

# ALASKA STATE LEGISLATURE

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## **Finance Releases FY03 Budget Allocations** **Holds Line on Spending; Supports Education, Services, Local Assistance**

(JUNEAU) – The House Finance Committee today released its budget allocations for the 2003 fiscal year, holding the line on increased spending while making significant investment in education, social services and municipal assistance programs.

In addressing the challenge of meeting a projected \$1 billion fiscal gap, committee members resisted efforts to increase general fund spending. Instead, they focused first on honoring the state's obligation to fund the high priority, formula-driven programs, and only then on reducing discretionary spending to accommodate those priorities, said Rep. Eldon Mulder (R-Anchorage), co-chair of the committee.

“Building a foundation for a fiscal plan means more than just adding new revenues,” Mulder said. “It must also encompass controlling expenditures, demonstrating budget discipline, making systematic changes to restrain budget growth, and expanding our opportunities to generate more wealth and income for the state. Only after we've done all that should we look at adding new revenue.”

The allocations call for the state to spend \$2.286 billion in general fund money in the 2003 fiscal year that starts June 30, 2002, which is \$300 less than what was spent in fiscal 2002. The committee began working from last year's budget, as it represented the most recent point of agreement between the Legislature and the governor.

The proposed allocations address the state's educational needs by fully funding the foundation formula and pupil transportation; raising funding for the University of Alaska by 2.4 percent over last year, the third increase in three years; and maintaining vital municipal revenue sharing and Safe Communities programs to support local police, fire and public safety, said Mulder.

“I'm proud that the largest share of the allocations – 40 percent – is invested in the state's long-term future in the form of education,” Mulder said. Social services and other programs for less-fortunate Alaskans receive at least 21.6 percent of the general fund budget, a 3.9 percent increase over last year, and the Department of Military and Veterans Affairs, with responsibilities for homeland security, received a 4.8 percent increase.

**(MORE)**

## **Budget allocations**

**Feb. 28, 2002**

**Page 2**

Other noteworthy items in the allocations include: an increase of \$37 million for Medicaid, a formula-driven state-federal program representing one of the fastest-growing segments of the state's general fund budget; a \$2.5 million increase in the Division of Public Assistance to help Alaska's neediest families; and extra funds to cover the remaining costs of building a new jail in Anchorage, and a new youth correctional facility in Ketchikan.

While the allocations do include reductions in several departments, the Finance Committee members worked hard to cooperate with departmental officials in an effort to ensure they would have the least possible effect on the functions that most directly affect Alaskans.

Mulder noted that the impact of any reductions would be mitigated by the continuing success of the Legislature's [Missions and Measures](#) program, which establishes objective measures of government performance, and allows the state to direct more resources toward the government's most effective and efficient functions.

With the spending allocations in hand, the [Finance subcommittees](#) responsible for each department will be able to begin making their final adjustments to their budgets, then forward them to the full Finance Committee for consideration, Mulder said.

A complete spreadsheet breaking down the [allocations by department](#) is attached.

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**Broadcasters note:** Comments are available on the Majority Actuality Line 1-800-478-6540, or on the Majority webpage at [www.akrepublicans.org](http://www.akrepublicans.org)