

ALASKA LEGISLATURE

2433

HOUSE and SENATE FINANCE COMMITTEE FILES,

2001 - 2002



Official Business

Alaska State Senate

Senate Finance Committee

Mail Stop 3100
State Capitol
Juneau, Alaska 99801-0310

*** RUSH ***

FAX COVER SHEET

DATE: 5/3/01 TIME: 10:15 am

TO: Legal Svcs.

NUMBER OF PAGES, INCLUDING COVER SHEET: 3

FROM: MINDY ROWLAND
SENATE FINANCE COMMITTEE SECRETARY
PHONE: 465-4935
FAX: 465-2187

NOTES: Final CS SJR 23 22-LS0734 \ F
Plus 2 accompanying amendments

Thanks!
Mindy

*** RUSH ***

They want it on the floor @ 11:00

11:15 delivered workdraft instead of final



SENATOR DAVE DONLEY

ALASKA STATE LEGISLATURE

Sponsor Statement

for

Senate Joint Resolution 23

"Proposing amendments to the Constitution of the State of Alaska relating to an appropriation limit and a spending limit"

Senate Joint Resolution 23 would amend Article IX, sec 16 of Alaska's Constitution by lowering the existing appropriation limit to better reflect Alaska's current revenue picture. Passage of SJR 23 would ensure a limit on the growth of state government and force the state to further reasonably reduce non-essential state spending.

The existing constitutional appropriation limit, adopted by voters in 1981, has not worked as anticipated and has never been effective in restraining state spending. A main reason for its failure is that the starting amount of \$2.5 billion was too high and its escalator factor based on population and inflation was too liberal. In fact, given the increases in inflation and population over the last 19 years, the general fund spending limit imposed by Article IX, Section 16 will be over \$6 billion. That is about \$3 billion more than general fund spending in the Fiscal Year 2000. SJR 23 would more accurately reflect today's spending by amending the existing appropriation limit.

SJR 23 would allow the legislature to exceed the limit by no more than 1/2 of the annual increase in both population levels and the consumer price index. SJR 23 also contains a mechanism allowing the legislature to increase the base limit to 75% of the increase in population and inflation with a 2/3 vote of each house.

SJR 23 also removes the requirement that one-third of the budget be appropriated for capital expenditures. Over the years, several attorney general opinions have been written on the meaning of the constitutional limit; those opinions counter the plain English meaning of the language and have allowed the legislature and the administration to avoid this requirement. SJR 23 removes this arbitrary and superfluous requirement.

SJR 23 simplifies and clarifies exactly what spending counts towards the appropriation limit, something that is not clear in the existing constitutional language.

Without a meaningful constitutional amendment in place that limits the amount of state general fund expenditures, there is absolutely no guarantee that the state will reduce spending. SJR 23 would limit state spending and is a key component of Alaska's long-term fiscal health.

DD/jja

Co-Chair: Senate Finance Committee

Vice-Chair: Senate Judiciary Committee

Member: Legislative Budget and Audit Committee • Legislative Council

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www.akrepublicans.org/Donley.htm • www.legis.state.ak.us/senate/donley/htm

BALLOT MEASURE NO. 4DISTRIBUTED
By SENATOR
DOWLING**Constitutional Amendment
AMENDMENT LIMITING INCREASES IN APPROPRIATIONS**

(Free Conference Committee Substitute for Senate Joint Resolution No. 4)

SUMMARY*(As it will appear on the November 2, 1982 General Election Ballot)*

This amendment adds a new section to article IX of the Alaska Constitution. The section limits appropriations for a fiscal year to \$2.5 billion, adjusted annually for changes in population and inflation since 1981. At least one-third of the limitation amount is reserved for appropriations for capital projects and state loan programs. The remainder (up to two-thirds) may be spent for governmental operations. Appropriations to the Alaska Permanent Fund and appropriations or bond authorizations for capital projects may exceed this limit if they are not vetoed by the governor and are approved by the voters. The limit could also be exceeded to meet a state of disaster declared by the governor. The limit would not apply to appropriations for permanent fund dividends, general obligation bond payments, appropriations from revenue bond proceeds, or for costs associated with relocation of the capital (if Ballot Measure No. 8 is passed). The amendment provides for reconsideration of the limit by the voters at the 1986 General Election.

BALLOT FORM:

A vote "FOR" adopts the amendment.

A vote "AGAINST" rejects the amendment.

FOR
AGAINST **VOTE CAST BY MEMBERS OF 12TH STATE LEGISLATURE ON FINAL PASSAGE**

Senate	(20 members):	Yeas <u>15</u>	Nays <u>4</u>	Absent or Not Voting <u>1</u>
House	(40 members):	Yeas <u>27</u>	Nays <u>13</u>	Absent or Not Voting <u>0</u>

LEGISLATIVE AFFAIRS AGENCY SUMMARY*(As required by law)*

The proposed amendments to the Constitution of the State of Alaska would impose a limit on the amount of money that could be appropriated from the state treasury for a state fiscal year. The limit for a fiscal year would be \$2,500,000,000 plus an amount representing cumulative changes in population and inflation from July 1, 1981, to the fiscal year in question. Within the limit on appropriations, one-third of the amount available to be appropriated would be reserved for capital projects and loan appropriations.

The following appropriations would be exempt from the limit on appropriations:

1. an appropriation for Alaska permanent fund dividends;
2. an appropriation of revenue bond proceeds;
3. an appropriation to pay principal and interest on state general obligation bonds;
4. an appropriation of money received from non-state sources in trust for specific purposes;
5. an appropriation to the Alaska Permanent Fund if the appropriation bill is approved by the governor, becomes law without the signature of the governor, or is passed by a three-fourths vote of the membership of the legislature over the veto of the governor; and is approved by the voters as prescribed by law;
6. an appropriation for capital projects if the appropriations bill is confined to projects of the same type; approved by the governor, becomes law without the signature of the governor, or is passed by a three-fourths vote of the membership of the legislature over the veto of the governor; and is approved by the voters as prescribed by law after the voters are informed of the cost of operations and maintenance of the proposed projects; and
7. an appropriation to meet a state of disaster declared by the governor, as prescribed by law.

