

ALASKA STATE LEGISLATURE

House Majority News

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State Capitol
Juneau, AK 99801
Actuality line (800) 478-6540
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Dan Saddler
Press Secretary
(907) 465-3804
CONTACT: Rep. Eldon Mulder (907) 465-2647
CONTACT: Rep. Bill Williams (907) 465-3424

House Finance Passes Operating Budget Education, Public Health, University Top FY 02 Priorities

(JUNEAU) – The House Finance Committee concluded its work on a state budget bill Sunday, sustaining most state services at current levels, investing additional funds in schools, the university and social services, and resisting pressure to add more than \$117 million in other spending.

The budget outlined in House Bills 103 and 104 calls for the state to spend a total of \$4.63 billion in the 2002 fiscal year starting July 1. It includes \$2.24 billion from state general funds, \$1.14 billion in federal funds, and \$1.25 billion from other sources such as dividends from state-owned corporations including the Alaska Housing Finance Corp. It does not include \$1.8 billion in anticipated Alaska Permanent Fund dividends and inflation-proofing, or funds for state capital expenses.

“Because the Legislature worked hard in recent years to find cost savings and budget reductions, this year we are able to continue most state services at current levels while investing more money in priority areas like education, public health, transportation and the university,” said Rep. Eldon Mulder (R-Anchorage), co-chair of the House Finance Committee. “I feel confident this budget plan directs state funds to the areas where it can do the most good.”

The Finance committee passed the budget bills only after its subcommittees held dozens of departmental hearings and work sessions, more than 200 Alaskans registered their views during in two full days of public testimony, and the full Finance committee entertained more than 130 proposed amendments. Public comment resulted in refinements to the budget that added \$11 million to the total.

“This budget process has been the most organized, deliberate and statesmanlike that I have been involved with in all my years in the Legislature,” said Rep. Bill Williams (R-Saxman) co-chair of the House Finance Committee. “Recognizing that we will have a deficit of more than \$500 million this year, I think we have produced a responsible budget that invests scarce dollars in the services that mean the most to the people of Alaska.”

The House operating budget prioritizes funding in these important areas:

- **Education:** Provides more than \$725 million for education, including \$671 million to fully fund the state foundation formula and \$49.1 million for pupil transportation; dedicates \$6.2 million to help prepare students for the high school competency test; and adds \$1.2 million to raise Alaska Quality Schools Initiative funding to \$32 million

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- **University of Alaska:** Increases University of Alaska funding by \$33.5 million to \$548 million, including increases of \$9.3 million in state general funds, \$20.9 million in federal funds, and \$1.2 million in other funds
- **State workforce:** Provides a second year of pay raises for most state workers, fulfilling the terms of the state labor contract negotiated last year
- **Social services:** Devotes more than \$104 million in increases for state funding for health and human services, including new money for medical services, public assistance, social workers, subsidized adoptions, family services, and juvenile justice programs
- **Subsidized adoptions:** Extends the “Balloon Project” with \$1.39 million for social workers to concentrate on finding permanent adoptive homes for Alaska children who have been in state custody long-term
- **Public health:** Devoted \$755,000 to public health nurses, public health labs and epidemiology in a concentrated effort to reduce tuberculosis, sexually-transmitted diseases, HIV and hepatitis
- **Public Safety:** Adds funding for six new state troopers, two new fish and wildlife protection officers and a DNA testing specialist for the state crime lab

Budget work this year began with the spending plan the Legislature passed and the governor signed last year as a foundation. It ended with a plan that calls for spending \$60.1 million less of state general funds, and \$65 million less overall, than the governor sought in his budget proposal. Part of the difference can be attributed to the use of missions and measures, the co-chairs said.

“By employing missions and measures, the Finance committee members were able to prioritize state investment toward the agencies and programs that are delivering demonstrable results to benefit Alaskans,” Mulder said.

House Bills 103 and 104 move next to the full House for consideration.

Attachments to this release include:

- A department-by-department list of budget highlights
- A “General Funds” spreadsheet detailing budgeted amounts by department from General Funds
- An “All Funds” spreadsheet detailing budgeted amounts by department from all funds
- A pie chart breaking out the percentage of state general purpose funding by agency.

