



Representative Andi Story

Alaska State Legislature

Sectional Analysis

HB 261 Version 34 LS1293\H.A

“An Act relating to education funding; providing for an effective date by amending the effective date of sec. 10, 11, 13, and 15, ch. 5, SLA 2025; and providing for an effective day.

Title Change: Amends by addition to the title of HB 261: providing for an effective date by amending the effective date of sec. 10, 11, 13, and 15, ch. 5 SLA 2025.

Section 1: Amends AS 14.03.410 (e) to conform to AS 14.17.600 under former AS 14.17.500.

Sections 2: Amends AS 14.11.100 (o) (A) through (M) to conform to AS 14.17.600 under former AS 14.17.500.

Section 3: Amends AS 14.11.100 P(2)(A) through (L) to conform to AS 14.17.600 under former AS 14.17.500

Section 4: Amends AS 14.11.100 (q) (1)(A) and (B) conforms to AS 14.17.600 under former AS 14.17.500.

Section 5: Amends AS 14.16.050 (a) (2) (B) with conforming language, changing AS 14.17.500 - AS 14.17.910 to AS 14.17.505 – 14.17.910.

Section 6

AS.14.17.410 (b) (1) (A) is amended to describe how the average daily membership (ADM) calculation of each school’s student count must be based on the greater of (i) the school’s prior three-year average ADM reported in AS 14.17.600 or (ii) the ADM reported in the previous fiscal year under 14.17.600; and (iii) adds new language to allow for school’s to use the “current” ADM of the fiscal year under AS.14.17.600.

AS 14.17.410 (b) (1) is amended by deleting (E) through (H). This section eliminates the 5% adjustment allowance that school districts used to determine average daily membership (ADM), commonly known as the “hold harmless” clause. Please note that, due to conforming changes, (E) and (F) are re-lettered from (H) and (I), respectively. (F) through (J) are re-lettered to conform, as determined throughout Section 6.

Inserts “the required local contribution may not exceed (A)”, adds “or” after the word “subsection,” and includes under (B) “or the amount of the district’s required local contribution for the preceding fiscal year by more than two percent”. This limits the amount of required local contribution by municipalities to 2% pf the full and true property value.

Section 7: Amends AS 14.17.420 (a)(2)by adding that funding for the intensive student count equals the greater of enrollment counts taken on the last day of the count period in the previous fiscal year **or** by selecting one of the following enrollment count options: 1) use of the current enrollment fiscal year; 2) use of a second count by February 15 of the current fiscal year, should the district choose to conduct an additional student enrollment count.

Section 8: Amends AS14.17.600 (a) by adding that the report submitted by a district for its ADM count period shall include the prior three-year average ADM for each school’s ADM (AS 14.17.450) in the district, the student count information the department determines is necessary to calculate community and charter school ADMs, that relate to the district under AS 14.17.905, in order determine the amount of the district’s state aid for the succeeding fiscal year.

The district shall also include the in district's report of the number of special education students who needed and received intensive services and are enrolled on the last day of the count period, which the department shall use to determine funding for intensive services for the succeeding fiscal year under AS14.17.420 (a) (2) (A) and if applicable, additional intensive services funding for the current fiscal year under AS14.17.420 (a) (2) (B).

Section 9 Amends AS 14.17.600 by adding new subsections from AS 14.17.500 (b) through (g) to AS 14.17.600 (c) through (h).

Section 10: Amends AS 14.17.600 (e) by adding a new subsection (d)(1)-(2) to read that "a district may not include in the district's ADM, a student in a district-wide early education program provided by the district."

Section 11: Amends the process under AS 14.17.610 (a) of when the department distributes payments to school districts for a fiscal year based on a district's student count date reported in the previous fiscal year under 14.17. 600.

Section 12: Amends AS 14.17. 610 by adding a new subsection (d) inserting "because of an increase in a school's student count under AS 14.17.410 (b)(1)(A)(iii) or an increase in a district's intensive student count under AS 14.17.420(a)(2)(B) or (C). This change allows districts to use the current year ADM when student enrollment increases.

This subsection also conforms to AS 14.17.420(a) (2) (B) or (C), the distribution of funds among districts entitled to additional intensive services funding based on a new student count

This section also adds a new subsection (2)(e) stating that the department may not reduce the amount of a school district's state aid for a fiscal year on the basis that the department distributed additional funding to another school district for the fiscal year under (d) of this section. This language maintains district funding if a student, particularly a student with special needs, changes districts within the fiscal year (AS 14.17. 420 (a)(2) (B) or (C) or 14.17.410 (b) (1) (A) (iii).

Section 13: AS 14.17.905 amends by adding in conforming language under AS 14.17.600. AS 14.17.905(a)(3) is also amended to allow alternative schools with an ADM of less than 175 to be counted as one school.

Section 14: AS 14.17.905 is amended by adding a new subsection determining a community's or charter school's ADM be based on the greater of (1) the community or charter school's prior three-year average ADM reported in AS 14.17.600 or (2) the ADM reported in the previous fiscal year under 14.17.600, (3) the communities or charter school's ADM reported in the current fiscal year (14.17.600). This amendment eliminates the 5% student enrollment increase threshold requirement for the current year ADM.

Section 15 AS 14.17.990 is amended by adding a new paragraph defining "prior three-year average ADM". The prior three-year means the three-year student count periods immediately preceding a student count period conducted under AS 14.17. 600 (a).

Section 16: Amends section 47, ch. 40, SLA 2022, and sections repealed Sec. 47. AS 14.03.120(h), 14.03.410, 14.03.420; [AS 14.17.500(e), 15 14.17.500(f), 14.17.500(g);] AS 14.20.020(j); AS 14.30.760, 14.30.765, 14.30.770, 16 14.30.775, 14.30.780, and 14.30.800.

Section 17: Conforming language repealing AS.14.17.500.

Section 18: Conforming language repealing AS 14.17.600 (f), AS 14.17.600 (g), and AS 17.600 (g)

Section 19: Section 19, ch.5, SLA 2025, is repealed.”

Section 20: Amends uncodified law to set forth the transition to the new ADM calculation based on available student count data. Transitioning language for districts currently in hold harmless or have met the requirements for eligibility on July 1, 2026, maintain hold harmless until the school district is no longer eligible for hold harmless under AS 14.17.410 (b)(1)(E-G).

Section 21: Renumbered sections 21-26

Section 22-23: Inserts new section “the uncodified law of the State of Alaska is amended by adding a new section to read: Sec .22. Section 20, ch.5, SLA 2025, which amends the effective date retroactively as defined in section 6 of the ACT, to July 1, 2025. The effective date takes effect immediately. Removes the conditional effective date under HB 57 for the READ ACT reading proficiency grants and the CTE increases.

Section 24-26: Amends Section 20, ch.5, SLA 2025 & 10, 11,13, 15, effective date of July 1, 2026. Amends Sections 10& 18, and 23 & 26, effective dates.

May 16, 2026