BALLOT MEASURE NO. 4 (Cont.)

LEGISLATIVE AFFAIRS AGENCY SUMMARY (cont.)

The ballot measure also includes three transitional measures associated with the appropriations limit. If the voters approve both the appropriations limit and the cost of providing for relocation of the capital, additional voter approval of appropriations for relocation of the capital would not be required under the appropriations limit. If the appropriation limit is adopted the same proposition must be placed on the 1986 ballot for a second vote and if it is rejected in 1986 the appropriation limit would be repealed. The appropriation limit would apply to appropriations made for the state fiscal years beginning July 1, 1981, and thereafter.

FULL TEXT OF PROPOSED CONSTITUTIONAL AMENDMENT

SECTION 16. APPROPRIATION LIMIT. Except for appropriations for Alaska permanent fund dividends, appropriations of revenue bond proceeds, appropriations required to pay the principal and interest on general obligation bonds, and appropriations of money received from a non-State source in trust for a specific purpose, including revenues of a public enterprise or public corporation of the State that issues revenue bonds, appropriations from the treasury made for a fiscal year shall not exceed \$2,500,000,000 by more than the cumulative change, derived from federal indices as prescribed by law, in population and inflation since July 1, 1981. Within this limit, at least one-third shall be reserved for capital projects and loan appropriations. The legislature may exceed this limit in bills for appropriations to the Alaska permanent fund and in bills for appropriations for capital projects, whether of bond proceeds or otherwise, if each bill is approved by the governor, or passed by affirmative vote of three-fourths of the membership of the legislature over a veto or item veto, or becomes law without a signature, and is also approved by the voters as prescribed by law. Each bill for appropriations for capital projects in excess of the limit shall be confined to capital projects of the same type, and the voters shall, as provided by law, be informed of the cost of operations and maintenance of the capital projects. No other appropriation in excess of this limit may be made except to meet a state of disaster declared by the governor as prescribed by law. The governor shall cause any unexpended and unappropriated balance to be invested so as to yield competitive market rates to the treasury.

SECTION 26. APPROPRIATIONS FOR RELOCATION OF THE CAPITAL. If a majority of those voting on the question at the general election in 1982 approve the ballot proposition for the total cost to the State of providing for relocation of the capital, no additional voter approval of appropriations for that purpose within the cost approved by the voters is required under the 1982 amendment limiting increases in appropriations (art. IX, sec. 16).

SECTION 27. RECONSIDERATION OF AMENDMENT LIMITING INCREASES IN APPROPRIATIONS. If the 1982 amendment limiting appropriation increases (art. IX, sec. 16) is adopted, the lieutenant governor shall cause the ballot title and proposition for the amendment to be placed on the ballot again at the general election in 1986. If the majority of those voting on the proposition in 1986 rejects the amendment, it shall be repealed.

SECTION 28. APPLICATION OF AMENDMENT. The 1982 amendment limiting appropriation increases (art. IX, sec. 16) applies to appropriations made for fiscal year 1984 and thereafter.

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STATEMENT IN FAVOR OF BALLOT MEASURE NO. 4

Ballot Measure No. 4 deserves the support of all Alaskans. It will prevent the continuation of excessive state spending which has been the pattern in recent years. This spending spree is the result of more projects and more programs. Inflation and population growth have not played a major role.

For example, in 1960, the state budget was \$41 million, the population was 225,000, and the Consumer Price Index 103. In 1980, state spending was \$1.14 billion, the population 400,000, and the Consumer Price Index stood at 290. In Fiscal Year 1982, state spending (not including appropriations to the Permanent Fund), was \$3.84 billion. Population and Consumer Price Index figures have not been published for 1982, but if it is assumed that during the 1980-82 period state population increased to 440,000 and the Consumer Price Index rose to about 350, then between 1960 and 1982, state population increased 94% while the Consumer Price Index increased by 239%. But state spending increased by an astounding 9,265% during this same period.

The passage of Ballot Measure No. 4 will halt that sort of runaway government growth by providing a constitutional limit on most items of state spending. The limit is set at \$2.5 billion each year, adjusted for the

changes in population and inflation. At least one-third of the expenditures must be for capital projects and loans, thus, the day-to-day operating budget of the State is held to two-thirds of the limit, or a maximum of \$1.66 billion, plus adjustments. Provisions are made for additional capital expenditures which are approved by the people and for other expenditures in the event of a disaster declared by the governor.

Although it is true that the Fiscal Year 1983 budget is less than Ballot Measure No. 4 would permit, this relatively austere budget was passed during a time of rapidly falling revenue projections. Had this restraint not been present, there is little reason to believe that the Legislature would have deviated from its past practices of excessive spending.

While Ballot Measure No. 4 is not perfect and does not provide for all the limitations one might want, nevertheless, it is the only constitutional spending limit available. Only by voting to accept this ballot measure can the people of Alaska show their determination to restrain spending by the Legislature and begin the road back to state fiscal responsibility.

—Kent Edwards, President
Common Sense for Alaska, Inc.

STATEMENT AGAINST BALLOT MEASURE NO. 4

Only the first two sentences of this measure apply to a spending limitation; the remainder list seven exceptions for spending above the limit, only two of which make much sense: 1) putting money in the Permanent Fund; and 2) spending to clean up a disaster. The remaining five exceptions are loopholes that give legislators and the governor the ability to continue excessive spending on: A) bond authorizations for capital projects; B) issuance of Permanent Fund dividends; C) general obligation bond payments; D) appropriations from revenue bond proceeds; and E) costs of the Capital Move, if passed. All five of these expenditures can be over the spending limit.

