

Fiscal Note

State of Alaska
2026 Legislative Session

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

Identifier: HB261CS(FIN)AM-EED-FP-5-15-26
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
OPERATING EXPENDITURES	FY 2027	FY 2027						
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants & Benefits								
Miscellaneous								
Total Operating	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

None								
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

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If yes, by what date are the regulations to be adopted, amended or repealed?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

Corrects error in local contribution cap calculation used for version conforming to 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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Approved By:	Dawn Hannasch, Administrative Services Director	Date:	05/15/2026
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). 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.

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.