

Alaska fares well in Senate budget for FY'86

WASHINGTON--Alaska fared well in the Senate-approved budget for Fiscal year 1986, according to Senator Frank Murkowski, who voted in favor of the proposal.

"This compromise budget is a fair and equitable response toward meeting the needs of the public while also addressing the problem of the growing deficit," Murkowski said.

The Alaska senator said he felt Alaska programs received sufficient funding under the proposal which reduced the projected deficit for 1986 by \$56 billion.

"America is finally reconciling its thinking on deficit spending," Murkowski said. "And we accomplished this without having to impose a tax increase, which a majority of Alaskans and Americans did not want."

He noted that a number of programs important to Alaska would

continue to be funded. These include:

- The Small Business Administration, which would have been eliminated under the original OMB proposal, would be continued and would fund guarantee loans and physical disaster loans at FY85 levels.

- General Revenue Sharing would be continued for one more year with Alaska earmarked to receive about \$22 million, of which \$10 million is designated for Anchorage. Murkowski noted that per capita, Alaska receives about twice as much the national average in general revenue sharing.

- The Essential Air Service, which was marked for elimination, received full funding for FY86 under the Senate compromise.

- The Johnson-O'Malley Program, which provides federal

funding for the special educational needs of Native children who attend public schools, would receive about \$25 million—the same as FY 85.

The compromise budget saved

the Rural Electrification Administration from an eight-year phase-out which would provide \$550 million for electricity loans.

- Coast Guard user fees are to be reduced from \$750 million to

\$450 million over the next three years, which would eliminate user fees originally earmarked for commercial fishing vessels.

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— The Administration has proposed a 5 percent cut for Federal Worker Civilian Pay, but the compromise budget instead calls for a pay freeze only in FY86.

— The Sport Fish Restoration or Wallop-Breaux fund would be retained as a permanent appropriation. The funding would be maintained at the levels provided by law rather than frozen at the FY85 level. Murkowski said revenues would be returned to Alaska for fish and wildlife game management. Last year, the state received \$1.75 million and this year the state would receive \$4 million.

— Impact Aid Part B— financial assistance awarded to school districts which educate children whose parents either live

or work on nontaxable federal land was to be terminated. The compromise budget would keep the program at the FY84 level of \$2 million.

Nationally, the budget compromise included a safety net which would secure the continuance of the most effective social programs, Murkowski said.

— The compromise restored about \$400 million for the school lunch program over a three year period, which would help public schools continue the National School Lunch Program.

— Rather than eliminating the Job Corps training program for the unemployed, the compromise budget would authorize 70 percent of the FY85 funding for 1986.

— Student aid programs would be frozen rather than substantially cut. The compromise would freeze the spending level for discretionary student aid, including Pell grants and college work study, restoring \$2.2 billion in funds over the next three years.

— The compromise restored approximately \$100 million in appropriations for postal subsidies for each of the next three years. Murkowski noted that this would provide the assurance that rural newspapers would continue to qualify for reduced rates along with nonprofit organizations, library and classroom publications, and mail for the blind and handicapped. Savings from other postal subsidy reforms would still amount to \$1.6 billion over the next three years.

— Rural housing for Farmers Home Administration was to be eliminated, but sufficient funds

were restored to finance a total of about 35,000 single family and multi-family houses. The fund guarantees home loans in rural areas.

— The WIC program (Women's Infants' and Children's Programs) serves low-income pregnant and nursing women and their children who are nutritionally at risk. The program has had much success in decreasing the long-term social, health, and economic costs associated with inadequate prenatal and infant nutrition. The compromise budget would assure full funding for this program at the \$1.5 billion level already appropriated for the current fiscal year.

Major law enforcement programs would be continued at current or increased levels. The FBI would receive a funding increase of \$30 million, which would authorize \$1.2 billion for FY86. The Drug Enforcement Administration's budget would be increased from \$330 million in FY85 to \$345 million in FY86.

Medicare/Medicaid would

have \$2.6 billion restored out of the \$20.1 billion in cuts that would be made over the next three years.

Part B of Medicare, the health insurance program for physician costs for the elderly, is supported by a combination of general revenues and beneficiary-paid premiums. Originally, the increase in the beneficiary contribution rate was to be phased in this year and increase to 35 percent of the cost. Under the compromise budget, the Part B premium would not increase in 1986 and phased up to 30 percent over the next five years.

No cap will be imposed on state Medicaid reimbursement. The Administration had planned to limit Medicaid payments that are determined under a complicated formula that Alaska and other states would have been obligated to pay.

The budget is now being considered by the House of Representatives, with a final compromise budget expected to be passed by a Senate-House conference committee.