

Alaska governor cuts \$400 million from education, social services

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The University of Alaska (UA) faces an unprecedented budget crisis, after governor Mike Dunleavy used a line-item veto last month to slash its state funding by \$130 million, or 41 percent.

Dunleavy issued 182 line-item vetoes on June 28 in order to defund \$444 million from the budget passed by the Alaskan state legislature. These cuts took effect at the beginning of July.

In addition to the cuts at UA, these vetoes will reduce funding for homeless shelters, senior benefits and senior care, Medicaid and other healthcare funding, the Alaska State Council on the Arts, and basic emergency funding. A special cut was also made to the state's appellate court system, essentially as punishment for a state Supreme Court ruling allowing abortion to be covered by Medicaid.

The legislature failed to override the vetoes and reverse the cuts by the deadline, which passed last Friday at midnight. The absence of a significant number of Republican lawmakers, who refused to take their seats in the Capitol building and instead met separately at a middle school in suburban Anchorage, made it impossible for the legislature to achieve the two-thirds majority required to overturn a veto.

In response to these imminent cuts, the University of Alaska has frozen hiring and sent furlough notices to 2,500 employees, including faculty and staff, set to last for 10 days. Should the cuts not be reversed, the university is expecting to lay off about 700 people, eliminate 40 out of its 105 degree programs, and possibly close a campus. The university expects to be able to teach about 3,000 fewer students, almost 10 percent of its current student body, which would in turn result in a further income loss from lost tuition.

The university "cannot absorb an additional, substantial reduction in state general funds without

abruptly halting numerous student career pathways midstream, eliminating services or shutting down community campuses or universities," UA president Jim Johnsen said.

The University of Alaska flagship campus in Fairbanks, which is less than 200 miles south of the Arctic Circle, is home to the International Arctic Research Center. The cuts could jeopardize the ability of the Center to pay for its operations, threatening research on the effects of climate change on the Arctic involving the collaboration of researchers from the United States and Japan.

The UA Board of Regents has delayed a vote to declare a state of financial exigency, in order to give the state legislature time to restore at least some of the cuts. Such a declaration, according to Johnsen, would enable the Board "to discuss which strategic options might be available for pretty dramatic and rapid cost reduction." One possible measure would be allowing the university administration to lay off employees without common restrictions such as two-week notice.

The decision by Dunleavy, a Republican, to slash the state budget was not made in response to an unexpected fiscal crisis. While Alaska is the least densely populated state in the US, it is also one of the leading oil-producing states. It produced 180 million barrels of oil in 2017, trailing only North Dakota and Texas. The Alaskan economy, moreover, is seeing job growth for the first time in 3 years. The state's immense mineral wealth is responsible for the 8th-highest per-capita income in the country, as well as one of the highest total numbers of millionaires.

The two richest people in the state, Jonathan Rubini and Leonard Hyde, who each have an estimated net worth of over \$300 million from their real estate business, could each cover the UA cuts twice over and

still have millions to spare, yet there are no calls from the either of the big business parties to use this wealth, let alone the billions in energy profits, to fund education.

Dunleavy has indicated that the money from these cuts will go directly into Alaska's Permanent Fund Dividend, a fund which pays all Alaskan residents a yearly stipend, typically between \$1000 and \$2000, as an incentive for settling in Alaska. During his election campaign in 2018, Dunleavy had promised to increase the payout in 2019 to close to \$3000.

The squandering of money meant for education and social programs on the PFD is deeply unpopular. A recent poll showed that 59 percent supported a legislative override of the cuts, with only 16 percent opposing. Hundreds of students gathered outside the capitol building in Anchorage on July 8 to protest the cuts.

State Democrats, for their part, had previously agreed, with little opposition, to a number of smaller cuts this year, including a cut of \$5 million to the UA. Their proposals to restore parts of the state budget involve creating new income and sales taxes, which would almost certainly be regressive.

Evidently, Johnsen had suspected that the governor was planning major cuts to the education budget, because he had offered Dunleavy a plan in which the UA administration would oversee a \$50 million cut, to be spread over several years.

The implications of the attacks on education here are felt halfway around the world. One legislator who spoke on the cuts noted that "I got emails from France, scientists over there saying the University of Alaska is the leader in climate-change research. I received the same thing from Algeria, saying Alaska is the Arctic university, and with these reductions, it will no longer be the Arctic university. The important work that they do will go away."



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