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Broadcasters note: Comments are available on the Majority Actuality Line 1 (800)-478-6540

Departmental Highlights

Department of Administration

The mission of the Department of Administration is to (1) provide centralized management and technology services to state agencies; (2) provide legal and advocacy services for indigent Alaskans; (3) provide programs that promote the independence of Alaska's seniors; (4) provide vehicle licensing and registration. The budget passed by the House Finance Committee:

- Doubles funding for Alaska's radio reading service for the blind and visually impaired to \$150,000 per year
- Adds \$650,000 in new funds to prepare for natural disaster by beefing up the state's emergency communications system
- Improves care for senior citizens in assisted living homes by increasing the state rate of payment to such homes
- Provides \$53.6 million to continue the Longevity Bonus program to benefit senior citizens
- Supports Alaska Pioneers Homes with \$21.2 million, including \$745,000 for additional staff nurses

Department of Community and Economic Development

The mission of the Department of Community and Economic Development is to promote independent communities and economic development in Alaska. The budget passed by the House Finance Committee:

- Adds \$11.5 million to help the Alaska Aerospace Development Corporation maintain its ability to build the state's commercial satellite launch capability
- Encourages technological innovations by Alaska with \$10.5million for the Alaska Science and Technology Foundation
- Provides \$28.5 million in municipal revenue sharing to help communities pay the costs of local government

Department of Corrections

The mission of the Department of Corrections is to protect the public by confining, supervising, and rehabilitating offenders under the custody of the department. The budget passed by the House Finance Committee:

- Helps fight alcohol and drug abuse by funding a new substance abuse assessment specialist
- Invests more than \$3 million in a new 400-bed jail in Anchorage, to help reduce transportation and other costs of holding Alaska prisoners in facilities scattered around the state or in Arizona

Court System

The mission of the Alaska Court System is to provide an accessible and impartial forum for the just resolution of all cases that come before it, and to decide such cases in accordance with the law, expeditiously and with integrity. The budget passed by the House Finance Committee:

- Supports innovative ways to combat drug abuse, by authorizing \$216,000 in federal funds to continue the Anchorage Drug Court pilot program
- Establishes a center to help citizens handle simple family law matters on their own, avoiding unnecessary and costly legal fees

Department of Education and Early Development

The mission of the Department of Education and Early Development is to support the development of lifelong learners. The budget passed by the House Finance Committee:

- Increases total state education funding by \$18.6 million
- Supports K-12 schools statewide by fully funding the state foundation formula at \$671 million
- Provides \$6.2 million in Learning Opportunity Grants aimed at helping students prepare for high school competency exams
- Increases the Child Care Development Fund by \$1.7 million
- Adds \$2 million to the Child Care Quality Initiative
- Improves families' access to decent child care by boosting child care subsidies by \$3 million
- Provides an extra \$200,000 to Mount Edgecumbe Boarding School to fund dormitory services and other contracts
- Combats child abuse by funding \$100,000 in new abuse prevention grants
- Increases state support for school busing services to 97 percent

Department of Environmental Conservation

The mission of the Department of Environmental Conservation is to protect human health and the environment. The budget passed by the House Finance Committee:

- Directs \$554,000 in federal funds to high-priority water quality needs
- Adds \$500,000 in oil and hazardous materials funds to oversee environmental and community commitments, as outline in the agreement under which British Petroleum purchased a portion of Arco Alaska.
- Improves village public health by directing \$165,100 to train operators of small drinking water systems
- Allocates \$400,000 to fund the Aleutian/Pribilof remote sewer and water system maintenance worker program
- Improved public health with the addition of \$221,000 in state funds to hire three new restaurant and food safety inspectors

Department of Fish and Game

The mission of the Department of Fish and Game is to protect, maintain, and improve the fish, game, and aquatic plant resources of the state, and manage their use and development in the best interest of the economy and the well-being of the people of the state, consistent with the sustained yield principle. The budget passed by the House Finance Committee:

- Redirects funding to keep a state biologist working at the Kenai River Center to make it easier for residents to obtain state permits
- Increases efficiency by merging certain permitting and habitat restoration functions into a single component
- Devotes \$1.2 million in federal funds for Steller sea lion and harbor seal research, \$1 million to fund federal subsistence projects, and an additional \$1 million for other fishery research efforts

