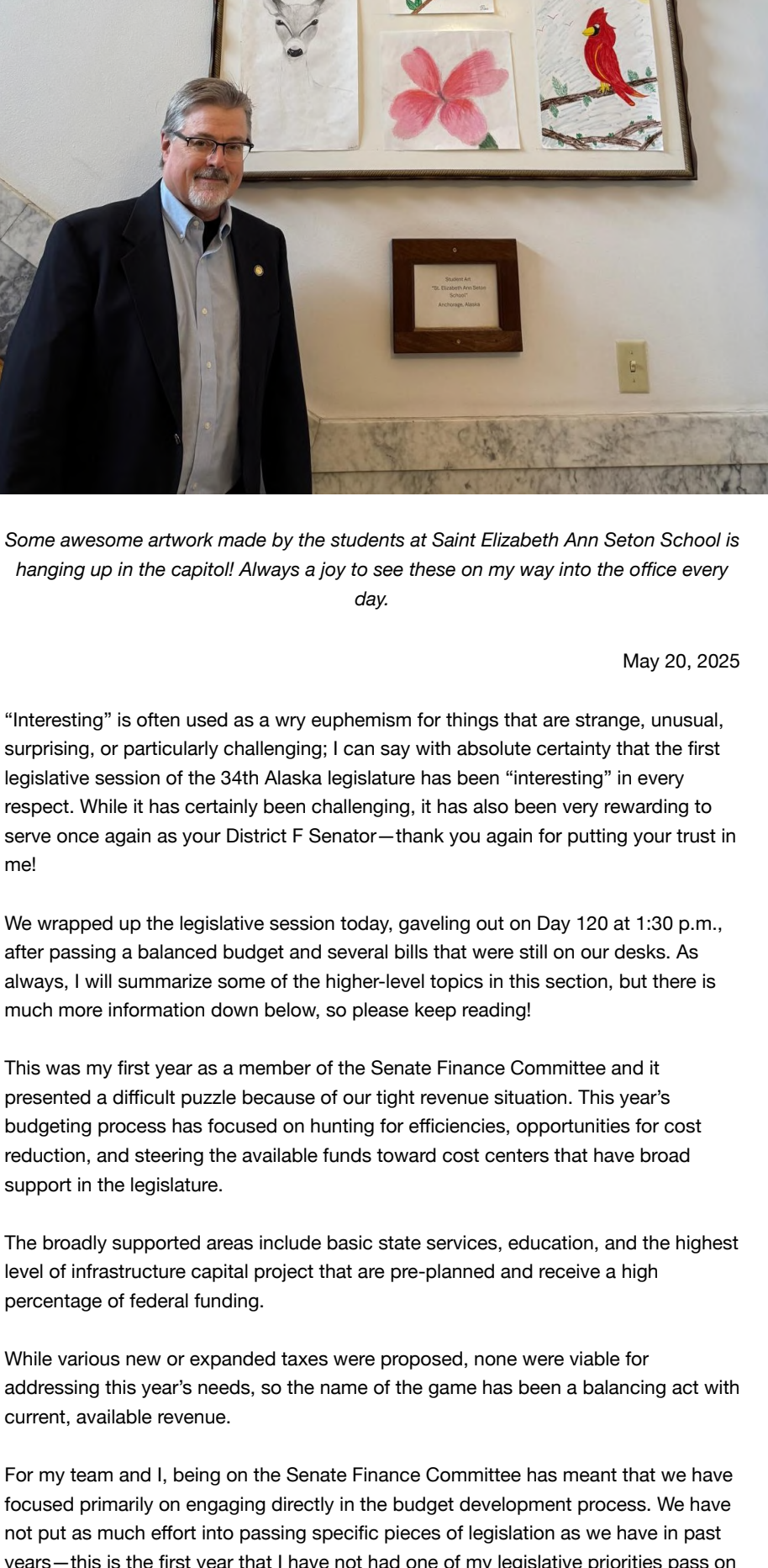




Some awesome artwork made by the students at Saint Elizabeth Ann Seton School is hanging up in the capitol! Always a joy to see these on my way into the office every day.

