

**ALASKA STATE LEGISLATURE
HOUSE STATE AFFAIRS STANDING COMMITTEE**

May 7, 2002

8:08 a.m.

MEMBERS PRESENT

Representative John Coghill, Chair
Representative Jeannette James
Representative Hugh Fate
Representative Gary Stevens
Representative Peggy Wilson
Representative Harry Crawford
Representative Joe Hayes

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

HOUSE BILL NO. 324

"An Act making supplemental and other appropriations for homeland security; and providing for an effective date."

- MOVED CSHB 324(STA) OUT OF COMMITTEE

HOUSE BILL NO. 327

"An Act relating to state employees who are called to active duty as reserve or auxiliary members of the armed forces of the United States; and providing for an effective date."

- MOVED CSHB 327(STA) OUT OF COMMITTEE

CS FOR SENATE JOINT RESOLUTION NO. 43(STA)(title am)

Requesting the United States Congress to grant a two-year moratorium on state maintenance of effort requirements for federally funded programs.

- MOVED CSSJR 43(STA)(title am) OUT OF COMMITTEE

PREVIOUS ACTION

BILL: HB 324

SHORT TITLE:HOMELAND SECURITY APPROPRIATIONS

SPONSOR(S): RLS BY REQUEST OF THE GOVERNOR

Jrn-Date	Jrn-Page		Action
01/16/02	1972	(H)	READ THE FIRST TIME - REFERRALS
01/16/02	1972	(H)	MLV, STA, FIN
01/16/02	1972	(H)	GOVERNOR'S TRANSMITTAL LETTER
01/16/02	1972	(H)	SPREADSHEET BY DEPT. COST
02/12/02		(H)	MLV AT 3:00 PM CAPITOL 124
02/12/02		(H)	Heard & Held
02/12/02		(H)	MINUTE(MLV)
02/19/02		(H)	MLV AT 3:00 PM CAPITOL 124
02/19/02		(H)	Heard & Held
02/19/02		(H)	MINUTE(MLV)
02/21/02		(H)	MLV AT 3:00 PM CAPITOL 124
02/21/02		(H)	Heard & Held
02/21/02		(H)	MINUTE(MLV)
02/26/02		(H)	MLV AT 3:00 PM CAPITOL 124
02/26/02		(H)	Heard & Held
02/26/02		(H)	MINUTE(MLV)
02/28/02		(H)	MLV AT 3:00 PM CAPITOL 124
02/28/02		(H)	-- Meeting Canceled --
03/05/02		(H)	MLV AT 3:00 PM CAPITOL 124
03/05/02		(H)	Heard & Held
03/05/02		(H)	MINUTE(MLV)
03/14/02		(H)	MLV AT 3:00 PM CAPITOL 124
03/14/02		(H)	Heard & Held
03/14/02		(H)	MINUTE(MLV)
03/21/02		(H)	MLV AT 3:00 PM CAPITOL 124
03/21/02		(H)	-- Meeting Canceled --
03/26/02		(H)	MLV AT 3:00 PM CAPITOL 124
03/26/02		(H)	Heard & Held
03/26/02		(H)	MINUTE(MLV)
04/18/02		(H)	MLV AT 3:00 PM CAPITOL 124
04/18/02		(H)	Moved CSHB 324(MLV) Out of Committee
04/18/02		(H)	MINUTE(MLV)
04/19/02	3028	(H)	MLV RPT CS(MLV) 2DP 2NR
04/19/02	3028	(H)	DP: GREEN, CHENAULT; NR: MURKOWSKI,
04/19/02	3028	(H)	KOTT
04/19/02	3028	(H)	LETTER OF INTENT WITH MLV REPORT
05/02/02		(H)	STA AT 8:00 AM CAPITOL 102
05/02/02		(H)	Heard & Held
05/02/02		(H)	MINUTE(STA)
05/07/02		(H)	STA AT 8:00 AM CAPITOL 102