Department of Health and Social Services

The mission of the Department of Health and Social Services is to promote and protect the health and well being of Alaskans. The budget passed by the House Finance Committee:

- Captures the maximum possible amount of federal matching dollars
- Strengthens the department's capacity to investigate welfare fraud
- Helps more children find permanent homes, by devoting \$2.76 million to subsidized adoptions
- Uses \$24.1 million in state general funds to leverage \$50.4 million in federal medical services funds
- Addresses higher energy costs by increasing energy assistance programs by \$6.5 million
- Meets expanding needs for Adult Public Assistance with a \$630,000 increase

- Expands Public Assistance services by \$1.5 million for child care benefits and \$1.9 million in work services

Department of Military and Veterans Affairs

The mission of the Department of Military and Veterans' Affairs is to: (1) provide military forces capable of ready operations; (2) provide for an organized response during emergencies and disasters; (3) train at-risk juveniles; (4) coordinate veterans' programs; and (5) assist agencies in suppressing illegal drugs. The budget passed by the House Finance Committee:

- Expands emergency response capability with \$200,000 to allow 24-hour staffing of the Emergency Coordination Center
- Provides nearly \$200,000 for the Alaska Military Youth Academy to help at-risk youth
- Funds a National Missile Defense System coordinator, who could help secure a project that could bring Alaska as many as 700 National Guard-related jobs
- Helps the state veterans outreach program identify and secure \$27.5 million in federal assistance for veterans

Department of Natural Resources

The mission of the Department of Natural Resources is to provide for the utilization, development, and conservation of all natural resources in the state for the maximum benefit of present and future Alaskans. The budget passed by the House Finance Committee:

- Directs \$400,000 to the Division of Oil and Gas to maintain a competitive leasing program and ensure the state receives proper royalties from oil and gas production
- Adds \$300,000 for the state residential and commercial water use permitting adjudication
- Directs \$248,000 from the state land disposal income fund to help survey new subdivisions and facilitate sale of state lands to private individuals
- Dedicates \$425,000 for salary increases to recruit and retain key employees in the Division of Oil and Gas to protect revenue streams into the General Fund and Permanent Fund
- Supports the timber industry by reinvesting \$280,000 in timber sale receipts into value-added timber sales, reforestation and forest access efforts

Department of Public Safety

The mission of the Department of Public Safety is to ensure public safety and enforce fish and wildlife laws. The budget passed by the House Finance Committee:

- Adds \$480,000 in state funds for new fish and wildlife officer and State Trooper positions
- Funds five new trooper positions with \$1.4 million in federal alcohol interdiction funds
- Provides \$250,000 in additional forensic services support for the state crime lab
- Maintains strong support for victims services, including batterers intervention, violent crimes compensation programs and sexual assault and domestic violence prevention
- Dedicates \$170,000 to repair trooper vehicles and aircraft

Department of Transportation and Public Facilities

The mission of the Department of Transportation and Public Facilities is to develop, operate, maintain, and manage facilities, vehicles, and transportation modes. The budget passed by the House Finance Committee:

- Increases the department's total spending authorization by \$5.4 million, for a total of \$327.5 million
- Directs \$879,800 to the Alaska Marine Highway System to cover its increased fuel costs, and maintain a full schedule of service to Southeast Alaska's residents and visitors

- Adds \$2.2 million overall statewide for highway and airport maintenance, including \$175,000 to cover increased costs for contract maintenance of rural airports

University of Alaska

The mission of the University of Alaska is to ensure the best opportunity for Alaskans of all ages to be successful, productive, and contributing members of society by fostering and promoting (1) the highest quality postsecondary educational system; (2) vocational development and training; (3) advancement and extension of knowledge, learning, and culture; and (4) the application of new knowledge to state needs. The budget passed by the House Finance Committee:

- Approves a budget of \$548 million to ensure the University can continue to produce a skilled work force and develop new knowledge, fulfilling its role as the engine of Alaska's economy
- Increases basic state funding for the University by more than \$9 million
- Ensures the University will continue to benefit from last year's budget increases, by replacing one-time funds with continuing funding sources

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