmless to



phase out of that status avoids abrupt fiscal shocks and provides time for local boards to adjust operations responsibly.

Taken together, these changes create a more balanced funding model—one that improves predictability for districts facing enrollment decline, while also maintaining the flexibility to respond to growth and changing student needs.

From AASB's perspective, **CSHB 261 aligns with several of our 2026 Legislative Priorities and long-standing policy positions.** Our priorities call for a public education funding system that is timely, predictable, equitable, and sustainable. The structural changes in this bill directly support those principles by stabilizing the way student counts are used in the formula and improving the alignment between funding and actual enrollment.

This bill is also supported by AASB's *Where We Stand 2026* resolutions. In particular, it aligns with our call for sustainable and equitable funding for public education, as reflected in Resolution B.7, and our emphasis on timely and predictable funding under Resolution 2.1. By improving how the formula responds to both declining and increasing enrollment, the bill advances the goal of equitable treatment for districts across the state.

Additionally, the bill's provisions related to early education and intensive student counts are consistent with AASB's support for early learning opportunities and the need to ensure that districts are adequately supported in serving students with the greatest needs.

At the same time, I would note that CSHB 261 **is primarily a structural improvement** to the funding formula. **It does not, by itself, address the broader issue of funding adequacy that remains a central concern for school districts across Alaska.** AASB continues to advocate for increased investment in public education, including adjustments to the Base Student Allocation, to ensure that all students have access to a high-quality education.

In closing, AASB supports CSHB 261 because it represents a thoughtful and pragmatic step toward a more stable and responsive funding system. It improves the mechanics of the formula in ways that will help school boards better plan, manage resources, and serve students.

Thank you for your consideration.

Respectfully submitted,

Lon Garrison
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