BILL: HB 327

SHORT TITLE:STATE EMPLOYEES CALLED TO MILITARY DUTY
 SPONSOR(S): RLS BY REQUEST OF THE GOVERNOR

Jrn-Date	Jrn-Page		Action
01/16/02	1977	(H)	READ THE FIRST TIME - REFERRALS
01/16/02	1977	(H)	MLV, STA
01/16/02	1977	(H)	FN1: ZERO(ADM/ALL DEPTS)
01/16/02	1977	(H)	GOVERNOR'S TRANSMITTAL LETTER
04/04/02		(H)	MLV AT 3:00 PM CAPITOL 124
04/04/02		(H)	Moved Out of Committee
04/04/02		(H)	MINUTE(MLV)
04/05/02	2814	(H)	MLV RPT 4DP 1AM
04/05/02	2814	(H)	DP: KOTT, GREEN, HAYES, CHENAULT;
04/05/02	2814	(H)	AM: MURKOWSKI
04/05/02	2815	(H)	FN1: ZERO(ADM/ALL DEPTS)
04/25/02		(H)	STA AT 8:00 AM CAPITOL 102
04/25/02		(H)	Heard & Held
04/25/02		(H)	MINUTE(STA)
04/27/02		(H)	STA AT 10:00 AM CAPITOL 102
04/27/02		(H)	Scheduled But Not Heard
04/30/02		(H)	STA AT 8:00 AM CAPITOL 102
04/30/02		(H)	Heard & Held
04/30/02		(H)	MINUTE(STA)
05/02/02		(H)	STA AT 8:00 AM CAPITOL 102
05/02/02		(H)	Heard & Held
05/02/02		(H)	MINUTE(STA)
05/07/02		(H)	STA AT 8:00 AM CAPITOL 102

BILL: SJR 43

SHORT TITLE:MORATORIUM ON MAINTENANCE OF EFFORT
 SPONSOR(S): FINANCE

Jrn-Date	Jrn-Page		Action
03/18/02	2450	(S)	READ THE FIRST TIME - REFERRALS
03/18/02	2450	(S)	STA, FIN
04/04/02		(S)	STA AT 3:30 PM BELTZ 211
04/04/02		(S)	Moved CS(STA) Out of Committee
04/04/02		(S)	MINUTE(STA)
04/08/02	2657	(S)	STA RPT CS 3DP 1NR SAME TITLE
04/08/02	2657	(S)	DP: THERRIAULT, HALFORD, PHILLIPS;
04/08/02	2657	(S)	NR: DAVIS
04/08/02	2658	(S)	FN1: ZERO(S.STA)

04/17/02		(S)	FIN AT 9:00 AM SENATE FINANCE 532
04/17/02		(S)	Moved CS(FIN) Out of Committee
04/17/02		(S)	MINUTE(FIN)
04/18/02	2836	(S)	FIN RPT CS 5DP 3NR NEW TITLE
04/18/02	2836	(S)	DP: DONLEY, KELLY, GREEN, WILKEN,
04/18/02	2836	(S)	LEMAN; NR: AUSTERMAN, HOFFMAN, OLSON
04/18/02	2837	(S)	FN1: ZERO(S.STA)
04/22/02		(S)	RLS AT 9:30 AM FAHRENKAMP 203
04/22/02		(S)	MINUTE(RLS)
04/24/02	2932	(S)	READ THE SECOND TIME
04/24/02	2932	(S)	MOTION TO ADOPT FIN CS MADE & WITHDRAWN
04/24/02	2933	(S)	STA CS ADOPTED UNAN CONSENT
04/24/02	2933	(S)	AM NO 1(TITLE AM) ADOPTED UNAN CONSENT
04/24/02	2933	(S)	ADVANCED TO 3RD READING FLD Y14 N6
04/24/02	2934	(S)	ADVANCED TO THIRD READING 4/25 CALENDAR
04/24/02	2924	(S)	RULES TO CALENDAR 10R 4/24/02
04/25/02	2954	(S)	READ THIRD TIME CSSJR 43(STA)(TITLE AM)
04/25/02	2955	(S)	PASSED Y13 N7
04/25/02	2955	(S)	ELLIS NOTICE OF RECONSIDERATION
04/26/02	3002	(S)	RECONSIDERATION NOT TAKEN UP
04/26/02	3003	(S)	TRANSMITTED TO (H)
04/26/02	3003	(S)	VERSION: CSSJR 43(STA)(TITLE AM)
04/29/02	3208	(H)	READ THE FIRST TIME - REFERRALS
04/29/02	3208	(H)	STA
05/07/02		(H)	STA AT 8:00 AM CAPITOL 102

