



J&H Consulting
and JM Walsh and
Co.

Legislative Update
for NWABSD
January 2026

Budgets:

- The governor's \$7.75 billion draft budget is similar to last year's and is mostly a status quo budget. Few increases in Public safety and Corrections.
- Dunleavy is proposing to spend over \$1.8 billion from the Constitutional Budget Reserve (CBR), which is the state's principal savings account and contains about \$3 billion. The governor's spending plan appears to balance if the proposed \$3,800 Permanent Fund Dividend is reduced to \$1,000.
- PCE is fully funded at \$44.3 million and so is school bond debt reimbursement for districts and municipalities.
- \$1.4 billion in full statutory funding for the new Base Student Allocation (BSA), or \$6,600 per student, for K-12 but spending is down \$27.2 million due to decreased enrollment. There was a small increase in correspondence students offsetting the decrease.
- DEED has approved a proposal from the Lake and Peninsula School District to open a new 54 bed residential school facility. Total funding for DEED is \$1.8 million including all fund sources. A \$18.7 million (-1%) reduction from FY2026.

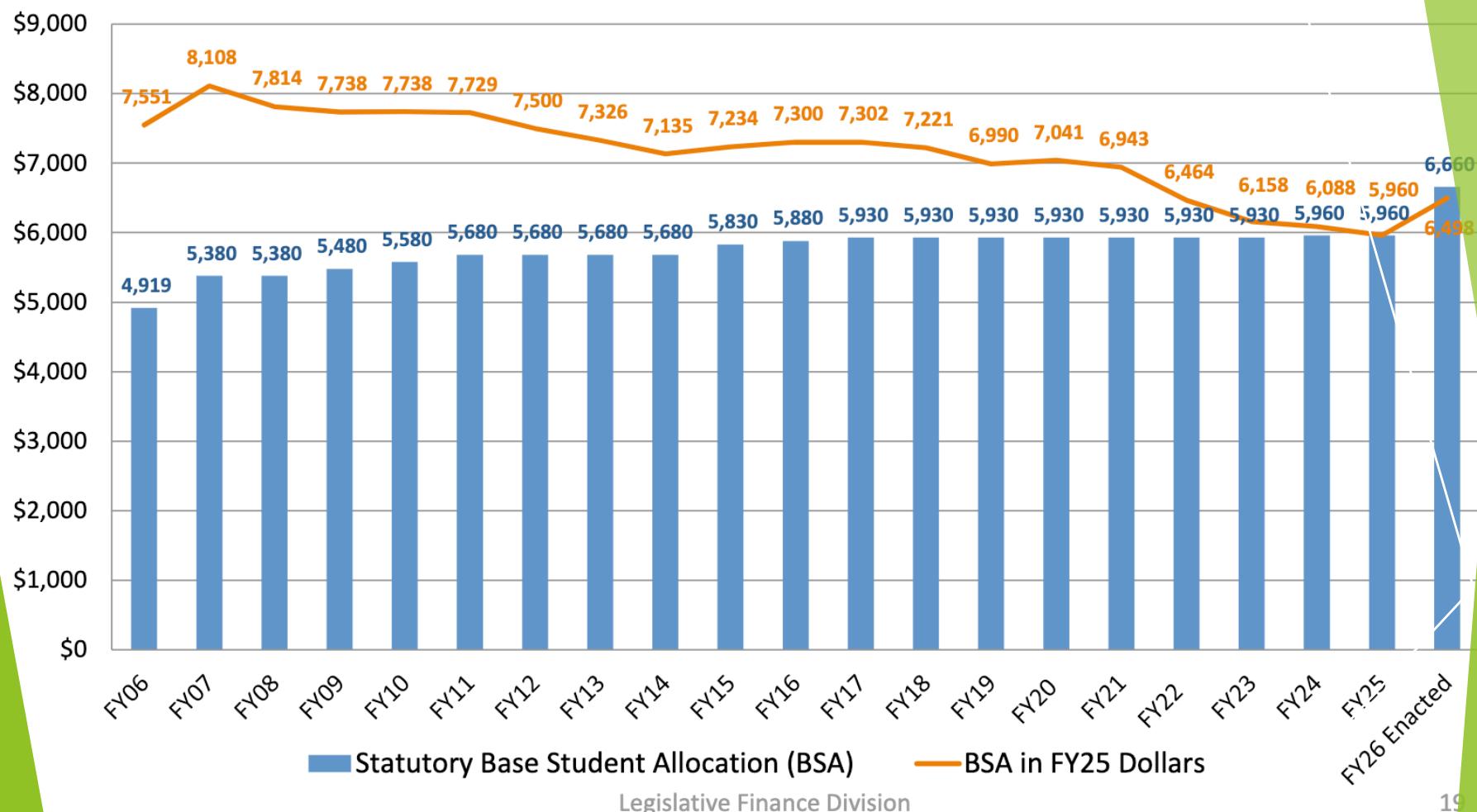
Budgets:

