

# Economist: Fiscal crisis to hurt Bush

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Rural Alaska could be hit hard in the state's current budget crisis, and state officials need to remember that any cuts will be of particular concern to villages, according to a University of Alaska economist.

Gunnar Knapp, associate professor of economics at UAA's Institute of Social and Economic Research, said in an interview last week he has some serious concerns about the effect of budget cuts on rural people.

"Nobody has studied everything that ought to be studied, and there are many areas that ought to be looked at in greater detail," he said. "I'd say rural Alaska definitely faces a lot of problems as a result of the budget crunch."

Knapp said there currently is not enough data available on rural economies to really get a clear picture of the overall level of problems.

And he stressed that it will be critical for as much documentation as possible to be gathered so that both state and federal governments can avert serious problems.

"It's obvious that state spending is a major factor in the cash coming in to rural communities throughout the state," he said.

Among the most obvious ways that

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# Cuts may affect rural quality of life

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cash enters the rural economy are programs such as energy assistance, Permanent Fund dividend checks and the Longevity Bonus Program.

"All of those are threatened because the state will look everywhere to reduce its costs," he said. "I can't think of a single state program that pays out money that is not at least somewhat threatened."

Knapp said another area of concern is that there will be much less money available — if any — for capital construction.

"So anyone who gets their cash by working as an occasional laborer on projects will see less," he said.

Knapp also said he is concerned about a third area of cuts that may hurt rural Alaska the most, and that is

money pumped into villages for local government and school district funding.

"State and local government jobs are a big source of income for a lot of people," he said. "Many will be eliminated or cut back. Schools may not have as much money to employ aides, janitors and maintenance people."

For example, money that goes into villages for programs such as snow removal and utilities will probably be greatly cut, he said.

"To me, that's real big problem," he added.

And he pointed out that even cuts to such things as paying for people to serve on boards and commissions, as well as funding transportation costs will hurt villages.

That means, too, that the quality of life may be hurt because there will be

less money for school sports teams, village recreational buildings and television service.

And Knapp said the problem is compounded by the fact that many villages have only just added on some services, such as sewer and water. At the same time, there will be less money available to maintain them.

He said the key thing state officials must keep in mind as cuts are made is that those cuts will be particularly serious in rural Alaska, where fewer options to raise money are available.

For example, in the unorganized borough in the state there is no option of raising money through property taxes.

And he suggested that as much information as possible be gathered so that rural Alaskans will be able to make a clear argument to state officials.