But let's back up to those first two sentences. The biggest abuses in government spending are in the area of "capital expenditures," otherwise called "pork". After each capital project is built, it carries operating and maintenance costs. Whatever of the one-third in the limit we spend for capital projects, we are automatically adding to the cost of doing the state's business (the other two-thirds). We cannot continually add to the state's responsibilities and expect the operating two-thirds of the budget to be covered by an increase in population and inflation. We will quickly reach the point where each project built will necessitate cuts in social or educational programs, or will cause a cut in maintenance, leaving our capital projects to decay.

As if this weren't bad enough, let's add in loophole "A", bond authorizations for capital projects. If one-third of the usable revenues aren't enough for desired

and needed capital projects, the Legislature can issue an authorization for the State to sell bonds to build the project. If the governor does not veto the authorization, you will be asked to approve the sale of bonds at a general election. When we sell bonds to get money for projects, we later pay back the buyers—with interest. In loophole "C" we don't even have to count that payback against the spending limit!

Nothing in this measure lays out which projects will be included in the one-third capital limit and which will be put before the voters. As a legislator, I would guess that pet projects of key legislators will be in the budget so they won't be as easily seen by the public. Projects of statewide importance—jails and schools—will be put on the ballot. Each approved project will further impact the operating budget causing a deeper cut in programs and operations.

In addition, there is no provision for declining revenues. This "spending limit" is before you under the assumption we will have increasing revenues each year. That is not likely. As revenues decline, we would be foolish to continue to allocate one-third of our available revenues for building and loans when we will have continually less revenue for operations. In such a case, the only way to maintain government operations would be to increase personal taxes and return to a personal income tax.

We need a spending limitation, but this isn't it.

—Sally Smith, Representative
Alaska State Legislature

Appropriation Limit
(\$millions)

Enter Base year 2000
Enter Base Limit 3,100.0
Enter Growth Limit 50.0%

FY01 Appropriations subject to the Limit: 3,128.0
Limit for FY02: 3,163.8
FY01 to FY02: 35.8
Additional .25% inflationary spending with 2/3 vote: 31.9

Fiscal Year	Inflation	CPI	Pop Growth	Pop	CPI Factor	Pop Factor	1970 Combined Factor	Growth Limited	Appropriation Limit	Dollar Increase	% Increase	per capita Approp	Real (FY00) per capita Approp
1979		77.6		413,700									
1980	1.102	85.5	1.015	419,800									
1981	1.081	92.4	1.035	434,300									
1982	1.054	97.4	1.069	464,300	0.00000	0.00000	0.00000	0.00000	0.0	0.0	#DIV/0!	0.0	0.0
1983	1.018	99.2	1.075	499,100	0.00000	0.00000	0.00000	0.00000	0.0	0.0	#DIV/0!	0.0	0.0
1984	1.041	103.3	1.050	524,000	0.00000	0.00000	0.00000	0.00000	0.0	0.0	#DIV/0!	0.0	0.0
1985	1.024	105.8	1.038	543,900	0.00000	0.00000	0.00000	0.00000	0.0	0.0	#DIV/0!	0.0	0.0
1986	1.019	107.8	1.013	550,700	0.00000	0.00000	0.00000	0.00000	0.0	0.0	#DIV/0!	0.0	0.0
1987	1.004	108.2	0.983	541,300	0.00000	0.00000	0.00000	0.00000	0.0	0.0	#DIV/0!	0.0	0.0
1988	1.004	108.6	0.988	535,000	0.00000	0.00000	0.00000	0.00000	0.0	0.0	#DIV/0!	0.0	0.0
1989	1.029	111.7	1.007	538,900	0.00000	0.00000	0.00000	0.00000	0.0	0.0	#DIV/0!	0.0	0.0
1990	1.062	118.6	1.026	553,171	0.00000	0.00000	0.00000	0.00000	0.0	0.0	#DIV/0!	0.0	0.0
1991	1.046	124.0	1.029	569,063	0.00000	0.00000	0.00000	0.00000	0.0	0.0	#DIV/0!	0.0	0.0
1992	1.034	128.2	1.031	586,684	0.00000	0.00000	0.00000	0.00000	0.0	0.0	#DIV/0!	0.0	0.0
1993	1.031	132.2	1.017	596,808	0.00000	0.00000	0.00000	0.00000	0.0	0.0	#DIV/0!	0.0	0.0
1994	1.021	135.0	1.007	600,765	0.00000	0.00000	0.00000	0.00000	0.0	0.0	#DIV/0!	0.0	0.0
1995	1.029	138.9	1.001	601,646	0.00000	0.00000	0.00000	0.00000	0.0	0.0	#DIV/0!	0.0	0.0
1996	1.027	142.7	1.006	604,966	0.00000	0.00000	0.00000	0.00000	0.0	0.0	#DIV/0!	0.0	0.0
1997	1.015	144.8	1.007	609,311	0.00000	0.00000	0.00000	0.00000	0.0	0.0	#DIV/0!	0.0	0.0
1998	1.015	146.9	1.020	621,400	0.00000	0.00000	0.00000	0.00000	0.0	0.0	#DIV/0!	0.0	0.0
1999	1.010	148.4	1.007	625,676	0.00000	0.00000	0.00000	0.00000	0.0	0.0	#DIV/0!	0.0	0.0
2000	1.017	150.9	1.007	629,831	0.00000	0.00000	0.00000	0.00000	0.0	0.0	#DIV/0!	0.0	0.0
2001	1.025	154.7	1.006	633,900	1.01021	1.00688	1.01716	1.00858	3,126.6	3,126.6	#DIV/0!	4,932.3	4,812.0
2002	1.025	158.5	1.006	637,943	1.02723	1.01357	1.04117	1.02058	3,163.8	37.2	1.2%	4,959.4	4,720.4
2003	1.025	162.5	1.006	642,021	1.05291	1.02012	1.07409	1.03705	3,214.8	51.0	1.6%	5,007.4	4,649.8
2004	1.025	166.6	1.006	646,131	1.07923	1.02662	1.10796	1.05398	3,267.3	52.5	1.6%	5,056.8	4,581.2
2005	1.025	170.7	1.007	650,335	1.10621	1.03318	1.14292	1.07146	3,321.5	54.2	1.7%	5,107.4	4,514.2
2006	1.025	175.0	1.007	654,581	1.13387	1.03980	1.17900	1.08950	3,377.4	55.9	1.7%	5,159.7	4,449.2
2007	1.025	179.4	1.007	658,970	1.16222	1.04656	1.21633	1.10817	3,435.3	57.9	1.7%	5,213.2	4,385.7
2008	1.025	183.9	1.007	663,502	1.19127	1.05340	1.25488	1.12744	3,495.1	59.7	1.7%	5,267.6	4,323.4
2009	1.025	188.5	1.007	668,121	1.22105	1.06046	1.29488	1.14744	3,557.1	62.0	1.8%	5,324.0	4,263.1
2010	1.025	193.2	1.007	672,869	1.25158	1.06775	1.33638	1.16819	3,621.4	64.3	1.8%	5,382.0	4,204.4
<i>Not subject to existing Constitutional Appropriation Limit:</i>					<i>Not subject to Constitutional Appropriation Limit as amended by</i>								
Alaska permanent fund dividends					Alaska permanent fund dividends								
revenue bond proceeds					revenue bond proceeds								
principal and interest on general obligation bonds					principal and interest on general obligation bonds								
federal receipts (?)					federal receipts								
corporate receipts (AHFC, AIDEA, etc.)					corporate receipts (AHFC, AIDEA, etc.)								
statutory designated program receipts (?)					statutory designated program receipts								
					Alaska permanent fund								
					governor's declarations of disaster								
					Alaska Railroad								

