

Capitol Undercurrents

Layers and Layers of Bureaucracy

It's not fair to make ourselves feel better by pointing out how bad things are elsewhere, but... The Washington Post noted recently the progression of employees who serve under a cabinet department's undersecretary (the equivalent of a deputy commissioner in one of our state's cabinet departments). First, there's the Chief of Staff to the Undersecretary, then a Principal Deputy Undersecretary, then a Deputy Undersecretary, then a Principal Associate Deputy Undersecretary, then an Associate Deputy Undersecretary, then a Principal Assistant Deputy Undersecretary, then an Assistant Deputy Undersecretary, then an Associate Undersecretary, and then, finally, an Assistant Undersecretary.

Up Side, Down Side and the Other Side of Privatization

The Florida legislature's policy examiners just concluded privatization of state services has a significant down side. The Tallahassee newspaper reviewed a government accountability report by a legislative committee that was described as a "diplomatically worded" review of "logical theory and bitter experience". The legislative review concluded the down side of privatization included: "skimming" of clients by corporate operators who, for example, leave dangerous, sick, and elderly (read 'expensive') prisoners to the state and take the cheaper prisoners; and corporate operators who "low-ball" their initial bids to get a contract then "substantially increase costs in subsequent years when the agency no longer has staff to perform the service."

Legislative equinox observed, budget solutions still elusive

Friday we reached the halfway point for the first session of the twenty-first legislature. After 60 days, we're still wandering around the state budget landscape like Forrest Gump.

But things are beginning to percolate behind the scenes. Caucuses, on the record committee discussions, off the record hallway talks, and scuttlebutt of varying degrees of reliability are bringing some focus to the budget deficit issues. Here's a "cheat sheet" on the ideas currently under discussion:

- **Knowles' superfund:** created by moving \$4 billion from the Permanent Fund earnings reserve to the constitutional budget reserve. Would provide about \$550 million which could be used for general government operations. PFD's would decline in size, but eventually recover and grow.
- **Sen. Tim Kelly's education "endowment":** allows the legislature to appropriate money from the Permanent Fund earnings reserve to fund education, in addition to dividends and inflation proofing. Could provide up to \$900 million.
- **Income tax:** three income tax proposals have been introduced: Gov. Knowles' bill (the biggest tax bite at 30 percent of federal taxes); Rep. Moses' phased-in tax starting at 5 percent or 10 percent (depending on income level), and increasing to 15 to 20 percent within two years; and Rep. James' tax of one-half percent of an individual's federal tax bill. Knowles' proposal yields the largest revenue at approximately \$300 million. The others yield less.
- **Statewide sales tax:** nothing has been introduced and it's not a popular proposal.
- **Cut \$300 million:** the state Chamber's idea has been endorsed by Senate President Pearce. Not all these cuts are general fund, agency cuts. Some, apparently, are accomplished by keeping legislative hands off of 'off-budget' funding sources. No across-the-board cuts this year, though. Budget cutters are looking for programs to eliminate.
- **Changing PF inflation proofing:** some say we're over inflation proofing the permanent fund and can use some of those dollars for spending.
- **Consolidating state agencies:** the smart money says the departments of Labor, Commerce and Community and Regional Affairs are the most likely to be consolidated in some fashion. No proposals yet.
- **Privatizing government functions:** Knowles and legislative leaders like this idea, they just don't know what to do yet.
- **Transfer costs to municipalities:** we've been doing this for years, dumping snow removal, policing and other functions on local government and driving up property taxes.

All of these proposals have significant political downsides. Most of these unpopular alternatives are kind of like cockroaches in the legislative kitchen where ideas are brewing—shine a light on them and they scuttle back to the darkness.

A “running start” on college

Parents experiencing sticker shock over the cost of a college education may find some relief in a bill I introduced last week offering new opportunities to Alaska high school students. SB 112 creates the “Running Start” program which allows 11th and 12th grade high school students to get both high school and college credit for classes taken at a college or vocational institution.

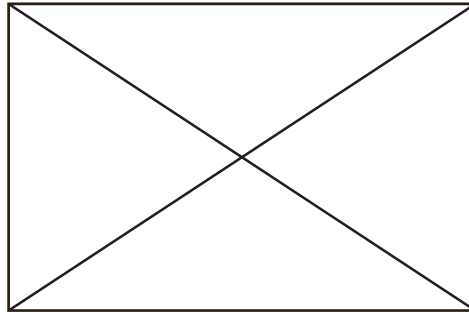
The best part is that tuition will be paid by the school district. Conceivably, a high school student could graduate from high school with a year or two of college completed and paid for. College credits are transferable to any college in which the student enrolls after high school graduation.

A similar program in the State of Washington has had great success over the 8 years it has been in operation. Washington reports that, in addition to reducing the amount of time students have to spend in college, the 10,000 students enrolled in the program in the 1996-97 school year saved about \$9 million in college tuition costs. Best of all, the program helps students perform better academically when they enroll in college after high school graduation.

This opportunity may be even more important to teens who will be looking for a job right after high school graduation. Having school districts pay for diesel mechanics instruction or other advanced vocational courses will ensure a better chance of getting a good job. The bill allows high school students to enroll in any postsecondary institution which receives state funds. Alaska’s constitution prohibits state funds from going to private educational institutions.

In the past in Juneau and some other Alaska communities, high school students may have enrolled in university classes for dual credit but

had to pick up the tab themselves. Juneau’s school district has been working on an agreement to pay tuition costs for these courses, a feature which SB 112 puts into law for all districts, permanently eliminating the cost to students and their families. In preliminary discussions, the Department of Education, the University of Alaska and school districts appear favorably disposed to the idea.



on the move

bills seeing action this week

Initiatives - House Judiciary heard the following three resolutions together and intend to combine them into one bill before moving them on to Finance next week. No one knows which will be the final vehicle, but action is expected this week.

HJR 3 by Rep. Bunde makes it harder to pass natural resource initiatives by requiring two-thirds votes for passage, rather than a simple majority.

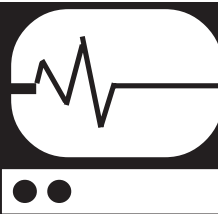
HJR 7 by Rep. Williams makes it tougher to get any initiative on the ballot by requiring signatures from 30 of Alaska’s 40 election districts, equal to 10% of those who voted in each district in the last election.

HJR 25 by Rep. Ogan originally would have made it tougher to get natural resource initiatives on the ballot by increasing the number of signatures needed. The bill was amended, however, to prohibit all initiatives on the issues of fish, wildlife or other natural resources.

Electing the Attorney General

SJR 14 by Sen. Ward requires the state’s attorney general to be popularly elected rather than appointed. Observers note this measure is fueled in part by some legislators’ dislike of current AG Bruce Botelho and his decision not to pursue certain law suits.

SJR 3 by Sen. Taylor allows the legislature to repeal regulations by passing a resolution, a vehicle which is not subject to a veto. SJR passed the Senate 14-4, but is being held for reconsideration on 3/23/99.



capital move pulse:

It looks less and less likely capital move bills will see any action this session. Referring to this year’s fiscal gap and the need to cut the budget, House Speaker Brian Porter noted on KINY’s “Capital Chat” talk show Friday that new or expanded state programs will not receive approval this year. That apparently is a “thumbs down” on capital move efforts. On the subject of whether he views moving the legislature to Anchorage as a good idea, Porter didn’t seem to think so. He commented on the effectiveness of “Gavel to Gavel”, noting there’s no other state providing the same service.

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