May 20, 2025

"Interesting" is often used as a wry euphemism for things that are strange, unusual, surprising, or particularly challenging; I can say with absolute certainty that the first legislative session of the 34th Alaska Legislature has been "interesting" in every respect. While it has certainly been challenging, it has also been very rewarding to serve once again as your District F Senator—thank you again for putting your trust in me!

We wrapped up the legislative session today, gaveling out on Day 120 at 1:30 p.m., after passing a balanced budget and several bills that were still on our desks. As always, I will summarize some of the higher-level topics in this section, but there is much more information down below, so please keep reading!

This was my first year as a member of the Senate Finance Committee and it presented a difficult puzzle because of our tight revenue situation. This year's budgeting process has focused on hunting for efficiencies, opportunities for cost reduction, and steering the available funds toward cost centers that have broad support in the legislature.

The broadly supported areas include basic state services, education, and the highest level of infrastructure capital project that are pre-planned and receive a high percentage of federal funding.

While various new or expanded taxes were proposed, none were viable for addressing this year's needs, so the name of the game has been a balancing act with current, available revenue.

For my team and I, being on the Senate Finance Committee has meant that we have focused primarily on engaging directly in the budget development process. We have not put as much effort into passing specific pieces of legislation as we have in past years—it is the first year that I have not had one of my legislative priorities pass on the Senate or House floor, but we needed to be fully engaged in the policy and numbers being presented at the Finance Committee table, so that's where we focused our attention.

That said, we've had several bill hearings for my personal legislation and moved my Executive Budget Act reform bill through the State Affairs committee. At the same time, we have poured many hours into working on passing a reasonable education policy reform and funding. We have also worked to improve several pieces of legislation that came through the Finance Committee and some of the bigger pieces of legislation moving through the legislature this year.

As noted previously, revenue is down a bit this year as the price of oil has decreased. While production is supposed to increase in the coming few years, the investments being made now in those new wells are having a short-term negative impact on our oil revenue.

The final budget that passed the floor reflected \$6.128 billion in revenues and \$6.072 billion in spending. It balances at a forecasted \$66.5 per barrel oil price (that is \$1.5 less than the forecasted \$68 per barrel) and the \$3.8 billion investment draw on the 5-year averaged, 5% market value draw on the Permanent Fund.

Education was on the very top of the list for many, and amidst some false starts, some bait and switch political shenanigans, a fair dose of misinformation, and other challenges, we were able to pass a compromise education funding and policy bill. You'll find a detailed section below, but in short, HB 57 reflects the current legislative consensus on what we can spend and what we are able to do to improve education. There's always more that we can do, but considering the current environment I was pleasantly surprised by what we were able to put together.

Traditional resource revenues, such as oil, accounted for just 14% of this year's revenue, but I am cautiously optimistic that our oil revenue will get a boost with Washington DC's support of resource development. There was also some progress in new activity in Cook Inlet gas production. See more in the energy section below. While we see emerging opportunities in the private sector, we are also seeing some headwinds, as future federal government program spending may be curtailed. It's too soon to know exactly what we might expect, as DC is still in the process of shifting its focus on spending. We may need to adapt in an evolving situation.

Our district has an intense interest in wildland/urban interface fire risk. You may have noticed some smoke recently from a carefully planned and controlled burn done to help reduce the fuel load on the Anchorage Hillside. The Anchorage wood lot is open now. Some of the money we secured for fire mitigation two years ago is being spent by the Fire Department to do critical work on the Hillside. There are more details and contact information below if you would like to know more about what is being done to reduce this risk in the coming year.

My office remains focused on fixing things that are broken, making improvements where we can, and helping Alaskans grasp opportunities as they come our way, so let me know if you have any questions, suggestions, or comments and we'll see what we can do.

