

HB 261: EDUCATION FUNDING PROCESS

STUDENT ENROLLMENT COUNT

AVERAGE DAILY MEMBERSHIP (ADM)

Representative Andi Story

February 2, 2026

THE CURRENT EDUCATION FUNDING PROCESS IN ALASKA IS BROKEN

Budget Process	Oct	Nov	Dec	Jan	Feb	Mar	April	May	June	July	Aug
School Boards Estimate Student Counts											
Student Counts Collected											
Student Counts due to DEED											
Governor's Proposed State Budget Released											
School District Provided Budget Request to Local Government											
Recruitment Season											
Alaska Teacher Contract Notification											
State Approves Budget											**
Districts Redo Budget and Rehire											
District Fiscal Year Starts											

**FY 26 veto override August - districts redo budget and rehire after start of fiscal year

THIS UNDERMINES FAMILIES AND COMMUNITIES' CONFIDENCE IN OUR EDUCATIONAL SYSTEM

This leads to:

- Stress for families & communities
- Uncertainty for staff
- Teacher and staff turnover
- Focus on redoing budgets instead of student achievement
- Poor economic impacts
- Volatility

NEWS HEADLINES

- **Alaska education funding dispute sees pink slips, profound concern in rural school** By Sean Maguire Jun. 5, 2019
- **Ketchikan Schools delivered 52 layoff notifications, which leaders say are unlikely to materialize** By Michael Fanelli May 15, 2024
- **Alaska school districts got a one-time funding boost. It came too late for many teachers** By Claire Stremple August 12, 2024
- **Alaska school officials say layoff notices are going out, budget uncertainty costing districts** By Corinne Smith April 1, 2025
- **Anchorage School District faces \$90M deficit, proposes cutting hundreds of positions** By Joe Allgood Jan. 30, 2026

STUDENT COUNT ALTERNATIVES

Review of all 50 states + DC to categorize their approach to counting students

Types of Counts

- Single Day Attendance
- Single Day Membership
- Multi-Day Attendance
- Multi-Day Membership
- Average Attendance
- Average Membership
 - Important to note that even similarly named counts can be implemented very differently

Examples:

- Average could be over a two-week period, several months, or an entire year
- Student count could be for the current year or prior year figures

Other States Current Counts Methods

Membership vs Attendance

- 45 states use Membership
- 5 states use Attendance

Count method

- 26 states use averaging
- 15 states use a single-day count
- 10 states use multi-day counts

How Average is Implemented (subset of states)

- 19 states calculate using the full year
- 7 states calculate using a time period less than a full year

Year(s) of student count(s) used for funding

- 15 states fund on current year student counts
- 17 states fund on prior year student counts
- 19 states use an approach that either averages, combines, or provides the “better of” multiple years of student counts (10 of which include the current year, 9 of which use only prior years)

*Source: Justin Silverstein, CEO
Augenblick, Palaich and Associates,
Alaska Education Task Force on
Education Funding 11-10-26*

THERE IS ANOTHER WAY ~ PREVIOUS THREE-YEAR AVERAGE ADM

- Allows districts to know their revenue based on firm student count data starting in July 2026
- Appropriately timed budget process
- Allows for teacher and staff contracts to be signed earlier, reducing turnover and making the state more competitive in retaining and recruiting teachers
- Helps districts absorb large resource shifts in any given year
- Smooths loss of student enrollments
- Enables school communities to focus more on student achievement than budgets
- Increases public confidence in education



Denise Caposey teaches first graders at Skagway School.
(photo Emily Files, KHNS-Haines)

PROPOSED CALCULATION CHANGES

HB 261 calls for the calculation of a district's student count for a fiscal year to be based on the average daily membership (ADM) of a district's previous three-year average ADM or prior year ADM, whichever is greater, for the budget calculation.

- Example:
 - FY27 ADM = The average of student counts from October 2022, 2023, and 2024 or,
 - The previous year student count for October 2025

Section 16: “previous three-year average ADM” means the number resulting from combining the ADM counts from the three student count periods immediately preceding a student count period conducted under AS 14.17.600(a) for a fiscal year and dividing that sum by three.

INTENSIVE NEEDS STUDENT COUNT

Intensive needs students have complex needs and may require additional staffing to meet their Individual Education Plans (IEP). Importantly, HB 261 also permits a district to adjust the intensive student count mid-year to accommodate intensive students who are new to the district after the current count date.

Districts may use:

- previous three-year average ADM or
- previous year ADM, whichever is greater or
- the current ADM count or
- the current year ADM count taken in February

FACILITIES CONSTITUTING A SCHOOL

- Smooths out funding cliffs when school membership in small districts falls below 100 or 425 students.
- Recognizes when small changes in school and district level student counts may lead to large changes in funding.



*Boreal Sun Charter School in Fairbanks on April 22, 2024
(Photo by Claire Stremple / Alaska Beacon)*

ALTERNATIVE SCHOOLS

- Alternative schools with an ADM of fewer than 175 students would be counted as their own school, rather than as part of the biggest school in the district.
- Being counted as a part of the school in the district with the highest student count of mainstream kids means that alternative programs, which typically require smaller class sizes and more personalized services, may be deprived of much-needed funds.

*It is time to fix the education funding process
so we can focus on student achievement.*

HB 261 is one step forward.

Education funding needs still must be addressed.