



Response to Questions from 3-10 Presentation

Senate Finance Committee
March 13, 2025
Legislative Finance Division

K-12 Funding Legislation and Trends

Cost of K-12 Funding Bills	FY26	FY27	FY28	FY26-FY28 Total
HB 69 (H. Ed)	325,616.8	499,566.0	644,143.9	1,469,326.7
HB 69 (H. Rules)	275,189.2	271,649.7	271,649.7	818,489.0
SB 82/HB 76	116,240.0	181,540.5	181,540.5	479,321.0
SB 66/HB 59	17,466.8	12,051.9	12,051.9	41,570.6

- The FY25 budget included \$174.7 million in funding above the Foundation Formula (equivalent to \$680 in the Base Student Allocation) and \$7.3 million above the Pupil Transportation formula (\$182.0 million total).
- The Governor proposed two major K-12 bills this year: SB 66 (Tribal Compacting) and SB 82 (Education Omnibus). In the House, the Rules Committee CS for HB 69 would increase the BSA by \$1,000 and add reading incentive grants that were proposed in the Governor's bill.
- In FY26, the projected K-12 formula amount went down by \$28.7 million UGF, primarily due to a lower student count. Based on the Department of Labor's demographic projections, this may continue over the next several years.

Medicaid Projection

- According to the Long-Term Medicaid Forecast by Evergreen Economics, the UGF cost of Medicaid is expected to grow by 4.5% per year.
- The table below illustrates the effect of 4.5% growth in Medicaid in FY27 and FY28 compared to growth with inflation (2.5%).
- At 2.5% annual growth, Medicaid UGF would increase by \$37.8 million from FY26 to FY28. At 4.5% growth, it would increase by \$68.7 million.

	FY26 GovAmd	FY27 Projection	FY28 Projection
2.5% Growth	746,680.7	765,347.7	784,481.4
4.5% Growth	746,680.7	780,281.3	815,394.0
Difference	-	14,933.6	30,912.6

Senate Finance FY26 Budget Scenario

- The Senate Finance co-chairs requested a scenario to envision what the final FY26 budget could look like. This does not reflect final decisions and is illustrative only.
- Since the February 19 presentation, the budget baseline has been changed to the Governor's amended budget
 - The placeholder for new contracts has been increased from \$29.6 million last month to \$40.0 million now, primarily based on the ACOA contract coming in with an 11% increase.

Senate Finance FY26 Budget Scenario

\$680 BSA Increase, 75/25 PFD

(Illustration only, millions)

Item	FY26	Notes
1 UGF Revenue Forecast	6,198.8	
2 GovAmend Operating Budget/Fund Transfers	4,971.5	
3 Surplus Remaining	1,227.3	
4 Placeholder for New Contracts	40.0	Increased from previous estimate due to ACOA 11%
5 Foundation Formula Increase	172.7	\$680 BSA increase
6 Pupil Transportation Increase	7.3	Matches FY25
7 Community Assistance	6.7	For \$30m total FY26 distribution
8 Child Care	10.0	FY25 = \$7.5 million
9 Fire Suppression (above Gov)	27.7	Average year is \$27.7 million above Gov
10 Disaster Relief Fund (above Gov)	3.8	Average year is \$3.8 million above Gov
11 AMHS Backstop	10.0	Matches FY25, FY28 increase to \$76.5
12 Capital Budget	300.0	GovAmend = 294.0
13 Legislative Capital Budget Additions	-	
14 DM, School Construction/Maintenance, UA DM	50.0	
15 Fiscal Notes	-	
16 Other Changes	20.0	Subcommittee and other additions
17 75/25 PFD	949.7	\$1,420 per recipient
18 Total Additions	1,590.6	
19 Deficit	(363.3)	+ \$50 million placeholder for future supp: (413.3)

House Finance Co-Chairman's FY26 Budget Scenarios

- A House Finance Co-Chairman did a similar exercise in a March 5, 2025 meeting, but included several PFD scenarios:
 1. 75/25 PFD
 2. \$1,000 PFD
 3. \$2,000 PFD
 4. Statutory PFD
 5. “Balanced Budget” PFD
- The Senate Finance Co-Chairs asked to show Scenario 5 in this presentation. The remaining scenarios are part of the meeting documents for the March 5 House Finance Committee meeting.
- The House three-year scenarios grow with inflation for all items rather than having Medicaid grow at 4.5% like the Senate scenario does.