- ▶ The capital budget is mostly status quo, totaling \$156 million and mostly covering match for federal programs in the Departments of Transportation and Public Facilities and the Department of Environmental Conservation. Once again, there is chatter of a possible G.O. bond package. Funding is not included for the following:
- ▶ Maintenance or construction for school or university facilities;
- ▶ Harbor Grant Matching Funds Program;
- ▶ Individual district projects; and
- ▶ Renewable Energy Grant Funds.

Base Student Allocation History (Formula Only)

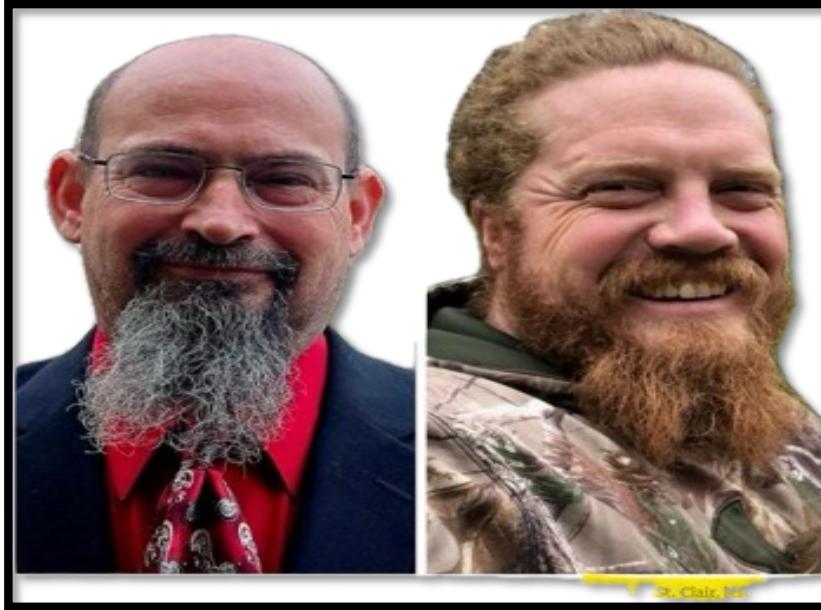
Base Student Allocation, FY06-FY26

Based on Alaska CPI for FY06-25, 2.5% Inflation in FY26



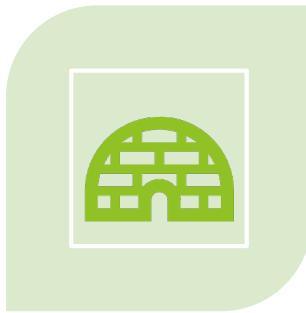
Political Landscape

- ▶ Sen. Mike Cronk is the new Republican Senate minority leader. He will retain his Finance Committee seat.
- ▶ Sen. Mike Shower, resigned to. Run for Lt. Governor and was replaced by Sutton Sen. George Rauscher, former representative.
- ▶ Sen. Shelley Hughes also resigned her Senate seat in mid-November to focus on her campaign for governor. She was replaced by Wasilla representative Sen. Cathy Tilton, formerly representative.
- ▶ These changes left two House seats vacant.



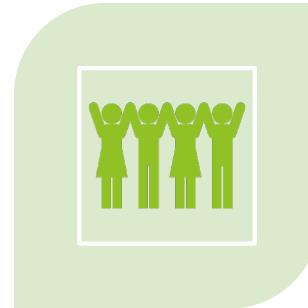
- ▶ Governor's picks for the two open seats were recently confirmed by House Republicans. They are:
 1. **Rep. Stephan St. Clair, (Tilton)** a veteran and former legislative staffer for seven years to Rep. Tilton and Rep. Baker. He has lived in Wasilla for 15 years.
 2. **Rep. Garret Nelson, (Rauscher)** an online salesman and father of nine who lives in Sutton.
- ▶ Reps. St. Clair and Nelson both say they support Dunleavy's proposal of giving Alaskans a statutory Permanent Fund dividend in the coming fiscal year, even though the state would need to draw from savings to afford the dividend.
- ▶ DeLena Johnson became the new House Minority Leader in early December 2025, replacing Rep. Mia Costello, after a caucus vote that saw some conservatives unhappy with the process.
- ▶ In the picture Rep. St Clair is on the left and Rep. Nelson on the right.

