

# Fiscal Note

State of Alaska  
2026 Legislative Session

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

Identifier: HB261CS(FIN)AM-EED-FP-5-14-26  
Title: EDUCATION FUNDING  
Sponsor: STORY  
Requester: (H) FLOOR

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 2027	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>	<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>	<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>	<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If yes, by what date are the regulations to be adopted, amended or repealed?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:**

Reflects amendments made on the House Floor: increasing the career and technical education funding factor from 1.015 to 1.023, capping required local contribution annual growth by 2 percent, and removing the 5 percent modifier from the current year average daily membership count option.

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Division:	Finance and Support Services	Date:	05/14/2026
Approved By:	Dawn Hannasch, Administrative Services Director	Date:	05/14/26
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). Districts that are eligible on July 1, 2026 can choose to continue until the calculation is completed over a maximum three year period; however, no districts are estimated to benefit after FY2027.
- Institutes a cap of 2 percent on the annual growth of the required local contribution amount based on 2.65 mills of full and true property value, and is retroactive to July 1, 2025 (FY2026).
- 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.
- Increases the career and technical education (CTE) funding factor from 1.015 to 1.023 (AS 14.17.420) by removing previously adopted conditional language making an increase in the CTE factor contingent on passage of a highly digitized business tax bill and instead provides for an effective date of July 1, 2026 (FY2027).
- Provides that ADM is based on greater of the current year ADM count, previous year ADM, or prior three-year average ADM (AS 14.17.450).
- Requires payment of additional funds in current year if ADM or intensive student count increases (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.

The department estimated municipal assessed full and true value for fiscal years 2028 through 2032 by calculating an average change of the past five-years of the assessed full and true values for each district and applying that average to the prior year's calculated assessed value. It then looked at the amounts of 2.65 mills on assessed values, the 45 percent of prior year basic need (unchanging FY2029 through FY3032), and 102 percent of the prior year's required local contribution based on mill rate, and selects the lesser. The difference between this calculation to the current statutory calculation is the basis of the cost estimates.

This bill takes effect July 1, 2026 (FY2027), except for the provision limiting annual growth of the required local contribution, which has an effective date of July 1, 2025 (FY2026).

