



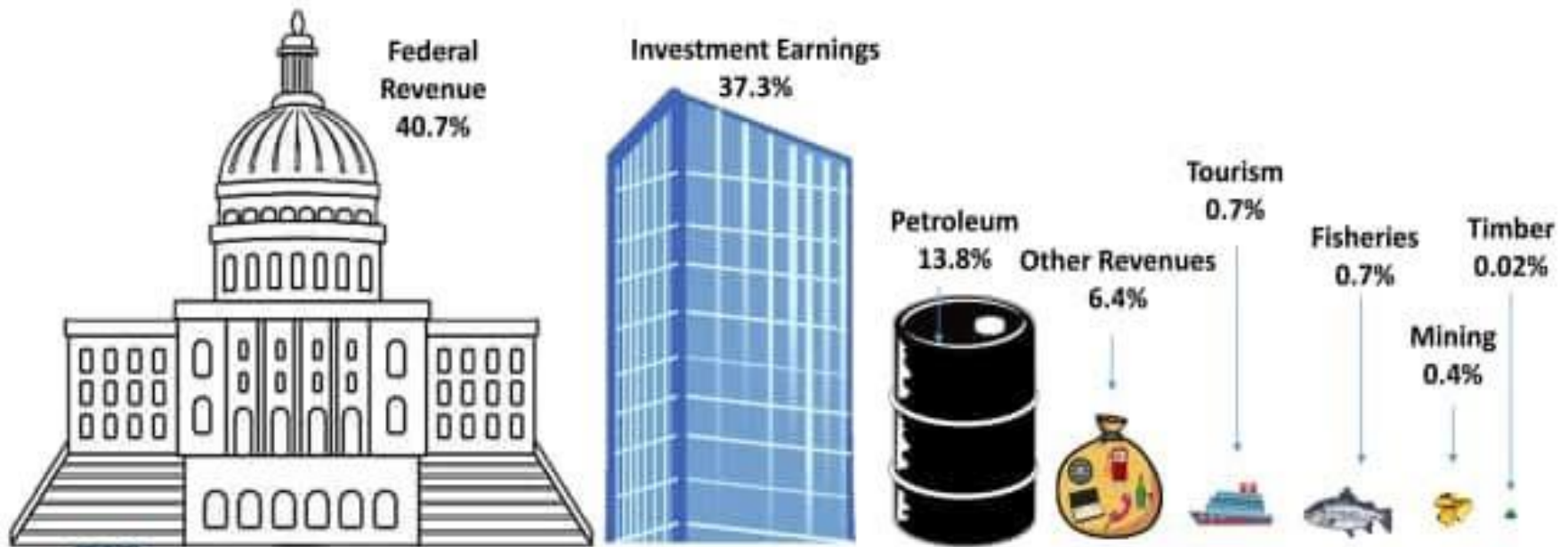
**J&H Consulting
and JM Walsh and
Co.**

**Legislative Update
for NWABSD
October 2025**

Revenue:

Relative Contributions to Total State Revenue: FY 2025

Total State Revenue: \$16.8 Billion




Disclaimer: Numbers may not add to 100% due to rounding. Examples may not be to scale.

Source: DOR Fall 2024 Revenue Forecast

OPERATING AND CAPITAL BUDGETS:


- **HB 57**, legislation which increases the **Base Student Allocation** by \$700 (estimated cost of \$172.2 million) passed -- vetoed and then restored by override, restoring the BSA to \$6,660.00 per student.



- Pupil Transportation formula by 10% (estimated cost of \$6.8 million).



- **Child Care Grant Program:** \$7.7 million to support the Child Care Grant Program in the Department of Health, an increase above a one-time item of \$7.5 million for the same purpose in the FY25 budget. Vetoed \$1.9 million.



- \$38.1 million for the School Major Maintenance Grant Fund, which funded the top nine projects on the list but \$25 million vetoed.