WITNESS REGISTER

CAROL CARROLL, Director
Central Office
Administrative Services Division
Department of Military & Veterans Affairs (DMVA)
400 Willoughby Avenue, Suite 500
Juneau, Alaska 99811

POSITION STATEMENT: Testified that the DMVA would work further on this bill with the Finance Committee.

NANCY SLAGLE, Director
Division of Administrative Services
Department of Transportation & Public Facilities
3132 Channel Drive
Juneau, Alaska 99801

POSITION STATEMENT: Explained some of the department's funding requests on HB 324.

JAMO PARRISH, General Counsel
University of Alaska Fairbanks
PO Box 757520
Fairbanks, Alaska 99775

POSITION STATEMENT: Testified on HB 327.

ANN COURTNEY, Senior Attorney
Labor and Employment
Alaska Railroad Corporation
327 West Ship Creek
Anchorage, Alaska 99501

POSITION STATEMENT: Testified on HB 327.

DAVE STEWART, Personnel Manager
Central Office
Division of Personnel
Department of Administration
PO Box 110201
Juneau, Alaska 99811-0201

POSITION STATEMENT: Answered questions on HB 327.

MARILYN WILSON, Staff
to Senator Dave Donley
Alaska State Legislature
Capitol Building, Room 518
Juneau, Alaska 99801

POSITION STATEMENT: Presented SJR 43 on behalf of the Senate Finance Committee.

ACTION NARRATIVE

TAPE 02-53, SIDE A
Number 0001

CHAIR JOHN COGHILL called the House State Affairs Standing Committee meeting to order at 8:08 a.m. Representatives

Coghill, James, Fate, Stevens, Wilson, Crawford, and Hayes were present at the call to order.

HB 324 - HOMELAND SECURITY APPROPRIATIONS

Number 0070

CHAIR COGHILL announced that the first order of business would be HOUSE BILL NO. 324, "An Act making supplemental and other appropriations for homeland security; and providing for an effective date."

CHAIR COGHILL asked if there was any objection to adopting the proposed committee substitute (CS) for HB 324, version 22-GH2078\L, Utermohle, 5/6/02, as a work draft.

Number 0188

REPRESENTATIVE HAYES objected so the committee could hear from the department.

CHAIR COGHILL noted that this proposed CS was pared down considerably, and it will not be everything that the departments wanted. His intention was that anything beyond that related to the general fund would have to be justified at the Finance Committee, since almost all the general funds are scrutinized there.

Number 0266

CAROL CARROLL, Director, Central Office, Administrative Services Division, Department of Military & Veterans Affairs (DMVA), told the committee that the DMVA would work further on this bill with the Finance Committee.

Number 0288

REPRESENTATIVE HAYES removed his objection. There being no further objection, Version L was before the committee.

Number 0465

NANCY SLAGLE, Director, Division of Administrative Services, Department of Transportation & Public Facilities, told the committee that some of the category 3 items on the 04-19-02 spreadsheet in the packet could cause the state to lose federal dollars, specifically for the airports. She said that some of

the items in category 3 are non-general fund dollars. There has been a request to the federal government for reimbursement on the security-related items that are required by FAA [Federal Aviation Administration]. If those requirements are not met, some airports could be shutdown, and that in turn causes the loss of federal dollars if the airports can't be maintained. There is a relationship with the loss of federal dollars if there isn't compliance. Some items are identified as International Airport Revenue Funds, which are not general fund dollars. Several of those will be requested to be identified as federal dollars instead of International Airport Revenue Funds in line with the application to the federal government for special funding of those items.