Best Regards,

James

How the Budget is Shaping up

FY2025	FY2026
Revenue (3/12 Forecast)	Revenue (3/12 Forecast)
POMV	3,657.3
Traditional	2,604.1
Total UGF Revenue	6,261.4
Expenditures	Expenditures
Operating	5,093.2
Capital	330.7
Transfers	4.3
PFID	914.3
Supplementals	111.8
Total	6,454.2
Surplus/(Deficit)	(192.8)

FY2025	FY2026
Revenue (3/12 Forecast)	Revenue (3/12 Forecast)
POMV	3,798.9
Traditional	2,329.7
Total UGF Revenue	6,128.6
Expenditures	Expenditures
Operating	5,023.1
Capital	173.4
Transfers	0.3
PFID	685.3
Fiscal Notes	190.6
Total	6,072.7
Surplus/(Deficit)	55.9

The budget this year is balanced without using savings and will pay a \$1000 PFD to every Alaskan.

When we started the session in January, we were presented with a budget from the Governor that had a \$1.6 billion deficit. We also had to deal with a nearly \$200 million deficit from last year's budget. When it is all said and done, the Governor is constitutionally obligated to sign a balanced budget.

The needs for the state were many and the resources few, making this one of the more challenging budgeting years in recent memory. I commend the chairs of the Senate Finance Committee, of which I am a sitting member, for doing difficult work by putting in the work to cut spending and holding the line on additional spending. Nominal year-over-year spending decreased by 6% compared to last year—not accounting for inflation.

Revenue pressures this year came from several directions. Petroleum revenue—long a cornerstone of our state's finances—has declined sharply since the 2022 highs, when prices exceeded \$100 per barrel. In the Spring Revenue Forecast released at the end of March, oil was projected at \$68 per barrel, but prices have continued to fall. Many indicators now suggest further downward pressure, and when adjusted for inflation, this year's prices are the lowest since the 2014 oil crash that triggered Alaska's last fiscal crisis.

For context: each \$1 change in per-barrel oil price represents a roughly \$35-40 million change in state revenue.

The other and largest-source of revenue to our state is from the federal government. Alaska is one of the largest recipients of per capita federal funding.

Changes in Washington DC could impact how the state is able to pay for existing programs ranging from Medicaid to infrastructure projects. It is important that we as a state keep our savings account fully intact to better address any revenue shortfalls from the feds. Further belt tightening may be necessary for next year's budget.

On that note, next year's budget picture when the legislature returns in January could be even more hopeful. I am cautiously optimistic that the fiscal working group that the Governor recently [called for](#) can get our state's fiscal outlook onto a better track.

As always, please reach out if you would like further information on how we develop the state's operating budget and the outlook for the state.

Where are we in the Budget process?

Operating Budget

View documents for each [here](#) >>

1. Governor's Proposed Budget
2. Governor budget review process
3. Governor's Amended Proposed Budget
4. House continues budget review process
5. House Proposed Version of the Budget
6. House passes the Operating Budget
7. Senate review process
8. Senate Proposed Version of the Budget
9. Senate Passes the Operating Budget
10. House and Senate negotiate a compromise Budget
11. **Final Budget is passed by the full Legislature << We are here**
12. Governor Signs the Budget with Vetoes

Capital Budget

View documents for each [here](#) >>

1. Governor's Proposed Budget
2. Senate review process
3. Governor's Amended Proposed Budget
4. Senate continues budget review process
5. Senate Proposed Version of the Budget
6. Senate Passes the Capital Budget
7. House review process
8. House Proposed Version of the Budget
9. House Passes the Capital Budget
10. Senate and House negotiate a compromise Budget
11. **Final Budget is passed by the full Legislature << We are here**
12. Governor Signs the Budget with Line-Item Vetoes

Good to See You!



I came back to Anchorage in April and May to meet with folks at Stearnsdot and Kaiadi's. Both coffee events were a great chance to hear from my neighbors about the issues they care most about this session. Education and a balanced state budget were the big topics this year. Read on to hear how those issues wrapped up this year.

