

Cowper promotes state budget plan

by Holly F. Reimer

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Gov. Steve Cowper promoted his plan to replenish the state's Budget Reserve Account with \$250 million and discussed the upcoming Special Session of the Legislature, beginning July 1, at the Anchorage Chamber of Commerce luncheon June 22.

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"The Legislature did not balance the budget," he said, noting that under his plan, the Budget Reserve Account would be replenished to create an "emergency reserve" fund. Under the administration of former Gov. Bill Sheffield, the account had \$427 million, which had to be spent this year because of the dramatic drop in oil prices worldwide.

The Cowper plan calls for the Budget Reserve Account to be augmented in future years with \$150 million or more set aside each year from the Permanent Fund's "excess earnings" up to a total of \$1 billion. He is asking for legislative approval to put the money into the fund, but Cowper would not be able to spend the money unless the Legislature specifically appropriated it.

The governor said the money would be used only when absolutely necessary. It would remain in the account to be used in times of emergency, such as when the price of oil drops



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precipitously.

Cowper is seeking authority in the Special Session to use the Permanent Fund's excess earnings to cover the projected state budget deficit of about \$230 million, create a \$250 million reserve and fund a capital budget of up to \$80 million.

That total of \$560 million can be covered by Permanent Fund earnings, which are expected to total at least \$569 million by July 1, 1988, Cowper said earlier in a prepared statement.

Cowper told those at the luncheon that an unstable state budget situation will hurt the Alaska state government more than anything.

"I have three solutions to that," he said. They include:

- Exercising his veto power on some additions for spending.
- Drawing excess Permanent Fund earnings in the event they are needed.
- Transferring \$250 million from the Permanent Fund's excess earnings to the Budget Reserve Account.

Cowper also defended his budget predictions, based on an oil price of about \$14 a barrel. He was critical of legislative predictions of prices ranging up to \$20 a barrel and more.

"Oil predictions are a kind of mythology accepted by legislators," he said.