

Cowper proposes budget for Hickel

JUNEAU — Gov. Steve Cowper recently unveiled next year's capital and operating budget proposals he submitted to Gov. Wally Hickel, which essentially maintain the current level of state services and benefits and fund repairs of schools, public roads and other buildings.

Cowper also released preliminary proposals for so-called "supplemental" funding for the current operating budget to fund \$132 million worth of expenses, especially for public education and fire fighting, and to address the impacts of increased fuel costs.

He also released a \$99.5 million supplemental Fiscal Year 1991 capital budget, which will complete funding for priority schools identified in 1990, finance repairs to schools on Anchorage area military bases and initiate a new education technology project designed to expand and enhance course offerings throughout Alaska's public school system.

The governor also released a new state revenue forecast that shows Alaska could have a budget of nearly \$2 billion, if the current Middle East crisis escalates and forces a dramatic rise in world oil prices.

"These budget proposals will pay for the mix of state services and benefits Alaskans have come to depend on," Cowper said. "What is shaping up to be a huge surplus will give the in-coming administration plenty of flexibility to adjust the budget as they want."

The budget proposal fulfills the statutory obligation to submit a budget to the Legislature by Dec. 15, yet gives the Hickel administration ample time to alter it before its formal introduction in January.

Here's a breakdown of the budget proposals components:

•FY92 operating budget: The budget totals \$2.08 billion, an increase of \$137.5 million over FY91. The bulk of the growth, \$77.8 million, is for statutory increases in formula programs such as the Longevity Bonus, public school funding, aid to municipalities and health and social service programs.

Other increases are to fund maintenance of state facilities such as Pioneers' Homes, jails and fish hatcheries (\$21.2 million); fund a negotiated salary increase for state employees (\$34.6 million); and maintain court system operations (\$3.2 million).

•FY92 capital budget: The budget totals \$240 million, a decrease of \$18.3 million over the previous year. Nearly \$42 million of the total would fund the construction of new high priority schools and repair other school buildings.

Another \$45 million would go to the Marine Highway Vessel Replacement Fund for future ferry maintenance and replacement.

Other large portions are designated for: water and sewer projects (\$16.2 million); matching funds for federal highway and airport programs (\$32.9 million); state facilities maintenance (\$34.5 million); and the completion of projects started in prior years (\$15.5 million).

•FY91 supplemental capital budget: The \$99.5 million proposal is dedicated entirely to school projects, including \$25 million for construction of the new Ketchikan High School, \$4.3 million to construct the Chefor-

nak Elementary School and \$3.8 million to build the Nunapitchuk Elementary School.

Another \$60 million is proposed for a statewide computer technology project in which computers and systems to link them across the state would be established in every school district in Alaska.

•FY91 supplemental operating budget: The \$132 million proposal would fund increased demand for formula programs such as public education (\$25.7 million) and cover unanticipated costs since July.

Alaska's oil revenues are extremely volatile because of Iraq's invasion of Kuwait and the resulting dramatic jump in world oil prices.

The forecast departs from the conventional low, mid and high case scenarios and instead includes three scenarios, no one of which is any more likely than any other.

The outlook for the long-term is less optimistic as North Slope production declines dramatically. Statewide oil production is expected to decline 10-12 percent through 1995 and by 50 percent by the year 2003.