Key Legislative Issues & Bill Review

Norm Wooten
Feb. 12, 2017
Fiscal Gap

- New House Majority organized around the desire to bridge the fiscal gap facing state government.
- House “bridge” includes possible tax increases and use of Permanent Fund earnings.

House Speaker Bryce Edgmon
Fiscal Gap

- Senate agrees on need to bridge fiscal gap, but departs from House on tax increases as one tool.
- Searching for additional large budget cuts and agreement on use of Permanent Fund earnings.

Senate President Pete Kelly
Fiscal Gap

- Governor proposes $5 billion budget (including $700 million for PFD) for FY 2018, drawing on:
  - $1.6 billion in recurring revenue
  - $2.5 billion in Permanent Fund earnings
  - $40 million in increased motor fuel taxes
  - Narrows fiscal gap to $892 million in FY 18
K-12 Education

- Foundation Formula funded at $1.2 billion, including restoration of $40 million reduced in student transportation and debt reimbursement last year.

- Governor proposes examining “systemic changes” to education & health budgets in 2018.
“Alaska faces obstacles to student achievement unlike those that exist in any other state in the nation. Alaska’s Education Challenge is to address our student achievement gaps and increase our graduation rates by making sure that every student across our state has equal opportunities to learn and succeed.”

From EED Website announcing series of public hearings in 2017 on K-12 education.
What Happens in Meantime?

- House of Representatives includes 12 new members and new majority organization.
- Search for balanced budget compromise could extend into June again.
- Would no cut to K-12 be a win?

- Senate majority includes 3 new members but majority organization is essentially unchanged.
- Search for large budget reductions could extend into K-12 education again:
  - PERS-TRS
  - Pupil Transportation
  - Bond debt reimbursement
  - BSA
Retirement Incentive
HB 11

- Retirement Incentive Program for public employees & teachers:

- Allows employers discretion to offer early retirement to employees who are 50 or older; includes use of accrued leave benefits to offset cost of defined benefit retirement.

- (Status: House State Affairs Committee).

Rep. Scott Kawasaki, D-Fairbanks
Pre-K Education
HB 52

- Redefines elementary schools to include 3-year-olds.
- Fiscal note estimates 5,500 3 & 4 year old students in Alaska.
- Estimated cost: $51 million/year added to foundation program.
- Status: House Education Committee

Rep. Scott Kawasaki, D-Fairbanks
Reading Proficiency
HB 64

- Creates task force of legislators and educators to recommend reading proficiency programs.
- Also see SB 27 (Dunleavy)
- Status: House Education Committee

Rep. Harriet Drummond, D-Anchorage
Limited Teacher Certifications
HB 102

- Expands limited teacher certification program to include Alaska Native language instruction.

- Status: House Education Committee

Rep. Jonathan Kreiss-Tomkins, D-Sitka
Tax for School Facilities
SB 12

- Establishes employment tax on all wage-earners.
- Graduated from $50 to $500 per year, based on size of income.
- Funds to be segregated in treasury for appropriation by Legislature. (Intent is for use in school maintenance).
- Status: Senate Labor & Commerce Committee

Sen. Click Bishop, R-Fairbanks