SJR-23

Senator Dave Donley
April 17, 2001

Alaska Constitution
Article IX, Section 16

Section 9.16 - Appropriation Limit.

Except for appropriations for Alaska permanent fund dividends, appropriations of revenue bond proceeds, appropriations required to pay the principal and interest on general obligation bonds, and appropriations of money received from a non-State source in trust for a specific purpose, including revenues of a public enterprise or public corporation of the State that issues revenue bonds, appropriations from the treasury made for a fiscal year shall not exceed \$2,500,000,000 by more than the cumulative change, derived from federal indices as prescribed by law, in population and inflation since July 1, 1981. Within this limit, at least one-third shall be reserved for capital projects and loan appropriations. The legislature may exceed this limit in bills for appropriations to the Alaska permanent fund and in bills for appropriations for capital projects, whether of bond proceeds or otherwise, if each bill is approved by the governor, or passed by affirmative vote of three-fourths of the membership of the legislature over a veto or item veto, or becomes law without signature, and is also approved by the voters as prescribed by law. Each bill for appropriations for capital projects in excess of the limit shall be confined to capital projects of the same type, and the voters shall, as provided by law, be informed of the cost of operations and maintenance of the capital projects. No other appropriation in excess of this limit may be made except to meet a state of disaster declared by the governor as prescribed by law. The governor shall cause any unexpended and unappropriated balance to be invested so as to yield competitive market rates to the treasury.

SENATE FINANCE COMMITTEE

SIGN-IN

SJR 23-CONST AM: APPROPRIATION LIMIT

NAME: Bruce Pierce Subject/Bill No: SJR 23
Co./Dept./Title: So. Policy Analyst OMB Phone: 4677
Address: _____ Zip: _____

Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____
Co./Dept./Title: _____ Phone: _____
Address: _____ Zip: _____

Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____
Co./Dept./Title: _____ Phone: _____
Address: _____ Zip: _____

Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____
Co./Dept./Title: _____ Phone: _____
Address: _____ Zip: _____

Do you wish to testify? Yes No Respond To Questions

SJR

24

SFIN

FILE

SENATE FINANCE COMMITTEE REPORT

REPORTED OUT

APR 23 2001

SENATE FINANCE
COMMITTEE

DATE: April 9, 2001

FURTHER:

Date of 5-Day Notice: _____
(in accordance with Uniform Rule 23)

DATE TURNED
IN TO OFFICE: 23 April 01

Finance Committee considered **SENATE JOINT RESOLUTION NO. 24**
AMEND CONSTITUTIONAL BUDGET RESERVE FUND

Proposing amendments to the Constitution of the State of Alaska relating to the budget reserve fund.

and recommends:

- be replaced with _____ CS _____ (_____)
- adopt previous _____ CS _____ (_____)
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to _____ Committee

Senate Bill:

- same title
- new title

House Bill:

- same title
- technical title
- new: SCR # _____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#
Governor	4/10/01		✓	

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	Do PASS	DO NOT PASS	No REC	AMEND
<i>[Signature]</i>	✓			
<i>[Signature]</i>			✓	
<i>[Signature]</i>			⊗	
<i>[Signature]</i>	✓			
<i>[Signature]</i>	✓			
COCHAIR: <i>[Signature]</i>	✓			
COCHAIR: <i>[Signature]</i>	✓			

APR 23 2001

SENATE FINANCE
COMMITTEE

FISCAL NOTE

STATE OF ALASKA
2001 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: SJR 24
() Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: OOG
Title: Constitutional Amendment relating to the BRU: Elective Operations
budget reserve fund Component: Elections
Sponsor: Senate Finance Committee
Requester: Senate Finance Committee Component Number: 21

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services						
Travel						
Contractual		1.5				
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	1.5	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
-----------------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
-------------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF		1.5				
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	0.0	1.5	0.0	0.0	0.0	0.0

Estimate of any current year (FY2001) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2002 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This figure includes the cost of providing information about this issue in the Official Election Pamphlet, as required by AS 15.58. If this measure requires the printing an 8-1/2 by 18 inch ballot, the cost will increase by \$22.0.