Number 0635

MS. SLAGLE told the committee that items on lines 72 and 73 will be requested as federal dollars. Items 77, 78, 79, 80, and 81 relate to the requirement by FAA that the department do a criminal background check through fingerprinting of all airline operators and any individuals who have access to secured areas of an airport. She noted that has not been done before. It is basically receiving a fee from airline employees, concessionaire employees, or any employees on the airport who need to have access to secure areas, and who must go through the fingerprinting criminal background check. The department has to be in compliance with FAA by December 6, 2002. For those specific items, receipt and expenditure authority is requested so those funds can be received to process the criminal background checks.

MS. SLAGLE explained that items 77, 78, and 79 are general fund program receipts. That means the department wants to receive the money. It is possible that those can be identified as receipt-supported services instead of general funds, since the department isn't going to be performing those fingerprint background checks unless it receives the monies. She said she believes that those could be shown as non-general fund. Items 80 and 81 are International Airport Revenue Funds.

CHAIR COGHILL said that these areas would be pointed out to the Finance Committee. He reiterated that the proposed CS was pared back so the Finance Committee can put back in the needed items.

Number 0958

REPRESENTATIVE HAYES moved to report CSHB 324(STA) out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, CSHB 324(STA) was reported out of the House State Affairs Standing Committee.

HB 327 - STATE EMPLOYEES CALLED TO MILITARY DUTY

Number 1089

CHAIR COGHILL announced that the next order of business would be HOUSE BILL NO. 327, "An Act relating to state employees who are called to active duty as reserve or auxiliary members of the armed forces of the United States; and providing for an effective date."

Number 1150

REPRESENTATIVE FATE said the issue was raised at the last hearing whether or not the University of Alaska employees were to be lumped with other agency or department employees. There is a letter from the Office of the Attorney General which says what the constitution says, which is that the university board of regents will simply comply with law. He understands that statute law at the present time says that the university will determine what the compensation is for its employees.

Number 1247

JAMO PARRISH, General Counsel, University of Alaska Fairbanks, testified via teleconference. He clarified that the university does not oppose the principle of holding harmless, in terms of paying benefits, its employees who are called to active duty. His interest is in protecting the authority which is granted by the constitution to the board of regents to govern the university according to law, but not according to gubernatorial order. He said the precise issue he plans to address is whether the proposed committee substitute (CS) as currently drafted cured the separation of powers problem inherent in the original bill. He stated his opinion, despite [the opinion] of the attorney general's office, that it did not.

Number 1320

MR. PARRISH told the members that the substitute bill changes only the form and not the substance. In either format the governor would be the one making the policy decision of whether or not to pay these benefits, and the university would have to

follow the decision of the governor, not the decision of the legislature. The issue at stake is who is entitled to make the policy decision for the university when the legislature hasn't made it. He asked if it is the governor or the board of regents.

MR. PARRISH agreed with Representative Fate that the authority to establish compensation is currently set by statute to be required to be within the purview of the board of regents. In his view, this current statutory allocation of authority consistent with the constitution should not be altered. If the bill were to require all state agencies and the university to pay benefits, he would not be here today. That would be a policy decision incorporated into law, which according to the constitution the university must follow. But neither the bill nor the proposed CS makes that policy decision. That being the case, the CS should leave the policy decision to the board of regents. There is as much of a problem with the CS as currently written as there would be if it reversed the roles. If it said the board of regents may authorize the payment of these benefits and pass regulations that other state agencies would have to follow, he guessed that the executive branch would be arguing that the legislature cannot pick someone outside of each agency's chain of command to make that decision for them. He said he thinks that argument would be correct.

Number 1451

MR. PARRISH stated that the Supreme Court has said that the university cannot be allocated among the executive branch agencies. This is consistent with the wording of the grant of governing authority to the board of regents. The Supreme Court has also said that the state cannot put the property of the university into state parks without paying compensation. This is because the university is a constitutional corporation separate from other branches. In the words of the Supreme Court, the university is "an instrumentality of the sovereign, which enjoys in some limited respects a status which is co-equal rather than subordinate to that of the executive or the legislative arms of government."