HFIN Co-Chair FY26 Budget Scenario 5

\$1,000 BSA Increase, Balanced Budget PFD

(Illustration only, millions)

Item	FY26	Notes
1 UGF Revenue Forecast	6,198.8	
2 GovAmend Operating Budget/Fund Transfers	4,971.5	
3 Surplus Remaining	1,227.3	
4 Placeholder for New Contracts	40.0	Increased from previous estimate due to ACOA 11%
5 Foundation Formula Increase	253.9	\$1,000 BSA increase (not full HB 69 cost)
6 Pupil Transportation Increase	7.3	Matches FY25
7 Community Assistance	6.7	For \$30m total FY26 distribution
8 Child Care	7.5	Matches FY25
9 Fire Suppression (above Gov)	-	Matches Gov (\$25.8 million)
10 Disaster Relief Fund (above Gov)	-	Matches Gov (\$13.0 million)
11 AMHS Backstop	10.0	Matches FY25, FY28 increase to \$76.5
12 Capital Budget	300.0	GovAmend = 294.0
13 Legislative Capital Budget Additions	-	
14 DM, School Construction/Maintenance, UA DM	50.0	
15 Fiscal Notes	-	
16 Other Changes	40.0	Subcommittee and other additions
17 Balanced Budget PFD	511.9	\$736 per recipient
18 Total Additions	1,227.3	
19 Deficit	-	

House Finance Co-Chairman's FY25-28 Scenario 5
Modified by SFIN to Add Medicaid Growth of 4.5% from MESA Report and full
HB 69 Cost (\$275.9 million)
(Illustration only, millions)

Item	FY26	Notes
1 UGF Revenue Forecast	6,198.8	
2 GovAmend Operating Budget/Fund Transfers	4,971.5	
3 Surplus Remaining	1,227.3	
4 Placeholder for New Contracts	40.0	Increased from previous estimate due to ACOA 11%
5 Foundation Formula Increase	275.9	Rules CS for HB 69, incl. \$1,000 BSA increase
6 Pupil Transportation Increase	7.3	Matches FY25
7 Community Assistance	6.7	For \$30m total FY26 distribution
8 Child Care	7.5	Matches FY25
9 Fire Suppression (above Gov)	-	Matches Gov (\$25.8 million)
10 Disaster Relief Fund (above Gov)	-	Matches Gov (\$13.0 million)
11 AMHS Backstop	10.0	Matches FY25, FY28 increase to \$76.5
12 Capital Budget	300.0	GovAmend = 294.0
13 Legislative Capital Budget Additions	-	
14 DM, School Construction/Maintenance, UA DM	50.0	
15 Fiscal Notes	-	
16 Other Changes	40.0	Subcommittee and other additions
17 Balanced Budget PFD	489.9	\$701 per recipient
18 Total Additions	1,227.3	
19 Deficit	-	

FY26-28 Senate Finance Scenario

- Assumes existing schedules for statewide items, adds \$7.8m placeholder for new school bond debt starting in FY27.
- Agency operations and the capital budget grow with inflation (2.5%) over FY26 levels (from scenario on previous page), except Medicaid is shown with a 4.5% growth rate.
- Adds additional \$66.5 million for AMHS in FY28 to replace expired federal funds.
- \$50.0 million supplemental budget placeholder in FY26 and beyond.