Prepared by: Gail Fenumiai Phone 465-3935
Division: Division of Elections Date/Time 04/10/01 4:28PM
Approved by: Lieutenant Governor Fran Ulmer Date 04/10/2001
Agency: Office of the Lieutenant Governor

For distribution information, call the Governor's Legislative Office



Official Business

Alaska State Senate

Senate Finance Committee

Mail Stop 3100
State Capitol
Juneau, Alaska 99801-1182

Sponsor Statement
for
Senate Joint Resolution 24
"Proposing amendments to the Constitution
of the State of Alaska relating to the budget reserve fund"

Senate Joint Resolution 24 would amend Article IX, sec 17 of Alaska's Constitution to promote fiscal discipline and provide a more efficient budgetary process. It is the intent of SJR 24 to restore the legislative intent of subsection (b). That section was intended to allow the legislature to fill a portion of the fiscal gap when available appropriations for a fiscal year are less than the amount available in the previous year without a $\frac{3}{4}$ vote.

The Alaska Supreme Court, in Halford v Cowper, determined that "the amount available for appropriation" was improperly defined in statute. The Alaska Supreme Court improperly interpreted the true legislative intent of the $\frac{3}{4}$ vote. This has allowed a small minority of legislators to "blackmail" the majority into increased spending each year.

SJR 24 addresses this problem by clearly defining subsection (b), and allows the legislature to transfer the difference between *current year revenue* and *appropriations for the previous year* from the Constitutional Budget Reserve (CBR) to the General Fund (GF) without a $\frac{3}{4}$ vote. Funds transferred from the CBR may be spent only as unrestricted GF. That is, the CBR couldn't be used to fill gaps in GF program receipts or in any of the fund codes the legislature classifies as "other." If current year appropriations exceed appropriations for the previous year, that gap will not be covered by the transfer from the CBR, but additional money can be appropriated from the CBR with a $\frac{3}{4}$ vote, just as it is done now.

SJR 24 amends Article IX, sec 17 of Constitution by:

- amending the trigger mechanism for accessing the CBR;
The old trigger without a $\frac{3}{4}$ vote was:
Available money (this year) is less than Appropriations (last year)
The new trigger is:
Available money (this year) is less than Appropriations (this year)
- defining the CBR gap-filler provision (subsection b), which is not used because it was declared unconstitutional, as a transfer rather than an appropriation.
- defining money available for appropriation (it will exclude federal receipts, income of the Permanent Fund, and the CBR).
- specifying that money transferred from the CBR can be used only to replace unrestricted GF appropriations.
- repealing the repayment provision

The existing trigger comparing revenue in the current year to appropriations in the prior year has little to do with determining whether a fiscal gap exists or how large it might be. The revised trigger is based on revenue and appropriations for the same fiscal year, making the comparison a valid indicator of a fiscal gap.

In addition, the original intent of using the CBR to fund no more than the level of appropriations for the prior year without a $\frac{3}{4}$ vote is not changed under SJR 24.

Definitions of the terms "amount available for appropriation" and "amount appropriated" are the root of problems with interpreting the CBR provision. The revised language in SJR 24, in addition to the court decision, makes it clear that federal receipts, Permanent Fund earnings (PFDs, inflation proofing and excess income) and the CBR are excluded from both definitions, as are monies excluded from the existing "sweep" provision (subsection d).

Essentially, that leaves the GF fund group and many of the "other" fund codes subject to the trigger. However, transfers under the revised subsection (b) of SJR 24 can be used only to fund appropriations from the unrestricted general fund. The purpose of this limitation is to make sure that the CBR is not used when non-general fund receipts fall short of expectations. For example, the CBR could not be used to make up a shortfall in University tuition or Aerospace Corporation receipts without a $\frac{3}{4}$ vote.

The withdrawal from the CBR is limited to prior year appropriations less the amount available for appropriation in the current year. If appropriations in the current year exceed appropriations in the prior year, only getting the $\frac{3}{4}$ vote can fill that portion of the fiscal gap.

Money withdrawn from the CBR with a $\frac{3}{4}$ vote can be used for any purpose.

SJR 24 also repeals the "sweep" provision because it can be reversed only with a $\frac{3}{4}$ vote. Since the sweep reversal would be an annual requirement, failing to delete it would defeat the purpose of the proposed amendments to subsection (b).

DD/jja

Alaska Constitution
Article IX, Section 17

Section 9.17 - Budget Reserve Fund.

(a) There is established as a separate fund in the State treasury the budget reserve fund. Except for money deposited into the permanent fund under Section 15 of this article, all money received by the State after July 1, 1990, as a result of the termination, through settlement or otherwise, of an administrative proceeding or of litigation in a State or federal court involving mineral lease bonuses, rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments or bonuses, or involving taxes imposed on mineral income, production, or property, shall be deposited in the budget reserve fund. Money in the budget reserve fund shall be invested so as to yield competitive market rates to the fund. Income of the fund shall be retained in the fund.

Section 7 of this article does not apply to deposits made to the fund under this subsection. Money may be appropriated from the fund only as authorized under (b) or (c) of this section.

(b) If the amount available for appropriation for a fiscal year is less than the amount appropriated for the previous fiscal year, an appropriation may be made from the budget reserve fund.

However, the amount appropriated from the fund under this subsection may not exceed the amount necessary, when added to other funds available for appropriation, to provide for total appropriations equal to the amount of appropriations made in the previous calendar year for the previous fiscal year.

(c) An appropriation from the budget reserve fund may be made for any public purpose upon affirmative vote of three-fourths of the members of each house of the legislature.

