

Fiscal Note

State of Alaska
2026 Legislative Session

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

Identifier: HB261SCSCS(EDC)-EED-PEF-5-15-26
 Title: EDUCATION FUNDING
 Sponsor: STORY
 Requester: (S) EDUCATION

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 Appropriation Requested	Included in Governor's FY2027 Request	Out-Year Cost Estimates					
			FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
OPERATING EXPENDITURES								
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants & Benefits	127,596.5		127,500.4	127,500.4	127,500.4	127,500.4	127,500.4	127,500.4
Miscellaneous								
Total Operating	127,596.5	0.0	127,500.4	127,500.4	127,500.4	127,500.4	127,500.4	127,500.4

Fund Source (Operating Only)

1004 Gen Fund (UGF)	127,596.5		127,500.4	127,500.4	127,500.4	127,500.4	127,500.4	127,500.4
Total	127,596.5	0.0	127,500.4	127,500.4	127,500.4	127,500.4	127,500.4	127,500.4

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 If yes, by what date are the regulations to be adopted, amended or repealed?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

Conforms to version "T", which removes the cap on annual local contribution growth.

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Division:	Finance and Support Services	Date:	05/15/2026 05:00 PM
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. SCSCSHB261

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.
- 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).

See School Finance & Facilities (component 2737) fiscal note for regulation discussion.

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2026 LEGISLATIVE SESSION

BILL NO. SCSCSHB261

Analysis

School District	FY2027 PROJECTED Total State Entitlement	SCS CSHB 261(EDC) FY2027 PROJ. Total State Entitlement	FY2027 PROJ. Cost to State	SCS CSHB 261(EDC) FY2028 PROJ. Total State Entitlement	FY2028 PROJ. Cost to State
Alaska Gateway	\$ 8,749,369	\$ 8,885,560	\$ 136,191	\$ 8,854,049	\$ 104,680
Aleutian Region	1,244,980	1,254,860	9,880	1,254,860	9,880
Aleutians East Boro.	3,815,115	4,367,220	552,105	4,367,220	552,105
Anchorage	327,335,148	362,211,039	34,875,891	362,211,039	34,875,891
Annette Island	5,244,704	5,731,185	486,481	5,731,185	486,481
Bering Strait	32,584,914	35,403,788	2,818,874	35,403,788	2,818,874
Bristol Bay Borough	1,098,509	648,546	(449,963)	614,833	(483,676)
Chatham	3,998,845	3,975,145	(23,700)	3,966,800	(32,045)
Chugach	5,875,634	5,498,440	(377,194)	5,498,440	(377,194)
Copper River	6,623,852	6,746,758	122,906	6,746,758	122,906
Cordova City	5,206,681	5,284,523	77,842	5,284,523	77,842
Craig City	5,747,634	5,805,982	58,348	5,805,982	58,348
Delta/Greely	11,854,559	12,562,749	708,190	12,562,749	708,190
Denali Borough	8,048,370	8,320,216	271,846	8,320,216	271,846
Dillingham City	5,139,822	5,354,856	215,034	5,354,856	215,034
Fairbanks N.S. Boro.	98,491,611	111,774,914	13,283,303	111,774,914	13,283,303
Galena City	51,310,594	53,085,208	1,774,614	53,085,208	1,774,614
Haines Borough	2,729,495	3,373,663	644,168	3,373,663	644,168
Hoonah City	2,625,307	2,728,986	103,679	2,728,986	103,679
Hydaburg	1,268,543	1,726,182	457,639	1,726,182	457,639
Iditarod Area	5,820,421	6,179,390	358,969	6,179,390	358,969
Juneau Borough	33,938,338	46,165,166	12,226,828	46,165,166	12,226,828
Kake City	2,540,011	2,585,341	45,330	2,585,341	45,330
Kashunamiut	4,483,742	4,546,296	62,554	4,546,296	62,554
Kenai Pen. Boro.	72,094,570	81,004,761	8,910,191	81,004,761	8,910,191
Ketchikan Boro.	26,397,395	30,524,031	4,126,636	30,524,031	4,126,636
Klawock City	1,760,298	1,876,661	116,363	1,876,661	116,363
Kodiak Boro.	24,992,735	29,560,788	4,568,053	29,560,788	4,568,053
Kuspuk	6,108,200	7,780,271	1,672,071	7,780,271	1,672,071
Lake & Pen. Boro.	8,713,953	9,223,599	509,646	9,223,599	509,646
Lower Kuskokwim	67,672,666	73,418,566	5,745,900	73,418,566	5,745,900
Lower Yukon	44,759,843	46,419,763	1,659,920	46,419,763	1,659,920
Mat-Su Borough	182,461,323	197,471,842	15,010,519	197,471,842	15,010,519
Nenana City	15,794,911	15,791,306	(3,605)	15,791,306	(3,605)
Nome City	10,457,451	11,345,093	887,642	11,345,093	887,642
North Slope Boro.	19,692,051	23,106,291	3,414,240	23,106,291	3,414,240
Northwest Arctic Boro.	39,460,270	42,989,070	3,528,800	42,989,070	3,528,800
Pelican City	431,152	434,891	3,739	434,891	3,739
Petersburg Boro.	6,824,968	7,086,000	261,032	7,086,000	261,032
Pribilof	1,046,088	1,056,170	10,082	1,056,170	10,082
Saint Mary's City	4,513,541	4,656,273	142,732	4,656,273	142,732
Sitka Borough	11,438,685	13,602,711	2,164,026	13,602,711	2,164,026
Skagway Boro.	1,298,649	1,574,301	275,652	1,574,301	275,652
Southeast Island	5,248,204	5,409,630	161,426	5,409,630	161,426
Southwest Region	10,976,601	11,485,112	508,511	11,485,112	508,511
Unalaska City	3,952,780	4,107,464	154,684	4,107,464	154,684
Valdez City	4,433,840	4,740,868	307,028	4,740,868	307,028
Wrangell Boro.	3,267,830	3,630,937	363,107	3,630,937	363,107
Yakutat Boro.	1,221,781	1,308,302	86,521	1,308,302	86,521
Yukon Flats	5,621,618	5,818,160	196,542	5,818,160	196,542
Yukon/Koyukuk	27,394,358	31,340,474	3,946,116	31,340,474	3,946,116
Yupit	10,823,392	11,214,605	391,213	11,214,605	391,213
Mt. Edgecumbe HS	3,526,394	3,564,247	37,853	3,541,749	15,355
TOTAL	\$ 1,258,161,745	\$ 1,385,758,200	\$ 127,596,455	\$ 1,385,662,133	\$ 127,500,388