Political Landscape



THE POOL OF CANDIDATES FOR ALASKA GOVERNOR IN THE 2026 ELECTION INCLUDES, TOM BEGICH, MATT CLAMAN, CLICK BISHOP, DAVE BRONSON, ADAM CRUM; NANCY DAHLSTROM, EDNA DEVRIES, MATT HEILALA, SHELLEY HUGHES; HANK KROLL, JAMES PARKIN, TREG TAYLOR AND BERNADETTE WILSON.

POTENTIALS: PELTOLA AND MURKOWSKI??



GOVERNOR'S RACE HAS 13 IN THE RUNNING. NEXT YEAR IS AN ELECTION YEAR WHICH WILL IMPACT THE LEGISLATIVE SESSION.



SEVERAL PROMINENT ELECTED OFFICIALS HAVE ANNOUNCED THEIR RETIREMENTS; SEN. STEVENS AND HOFFMAN.

Legislation Summary Top 5:

Short list of bills that are active measures or priority issues for the district. We are tracking more bills than listed here and can provide additional information as requested.

- **HB12 – Free breakfast and lunch in public schools.** (Maxine Dibert (D-Fairbanks)). Fiscal note from DEED estimates \$28m annually. The bill has had 2 hearings but has not moved from the Education Committee. There is no Senate companion bill.
- **HB59/SB66 – Tribal Education Compact** (Companion bills). Introduced by the Governor in his continued efforts to establish and integrate tribal compact schools into a shared state/tribe demonstration project. While the governor has been consistent in his efforts, the policy collides with the budget. If enacted, the legislation is estimated to cost \$17m year one and \$12m annually. There would be impacts to existing school districts as students make enrollment selections.
- **HB152 – Education Tax.** (Rep. Galvin) The bill proposes a 4% income tax on wages over \$150,000 and institutes a minimum \$150/year education tax. The accompanying fiscal note reports that estimating new revenue from the bill is ‘highly uncertain.’

Legislation Summary Update:

- ▶ **HB212 - Local Contribution.** HB212 proposes to further define local contribution in AS14.17. This bill should see active engagement during the 2nd Session following the DEED's efforts to change state regulations through the State Board of Education process. Following a strong rejection through the public comment process, the board is expected to 'take no action' and return the regulation approach to the department for further consideration. Defining the terms in statute would deny the board from defining the issue in regulation contrary to statute. The issue is directly related to the issue of federal Impact Aid, the state reducing impact aid districts state funding and the states repeated failures to pass the required disparity test.
- ▶ **SB184 - School Bond Debt Reimbursement.** Introduced by SFIN Committee, the bill failed to pass from the Senate and while still alive, the moratorium on the program passed on July 1 meaning the program is now available for districts to consider. It is not clear if the legislature will move the bill and make retroactive effective dates during the 2nd Session. The moratorium was enacted in prior years with the expressed objective of reducing state debt obligations for a period of time.

Calendar

- ▶ **Wed Dec 31 - Prefile Request Deadline**
- ▶ **Fri Jan 9, 2026 - Prefile Release - First Batch**
- ▶ **Jan 14-16 - Dept. of Health: “Rural Health Transformation Program Convening” w. DOH; virtual + in-person; info [HERE](#) and registration [HERE](#)**
 - ▶ A multi-day convening to equip health care and community partners with the knowledge, partnerships and tools needed to pursue RHTP funding.
- ▶ **Fri Jan 16 - Prefile Release - Second Batch**
- ▶ **Tues Jan 20 - First Day of Second Session of 34th Alaska State Legislature**
- ▶ **Tues Feb 3 - 15th Day of Session - Supplemental Bill introduced**
- ▶ **Mon Feb 23 - Personal Bill Deadline**
- ▶ **Mon April 19 - 90th Legislative Day**
- ▶ **Wed May 20 - 121st Legislative Day - Last Day of Session**
- ▶ **Mon June 1 - 2026 Candidate Filing Deadline**
- ▶ **Tues Aug 18 - 2026 Primary Election**
- ▶ **Tues Nov 3 - 2026 General Election**
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**Quyanaqpak and Taikuu
Working together to advance
the priorities of NWABSD**