

Fiscal Note

State of Alaska
2026 Legislative Session

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

Identifier: CSHB261(EDC)-EED-PEF-4-10-26
 Title: EDUCATION FUNDING
 Sponsor: STORY
 Requester: (H) FINANCE

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 2028	FY 2029	FY 2030	FY 2031	FY 2032
OPERATING EXPENDITURES	FY 2027	FY 2027					
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits	113,710.6		113,548.5	113,548.5	113,548.5	113,548.5	113,548.5
Miscellaneous							
Total Operating	113,710.6	0.0	113,548.5	113,548.5	113,548.5	113,548.5	113,548.5

Fund Source (Operating Only)

1004 Gen Fund (UGF)	113,710.6		113,548.5	113,548.5	113,548.5	113,548.5	113,548.5
Total	113,710.6	0.0	113,548.5	113,548.5	113,548.5	113,548.5	113,548.5

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

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 If yes, by what date are the regulations to be adopted, amended or repealed? **07/01/27**

Why this fiscal note differs from previous version/comments:

Updated to reflect changes made in version I. Adds in funding for alternative schools with less than 175 ADM to receive a separate school size adjustment and funding factors.

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Division:	Finance and Support Services	Date:	04/08/2026
Approved By:	Dawn Hannasch, Administrative Services Director	Date:	04/14/2026
Agency:	Department of Education and Early Development		

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 choose 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).
- Removes minimum ADM for funding alternative programs as a separate school for the purposes of a school size factor adjustment (AS 14.17.905).

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 prior 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 preliminary 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).

See School Finance & Facilities (component 2737) fiscal note for regulation discussion.

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2026 LEGISLATIVE SESSION

BILL NO. CSHB261(EDC)

Analysis

School District	FY2027 PROJECTED Total State Entitlement	CSHB261(EDC) FY2027 PROJ. Total State Entitlement	FY2027 PROJ. Cost to State	CSHB261(EDC) 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	358,775,369	31,440,221	358,775,369	31,440,221
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	45,756,194	11,817,856	45,756,194	11,817,856
Knife	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	79,882,191	7,787,621	79,882,191	7,787,621
Ketchikan Gateway Borough	26,397,395	30,325,754	3,928,359	30,325,754	3,928,359
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	72,431,920	4,759,254	72,431,920	4,759,254
Lower Yukon	44,759,843	45,545,074	785,231	45,545,074	785,231
Mat-Su Borough	182,461,323	195,769,528	13,308,205	195,769,528	13,308,205
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	22,604,857	2,912,806	22,604,857	2,912,806
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	13,474,999	2,036,314	13,474,999	2,036,314
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	\$ 1,371,872,316	\$ 113,710,571	\$ 1,371,710,290	\$ 113,548,545