Number 1505

MR. PARRISH noted that there are three ways to cure the problem. One is to require in the bill that all branches of government pay the benefits. If the legislature made that decision, the university would have no argument. Two is to make the non-

executive branch agencies' decision to go forward discretionary with each, changing "shall" to "may" on page 2, line 26. Three is to pull the university entirely out of the bill and let the board of regents make its own decision to pay these benefits, which he expects it would.

Number 1570

ANN COURTNEY, Senior Attorney, Labor and Employment, Alaska Railroad Corporation, testified via teleconference. She indicated that the railroad does not have the constitutional problem that the university has, but it has a very similar delegation of power to the corporation to set wages and benefits and other terms and conditions of employment for its employees. The Alaska Railroad Corporation's enabling statute is AS 42.40. That statute provides that the board of directors for the Alaska Railroad Corporation shall manage and run the corporation. In turn, it provides the authority to hire railroad personnel and determine benefits and other terms and conditions of employment vested in the corporation.

[Chair Coghill left the meeting and Vice Chair Fate was the acting chair.]

Number 1655

REPRESENTATIVE JAMES agreed that it is inappropriate for the legislature to require the University of Alaska or the Alaska Railroad Corporation to respond to a governor's executive order. She asked what the rationale is for having the bill be determined by a governor's executive order as opposed to just making it a statutory requirement.

Number 1698

DAVE STEWART, Personnel Manager, Central Office, Division of Personnel, Department of Administration, answered that the rationale was to allow some flexibility in determining which emergencies would be covered by administrative order and which benefits would be set if the actual level of compensation, level of coverage, or definition of emergency was established in statute; it would allow an opportunity perhaps to be missed if an emergency wasn't defined in the statute as being covered.

Number 1763

REPRESENTATIVE JAMES commented she understood that, but said it seems to her that the policy is pretty much established in here and if it hasn't been, perhaps the policy ought to be established. If anyone is in the National Guard and is called up for active duty, which can happen any time under any kind of circumstances, it seems to her this could be established in statute as opposed to an executive order. If that was done, the university and the railroad could be left in. She would just as soon leave them out altogether and not even say "may" unless the committee wanted to say "are encouraged to". She indicated that she isn't interested in putting something in statute that gives the governor this broad authority to make all these people do whatever they're told to do.

Number 1850

VICE CHAIR FATE said that he has seen litigation at the university occur before over matters that are not quite as important as this. He would not like to see either the university or the administration expend a tremendous amount of energy and resources trying to determine whether this is constitutional or not. He would not object to the word "may" but understands that the administration doesn't want that simple change. He would concur with Representative James, but at this point, he said, it is not clear to him whether this should be the vehicle rather than just a broad general piece of legislation that would produce the same result.

Number 1908

REPRESENTATIVE WILSON referred to the letter from the Attorney General and said it was obvious this could be done. There is nothing that says it can't. These agencies just don't want to have somebody else to boss them around. The legislature is within its legal rights to do this.

VICE CHAIR FATE said there was some disagreement by the general counsel of the university on the constitutionality. It would be contentious to the point where it might cause further precedence or come to litigation to stop further precedence. He doesn't want that.

Number 1981

REPRESENTATIVE JAMES commented that she thought this was an area that could be challenged and that would cost. Her solution would be to amend the bill to take out the application to other

agencies entirely. That would make a lot of sense when talking about the power of the governor. Maybe the legislature gave the power to the governor, but she questioned how much power it wants to give the governor. She commented that she might yield to the "shall". She would just as soon not address this at all and let the various agencies address it on their own, which she said she believes they will do in the same way.

VICE CHAIR FATE asked Mr. Stewart if the administration would be amenable to the amendment.

Number 2109

MR. STEWART replied that when work was begun on this bill no one thought that issues and terms in it would be viewed as trammeling individual agency rights, responsibility, or sovereignty. The National Guard is playing a larger and larger role in national military responsibilities with the military having responsibilities elsewhere outside the borders of the country. Keeping the guard staffed has been the purview and responsibility and an objective of the Department of Military & Veterans Affairs and the governor. Maintaining benefits and income levels for members of the National Guard was seen as an opportunity to maintain that membership and build the membership to a point where the state felt comfortable. It is believed that the proposal in this bill is the right thing to do. The governor wants to do this for members of the executive branch who are called to active military service. It lies with the legislature to determine whether that affects all state agencies or just the executive branch. In an effort to get what is wanted, he said he wasn't sure that the administration would oppose that amendment at all.

