

# **What is Currently Driving the Legislature**

Norm Wooten  
April 2, 2017



Association of Alaska School Boards  
Advocates for Alaska's Youth

# 77<sup>th</sup> Legislative Day

## The Fiscal Gap

- “Permanent Fund Protection Act” (SB 26) introduced by Governor Walker and passed by Senate on March 15:
  - Annual draw on earnings: 5 percent to help fund essential services and pay PFD
  - Caps PFD at \$1,000 for three years
  - Still to come: major cuts to formula programs (including K-12 Education) to meet projected fiscal gap



# 77<sup>th</sup> Day

## The Fiscal Gap

- House approves Operating Budget (HB 57) of \$5.1 billion for FY 2018 on March 24 (reduction of \$82.5 million from FY 2017)
  - Funds K-12 education foundation formula at \$1.2 billion (BSA of \$5,930)
- Still to come: revenue-generating measures including personal income tax (HB 115) and reductions to oil industry tax credits (HB 111)



# Fiscal Gap Taxes



**Rep. Paul Seaton, R-Homer  
Co-Chair, House Finance Committee**

- **HB 115, proposes personal income tax & draw on Permanent Fund earnings, capping dividend at \$1,250**
- **Current status: House Finance Committee**
- **Passage by House could set up negotiations with Senate over SB 26, Governor's Permanent Fund Bill**



**Association of Alaska School Boards  
Advocates for Alaska's Youth**

# Fiscal Gap Shrink the Budget

- Senate President Pete Kelly advocates further reductions to operating budget
- 5 percent cut to K-12 schools?
- Goal of reducing budget to \$4.5 billion in FY 2018



**Sen. Pete Kelly, R-Fairbanks  
Alaska Senate President**



**Association of Alaska School Boards  
Advocates for Alaska's Youth**

# 121<sup>st</sup> Day

## What Compromise is Ahead?

- By May 17, will House and Senate have filled the fiscal gap with budget reductions, Permanent Fund income and new revenues?
- Will public opinion influence decisions? Alaska State Chamber of Commerce betting it can sway public with TV ads opposed to income tax.
- Will 5 percent cut to education be moderated or dropped entirely? Will public opinion influence decision on school funding?





# Meanwhile in Washington The New Administration



**Secretary Betsy DeVoss**  
**Department of Education**

- President Trump has revoked ESSA rules issued by Obama Administration
- Education budget priorities include charter school funding



**Association of Alaska School Boards**  
**Advocates for Alaska's Youth**

# Back at Home Education Challenge

- EED & School Boards joining in community discussions on future of K-12 education
- Getting consensus before making major decisions on budget
- \$200,000 requested for public process denied by Finance Committees



**Commissioner Michael Johnson**  
**Education & Early Development**



**Association of Alaska School Boards**  
**Advocates for Alaska's Youth**