What others say...

State cuts may hurt rural communities

by Janie Leask
for the Tundra Times

With the size of Alaska's budget pie shrinking due to decreased oil revenues, the most pressing concern of Alaska's Legislature is determining how to maximize services while minimizing costs.

Estimates vary as to the size of the budget deficit and how fast the currently rising price of Alaska crude oil will cause it to melt, but one thing is certain: the cost of basic services is one that needs to be met.

Some of the basic services provided by Revenue Sharing and Municipal Assistance — fire and safety, health and social welfare programs — will most likely comprise the core of Gov. Cowper's budgetary "bottom line." It is unlikely that these basic services will sustain truly devastating cuts.

Still, it may be helpful to ask what revenue sharing really is, how much of rural Alaska's budget pie it occupies and what the loss of the services it provides would mean to some typical communities in rural Alaska.

Revenue sharing is the means whereby we attempt to equalize levels of service to areas with unequal ability to pay for those services. The program's dollars come from the state's general fund, which is presently made up almost entirely from oil industry taxes.

In Fiscal Year 1986, the state government's outlay was about $60 million for Revenue Sharing and Municipal Assistance. The budget for Fiscal Year 1987 carries $48 million in similar funding, a 20 percent cut.

What this means for rural Alaskan communities is reduced or nonexistent services. The loss of things that all of us in urban centers take for granted — police and fire protection, outpatient clinics and hospitals and numerous others — would severely reduce the quality of life in rural communities.

Larger rural communities, such as Kotzebue, count on about 18 percent of their operating budgets coming from such programs. For medium-sized communities, such as Hydaburg, these revenues may count for 45 to 50 percent of their operating budgets; while the budgets of small villages may have up to 75 percent of their budgets made up from such funds.

Figure in the loss of federal revenue sharing, which was eliminated this year, and that of the state's capital projects budget, which provided many of the already scarce employment opportunities available in the Bush. Add to that the uncertain fate of Power Cost Equalization and several other programs, and the picture for rural Alaska begins to look very bleak indeed.

If that weren't bad enough, per capita income for many rural communities typically ranges anywhere from one-third to one-eighth that of Anchorage or Juneau.

Accordingly, reports of continued cutbacks to revenue sharing and municipal assistance programs in the 20 percent range are downright frightening. The elimination of such payments, even if phased over several years, would be devastating.

The state of Alaska has an investment in its rural areas. What is at stake is nothing less than the future of our state and the quality of life of its residents.

For a community with little or no tax base that does not operate primarily on a cash economy, severe cuts could result in the creation of virtual ghost towns, as residents move to the cities to take their chances on employment and services in the larger population centers.

It remains to be seen whether the costs of such a radical social dislocation would save the state any revenue in the long run.

Cutbacks will undoubtedly affect us all in the near future, as the governor and the state Legislature haggle over the cold, hard figures.

Rural Alaska will increasingly be asked to raise more money locally for the provision of services. But we should be wary of those who see revenue sharing and municipal assistance as a convenient, big-ticket item to cut.

Not paying the rent may save you from having to pay the light bill, but it can get pretty cold out there.

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