(d) If an appropriation is made from the budget reserve fund, until the amount appropriated is repaid, the amount of money in the general fund available for appropriation at the end of each succeeding fiscal year shall be deposited in the budget reserve fund. The legislature shall implement this subsection by law.

SJR

25

SFIN

FILE

SJR 25

was referred to the
Senate Finance
Committee

No hearing was held
on this bill

SJR

32

SFIN

FILE

SJR 32.

was referred to the
Senate Finance
Committee

No hearing was held
on this bill

SJR

33

SFIN

FILE

SJR 33

was referred to the
Senate Finance
Committee

No hearing was held
on this bill

SJR

37

SFIN

FILE

SENATE FINANCE COMMITTEE REPORT

DATE: 3/20/02

REPORTED OUT
 MAR 22 2002
 SENATE FINANCE
 COMMITTEE

FURTHER:

DATE TURNED IN TO OFFICE: 22 March 2002

Finance Committee considered

SENATE JOINT RESOLUTION NO. 37

SJR 37 CONST AM: HIRING FREEZE

Proposing an amendment to the Constitution of the State of Alaska relating to officers and employees of the executive branch.

and recommends:

- be replaced with _____ CS _____ (_____)
- adopt previous _____ CS _____ (_____)
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to _____ Committee

Senate Bill:

- same title
- new title

House Bill:

- same title
- technical title
- new: SCR # _____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#
Gov.	7/22/02	1.5		#1

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
<i>[Signature]</i>	✓			
<i>[Signature]</i>			✓	
<i>[Signature]</i>			✓	
<i>[Signature]</i>	✓			
<i>[Signature]</i>	✓			
<i>[Signature]</i>	✓			
COCHAIR: <i>[Signature]</i>	✓			
COCHAIR: <i>[Signature]</i>	✓			

REPORTED OUT
FISCAL NOTE
 MAR 27 2002
 SENATE FINANCE

**STATE OF ALASKA
 2002 LEGISLATIVE SESSION**

Fiscal Note Number: 1
 Bill Version: SJR 37
 (S) Publish Date: 2/27/02

Revision Date/Time (Note if correction): _____ Dept. Affected: OOG
 Title Constitutional amendment BRU Elections
officers/employees of the executive branch Component Elections
 Sponsor Senator Kelly
 Requester Senate State Affairs Component No. 21

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services						
Travel						
Contractual	1.5					
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	1.5	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
-----------------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
-------------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	1.5					
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	1.5	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2002) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This figure includes the cost of providing information about this issue in the Official Election Pamphlet, as required by AS 15.58. If this measure requires the printing of an 8-1/2 by 18 inch ballot, the cost will increase by \$22.0.

Prepared by: Gail Fenumiai, Election Administrative Supervisor Phone 465-3935
 Division: Division of Elections Date/Time 2/22/02 12:28 PM
 Approved by: Lieutenant Governor Fran Ulmer Date 02/22/2002
 Agency: Office of the Lieutenant Governor

Alaska State Legislature

Session:
State Capitol
Juneau, AK 99801
Phone: (907) 465-2327
Fax: (907) 465-5241



Interim:
119 N. Cushman
Fairbanks, AK 99701
Phone: (907) 456-8161
Fax: (907) 456-8163

Senator Pete Kelly
District P

SJR 37 Sponsor Statement

Proposing an amendment to the Constitution of the State of Alaska relating to officers and employees of the executive branch.

The State of Alaska is facing a billion dollar deficit and unfortunately the constitutional budget reserve fund cannot fill the gap. Revenue officials project it will be drained by July 2004 if the proposed fiscal year 2003 budget is funded. This budget includes an increase of 858 full-time state positions from the current fiscal year with a price tag of \$115 million.

In the face of such an enormous budget deficit, state spending must be reduced. The most logical first step you take when you have a fiscal problem is a hiring freeze. It will be impossible for the state to sustain such an increase in state employees. A hiring freeze will reduce the number of state positions through attrition, a much better solution than forced layoffs a year down the road.

This hiring freeze will include all positions funded with general funds **except** those temporary positions needed to respond to emergencies or needed for reasons involving health and safety.

The passage of SJR 37 will put this resolution to a vote of the people and if approved, will amend the Constitution of the State of Alaska.



provided by:
Senator Pete Kelly

STATE OF WASHINGTON
OFFICE OF THE GOVERNOR

P.O. Box 40002 • Olympia, Washington 98504-0002 • (360) 753-6780 • TTY/TDD (360) 753-6466

GOVERNOR'S DIRECTIVE No. 02-01

TO: State Elected Officials
Agency Directors
Presidents of Higher Education Institutions
State Boards and Commissions

FROM: Gary Locke, Governor

DATE: February 21, 2002

SUBJECT: Directive to Freeze Hiring, Travel and Equipment Purchases

A worsening state revenue outlook requires immediate action to freeze hiring, travel, and equipment purchases. We are now looking at a deficit of more than \$1.6 billion in the 2001-03 biennial budget as a result of a lower revenue forecast and higher forecasts for public school enrollment, social service caseloads, and juvenile rehabilitation and prison populations.

Beginning February 22, 2002, all state agencies under my direction will impose a hiring freeze. Exempted from this freeze are positions that directly serve public safety and essential health and welfare activities of state government. I also call upon the presidents of higher education institutions, boards and commissions, and our separately elected officials to impose similar restrictions within their agencies and jurisdictions.

Additional exemptions from the hiring freeze may be granted as vacancies occur in critical areas in the rest of government based on a written justification provided to and approved by the director of the Office of Financial Management.

We all recognize the practical difficulties and complications of implementing a hiring freeze. While this is not going to be easy, I ask each manager to use common sense, good judgment, and creativity to aggressively accomplish the ultimate goal of this directive: to save taxpayer dollars through FTE reductions. In addition, non-essential travel and non-essential equipment purchases made with state funds are frozen until further notice.

