What is Currently Driving the Legislature

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March 20, 2016
Driver #1: Time

- Today is 62\textsuperscript{nd} day of session: 28 to go!
- Adjournment fever starts next month: April 17 is 90\textsuperscript{th} day.
- Remember: three special sessions in 2015, two to finish budget negotiations, one for gas pipeline.
**Driver #2: Money**

- ANS crude West Coast price: $37.55/barrel (3/14)
- ANS daily production: 540,000 barrels per day
- Annual oil revenue to state treasury: $1.3 billion
- Annual expenditures: $5.1 billion (FY 17)
- Budget deficit: $3.8 billion
- Reserve funds: $14 billion
Driver #3: Elections

- 40 House seats and 10 Senate seats on the ballot in fall elections.
- What will voters remember from the session? Budget cuts, loss of PFD, tax increases?
Fiscal Plan

- Governor Walker proposed three-part plan:
  - Cut budget: $100 million
  - Use Permanent Fund earnings & other savings to help fill deficit
  - Raise taxes
  - Fully fund BSA & support $50 increase
House Plan: Let’s Cut more

- Budget passed March 11 with many cuts:
  - $35 million cut to UA
  - $10 million cut to EED
- BSA fully funded & $50 increase included

Rep. Mark Neuman, co-chair House Finance Committee
Senate: Cut Even More

- Senate version of budget cuts $335 million, although $100 million is unallocated reduction.
- BSA fully funded & $50 increase included.
- Medicaid Reform (SB74) estimated to save $33 million next year.
- Announced Senate Majority goal: $800 million reduction.

Sen. Pete Kelly, chair
Senate Finance Committee
Give & Take

- Legislature may give $1.2 billion for K-12 education and chip in $12 million more for $50 BSA increase
- Legislature may take back millions by upping local share of PERS-TRS contributions.
Where is Finish Line?

- Budget Conference Committee will fashion final budget.
- Majorities will decide if Permanent Fund earnings and/or taxes are part of solution.
- Governor may decide whether special session is needed.