

# Fiscal Note

State of Alaska  
2026 Legislative Session

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

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

Department: Department of Education and Early Development  
Appropriation: Education Support and Admin Services  
Allocation: School Finance & Facilities  
OMB Component Number: 2737

**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	18.0						
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
<b>Total Operating</b>	<b>18.0</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)**

1004 Gen Fund (UGF)	18.0						
<b>Total</b>	<b>18.0</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If yes, by what date are the regulations to be adopted, amended or repealed?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:**

Reflects addition of third provision requiring a regulation.
--

Prepared By: <u>Heather Heineken, Division Director</u>	Phone: <u>(907)269-6889</u>
Division: <u>Finance and Support Services</u>	Date: <u>05/14/2026</u>
Approved By: <u>Dawn Hannasch, Administrative Services Director</u>	Date: <u>05/14/26</u>
Agency: <u>Department of Education and Early Development</u>	

## 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.
- 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 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).

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).

Regulations packages will be developed regarding 1) approval of alternative programs to prevent inappropriate use of the school size funding mechanism following the removal of the minimum ADM requirement, 2) establishing reporting timelines and requirements for the alternate intensive student count date, and 3) establishing budget and spend reporting timelines and requirements for the funding increase to the secondary school CTE funding. (3 x \$6.0 = \$18.0 Services)