Senate Finance FY25-28 Scenario

\$680 BSA Increase, 75/25 PFD

(Illustration only, millions)

		FY25	FY26	FY27	FY28
1	POMV Revenue	3,657.3	3,798.9	3,979.7	4,018.2
2	Traditional Revenue	2,603.6	2,399.9	2,419.1	2,449.1
3	UGF Revenue Total	6,260.9	6,198.8	6,398.9	6,467.3
4	ANS Oil Price	\$ 73.86	\$70.00	\$69.00	\$69.00
5					
6	Agency Operations	4,693.1	4,801.5	4,936.5	5,142.0
7	Statewide Items	400.1	454.2	524.5	531.3
8	Capital Budget	330.7	350.0	358.8	367.7
9	75/25 PFD	914.3	949.7	994.9	1,004.6
10	Pre-Transfer Surplus/(Deficit)	(77.3)	(356.7)	(415.8)	(578.2)
11	PFD/Person	\$1,702	\$1,420	\$1,493	\$1,505
12					
13	Supplementals	84.2	50.0	50.0	50.0
14	Fund Transfers	4.3	6.6	0.3	0.3
15	Final Surplus/Deficit	(165.8)	(413.3)	(466.1)	(628.5)

FY25-26 Deficits total \$579.0 million

House Finance Co-Chairman's FY25-28 Scenario 5

\$1,000 BSA Increase, Balanced Budget PFD

(Illustration only, millions)

		FY25	FY26	FY27	FY28
1	POMV Revenue	3,657.3	3,798.9	3,979.7	4,018.2
2	Traditional Revenue	2,603.6	2,399.9	2,419.1	2,449.1
3	UGF Revenue Total	6,260.9	6,198.8	6,398.9	6,467.3
4	ANS Oil Price	\$ 73.86	\$70.00	\$69.00	\$69.00
5					
6	Agency Operations	4,693.1	4,907.6	5,030.3	5,222.5
7	Statewide Items	400.1	422.7	493.0	499.8
8	Capital Budget	330.7	350.0	358.8	367.7
9	Balanced Budget PFD	914.3	511.9	516.6	377.0
10	Pre-Transfer Surplus/(Deficit)	(77.3)	6.6	0.3	0.3
11	PFD/Person	\$1,702	\$746	\$754	\$536
12					
13	Supplementals	84.2	50.0	50.0	50.0
14	Fund Transfers	4.3	6.6	0.3	0.3
15	Final Surplus/Deficit	(165.8)	(50.0)	(50.0)	(50.0)

FY25-26 Deficits total \$215.8 million

House Finance Co-Chairman's FY25-28 Scenario 5
 Modified by SFIN to Add Medicaid Growth of 4.5% from MESA Report and full
 HB 69 Cost (\$275.9 million)
 (Illustration only, millions)

		FY25	FY26	FY27	FY28
1	POMV Revenue	3,657.3	3,798.9	3,979.7	4,018.2
2	Traditional Revenue	2,603.6	2,399.9	2,419.1	2,449.1
3	UGF Revenue Total	6,260.9	6,198.8	6,398.9	6,467.3
4	ANS Oil Price	\$ 73.86	\$70.00	\$69.00	\$69.00
5					
6	Agency Operations	4,693.1	4,929.6	5,067.7	5,276.2
7	Statewide Items	400.1	422.7	493.0	499.8
8	Capital Budget	330.7	350.0	358.8	367.7
9	Balanced Budget PFD	914.3	489.9	479.1	323.3
10	Pre-Transfer Surplus/(Deficit)	(77.3)	6.6	0.3	0.3
11	PFD/Person	\$1,702	\$701	\$696	\$452
12					
13	Supplementals	84.2	50.0	50.0	50.0
14	Fund Transfers	4.3	6.6	0.3	0.3
15	Final Surplus/Deficit	(165.8)	(50.0)	(50.0)	(50.0)

FY25-26 Deficits total \$215.8 million