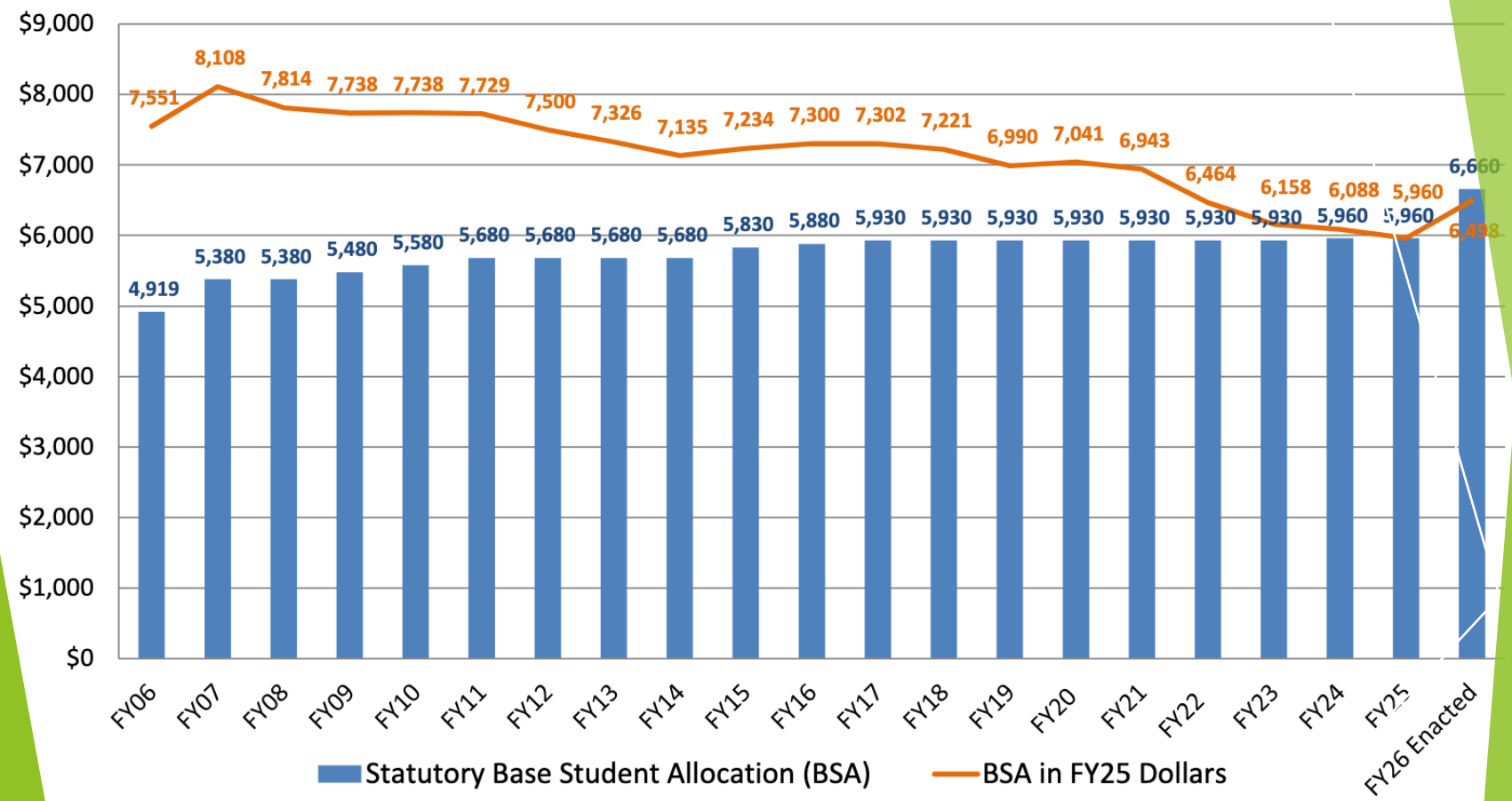
OPERATING AND CAPITAL BUDGETS:

- ▶ Funding 75% of **school debt reimbursement**, a \$10.3 million reduction.
- ▶ Reducing the capitalization of the **Community Assistance Fund** from \$30.0 million to \$13.3 million, and not adding any additional appropriation to increase the FY26 distribution (the FY25 budget had included an appropriation to ensure a \$30.0 million distribution when added to the distribution to communities from the fund). This results in a \$23.3 million distribution to local governments in FY26 and a projected \$20.0 million distribution in FY27 - roughly enough to pay the base payments only with no per capital payments.
- ▶ SB 113, the digital business tax bill that would have funded the reading incentive grants and additional CTE funding was recently vetoed by the Governor.

Base Student Allocation History (Formula Only)


Base Student Allocation, FY06-FY26

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




OPERATING AND CAPITAL BUDGETS:

Although stock market has been posting great returns PFD investment return has not been as high.



Price has averaged about \$69/barrel of oil so far this fiscal year. Risk is high that the price/barrel will fall. Our budget and economy is based on fluctuating oil prices. For every \$1.00 change in oil prices, it means \$35-40 Million change in state revenue.



Many federal grants and loans are disappearing. Adds a level of uncertainty, especially with Medicaid.



\$130 million surplus but already spent for fire, Medicaid, matching funds for DOT, and education disparity test.

Political landscape:



Main focus: Increased education funding, balancing the state budget, gas shortage and energy, pension reform. Conversation of new revenue growing. Next year is an election year which will impact the legislative session.



Several prominent elected officials have announced their retirements; Sen. Stevens and Hoffman.



Governor's race has 12 in the running.



Sen. Hughes running for Governor and Sen. Shower as Lt. Gov. Some shift of house members to Senate?

Legislation Summary Update:

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.



**Quyanaqpak and Taikuu
Working together to advance
the priorities of NWABSD**