

MIDTOWN COMMUNITY COUNCIL-SENATOR GRAY-JACKSON REPORT

JANUARY 10, 2024

2025 Budget Overview

Governor Dunleavy unveiled his proposed **\$13.9 billion** operating budget and **\$3.6 billion** capital budget for Fiscal Year 2025 in mid-December. Some key aspects of the proposed budget include:

- Provides a \$3,284 PFD (Permanent Fund Dividend). This is an increase from the \$1,312 PFD paid out in 2023. This equals a \$2.3 billion expense.
- The base education funding (BSA) remains stagnant. The Governor did not include an increase in his operating budget. This means funding remains below the statutory inflation-proof amount. The capital budget includes \$8.3 million for school construction projects.
- Funds the University of Alaska system at a reduced level of \$327.1 million, down from \$335.4 million in FY2024. This continues reductions that have cut system funding by over 40% in the last decade.
- Invests \$150 million in transportation infrastructure, prioritizing road and bridge maintenance projects across the state.
- \$25 million for Alaska Housing Finance Corporation Down Payment Assistance Grants. An additional \$62.6 million will go toward their yearly housing programs.
- Maintains funding for Medicaid expansion under the Affordable Care Act at current service levels. Also adds 30 full-time positions to assist with the supplemental nutrition assistance program (SNAP) applications to further help with a backlog. Furthermore, the budget adds \$5 million for the Food Bank of Alaska.
- Proposes no new taxes or fees. The budget relies on oil revenue projections of \$2.5 billion. While oil production is increasing, long-term sustainability of the Trans-Alaska Pipeline and North Slope oilfields remains a major economic concern if production declines prematurely.
- The proposed budget has received mixed reactions from legislators. While maintaining core services, critics argue the budget does not adequately address needs in education, infrastructure, and economic diversification given Alaska's petroleum wealth and budgetary resources. Although the budget proposes a large PFD, it relies on savings (a \$987 million draw from the state's constitutional and statutory budget reserves) to fill a deficit of nearly \$1 billion. Legislative review and amendments to the budget will occur in the coming months.

Ways to Provide Input on the Budget

Message your elected officials.

Message/Testify [Committees](#) that are hearing about the program you'd like to comment on.

Contact [House](#) and [Senate Leaders](#).

All Legislators get an opportunity to make amendments and vote on the budget when it goes to the floor for a vote.

Always representing your interests!

