

State considers rural Alaska cuts

by Pamela Cravez

for the Tundra Times

Gov. Steve Cowper does not intend to "pull the rug out" from under Bush communities by eliminating programs, but there will be cuts, according to David Ramseur, Cowper's press secretary.

One of the key cuts planned is a reduction to the Power Cost Equalization program, administered by the Alaska Power Authority. In fact, it will eventually be phased out, Ramseur said.

Budget cuts also will force the Department of Community and Regional Affairs to change its focus and possibly its name to the Department of Rural Development, he said.

The Power Cost Equalization program currently subsidizes the cost of electricity for rural communities. It pays rural power companies so that Bush rates drop to an average of what people in Anchorage, Fairbanks and Juneau pay.

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Cutbacks to be 'real problem'

A figure of about \$11 million to cover that program is in the current budget, according to Susan White, special assistant to the executive director of the Alaska Power Authority.

That amount is about \$4 million higher than the amount submitted for the budget by the state Department of Commerce.

Last year, about \$17 million was appropriated for the Power Cost Equalization program, White said. Of that, \$3.8 million was frozen by Gov. Bill Sheffield when the price of oil took a nosedive and state revenues began dropping.

Ramseur said he and the governor have done extensive travel in rural areas. He said they have found people believe power companies and users have become too dependent on big money from the state.

Conservation should make up for some of the shortfall, he said.

The phasing out of the power program is just one of the ways in which the Cowper administration plans to make rural communities less dependent on state dollars.

Ramseur said the governor also hopes to redefine the mission of the Department of Community and Regional Affairs.

No longer will people be sent out to villages to teach villagers how to apply for state money, he said. There will be no state money for which to apply, he added.

Instead, the new focus of the department will be to emphasize rural development and self-sufficiency.

David Hoffman, the new commissioner of the department, was appointed with this reorientation in mind, Ramseur said. He has a "real breadth



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of experience," he added.

Hoffman, 33, was the mayor of Ruby in 1984 and 1985. He has worked as a manager and economic analyst for rural organizations throughout Alaska and Arctic Canada since 1983.

His experience includes co-founding and directing the Bering Sea Fishermen's Association in 1980, running a rural employment service with his wife, Dee Olin Hoffman, since 1983 and managing Arctic Circle Air Service in Fairbanks.

"A lot of people are talking about a lot of things," Hoffman said of proposed changes for the Department of Community and Regional Affairs. "No decisions have been made. I have a hunch that there aren't going to be any real dramatic changes."

Hoffman considers the most important part of his department to be Bush offices. He said if cuts are going to be made, mid-management will take them first.

Working with local governments to make them stronger and developing rural economies are the two priorities on his agenda.

Hoffman plans to look at the existing resources in the department and make them relate to economic development.

One idea he has is to make existing housing loan officers responsible for passing out more than just information on home loans. They could easily provide information on timber, tourism and fisheries loan programs, he said.

Although Hoffman does not see reorganization in the future for his department, Cowper's transition team did recommend that close consideration be given to "slowly disassembling DCRA and transferring its required programs to other agencies who are already providing similar services."

The department currently serves both rural and larger Alaska communities with a number of programs, including those for child assistance, job training, displaced homemakers and municipal revenue sharing.

The transition team further recommended that there be a centralized entity established to deliver services to rural Alaska communities.