Fiscal Note

State of Alaska
2026 Legislative Session

Bill Version:	CSHB 261(EDC)
Fiscal Note Number:	3
(H) Publish Date:	4/1/2026

Identifier: HB261CS(EDC)-EED-MEHS-3-25-26
Title: EDUCATION FUNDING
Sponsor: STORY
Requester: (H) EDUCATION

Department: Department of Education and Early Development
Appropriation: Mt. Edgecumbe High School
Allocation: Mt. Edgecumbe High School
OMB Component Number: 1060

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				
OPERATING EXPENDITURES	**FY 2027**	**FY 2027**	**FY 2028**	**FY 2029**	**FY 2030**	**FY 2031**	**FY 2032**
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits	(143.9)		(163.0)	(163.0)	(163.0)	(163.0)	(163.0)
Miscellaneous							
Total Operating	**(143.9)**	**0.0**	**(163.0)**	**(163.0)**	**(163.0)**	**(163.0)**	**(163.0)**
Fund Source (Operating Only)							
1007 I/A Rcpts (Other)	(143.9)		(163.0)	(163.0)	(163.0)	(163.0)	(163.0)
Total	**(143.9)**	**0.0**	**(163.0)**	**(163.0)**	**(163.0)**	**(163.0)**	**(163.0)**
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**

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? No

If yes, by what date are the regulations to be adopted, amended or repealed?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

Why this fiscal note differs from previous version/comments:

The fiscal note was updated to reflect changes in the committee substitute, including revised ADM calculations, removal of averaging provisions, and the addition of a hold harmless transition, all of which affect the timing and amount of state aid.

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Division: Finance and Support Services — Date: 03/23/2026
Approved By: Dawn Hannasch, Administrative Services Director — Date: 03/25/2026
Agency: Department of Education and Early Development

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2026 LEGISLATIVE SESSION

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); however, districts that are eligible on July 1, 2026 can chose to continue until the calculation is completed over a maximum three year period.
- 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.
- Provides that ADM is based on greater of the previous year ADM or prior three-year average ADM, or the current year count if five percent greater than either other option (AS 14.17.450).
- Requires payment of additional funds in current year if intensive student count increases or if current year ADM increased greater than 5 percent (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).

Differences from the original to the committee substitute: removed alternative program school size change, added comparison to current year ADM to choose greater of if more than five percent increase, removed use of prior three-year average for intensive student count, added transition for hold harmless.

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 previous 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 preliminarily and FY2027 projected; no data is available for the proposed February 15 count. Correspondence ADM is from FY2026 preliminary counts.

As a division of the Department of Education and Early Development, Mt. Edgecumbe High School's (MEHS) state aid is budgeted as interagency receipts. This fiscal note increases the division's budgeted interagency receipt authority (I/A) to match the estimated allocation from the Public Education Fund.

FY2027 Projected at 420.00 ADM: $3,526,394
FY2027 Proposed at 406.77 ADM: $3,382,527
I/A Receipt change: ($143,867)

FY2028 - FY2032 Proposed at 406.77 ADM: $3,363,433
I/A Receipt change: ($162,961)

This bill takes effect July 1, 2026 (FY2027).