

# Fiscal Note

State of Alaska  
2026 Legislative Session

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

Identifier: HB261CS(EDC)-EED-FP-4-10-26  
Title: EDUCATION FUNDING  
Sponsor: STORY  
Requester: (H) FINANCE

Department: Department of Education and Early Development  
Appropriation: K-12 Aid to School Districts  
Allocation: Foundation Program  
OMB Component Number: 141

**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
<b>OPERATING EXPENDITURES</b>	<b>FY 2027</b>	<b>FY 2027</b>					
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
<b>Total Operating</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Fund Source (Operating Only)**

None							
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Positions**

Full-time							
Part-time							
Temporary							

**Change in Revenues**

None							
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**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If yes, by what date are the regulations to be adopted, amended or repealed?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:	04/14/2026
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).
- 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.

*The funding mechanism is a general fund transfer to the Public Education Fund (PEF). The fiscal note effect for FY2027 through FY2032 is reported in the fiscal note for the PEF, as the funding is deposited to the PEF, not into the Foundation Program funding component. The above analysis is presented here for explanation purposes only.*