

Capitol Undercurrents

Back to school—Rumor has it that one commissioner has asked a high-end employee to take the UAA distance-offered course entitled *The Environment and the Economy*. The three-credit course “will strengthen participant’s critical skills in analyzing complex public policy questions and constructing creative and workable solutions within legal and political constraints.” The distinguished visiting professor is Fran Ulmer, just off a tour of duty lecturing at Harvard University and candidate for governor in the 2002 election.



Details=dollars—Reading the news is getting tough. Friday the Associated Press reported that an insurance company that wrote more than a quarter of the workers’ compensation business in Alaska went bankrupt, leaving \$60 million in outstanding claims in Alaska. Other companies



will have to pass on to businesses increased costs to help pay the claims and that comes on the heels of already substantial premium hikes. Just another hit on our fragile economy.

(continued on pg. 2)

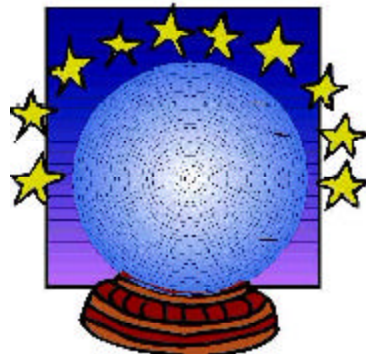
The third annual Ms. Cleo contest

Ms. Cleo, the faux Jamaican pitch woman for the 1-900 Tarot phone service on late-night TV ads, was busted for fraud in 2002 but we’re not letting that get in the way of our third edition of “what’s up” for this new year.

This issue of *Off the Record* poses some multiple choice questions about issues that we’ll be confronting and I’ve fearlessly offered my guesses/answers at the end of this year’s ‘seer’ test. Feel free to save this issue and pull it out for giggles at the end of the year. Last year, my Cleo index rose slightly and I scored a 70 percent (up from 62 percent in 2002). Neither score is stellar but, perhaps, we can grade on the curve.

OK, lick the point of your trusty #2 and stir up that pool of precognitive brain cells, here’s the 2004 edition of the Ms. Cleo test:

1. Last session, seniors, kids, and municipalities took disproportionate ‘hits’ in the state budget. Which demographic group of Alaskans will be left reeling in the FY 2005 budget? a) Rural residents as services contract to regional hubs. b) Clients of Health and Social Services’ programs. c) Cities and boroughs as more government costs are ‘devolved’ to them. d) all of the above.
2. Wolf control surged from the back of the pack (poor pun intended) and became one of those unforeseen issues that helped define the 2003 legislative session. What will be the sleeper issue that helps define this upcoming session? a) High school exit exams. b) State worker contracts. c) Subsistence. d) Mandatory boroughs and/or school district consolidation.



3. Permanent Fund trustees are pushing a constitutional amendment to change fund management to an endowment program with endowment receipts going to the general fund for dividends and. . .? What will the legislature do with the proposal? a) Bury it to avoid the inevitable political demagoguery that surrounds changes to the permanent fund. b) Forward it to give Alaskans the opportunity to vote on the

(continued on pg. 2)



Ms. Cleo contest . . .

constitutional amendment. c) Fold the endowment proposal into a comprehensive fiscal gap package that includes additional taxes and ask Alaskans to adopt the package in the November general election.

4. The erosion of inflation has cut funding for K-12 education in Alaska over the last decade. What can Alaska school districts expect from the legislature this year? a) The back of the hand. b) A token bump in the per pupil funding formula. c) A substantial increase in the formula to begin making up for the inflation losses. d) Increased mandates for local school districts that legislators hope will leave the impression that performance will go up even if funding does not (kind of like what happened with the federal No Child Left Behind Act).
5. How many commissioners will leave Gov. Murkowski's cabinet? a) None. b) One. c) Two. d) Three or more.
6. Will enough legislative Republicans defy their governor and vote with Democrats to restore the longevity bonus program? a) Fat chance. b) It'll be close but in the end, nah. c) Yes.
7. Will the governor's high political negatives in beginning-of-the-year polls of likely voters translate into additional Democratic seats in the legislative elections? a) Oh yeah. b) No way.
8. Will the governor and legislative leaders acknowledge they didn't cook the FY 2004 budget books enough to avoid the constitutional mandate for a $\frac{3}{4}$ legislative vote to dip into the constitutional budget reserve and seek a corrective $\frac{3}{4}$ vote early in the session? a) Who knew crow could be so tasty? b) Clever accountants mean never having to say you're sorry.
9. Which gambling bill gets the most traction this session? a) Sen. Cowdery's bill to create a commission to make state-sanctioned gambling decisions. b) Rep. Kott's proposal for video poker. c) A state lottery. d) Sen. Seekins' attempt to more narrowly define charities eligible to benefit from charitable gambling.

This being a big year on the national political scene, I've added a couple of bonus questions this year that shift the focus from state politics and policy to politics on a larger stage.



10. Who wins the U.S. Senate seat in November? a) The Lisa Murkowski who is the daughter of Frank Murkowski. b) The Lisa Murkowski who distances herself from the politics of Frank Murkowski. c) The Democrat Tony Knowles. d) The Tony Knowles who triangulates Democrats to get to a majority.
 11. Who wins the presidency in November? a) GWB. b) Howard Dean. c) Wesley Clark. d) None of the above.
- My picks are: 1) d; 2) b; 3) a; 4) b; 5) c; 6) b; 7) a; 8) a; 9) d; 10) d. 11) c.



Undercurrents continued...

Here, use this credit card—There are three ways to fill a budget gap: cut spending; increase revenues; borrow money. The governor is proposing some innovative ways to borrow up to \$140 million for next year's budget. More than half of that (\$75 million) comes from bonds sold by the student loan corporation. The bonds would be backed by existing student loans. About \$25 million would come from bonds issued by the Alaska Housing Finance Corporation with AHFC paying the debt service. My 'who thunk a this one' favorite is for the state to sell state assets like jails, office buildings, courthouses and maybe even the Capitol to AHFC for about \$40 million in cash and then have the state lease the sold assets back. (Kudos to economist Gregg Erickson for digging these budget details out of the governor's proposed budget and exposing 'em to the light of day.)

Happy anniversary and by the way—The governor sent an email to everyone@state.ak.us January 2 noting the 45th anniversary of statehood. 'Twas, no doubt, a thoughtful thing to do. He also reiterated his campaign themes from 2002 then noted we need to resolve subsistence issues so the state regains sovereign authority over fish and game in Alaska. Governor Hickel and Governor Knowles weren't shy about putting forward their proposals to get beyond the impasse but we have yet to hear from this governor. Hope it's soon.

Out of sight—We can't afford the longevity bonus for seniors but the new tables and chairs in the legislative lounge are sure nice. You'll have to take my word for how nice they are since only legislators are allowed inside the lounge.

Contact Us

Phone: (907) 465-4947
Fax: (907) 465-2108
Mail: Sen. Elton, State Capitol
 Juneau, AK 99801

Email:
Senator_Kim_Elton@legis.state.ak.us
Jesse_Kiehl@legis.state.ak.us
Paula_Cadiente@legis.state.ak.us
Louis_Flora@legis.state.ak.us

Web: <http://www.akdemocrats.org>

To unsubscribe, call 465-4947 or send email to Paula_Cadiente@legis.state.ak.us