

Sheffield working with Bush caucus on cuts

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State funding cuts to rural Alaska have not been as drastic as initially feared because Bush caucus members worked with Gov. Bill Sheffield to make sure highest priority projects were protected, according to Rep. Al Adams, House Finance Committee chairman.

"We have gotten good cooperation with the administration because they understand our needs," Adams said in an interview.

"The administration has not only worked well with the Bush caucus, but also with municipalities in performing cuts. They worked well with local legislators to make it work."

At the same time, Sheffield has announced that agreements to free up the transfer of \$163.5 million in state construction funds have been reached with communities across Alaska, following consultation with local government leaders and legislators.

"The approach we are taking will help us manage our cash and reduce the impact of the revenue crunch on the workforce. Preserving construction jobs and providing services is paramount," the governor said in a prepared press release.

In freeing up \$163.5 million, the governor withheld the transfer of

about \$224 million in funds approved by the Legislature in order to help offset a projected drop of nearly \$900 million in oil revenue.

Another \$413 million in federal funds allocated by the Legislature for capital projects was not affected by the budget-balancing restriction.

In general, the agreements free up

35 percent of the general funds provided for many projects, a move that will keep projects going but at a slower pace, Sheffield said.

Some communities and area legislators asked for complete funding of some projects and a delay in transferring funds for other projects.

(Continued on Page Five)

Sheffield works with Bush caucus

(continued from Page One)

but the 35 percent rule was met on a statewide basis, he said.

Adams stressed that highest priority Bush programs and projects — protecting health, life and safety — are well protected.

And he said that entitlement programs, such as funds for welfare programs, sustained no cuts. Health and social service grants were cut by only 12.5 percent, Adams said.

The cut for the Village Public Safety Officer program was 9.4 percent, the same reduction as for the Alaska State Troopers. The cut for domestic violence, child care and Headstart grants was 12.5 percent.

Adams also said the Power Cost Equalization program cut was 15 percent, but that because carryover funds were available, the total reduction turned out to be only 3.8 percent.

The vast majority of capital improvement projects were cut 65 percent statewide, but Adams said Bush projects were cut only 50 percent or less because the Bush caucus persuaded the governor that many projects are important to the health and safety of various communities.

The Kotzebue Democrat listed several examples of projects that got special attention, including:

- District 22 — All erosion control got 100 percent of their funds; Kotzebue schools got \$4.4 million out of the original \$5.4 million appropriation.

- District 23 — Emmonak erosion control got 100 percent of its \$1.8 million funding; the Nome school system got \$2.5 million out of \$5.6 million.

- District 24 — Huslia officials got 100 percent of their funding for erosion control, totalling \$2 million funding; the Mountain Village Headstart got 100 percent of its \$150,000.

- District 25 — Bethel erosion control got 100 percent of its \$4 million.

- District 26 — All water and sewer projects got 100 percent of their funding, including \$818,000 for Aleknagik, \$1.8 million for Dillingham, \$477,000 for Egegik, \$366,000 for Iliamna, \$440,000 for King Cove, \$91,000 for Nondalton and \$400,000 for Newhalen.

- District 27 — Ouzinkie water and sewer projects got \$500,000; the Ouzinkie hydro project got 100 percent of its \$150,000; the Perryville school addition got 100 percent of its \$900,000.

In his press release, Sheffield pointed out that Anchorage Mayor Tony Knowles and area legislators agreed with the Office of Management and Budget on a plan to go ahead with \$23.2 million in state-funded projects, and another \$156.5 million in projects fueled by federal money, resulting in a total of \$43 million being withheld in state funds.

In Fairbanks, the agreement with local officials resulted in \$7.4 million in funds released from a total appropriation of \$20.8 million. Another \$38.9 million in federal funds also will fuel Fairbanks-area projects.

Juneau projects funded under the

agreement include \$3.7 million in state funds and \$1.4 million in federal funds.

"Living within our means requires that we trim back the capital budget, to the extent required by the decline in world oil prices," Sheffield said.

Adams said a strong, cohesive Bush caucus will continue to help protect the most important rural projects.

"It's not whether they are Republican or Democrat. We need to work with the administration," he said.