Take Aways from Senate Finance

Serving on the Senate Finance Committee this year has been an awarding challenge. The tight budget this year meant we had to hold down department budgets to keep our budget balanced. We reviewed some of the most important pieces of legislation that passed this year. I also had the privilege of serving on the Conference Committee that negotiated the final budget. Here are a few takeaways from both bodies of the legislature. Here are some of the successes I'm proud to notice:

• Protected Funding for Behavioral and Mental Health Services

I worked to ensure continued support for behavioral health programs that provide essential care to vulnerable Alaskans. This funding is particularly important for Anchorage because it provides important funding that helps trained professionals address mental health crisis cases so that our police officers can focus on important crime fighting.

• Voted for Education Reforms and a Permanent Increase to the Base Student Allocation (BSA)

After years of debate, the legislature approved a permanent increase to the BSA—one of the most significant long-term boosts to public education funding in over a decade. We were able to achieve this within a balanced budget, while also securing needed reforms to education policy.

• Protected the Integrity of the Alaska Permanent Fund Corporation (APFC)

I defended the APFC's structure and operational independence. The initial budget that came out of the Senate had some changes that would have damaged the ability of the APFC team to continue delivering above-benchmark returns that benefit our state. So, I worked with the Finance Co-Chairs in the conference committee to preserve its ability to deliver long-term value to all Alaskans.

• Maintained Funding for Child Care Grants and Child Advocacy Centers

The original Senate Budget included large cuts to both Child Care Grants and Child Advocacy Centers. I received dozens of emails detailing the detrimental impact this would have on the youngest members of our state. Through talks during the Conference Committee process we were able to ensure that funding remained in place.

• Advanced Numerous Key Bills on the Senate Floor

In addition to budget work, we supported and voted for a range of legislation aimed at improving education, public safety, infrastructure, and more.

Moving forward, I will continue to push for better governance that drives efficiencies and delivers results for the people of District F and for the people of Alaska.

What's up With Education?

The Rise and Fall of HB 69

As you have no doubt read about, the last few weeks have been big ones for the education debate. In my last newsletter, HB 69 had just passed the House with a number of policy changes and a \$1,000 increase to the BSA. For the rest of March and the first half of April, the Senate Education committee worked on the bill and eventually passed it on to the Senate Finance Committee with more changes.

This is where things changed quickly and dramatically. At the bill's first hearing in the Senate Finance Committee, HB 69 was stripped of all policy compromises and was moved out with only a \$1000 increase to the Base Student Allocation (BSA).

I was given about 24 hours' notice that this was going to happen, so I began drafting an amendment that sought to strike a balance between the funding increase that was needed and the policies that the Governor and many of my colleagues were looking for. I offered that amendment the next day on the Senate Floor where it did not pass.

HB 69 then went on to pass the Senate by a very narrow margin (11 yes to 9 no). Notably, the three Chairs of the Finance Committee all voted no on the bill. While we all wanted to support an increase to education funding, \$1000 BSA increase—which costs an additional \$250 million—is just not affordable this year. And with a promised veto looming, I could not support this effort that was doomed to fail.

The Governor vetoed the bill a couple of days later and the legislature failed to override that veto by a wide margin. I am sad to say that this bill was turned into a political pawn by those who wanted to force a failed veto override. In other words, this bill was set up to fail the way it did. But the story is not over!

Out of the Ashes Comes HB 57

After HB 69 failed its final vote, a couple of us in the minority got together with members of the Senate majority and worked to put together a new education bill that included a meaningful BSA increase and a few key policy reforms. The final version of HB 57 we crafted included a \$700 increase to the BSA and reforms supporting charter schools (making it easier for charters to be renewed, better protecting them in the termination process, and more), vocational technical education, and the Alaska Reads Act.

Since the beginning of this session, I have focused my efforts (and votes) on ensuring that we passed an education bill that was affordable in this incredibly tight budget year, and that would make it all the way across the finish line and into law. With the inclusion of these key policy reforms and the \$700 BSA increase, I was excited to support the bill. It passed the Senate 17-3 and the House 31-8 on April 30th.