MR. STEWART indicated that it is the objective of the administration to have all state employees treated equally. If the amendment passes and allows individual choices from the other agencies, then do it.

Number 2210

REPRESENTATIVE WILSON stated that the governor of Alaska probably has more power than any other governor in the United States. She cautioned the members about giving the governor any more power.

VICE CHAIR FATE asked Mr. Parrish and Ms. Courtney if the amendment would satisfy the concerns of the university and the railroad.

Number 2261

MR. PARRISH and MS. COURTNEY agreed that it would.

Number 2319

REPRESENTATIVE JAMES made a motion to adopt a conceptual amendment, "lines 22 to 29 of Version C, delete that section AS 39.20.452.". There being no objection, Amendment 1 was adopted.

Number 2339

REPRESENTATIVE JAMES moved to report CSHB 327, version 22-GH2092\C, Craver, 5/1/02, as amended, out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, CSHB 327(STA) was reported out of the House State Affairs Standing Committee.

SJR 43 - MORATORIUM ON MAINTENANCE OF EFFORT

Number 2380

VICE CHAIR FATE announced that the final order of business would be CS FOR SENATE JOINT RESOLUTION NO. 43(STA)(title am), Requesting the United States Congress to grant a two-year moratorium on state maintenance of effort requirements for federally funded programs.

[There was a motion to adopt CSSJR 43(STA)(title am), version 22-LS1632\J.A, but it was already before the committee.]

Number 2430

MARILYN WILSON, Staff to Senator Dave Donley, Alaska State Legislature, presented SJR 43 on behalf of the Senate Finance Committee. She told the committee that SJR 43 requests that the United States Congress grant a two-year moratorium on state maintenance of effort requirements to states receiving federal funds. A maintenance of effort requirement is a condition that comes with federally funded programs, and sometimes these requirements are very complicated and complex and inhibit the states' ability to reduce or reallocate expenditures. Alaska

and many other states are facing a serious fiscal gap. This resolution is being asked for to allow states to adjust their budgets. If this resolution were granted, it would give states more flexibility to adjust their budgets to the appropriate levels without losing federal funding.

Number 2488

REPRESENTATIVE HAYES asked if contact had been made with U.S. Senator Stevens, U.S. Senator Murkowski, or U.S. Representative Young to ask what they thought of this resolution.

MS. WILSON answered that copies will be sent to those offices, but contact had not been made beforehand.

Number 2527

REPRESENTATIVE CRAWFORD asked for some examples of what efforts there might be flexibility on.

MS. WILSON replied that the maintenance of effort requirements are spread throughout and they vary. She told the committee that she had asked the Division of Legislative Finance for a list.

Number 2617

REPRESENTATIVE JAMES noted that almost all the federal funding in the state's budget has to be matched in some way. The federal funds do drive the general fund spending. She said she is willing to support this resolution, but she commented that she is embarrassed in many ways to ask the federal government for this reduction in maintenance of effort because Alaska has the money and could handle it. She explained that the problem is that the Medicaid and social services budgets are growing, and over time Alaska won't be able to handle it unless there are other kinds of income into the state. She indicated that that is not going to happen over night.

Number 2650

REPRESENTATIVE JAMES pointed out that there has been a drought for at least nine years in the application of private industry for various reasons. Part of that has been the federal rules and regulations that have come down on timber and other things. She said there is some federal reason why the state is in this problem, besides September 11.

REPRESENTATIVE JAMES told the committee that the state is in serious trouble. The demographics are severe; there are more non-productive people than productive people living in the state. The 18- to 44-year olds have been leaving the state in droves because there are no opportunities for them here. Things will have to turn around a lot before there is a vibrant economy in Alaska. She said if the state didn't get the federal funds, it would be noticed.