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

FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2026 LEGISLATIVE SESSION

BILL NO. CSHB261(EDC) am

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	FY2029 PROJ. Cost to State	FY2030 PROJ. Cost to State	FY2031 PROJ. Cost to State	FY2032 PROJ. Cost to State
Alaska Gateway	\$ 8,749,369	\$ 8,885,560	\$ 136,191	\$ 8,854,049	\$ 104,680	\$ 104,680	\$ 104,680	\$ 104,680	\$ 104,680
Aleutian Region	1,244,980	1,254,860	9,880	1,254,860	9,880	9,880	9,880	9,880	9,880
Aleutians East Boro.	3,815,115	4,384,537	569,422	4,423,857	610,742	656,156	706,003	760,653	820,506
Anchorage	327,335,148	370,884,193	43,549,045	374,412,062	47,076,914	50,823,421	54,799,475	59,016,492	63,486,421
Annette Island	5,244,704	5,731,185	486,481	5,731,185	486,481	486,481	486,481	486,481	486,481
Bering Strait	32,584,914	35,403,788	2,818,874	35,403,788	2,818,874	2,818,874	2,818,874	2,818,874	2,818,874
Bristol Bay Borough	1,098,509	648,546	(449,963)	614,833	(483,676)	(483,676)	(483,676)	(483,676)	(483,676)
Chatham	3,998,845	3,975,145	(23,700)	3,966,800	(32,045)	(32,045)	(32,045)	(32,045)	(32,045)
Chugach	5,875,634	5,498,440	(377,194)	5,498,440	(377,194)	(377,194)	(377,194)	(377,194)	(377,194)
Copper River	6,623,852	6,746,758	122,906	6,746,758	122,906	122,906	122,906	122,906	122,906
Cordova City	5,206,681	5,331,666	124,985	5,370,990	164,309	206,394	251,397	299,483	350,827
Craig City	5,747,634	5,837,934	90,300	5,847,318	99,684	109,578	120,004	130,982	142,538
Delta/Greely	11,854,539	12,562,749	708,190	12,562,749	708,190	708,190	708,190	708,190	708,190
Denali Borough	8,048,370	8,336,354	287,984	8,342,739	294,369	301,035	307,992	315,249	322,816
Dillingham City	5,139,822	5,354,856	215,034	5,359,455	219,633	224,443	229,469	234,717	240,199
Fairbanks N.S. Boro.	98,491,611	112,747,749	14,256,138	114,245,153	15,753,542	17,362,861	19,090,881	20,944,771	22,932,115
Galena City	51,310,594	53,087,617	1,777,023	53,093,173	1,784,579	1,792,881	1,801,990	1,811,971	1,822,900
Haines Borough	2,729,495	3,461,732	732,237	3,523,851	794,356	861,231	933,162	1,010,466	1,093,481
Hoonah City	2,625,307	2,735,165	109,858	2,749,303	123,996	139,366	156,057	174,161	193,783
Hydaburg	1,268,543	1,728,454	459,911	1,729,280	460,737	461,607	462,525	463,492	464,509
Iditarod Area	5,820,421	6,179,390	358,969	6,179,390	358,969	358,969	358,969	358,969	358,969
Juneau Borough	33,938,338	46,220,499	12,282,161	46,975,808	13,037,470	13,850,846	14,725,902	15,666,456	16,676,552
Kake City	2,540,011	2,588,087	48,076	2,590,089	50,078	52,200	54,445	56,820	59,332
Kashunamiut	4,483,742	4,546,296	62,554	4,546,296	62,554	62,554	62,554	62,554	62,554
Kenai Pen. Boro.	72,094,570	83,899,110	11,804,540	85,405,675	13,311,105	14,930,391	16,669,359	18,535,383	20,536,260
Ketchikan Boro.	26,397,395	30,718,542	4,321,147	30,906,334	4,508,939	4,709,339	4,923,030	5,150,721	5,393,163
Klawoock City	1,760,298	1,881,306	121,008	1,882,339	122,041	123,117	124,239	125,361	126,483
Kodiak Boro.	24,992,735	29,574,445	4,581,710	29,962,492	4,969,757	5,395,269	5,861,271	6,371,023	6,928,037
Kusuk	6,108,200	7,780,271	1,672,071	7,780,271	1,672,071	1,672,071	1,672,071	1,672,071	1,672,071
Lake & Pen. Boro.	8,713,953	9,235,968	522,015	9,237,843	523,890	525,842	527,872	529,982	532,176
Lower Kuskokwim	67,672,666	73,418,566	5,745,900	73,418,566	5,745,900	5,745,900	5,745,900	5,745,900	5,745,900
Lower Yukon	44,759,843	46,419,763	1,659,920	46,419,763	1,659,920	1,659,920	1,659,920	1,659,920	1,659,920
Mat-Su Borough	182,461,323	199,767,902	17,306,579	203,524,653	21,063,330	25,229,492	29,843,365	34,946,729	40,585,154
Nenana City	15,794,911	15,803,305	8,394	15,806,720	11,809	15,451	19,333	23,468	27,870
Nome City	10,457,451	11,434,717	977,266	11,498,887	1,041,436	1,110,648	1,185,229	1,265,525	1,351,907
North Slope Boro.	19,692,051	23,106,291	3,414,240	23,106,291	3,414,240	3,414,240	3,414,240	3,414,240	3,414,240
Northwest Arctic Boro	39,460,270	43,020,230	3,559,960	43,089,353	3,629,083	3,702,811	3,781,386	3,865,063	3,954,113
Pelican City	431,152	434,891	3,739	435,134	3,982	4,235	4,501	4,777	5,066
Petersburg Boro.	6,824,968	7,165,456	340,488	7,212,852	387,884	438,365	492,092	549,237	609,975
Pribilof	1,046,088	1,056,170	10,082	1,056,170	10,082	10,082	10,082	10,082	10,082
Saint Mary's City	4,513,541	4,657,825	144,284	4,661,168	147,627	151,217	155,069	159,196	163,618
Sitka Borough	11,438,685	13,836,076	2,397,391	13,824,722	2,386,037	2,374,191	2,361,842	2,348,972	2,335,569
Skagway Boro.	1,298,649	1,574,301	275,652	1,574,301	275,652	275,652	275,652	275,652	275,652
Southeast Island	5,248,204	5,409,630	161,426	5,409,630	161,426	161,426	161,426	161,426	161,426
Southwest Region	10,976,601	11,485,112	508,511	11,485,112	508,511	508,511	508,511	508,511	508,511
Unalaska City	3,952,780	4,111,647	158,867	4,167,854	215,074	274,757	338,086	380,555	432,198
Valdez City	4,433,840	4,740,868	307,028	4,740,868	307,028	307,028	307,028	307,028	307,028
Wrangell Boro.	3,267,830	3,684,066	416,236	3,732,183	464,353	516,688	573,550	635,271	702,205
Yakutat Boro.	1,221,781	1,326,983	105,202	1,354,984	133,203	164,494	199,409	238,318	281,624
Yukon Flats	5,621,618	5,818,160	196,542	5,818,160	196,542	196,542	196,542	196,542	196,542
Yukon/Koyukuk	27,394,358	31,340,474	3,946,116	31,340,474	3,946,116	3,946,116	3,946,116	3,946,116	3,946,116
Yupit	10,823,392	11,214,605	391,213	11,214,605	391,213	391,213	391,213	391,213	391,213
Mt. Edgecumbe HS	3,526,394	3,564,247	37,853	3,541,749	15,355	15,355	15,355	15,355	15,355
<b>TOTAL</b>	<b>\$ 1,258,161,745</b>	<b>\$ 1,401,612,487</b>	<b>\$ 143,450,742</b>	<b>\$ 1,413,635,379</b>	<b>\$ 155,473,634</b>	<b>\$ 168,592,001</b>	<b>\$ 182,782,610</b>	<b>\$ 198,099,014</b>	<b>\$ 214,548,212</b>