On Monday (the 19th), the Governor vetoed the bill saying that he wanted to see more meaningful policy changes included before he signed off on more funding. While I believe we need policy reforms, I am satisfied with the reforms we included in HB 57. I hope we can address more issues in future pieces of legislation, but for now, I believe we did good work. On Tuesday, the House and Senate came together and overrode the veto with a vote of 46 yes's and 14 no's, thereby increasing the Base Student Allocation and implementing those policy reforms.

I don't know what will happen next. It is possible that the Governor will reduce the amount of funding schools receive through a line-item veto in the budget. If he does, the vote threshold needed makes overriding that veto 45 of 60, but we likely won't be able to do it until next January. I have and will continue to ask him not to do so.

Thank you to everyone who has reached out to me this session about education. I received and responded to almost 650 emails from neighbors like you and hundreds more from Alaskans around the state on just this issue. I really appreciate your engagement.

Learn more in past newsletters:

If you are interested in my perspective throughout the process these past two years, read my newsletters on the subject:

- January 29, 2024: [Introducing last year's education debate](#) >>
- March 6, 2024: [Discussing the education bill \(SB 140\) after it passed the full Legislature](#) >>
- April 22, 2024: [Discussing next steps after the Legislature failed to override the veto of SB 140](#) >>
- February 12, 2025: [Introducing this year's education debate and active bills](#) >>
- March 23, 2025: [Right after HB 69 passed the House](#) >>

Energy in the Cook Inlet

While the Cook Inlet natural gas shortage hasn't been the center focus of this legislative session, I do have some encouraging updates to share.

HEX/Furie is in the [process of drilling](#) several new natural gas wells in the Cook Inlet (specifically the Kitchen Lights Unit). They are scheduled to come online early this summer. I am hopeful that, if everything proceeds as planned, the new gas provided by these wells will delay shortage concerns by a few years at least. In the short term, that is good for ensuring we all can affordably heat our homes and keep our lights on. The extra time allows us to more carefully choose a long-term solution to the problem of dwindling natural gas supply in the Cook Inlet.

One of the long-discussed long-term options is the Alaska LNG Project—a proposed 807-mile pipeline from Prudhoe Bay to Nikiski, which is estimated to cost at least \$4.3 billion, though updated projections will likely be higher.

In recent months, the Alaska Gasline Development Corporation (AGDC) signed an agreement for the Glenfarne Group to take over the development, construction, and operation of the project. In this first phase, Glenfarne will focus on finalizing project plans, designs, and cost estimates. At the same time, Governor Dunleavy and AGDC have been in investment discussions with potential partners in Taiwan, Japan, and South Korea—an nations interested in importing Alaska LNG to Asia.

While I strongly support a natural gas solution that doesn't rely on imports from the Gulf of Mexico, I also believe it's essential to protect the state's fiscal stability. I will continue working with the Governor, AGDC, and I submitted the House and Senate came together and overrode the veto with a vote of 46 yes's and 14 no's, thereby increasing the Base Student Allocation and implementing those policy reforms.

As always, please don't hesitate to reach out with any questions.

Anchorage Delegation Town Hall

Thank you to all the folks who turned out for the Anchorage Delegation Town Hall! I appreciated the chance to hear from you about education, public safety, business, retirement, and much more. Thanks for taking the time to come out and make your voice heard.

On an extra special note, it was awesome to see Edison, the Young High student who I mentored last year, come out to testify. It is good to see our young people engaged, asking questions, and participating in our government. She's headed to college in Washington DC this coming fall!

Capital Budget & Projects for our District

With the fiscal restraints we faced this year, none of the capital projects that Rep. Couloumbe (HD 11), Rep. Schrage (HD 12), and I submitted for consideration made it into the final budget—in fact, no district had their individual projects included. However, the capital budget did include critical funding for state deferred maintenance, a few of the top [school major maintenance projects](#) (including one for Service Highschool), and [road projects](#) included in our four year [Statewide Transportation Improvement Plan](#).

This budget was lean—it did not include several projects that would have benefited our neighbors or the state as a whole. However, it was an honest budget that took our fiscal situation seriously and focused what money we did have on some of the most important statewide priorities.

