



# Representative Calvin Schrage

*Proudly serving our friends and  
neighbors in House District 12*

Dear Friends and Neighbors,

With the recent snowfall, I hope you and your families are staying safe and enjoying the beginning of winter! I want to give you a brief update on the recent appointment to fill the House District 40 vacancy in the State House, Cook Inlet natural gas and Hillcorp, Anchorage School District's significant budget shortfall, and the Permanent Fund Corporation's recent meeting.

As always, it is an honor to serve our community and I am here if you have questions, need assistance with an issue you may be facing, or to share your thoughts, ideas, or concerns. You can reach me by email at [Rep.Calvin.Schrage@akleg](mailto:Rep.Calvin.Schrage@akleg), on my personal cell at 907-240-8986, or at our office at 907-465-4931.

### **Gov. Dunleavy appoints Tom Baker to fill House District 40 vacancy**

Last week, Governor Dunleavy appointed Tom Baker (R) to fill the vacancy in House District 40. This seat was previously held by now North Slope Mayor Josiah Patkotak (U). Notably, this is the first vacancy since the 2020 passage of "Ballot Measure 2," which modified the vacancy statute. Questions have arisen regarding the appointment process and confirmation voting. While some aspects remain unclear, Governor Dunleavy has indicated that Baker's registration as a Republican required confirmation by a majority of Republicans in the House, including Coalition member Louise Stutes, and David Eastman, who belongs to neither caucus. Baker was confirmed during a meeting of House Republicans on Monday.

### **Governor proposes lowering Hillcorp royalties in Cook Inlet despite legal obligation to produce natural gas**

You may have read recent news concerning the potential shortage of natural gas in South Central Alaska. Governor Dunleavy and his administration recently held a press conference alongside the mayor to discuss their proposal to expand natural gas production in Cook Inlet. Despite Hillcorp's legal obligations to produce natural gas, the proposal aims to lower royalty rates for Hillcorp and other potential leaseholders.

- **Governor’s Royalty Reduction and Profit-Sharing Proposal:** The proposed plan would eliminate royalties once production begins, replacing them with a net profit-sharing model. Additionally, the standard leasing process, where bidders compete for exploration and development rights, would be replaced by a fixed rate of \$40 per acre for upcoming lease sales in the Cook Inlet area.
- **Hillcorp Contractual Obligations and Legal Concerns:** I joined 17 other lawmakers in urging Attorney General Taylor to ensure that Hillcorp adheres to state laws and regulations. These contractual requirements oblige them to produce natural gas from state lands covered by their leases. Railbelt Utilities also expressed similar concerns earlier this year, emphasizing the need for further investigation into Hillcorp’s compliance.

Hillcorp’s leases account for a staggering 85% of the natural gas supply in the Cook Inlet area, effectively granting them a near monopoly. Despite claims that further development may not be economically viable, it’s essential to note that Hillcorp generated nearly half a billion dollars from natural gas in Cook Inlet last year. The validity of these claims remains uncertain.

I remain committed to ensuring that Anchorage residents have access to affordable energy and natural gas and will continue to monitor this situation and advocate for transparency and accountability.

### **Anchorage School District is again faced with a major budget shortfall due to flat state funding**

The Anchorage School District (ASD) board members and district officials have sounded the alarm regarding the district’s current funding levels. ASD is faced with a \$95 million budget deficit for FY2025. Without fast and decisive action from our legislature and governor, this shortfall will have far-reaching consequences for public education in Anchorage and all across the state.

- **Budget Deficit and Tough Decisions:** The task of identifying where to cut \$95 million falls on members of the Anchorage School Board. This process will unfold between now and February 2024, culminating in the Assembly and School Board’s approval of the final budget. These cuts will directly impact our students, teachers, and educational programs.
- **Potential Impact on School Programs and Services:** The reality of funding shortfalls means the school board and ASD administration will be forced to make challenging decisions to balance their budget. Among the programs and services at risk, according to the ASD Chief Financial Operator, are the IGNITE Program,

Language Immersion Programs, Fine Arts, the Dome Sports Complex, Summer School, and more.

On top of the budget shortfall, ASD continues to face severe staffing challenges and a struggle to offer competitive benefits and compensation to employees. ASD is currently grappling with over **300 vacant positions**. Recruiting educators and support staff remains an uphill battle in large part due to a lack of competitive benefits and retirement plans which play a crucial role in attracting and retaining quality educators and staff.

The reality is that the challenges facing ASD are the same that districts and educators across the state are facing and will continue to face without action. The Legislature is actively working on two bills to help address these challenges, including providing a permanent increase in education funding by increasing the Base Student Allocation and providing a competitive pension retirement to ensure our public employees and first responders are supported and incentivized to come to Alaska and fulfill their careers here.

As your legislator, I am determined to champion these bills during the 2024 legislative session, despite opposition from House Majority leadership. Anchorage residents, and all Alaskans, deserve access to quality education, and I stand committed to making that a reality.

### **Alaska Permanent Fund Board decides not to pursue riskier investment strategies**

Late last month, the Alaska Permanent Fund Corporation (APFC) board met to discuss their plans and strategies to ensure the growth of the Permanent Fund. The APFC is aiming to increase the value of the fund to \$100 billion over the next four years. Initially, there was consideration of a more aggressive investment approach, which would involve riskier investments, including in private equity accounts and even the borrowing of funds.

However, the APFC board appears to have opted for a more balanced approach. The proposed strategy targets a 5% growth rate, along with accounting for inflation. By striking this balance, the APFC aims to ensure stability while still achieving meaningful growth. The plan is currently awaiting final approval, scheduled for later this month. Additionally, the board has instructed staff to incorporate proposed changes to state law into the strategic plan. These changes will be introduced before the legislative session.

**Below are some additional resources for staying up-to-date and engaged:**

**Watch Committee Meetings** – Most committee hearings are broadcast on Gavel Alaska at [360north.org](http://360north.org) or through the Live Now tab on the AK Legislature’s [home page](#). House and Senate floor sessions are also available on Gavel Alaska at [ktoo.org/gavel](http://ktoo.org/gavel).

**Access Budget Materials** – The Office of Management and Budget website has many helpful tools and presentations relating to the state budget. You can find these resources, and more, at [omb.alaska.gov](http://omb.alaska.gov).

**Keep Track of Bills** – If you’re interested in learning more about a bill from this session or from years past, you can learn more at [akleg.gov/basis/Home/BillsandLaws](http://akleg.gov/basis/Home/BillsandLaws). Just type in a bill number in the search bar (ex: HB 234) at the top of the page. You can also text a bill number (ex: HB 234) to 559-245-2529 to enroll in text alerts.

**Use Your Legislative Information Office (LIO)** – LIOs are a great local resource for navigating the legislative process. The staff at the LIO can help you research bills and issues, navigate the state computer system, and participate in hearings by providing public testimony. You can contact LIO staff Monday-Friday between 8:30 AM and 4:00 PM through their new chat interface, located in the lower right corner of [akleg.gov](http://akleg.gov).

**Contact the Anchorage LIO** – You can reach the LIO by phone (907-269-0111) or email: [LIO.Anchorage@akleg.gov](mailto:LIO.Anchorage@akleg.gov).

Warmly,  
Representative Schrage

PS - I am honored to serve as your Representative. Please do not hesitate to reach out to me or our office anytime.

### **Contact Representative Calvin Schrage**

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