Number 2725

REPRESENTATIVE JAMES agreed that she is willing to ask for a little bit of relief on the maintenance of effort just because "we're doing what we're doing, doesn't mean next year is going to be better. In fact, I think it's going to be worse." The people who have the needs do need to be served. That can't be avoided, she said.

Number 2747

REPRESENTATIVE HAYES asked Ms. Wilson for the maintenance of effort list so he could see what would be affected.

The committee took an at-ease from 8:51 a.m. to 8:52 a.m.

Number 2781

REPRESENTATIVE WILSON said that she was embarrassed by this resolution. First of all, Alaska is in a fiscal crisis. Times are bad and unless this legislature does something about it before the session ends and has some kind of a plan so this state can start getting back on its feet, "How dare us ask the federal government to do anything if we don't do something? If we do end up passing a fiscal plan so that we have decided as a state that we are going to try to do something about the problem, how dare we send something to the feds to ask them to do something," she asked. She commented that she doesn't have a problem if a fiscal plan is passed.

Number 2832

REPRESENTATIVE CRAWFORD agreed with Representative Wilson. He said he thought the state gets back \$6 in federal dollars for every tax dollar Alaska sends. The federal government is doing far more than its share. Alaska gets more federal dollars per capita than any other state in the Union. He said he believes

the state is not broke, and it needs to do its part. He noted that he is not in favor of this resolution.

REPRESENTATIVE JAMES agreed with Representative Crawford about the amount of federal dollars the state gets, but she told him that the problem is that there isn't the income in the state to pay a sufficient amount of federal tax. If Alaska paid more federal tax, it won't get any more federal money. The bottom line is, "They are doing it because we are not earning our way. That's the issue. If we were to have a vibrant economy, we would be putting more money into the federal government and maybe getting our own money back."

Number 2905

REPRESENTATIVE JAMES noted that the tax money comes from people working and having paychecks. She commented that she is not willing to tax people now when there are so few of them working who get a good-sized paycheck. More paychecks need [be in the economy] before people are asked to pay.

VICE CHAIR FATE asked how Senator Donley perceives the line in the sponsor statement that says, "This resolution, if granted, would give states more flexibility to adjust their budgets to appropriate levels without losing federal funding."

Number 2937

MS. WILSON answered that it's not asking to do away with the maintenance of effort, just to give a moratorium for the state to look at its budget and come back with a new level of funding.

TAPE 02-53, SIDE B

Number 2953

REPRESENTATIVE JAMES explained that there was an opportunity a few years ago to get a bigger share of Medicaid and a lesser amount of general funds. One of the things that boosted up Medicaid this year was because it went back to the other level. She said she thinks that is one of the methods that could be given to the state to have a 9 or 10 percent match as an example. She commented, "It's not that we're not going to put something in but just give us an opportunity, and probably not in every area, but in the areas where it's most important to give a little better. It's saying a couple of years of opportunity to have a smaller match and still meet the requirements of the federal funding."

VICE CHAIR FATE asked if there was a 10 percent match and the state was only able to do 8 percent, would the state have to come up with the other 2 percent the next year. He wondered how that would work.

REPRESENTATIVE JAMES said the state is not making that decision. The state is asking the federal government to consider something like this, and probably whatever it tells us is what would have to be done. The state may or may not want to accept it but is asking the federal government to take a look at this. Alaska is not the only one; other states are having a severe problem with this. "We're not expecting special consideration; we're just in there with everyone else."

Number 2822

The committee took an at-ease from 8:59 a.m. to 9:00 a.m.

[Vice Chair Fate turned the gavel back to Chair Coghill.]

REPRESENTATIVE JAMES moved to report CSSJR 43(STA)(title am) out of committee with individual recommendations and the accompanying zero fiscal notes. There being no objection, CSSJR 43(STA)(title am) was reported out of the House State Affairs Standing Committee.

ADJOURNMENT

Number 2778

There being no further business before the committee, the House State Affairs Standing Committee meeting was adjourned at 9:04 a.m.