Again, I want to thank the community councils and LRSAs who put a lot of work into their project requests. We will bring them back next year and hope that we have more resources to be able to address some of the big issues the neighborhoods in our district are facing.

The projects that we secured funding for last year are moving forward. If you are interested in a more detailed update about any of these, please reach out!

Projects Funded Last Year that are Now in Progress:

Purpose	Dollar Amount
Safe Pedestrian Crossing to Service High School and Trailside Elementary School	\$310,837
Safe Pedestrian Crossings for O'Malley Elementary School at Rockledge Drive	\$400,000
Traffic and Pedestrian Safety Improvements for Elmore Intersections at 84th Avenue & Coventry Drive	\$300,000
Hillside LRSA Drainage and Ditching Projects	\$240,000
Disaster Evacuation Routes for the Anchorage Hillside	\$300,000
AK Child and Family Building Improvements	\$389,163
Sum Total	\$1,940,000

Catch Up on My Bills!

Since I joined the Legislature in 2021, my team and I successfully passed 10 common-sense bills. They addressed government efficiency, workforce development, affordable housing, data security, an all-of-the-above approach to energy, and ensuring Alaskans have responsible access to our incredible lands. If you want to learn more about each of them, you can read about them [here](#), [here](#), and [here](#).

This session, I focused my attention on the Finance Committee and preparation of the state's budget. As a result, I narrowed the number of bills I am carrying to a few of my biggest priorities:

Newly Introduced!

Repealing Unused and Inactive Funds | SB 163

While we spend our time debating the big ticket items, many small expenses quietly draw on the state's coffers. A few years ago, my Senate Bill 25 repealed several long-dormant accounts that we were still paying to maintain and instituted a biennial review mechanism to identify more inactive funds for repeal. The [first report](#) came out at the beginning of this year and showed that there are 56 inactive funds currently on the books. SB 163 takes the first step toward cleaning up our books by repealing 12 of these funds. The bill will have it's first hearing next session! This is the sort of good governance bills that I am always on the look out for!

My Continued Priorities

The Executive Budget Act Rewrite | SB 37

Senate Bill 37 reorganizes the Executive Budget Act to integrate strategic planning and performance management into the state's budgeting process. This legislation would put state agencies on four year strategic operating plans, help the Legislature more effectively review budgets for each agency, and improve transparency for the public. SB 37 moved out of the Senate State Affairs Committee at the end of April. We will have our first hearing in the Senate Finance Committee early next session!

GDP-Based Spending Cap | SB 36 / SJR 4

Senate Bill 36 is a functional state spending cap which constructively links our private sector performance (measured by GDP) and government spending. An effective limit like this one creates stability and predictability in our budgeting process - in economic boom years, extra revenues are pushed forward, preventing the need for drastic cuts in economic bust years. [SB 36/SJR 4 was heard](#) in the Senate Judiciary Committee on April 25. I am looking forward to more hearings next session!

Some of My Other Pieces of Legislation!

Permanent Fund Account Modernization | SJR 5

A little background, the Permanent Fund is broken into two accounts, the spendable, non-spendable Principal (~70 billion) and the spendable Earnings Reserve Account (ERA) (~10 billion). In 2018, the Legislature began using a 5 Percent of Market Value (POMV) draw to manage withdrawals from the Permanent Fund. It's 5% is based on best practices of other large endowment funds. Since then, yearly POMV draws and resulting inflation proofing have begun depleting the ERA.

There is a growing understanding by both the Permanent Fund Corporation and the Legislature that the two-account structure (where only the ERA is available for appropriation by the Legislature) could result in a fiscal crisis if the ERA is ever depleted far enough. At the end of last year, APFC's Board of Trustees produced "2024 APFC Trustees' Paper 10" which outlines in much more detail the problem and recommended solution. [You can read that here](#) >>

SJR 5 consolidates the Principal and the Earnings Reserve into one account managed for total return. It then constitutionalizes a "no greater than" 5.5% yearly POMV draw. The expectation is that a lower POMV draw would be put into statute. It also includes language ensuring that a Permanent Fund dividend is paid out yearly according to a formula in statute. [SJR 5](#) is currently in the Senate Judiciary Committee.

