

**Legislators
' promises
don't
guarantee
education
funds**

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When Rep. Peggy Wilson, R-Wrangell, was promoting her bill to put a \$100 tax on workers in Alaska, she told members of the House Finance Committee the money would go to a good cause.

"Our most precious resource is our children, and what better reason for this head tax than education," Wilson said.

There's no guarantee money raised through the bill would go to schools. But that has not stopped legislators from trying to sell that and other revenue proposals as a means of helping education.

Gov. Frank Murkowski has joined in with his pitch for an Alaska Permanent Fund proposal that would allow earnings from the fund to be spent on dividends and education.

"This would put the use of the earnings for education in the constitution, thereby showing the priority which we Alaskans, as a society, place on education," Murkowski said at a recent news conference.

But some Democrats are criticizing the plan as misleading. While it talks about education, which is politically popular, it does not assure any new funds, said Rep. Eric Croft, D-Anchorage.

Called the percent-of-market-value plan, it would let about \$1.2 billion be spent in 2006 from the \$27.8 billion Permanent Fund, according to the governor's office.

The constitutional amendment Murkowski is now supporting -- and which passed the House Finance Committee -- does not specify what percentage would be spent on education or on dividends.

If it were split evenly, that would provide \$578 million for education and \$578 million for dividends, the administration calculates.

But Croft complains that while the Legislature might spend \$578 million of Permanent Fund income on schools, it could at the same time reduce general fund spending by the same amount, and wind up with no new money in the classroom.

"We all know (that) here and the public is not so stupid they won't figure it out," Croft said at a House Finance Committee meeting. "It doesn't mean a cent more goes to schools."

Murkowski and other backers of the proposal acknowledge they don't intend to add \$578 million on top of the \$800 million in general funds the state is already putting into kindergarten-12th grade education.

"We wouldn't double education's budget," said Senate President Gene Therriault, R-North Pole.

But they note that the Legislature is spending more money this year on schools -- \$82 million to \$84.5 million more for K-12. That's already more than the \$43 million that would be raised by Wilson's bill.

One of Wilson's aides, Jean Ellis, said although there is no legal assurance the head tax would go to schools in the future, Wilson believes that would happen.

"She believes the legislators really do support more money for schools," Ellis said. "Consequently, if more money is available, they will put more toward education."

In 11 of the last 13 years the state has spent anywhere from \$22 million to \$1 billion more than it takes in. The Legislature has covered that deficit by dipping into the \$2 billion Constitutional Budget Reserve, but that fund is expected to run dry in 2008.

So in reality, new revenue raised by the Permanent Fund proposal probably would be used to fill in the state budget hole.

Therriault said he talks about education in his Permanent Fund proposal not so much as a sales pitch, but as an answer to the question of what legislators would spend Permanent Fund earnings on.

Education is an answer people can understand and it enjoys wide public support, Therriault said.

"It's the largest appropriation we have on a yearly basis to a single activity," Therriault said. "That seemed to me to be the easiest way of answering that question for the general public."

The National Education Association-Alaska wants a constitutional amendment that would force more spending on schools.

The teachers union proposes to let Permanent Fund income be spent on schools, but require the Legislature to match that spending with an equal amount for schools from the general fund.

So if lawmakers wanted to take \$450 million in Permanent Fund income for schools, they would need to also put up \$450 million in general fund spending, said NEA-Alaska president Rich Kronberg.

That would still free up some of the general fund money the state is now spending on schools for other purposes, he said.

"We think this is a win-win," Kronberg said.

But Republicans, who control the House and Senate, show little interest in the

idea. Therriault said the proposal could backfire because while support for school funding is widespread, there is a limit to how much the public is willing to spend. And House Finance Committee Co-chairman John Harris, R-Valdez, said education is important, but it still should compete with other needs for state spending, such as road plowing, public health nurses and troopers. "That's not what the Permanent Fund was developed for," Harris said. "It wasn't just for education. It was for all government services."