In implementing this order, agencies shall comply with the appropriate contractual provisions of any current collective bargaining agreement made with their employees. Agencies shall also comply with guidelines and reporting requirements as directed by the Office of Financial Management in separate instructions.

provided by: Senator Pete Kelly

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Office of Governor Gary Locke

FOR IMMEDIATE RELEASE - February 19, 2002

Contact: Governor's Communications Office, 360-902-4136

Locke may order across-the-board budget cuts

OLYMPIA – Gov. Gary Locke today said a worsening state revenue outlook will likely mean deeper budget cuts and may require him to order an across-the-board budget reduction.

"Today's announcement by the state Office of the Forecast Council is sobering," Locke said, referring to the official state revenue forecast downturn of \$246.8 million. "We are now looking at a deficit of more than \$1.5 billion in the 2001-03 biennial budget and that deficit may grow with tomorrow's forecast on school enrollment, rising social service caseloads and increasing prison populations."

Noting that Washington's situation is not unique, Locke said, "A national economic recession intensified by the events of September 11 has left our state and 39 others facing budget shortfalls in the billions of dollars. Today's revenue announcement means we must tighten our belts even more."

Locke said he already has taken action to impose a hiring freeze in addition to the 1,685 full-time equivalent (FTE) reductions since July. He also restricted state employee travel and imposed a freeze on equipment purchases. He added that more severe measures will be necessary to offset the serious revenue losses caused by the effect of the Sept. 11 terrorist attacks on the national and state economies.

The governor met this morning with legislative leadership and budget chairs and pledged to work with them to find a solution to the growing budget problem.

"As I have said all along, it remains my hope that the state budget be balanced without a general tax increase," Locke said.

The governor also will ask the Legislature to consider eliminating cost of living adjustments (COLAs) for state workers and state vendors.

Locke suggested other cost-saving options including an additional across-the-board reduction in all state agency budgets.

In addition to budget cuts, Locke suggested increasing revenue by closing outdated tax exemptions. The governor has asked the Office of Financial Management to review the tax exemptions and report back on its findings.

"These are difficult times but we have gotten through them before and we will get through them again if we work together," Locke concluded.

SEATTLE POST-INTELLIGENCER

http://seattlepi.nwsourc.com/local/59009_revenue20.shtml

provided by:
Senator Pele Kelly

Locke puts a freeze on state hiring

'So possible: Tax increase, program cuts, delayed raises

Wednesday, February 20, 2002

By ANGELA GALLOWAY
SEATTLE POST-INTELLIGENCER REPORTER

OLYMPIA -- Gov. Gary Locke yesterday imposed an immediate state hiring freeze and said the state may need to raise taxes, make sweeping program cuts and stall pay raises for state workers -- even blocking voter-mandated teacher raises -- to fill a budget gap of \$1.6 billion.

While saying it's still his "hope" that he and the Legislature can avoid a broad tax increase, such as to sales or business taxes, Locke offered his softest stance on that yet. "Any general tax increase should be a last resort," the Democratic governor said. "And I'm not prepared to say that we need to go there."

But he did say that it is time to consider repealing more state tax exemptions, as many lawmakers -- particularly Democrats -- have said for weeks.

State officials yesterday announced the third consecutive drop in the state's revenue forecast. Projected tax income over the next 16 months -- which had already dropped by \$914 million since September -- fell another \$247 million to below \$21 billion yesterday.

Today, another forecast council is expected to announce about \$100 million in unanticipated state program cost increases, such as for health care for the poor and public school enrollments.

That would bring the state's budget gap of \$1.25 billion in January up to \$1.6 billion. Most of that would have to be made up in the second year of the current \$23 billion biennial operating budget.

"It's very, very grave," said Rep. Jack Cairnes, R-Covington, a leader of the House Finance Committee.

In some corners, the news has even spurred new interest in one proposal to temporarily raise sales tax by about half a cent, dubbed the "freedom surcharge."

In addition to softened anti-tax rhetoric -- including from the GOP -- substantial spending cuts are on the table:

- Locke said he is "actively" considering across-the-board cuts of about 6 percent to all state programs -- including public schools and prisons -- although basic education would be protected. But some leading Democrats said that's too Draconian. "It's like taking a machete to the budget," said Seattle Democrat Helen Sommers, chairwoman of the House Appropriations Committee.
- Lawmakers agreed that substantial cuts to state programs would be necessary, from slashes in social services to temporary park closures, said Spokane Democratic Sen. Lisa Brown, the upper chamber's budget writer. Also, the Senate probably will propose triple the public school cuts that Locke recommended in December, and colleges probably face both tuition increases and funding cuts, she said.
- In December, Locke proposed stalling July cost-of-living raises for state employees by two months.

Yesterday, he suggested skipping altogether the 2.6 percent raises for the state's 100,000 workers next year -- saving about \$85 million but raising the specter of worker walkouts. In addition, Locke said the state might need to save \$90 million by blocking the 3.4 percent raises for public schoolteachers that voters approved in a November 2000 statewide initiative. That would require a two-thirds vote of the Legislature.

- In addition to freezing hiring, Locke froze equipment purchases and restricted state worker travel. Critical services such as prison guards and Washington State Patrol troopers are exempt from the hiring freeze, he said.

The revenue forecast was not the only bad news yesterday. The state continues to have among the worst unemployment rates in the country, with a new 8.2 percent jobless rate.

State figures also show that 65,000 jobs were lost last year, barely counting recent layoffs at The Boeing Co. Of those, 85 percent were in King County. Many were in construction and Internet-related businesses, said Chang Mook Sohn, the state's chief economist.

Unlike in the national economy, there's no indication that Washington will recover anytime soon from its recession, officials said.