Creating an Office of Information Technology | SB 38

Senate Bill 38 recognizes the fundamental role of Information Technology (IT) projects in innovative solutions that can move Alaska into a new era of management and operations. This bill establishes the Office of Information Technology within the Department of Administration. This legislation creates clear roles, guides development of structured processes, and standardizes management practices for overseeing IT projects across state agencies.

We empower the State Chief Information Officer (CIO) to oversee IT projects, ensuring adherence to best practices, ensuring budget compliance, and delivering results that align with legislative intent. SB 38 also requires state agencies to document IT project requirements in biennial information technology plans, promoting transparency and accountability. Advancing this bill helps to create a more efficient, responsive, and customer-driven information technology landscape in our state, ensuring that IT projects continue to play a crucial role in enhancing the lives of all Alaskans. [SB 38](#) is currently in the Senate State Affairs Committee.

Highschool Senior Spotlight!

Happy Graduation Day to the Service High and South High graduating class of 2025! Congratulations on achieving this important milestone in your life and good luck in your next steps!

2025 Wildfire Season and Preparedness

We have seen above normal fire-risk across the state. This is especially important to us around the hillside, as the trees in the area creates high risk fuel levels. Preparing for this year's wildfire season is going to take you to keep yourself and your property safe.

I was happy to be a cosponsor on [House Joint Resolution 15](#) on Wildfire Preparedness which calls upon the Governor, state and local agencies, and our congressional delegation to coordinate and strengthen fire prevention, response, and public education efforts.

There are various community resources and opportunities to get prepared:

- Familiarize yourself on what you can do to [harden your home to wildfire](#) >>
- [Wood lots](#) in Anchorage are open to accepting downed trees and wood fuel (open every Monday-Saturday 8:00AM-5:00PM)
- Update your phone to receive communications via Smart 911/Rave (download the app "Smart911")
- Have a game plan with [READY-SET-GO](#) >>
- Have Anchorage Fire Department perform a [Firewise Assessment](#) of your home or do a [Self Assessment](#) >>
- Stay up to date on [current fuel reduction work](#) (WUI-CAT website)
- Work with your local fire station captain and develop an emergency evacuation plan for your area and attending information sessions held in town to be up to date with all things wildfire preparedness (can find more information by going to the [WUI-CAT website](#))

• If you would like, please fill out this Community Wildfire Protection Plan Survey [Here](#) >>

I am Here to help!

As always, I want to hear from you! Whether you have an opinion you would like to express or if you need help with anything government-related, please reach out via email or phone call and I will do the best to assist you.

Reach out!

By Phone: Monday-Friday, 9am to 5pm

By Email: Anytime!

P: 907-465-4949 | E: Sen.James.Kaufman@akleg.gov

Community Resources

REAL ID Is Here

Since May 7th you need REAL ID compliant license, or other form of identification (such as a passport) is needed to board domestic flights, access certain federal buildings, and certain federal facilities on and after this date.

Please check the link below for more information and FAQs

REAL ID Update, Alaska Division of Motor Vehicles

Rental Assistance is Available

You can now apply to receive Emergency Rental Assistance. Funds are available to help people stay in housing and to help people transition from shelter to housing. Learning more and find out your eligibility below:

Check Your Eligibility Here

2025 Property Tax Assessments are out

See Yours Here

See if you have unclaimed property!

Thousands of Alaskans have unclaimed property (usually money) currently held by the state. Do a quick search and claim your property!

Check for Unclaimed Property

Eruption / Volcanic Ash Preparation Resources

Municipality of Anchorage Volcanic Ash Preparedness

Alaska Volcano Observatory

State of Alaska Emergency Preparation (Alaska Division of Homeland Security and Emergency Management)

Find Jobs in Anchorage

State Jobs

Municipality of Anchorage Jobs