

Fiscal Note

State of Alaska
2026 Legislative Session

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

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

Department: Department of Education and Early Development
 Appropriation: Mt. Edgecumbe High School
 Allocation: Mt. Edgecumbe High School
 OMB Component Number: 1060

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	37.9		15.4	15.4	15.4	15.4	15.4
Miscellaneous							
Total Operating	37.9	0.0	15.4	15.4	15.4	15.4	15.4

Fund Source (Operating Only)

1007 I/A Rcpts (Other)	37.9		15.4	15.4	15.4	15.4	15.4
Total	37.9	0.0	15.4	15.4	15.4	15.4	15.4

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? No
 If yes, by what date are the regulations to be adopted, amended or repealed? N/A

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 chose 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.

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).

As a division of the Department of Education and Early Development, Mt. Edgecumbe High School's (MEHS) state aid is budgeted as interagency receipts. This fiscal note increases the division's budgeted interagency receipt authority (I/A) to match the estimated allocation from the Public Education Fund.

FY2027 Projected at 420.00 ADM:	\$3,526,394
FY2027 Proposed with hold harmless:	\$3,564,247
I/A Receipt change:	\$ 37,853
FY2028 - FY3032 Proposed:	\$3,541,749
I/A Receipt change:	\$ 15,355