

ALASKA STATE LEGISLATURE

House Majority News

web site: <http://www.akrepublicans.org>

State Capitol
Juneau, AK 99801
Actuality line (800) 478-6540
FOR IMMEDIATE RELEASE: May 21, 2002

Dan Saddler
Press Secretary
(907) 465-3804
CONTACT: Rep. Brian Porter (907) 465-3720
Rep. Eldon Mulder (907) 465-2647
Rep. Bill Williams (907) 465-3424

2002 Adjournment Provides Boon to Education

Porter: ‘Best Thing for Rural Schools Since Molly Hootch’

(JUNEAU) – The Twenty-Second Alaska Legislature adjourned from special session Tuesday evening, having held the line on the state budget while addressing school construction and operations needs in a package that represents the most significant investment in rural education in decades.

“Throughout the complex and challenging events of this past week, the Legislature’s dedication to providing for the essential needs of Alaskans has never wavered,” said House Speaker Brian Porter (R-Anchorage). “We have made special advances in the area of education, passing legislation that collectively represents the biggest investment in rural Alaska schools since Molly Hootch.”

The Legislature employed a variety of mechanisms to provide for the most massive infusion of educational spending for Bush Alaska since the 1976 *Hootch* decision prompted new school construction in 127 rural communities:

House Bill 2002, a \$236 million general obligation bond proposal would, with voter approval, provide:

- \$166 million for new school facilities in Tuluksak, Akiak, Akiachak, Scammon Bay, Teller, Hooper Bay, Circle, Naukati, Sheldon Point, White Mountain, Arctic Village and the Southeast Islands District, plus 41 major maintenance school projects in the unorganized borough
- \$61.7 million for projects on the University of Alaska campuses in Anchorage, Bethel, Dillingham, Fairbanks, Homer, Juneau, Kenai, Ketchikan, Nome, Palmer, Sitka and Valdez
- \$5 million for expansion of an Anchorage museum

House Bill 2003 establishes a mechanism that would, with voter approval, provide \$190.6 million in state reimbursement for 70 percent of any school construction bond authorized by a municipality or school district and approved by the state education department, and reimbursement for 60 percent of the cost of such projects if not authorized by the department. The offer is contingent on voter approval of the bonds authorized by HB 2002, and expires at the end of 2004.

In addition to increased school operating funds, the Legislature met and exceeded its constitutional mandate to support school operations in its operating budget and capital budget bills. Taken together, these bills will:

- Fully fund K-12 educational support programs at \$678.8 million

(MORE)

House - Adjournment

May 20, 2002

Page 2

- Pay the full \$53.9 million cost of pupil transportation
- Add \$10.8 million in Learning Opportunity Grants to provide a total of \$23.3 million to help students and schools prepare for the high school exit exam and for educational benchmark tests
- Provide \$1.3 million to hold school districts harmless from the effect of funding formula revisions until an area cost differential study is completed this year
- Add \$6 million to be distributed to all schools through the adjusted daily membership distribution, which mirrors the basic school foundation formula

“At the minimum, the increases for education in the operating budget and the capital budget represent a very significant investment in education throughout the state,” said Rep. Eldon Mulder (R-Anchorage) co-chair of the House Finance Committee. “But by going even further to give Alaskans the opportunity to approve bonds for even more school projects, this Legislature deserves a place in state history as the most education-friendly Legislature in decades.”

While much of the attention at the end of session has focused on school construction bonds, the legislature have provided for a very substantial range of infrastructure needs in other areas.

Senate Bill 2006, the capital budget, provides \$1.28 billion for roads, airports, ports, schools, education, rural water and sanitation services, public housing and other infrastructure needs across the state. This includes:

- \$45 million for increased airport security, and for equipment, training and other expenses associated with homeland security efforts across Alaska
- \$791 million for surface transportation projects, including roads and ferries
- \$50 million for energy generation and transmission projects in Railbelt Alaska

House Bill 525 provides for \$226.7 million for transportation bonds:

- \$123.9 million in the form of general obligation bonds for covers surface transportation needs across the state, and port and harbor projects in coastal and maritime Alaska.
- \$102.8 million as government revenue anticipation vehicles, known as GARVEE bonds, backed by the future stream of federal transportation money. The \$102.8 million includes projects in Anchorage, Bethel, Fairbanks, Kenai, Ketchikan, Kodiak, Matanuska-Susitna, and Seward.

House Bill 528 authorizes the state to provide \$190.6 million to reimburse local entities for debt incurred to address needs for transportation and utility infrastructure, as well as schools:

- **Ports/Harbors:** The bill makes \$61.5 million available to reimburse communities that undertake debt for ports and harbor projects, including projects in Unalaska, Akutan, Chignik and False Pass and expansion of the Port of Anchorage. The communities would have until 2007 to approve their projects, and would have to agree to assume ownership of the completed facilities.
- **Power projects:** The bill would cover \$51.7 million for energy generation and transportation projects not on the state road system. Communities would have until 2005 to approve these projects.
- **Education:** The bill would reimburse the \$10 million cost of building a new school in Ambler, and also make the University of Alaska eligible for \$19.5 million in reimbursement

(MORE)

House - Adjournment

May 20, 2002

Page 3

House Finance Committee Co-Chair Rep. Bill Williams (R-Saxman) emphasized that the bond and debt reimbursement elements of the package depend upon voter approval in the November general election, and that the debt reimbursement plan proposed in HB 2003 is contingent on statewide voter approval of the school bonds proposed in HB 2002.

“If there was ever a good time for Alaska to pass bonds for schools and roads, it would be now, when interest rates for long-term debt are at low rates we have not seen for decades,” Williams said.

While the end of session work focused on educational needs, the House posted a solid record of achievement on its top legislative priority, addressing the fiscal gap that is forecast to reach \$1 billion next year.

By passing a budget that holds general fund spending to just below last year’s level and rejecting pressure from the governor to add more than \$166 million, the Legislature demonstrated the fiscal discipline that is a fundamental response to the state’s ongoing fiscal challenges, Mulder said.

“The members of the House have much to be proud of in this session, not only for the work we began and saw through to completion, but also the efforts we began, that must be carried forward into the future before our efforts receive their final reward,” Porter said.

Porter specifically noted that the House brought forward a package of legislation that addressed Alaska’s nearly \$1 billion fiscal gap, with a combination of a broad-based tax, use of Permanent Fund earnings, stabilization of Permanent Fund earnings payouts, and the first alcohol tax increase since 1983.

“While I must admit to being disappointed that our efforts in this regard have not yet borne fruit, Alaska’s fiscal challenges are not going away,” he said. “I am confident that the challenges we continue to face and the kinds of solutions we put forth in the House will continue to engage the attention of the Alaska public and the Legislature. It is my hope that the people of our state will not have much longer to wait.”

###