



Representative Andi Story

Alaska State Legislature

Sectional Analysis

HB 261 Version 34-LS1293\G

“An act relating to education funding and providing for an effective date.”

Section 1: Amends AS 14.03.410 (e) to conform to AS 14.17.600 under former AS 14.17.500.

Sections 2: Amends AS 14.11.100 (o) (A) through (M) to conform to AS 14.17.600 under former AS 14.17.500.

Section 3: Amends AS 14.11.100 P(2)(A) through (L) to conform to AS 14.17.600 under former AS 14.17.500

Section 4: Amends AS 14.11.100 (q) (1)(A) and (B) conforms to AS 14.17.600 under former AS 14.17.500.

Section 5: Amends AS 14.16.050 (a) (2) (B) with conforming language, changing AS 14.17.500 - AS 14.17.910 to AS 14.17.505 – 14.17.910.

Section 6: AS 14.17.410 (b) (1) is amended by deleting (E) through (H). This section eliminates the five percent adjustment allowance that school districts used in determining average daily membership (ADM), commonly known as the “hold harmless” clause. Please note that, due to conforming changes, (E) and (F) are re-lettered from (H) and (I), respectively. (F) through (J) are re-lettered to conform as determined throughout Section 6.

Section 7: Amends AS 14.17.420 (a)(2) by adding that funding for the intensive student count equals the greater of enrollment counts taken on the last day of the count period in the previous fiscal year **or** by selecting one of the following enrollment count options: 1) use of the current enrollment fiscal year; 2) use of a second count by February 15 of the current fiscal year, should the district choose to conduct an additional student enrollment count.

Section 8: Amends AS 14.17.450 (g) by adding a new subsection that states that the calculation of a district’s student count must be based on the greater of (1) the district’s prior three-year average ADM reported in AS 14.17.600 or (2) the ADM reported in the previous fiscal year under 14.17.600; and adds new language to allow for districts to use the “current” ADM of the fiscal year if the district exceeds the greater of the ADM described in (1) or (2) of this subsection by five percent or more under AS.14.17.600.

Section 9: Amends AS 14.17.600 (a) by adding that the report submitted by a district for its ADM count period shall include the district’s prior three-year average ADM, student count information the department determines is necessary to calculate community and charter school ADMs, that relate to the district under AS 14.17.905, in order determine the amount of the district’s state aid for the succeeding fiscal year.

The district shall also include the in district’s report of the number of special education students who needed and received intensive services and are enrolled on the last day of the count period, which the department shall use to determine funding for intensive services for the succeeding fiscal year under AS 14.17.420 (a) (2) (A) and if applicable, additional intensive services funding for the current fiscal year under AS 14.17.420 (a) (2) (B).

Section 10: Amends AS 14.17.600 by adding new subsections from AS 14.17.500 (b) through (g) to AS 14.17.600 (c) through (h).

Section 11: Amends AS 14.17.600 (e) by adding a new subsection (d)(1)-(2) to read that “a district may not include in the district’s ADM, a student in a district-wide early education program provided by the district.”

Section 12: Amends the process under AS 14.17.610 (a) of when the department distributes payments to school districts for a fiscal year based on a district’s student count date reported in the previous fiscal year under 14.17. 600.

Section 13: Amends AS 14.17. 610 by adding a new subsection (d) (1-2). This subsection conforms to AS 14.17.420(a) (2) (B) or (C), the distribution of funds among districts entitled to additional intensive services funding based on a new student count. This section also adds a new subsection (2)(e) stating that the department may not reduce the amount of a school district’s state aid for a fiscal year on the basis that the department distributed additional funding to another school district for the fiscal year under (d) of this section. This language maintains district funding if a student, particularly a student with special needs, changes districts within the fiscal year (AS 14.17. 420 (a)(2) (C)).

Section 14: AS 14.17.905 amends by adding in conforming language under AS 14.17.600. AS 14.17.905(a)(3) is also amended to allow alternative schools with an ADM of less than 175 to be counted as one school.

Section 15: AS 14.17.905 is amended by adding a new subsection determining a community’s or charter school’s ADM be based on the greater of (1) the community or charter school’s prior three-year average ADM reported in AS 14.17.600 or (2) the ADM reported in the previous fiscal year under 14.17.600; and adds new language to allow the community or charter school’s current” ADM of the fiscal year if the district exceeds the greater of the ADM described in (1) or (2) of this subsection by five percent or more under AS.14.17.600.

Section 16: AS 14.17.990 is amended by adding a new paragraph defining “prior three-year average ADM”. Prior three-year means the three-year student count periods immediately preceding a student count period conducted under AS 14.17. 600 (a).

Section 17: Amends section 47, ch. 40, SLA 2022 with conforming language repealing Sec. 47. AS 14.03.120(h), 14.03.410, 14.03.420; [AS 14.17.500(e), 15 14.17.500(f), 14.17.500(g);] AS 14.20.020(l); AS 14.30.760, 14.30.765, 14.30.770, 16 14.30.775, 14.30.780, and 14.30.800.

Section 18: Conforming language repealing AS.14.17.500.

Section 19: Conforming language repealing AS 14.17.600 (f), AS 14.17.600 (g), and AS 17.600 (g)

Section 20: Transitioning language for districts currently in hold harmless or have met the requirements for eligibility on July 1, 2026, to calculate the school district’s school size adjustment until the school district is no longer eligible under AS 14.17.410 (b)(1)(E-G).

Section 21: Amends uncodified law to set forth the transition to the new ADM calculation.

Section 22: Provides for an effective date for Sections 11 and 19 to take effect on the effective date of sec. 47, ch. 40, SLA 2022.

Section 23: Provides for the effective date, except as provided in sec. 21, of July 1, 2026.

4/09/26