

Fiscal Note

State of Alaska
2026 Legislative Session

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

Identifier: HB261CS(FIN)AM-EED-PEF-5-15-26
Title: EDUCATION FUNDING
Sponsor: STORY
Requester: (H) FLOOR

Department: Fund Capitalization
Appropriation: No Further Appropriation Required
Allocation: Public Education Fund
OMB Component Number: 2804

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	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants & Benefits	154,050.4		166,285.3	179,619.9	194,031.0	209,572.4	226,251.1	
Miscellaneous								
Total Operating	154,050.4	0.0	166,285.3	179,619.9	194,031.0	209,572.4	226,251.1	

Fund Source (Operating Only)

1004 Gen Fund (UGF)	154,050.4		166,285.3	179,619.9	194,031.0	209,572.4	226,251.1
Total	154,050.4	0.0	166,285.3	179,619.9	194,031.0	209,572.4	226,251.1

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: 10,459.8 *(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If yes, by what date are the regulations to be adopted, amended or repealed?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.

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>05/15/2026</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, 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, 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

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	4,425,857	610,742	656,156	706,003	760,653	820,506
Anchorage	327,335,148	376,124,567	48,789,419	379,757,244	52,422,096	56,275,506	60,360,602	64,688,842	69,272,217
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	11,854,559	12,562,749	708,190	12,562,749	708,190	708,190	708,190	708,190	708,190
Denali Borough	8,048,370	8,379,654	331,284	8,386,905	338,535	346,085	353,942	362,119	370,622
Dillingham City	5,139,822	5,360,334	220,512	5,365,043	225,221	230,142	235,282	240,647	246,247
Fairbanks N.S. Boro.	98,491,611	113,229,722	14,738,111	114,736,765	16,245,154	17,864,306	19,602,354	21,466,474	23,464,252
Galena City	51,310,594	53,093,577	1,782,983	53,101,253	1,790,659	1,799,083	1,808,315	1,818,423	1,829,481
Haines Borough	2,729,495	3,562,566	833,071	3,626,702	897,207	966,138	1,040,168	1,119,612	1,204,809
Hoonah City	2,625,307	2,738,813	113,506	2,753,024	127,717	143,162	159,928	178,110	197,811
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
Keke City	2,540,011	2,590,686	50,675	2,592,740	52,729	54,903	57,203	59,633	62,201
Kashumaniut	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	85,657,331	13,562,761	87,199,060	15,104,490	16,759,644	18,535,197	20,438,537	22,477,478
Ketchikan Boro.	26,397,395	31,083,813	4,686,418	31,278,910	4,881,515	5,089,367	5,310,659	5,546,102	5,796,452
Klawock City	1,760,298	1,881,306	121,008	1,882,339	122,041	123,117	124,239	125,406	126,623
Kodiak Boro.	24,992,735	30,478,060	5,485,325	30,884,180	5,891,445	6,335,390	6,820,195	7,349,126	7,925,701
Kuspuk	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	201,338,270	18,876,947	203,126,428	22,665,105	26,863,303	31,509,852	36,646,546	42,318,968
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	43,126,084	3,665,814	43,197,325	3,737,055	3,812,942	3,893,720	3,979,644	4,070,985
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	4,658,185	144,644	4,661,535	147,994	151,592	155,451	159,586	164,015
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	325,198
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	3,690,833	423,003	3,739,085	471,255	523,728	580,731	642,596	709,676
Yakutat Boro.	1,221,781	1,331,987	110,206	1,360,088	138,307	169,700	204,720	243,734	287,148
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
Yupitit	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
TOTAL	\$ 1,258,161,745	\$ 1,412,212,113	\$ 154,050,368	\$ 1,424,446,999	\$ 166,285,254	\$ 179,619,853	\$ 194,031,019	\$ 209,572,394	\$ 226,251,054