"King County is clearly leading the rest of the state into a much deeper recession than any time since the 1980s," Sohn said.

It adds up to a grim political battle facing the Legislature and governor. Senate Democrats had planned to release their budget proposal next week -- but now predict delay while they hammer out unpopular spending cuts and politically painful tax increases.

And both sides staked out traditional but sobered partisan positions. Democrats said tax hikes must be on the table. Republicans said all state spending should be re-examined.

"I don't see how it is possible to tax ourselves out of this," Cairnes said. "My caucus will not look at significant tax increases until we see a good-faith effort on the part of the Democrats to control spending."

But he did not rule out at least incremental tax increases, saying, "I'm not sure we can get through this just strictly with cuts."

Rep. Lynn Kessler, Democratic majority leader, said it's time to revive proposals to expand gambling to raise more in taxes, such as a bill that would allow thousands of slot machines in mini-casinos, bars and restaurants. "We have to go scouring through and see what we can dig out," Kessler said.

And some are interested in the two- or three-year sales tax surcharge suggested by Sen. James Hargrove, D-Hoquiam, she said. "I don't know if we have to do that. We don't want to close the door on anything," Kessler said.

Brown, the budget chairwoman, yesterday introduced legislation to allow the Legislature to raise taxes and take money out of reserves by a simple majority -- rather than the two-thirds vote required by 1993's voter-approved Initiative 601.

"It just gives us some flexibility for solving the budget crisis," Brown said. "I'm just putting a couple options out there."

GOP lawmakers -- who had been calling for a state hiring freeze for months -- said it was about time Locke responded.

But the governor needs to offer more than talk on the other ideas he floated yesterday, such as state worker pay freezes, some said.

"He's been considering it for the last year. It's time to make a recommendation or not," said Rep. Barry Sehlin, R-Oak Harbor. "But I certainly endorse the ideas."

Greg Devereux, of the largest state employee's union, said walkouts are possible if the state freezes pay. Weeks ago, the union backed a hiring freeze, he added. But "eliminating (cost-of-living adjustments) is just another tax on state employees," Devereux said.

Rich Wood, spokesman for the statewide teachers' union, the Washington Education Association, said, "Now is not the time to cut public education."

The state's economic pain is most obvious in the job market. The Washington jobless rate jumped to 7.5 percent last month, fueled in part by mass Boeing layoffs.

The state job market for seasonal workers is even worse. The unemployment rate unadjusted for seasonal variations, such as holiday hiring and construction work, soared to 8.2 percent in January from 7.3 percent in December, according to state data.

Since the state economy began cooling early last year, the unemployment rate has steadily risen, from 5.5 percent last January to 7.4 percent in December, the Employment Security Department reported yesterday. The rates are adjusted for seasonal changes.

Last month, the jobless rate stood at its highest point in nine years, according to one local economist.

"The overall picture remains the same: namely, a recession more severely concentrated in the metropolitan Seattle economy than in the rest of the state," said Roberta Pauer, a Seattle-based economist for the Employment Security Department.

Pauer predicts Washington will remain mired in recession at least through this summer.

Seattle continues to experience the most severe contraction, absorbing 78 percent of the 63,700 jobs lost around the state in the past year, Pauer said.

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http://seattlepi.nwsource.com/local/58441_welfare15.shtml

provided by: Senator
Pete
Kelly

Locke cuts back welfare programs

Demand outstrips money available; subsidized child care takes a hit

Friday, February 15, 2002

By ANGELA GALLOWAY
SEATTLE POST-INTELLIGENCER REPORTER

OLYMPIA -- Gov. Gary Locke is eliminating nearly \$60 million in welfare reform programs -- partly by cutting 1,000 working poor families off subsidized child care -- to fill a new deficit in welfare money.

For years, Washington state enjoyed surpluses of \$200 million a year in its \$900 million annual budget for welfare reform, thanks to a drop in caseloads of more than 40 percent.

And the Legislature and Locke diverted much of the state's share of the surpluses into social and other programs. About \$200 million went to education, officials said.

But, in recent months, demand for the WorkFirst reform program has outstripped what's left of the money. For example, the state underestimated demand for child care assistance -- today the largest program within welfare, even surpassing cash grants -- by \$35 million over the next 18 months. In August, 43,000 families received such subsidies -- 2,000 more than anticipated.

In addition, demand in the last two months for public assistance has grown because of the recession. In December and January alone, 2,800 new families qualified for Temporary Assistance for Needy Families (TANF).

"We told them this would happen...that when the economy went down there would be more people in there," said Sen. Darlene Fairley, D-Lake Forest Park.

Yakima Republican Sen. Alex Deccio added that the state should have waited to see how the first five years of welfare reform went before raiding the surpluses.

The federally mandated program aims to move people off public assistance rolls and into jobs through training, child care and other help. About 60 percent of the money comes from the federal government and the rest is from the state.

No one will lose those TANF grants in Locke's cuts, officials said. The cuts to child care subsidies amount to \$22.6 million from an annual budget of \$300 million.

But some politicians and social service advocates say the cuts could have been prevented -- particularly cuts Locke made to child care and education programs.

"This does have grave implications -- there's no doubt," Rep. Kip Tokuda, D-Seattle, said of the cuts.

And some lawmakers say it's time to rein in the sole discretion they granted the governor in how to spend surpluses in 1997. "It's a consideration -- which I wasn't willing to say several months ago," Tokuda said.

Locke's cuts include:

Reducing income eligibility for subsidized child care from 225 percent of the federal poverty level to 200 percent, saving \$3 million. For a family of three, the top allowed income drops from nearly \$33,000 a year to \$29,260.

Increasing co-payments for child care by \$5 a month, up to between \$15 and about \$300 a month, to raise \$13.5 million.

\$7.5 million for Families That Work, which helped parents with literacy, parenting and basic job skills. Ken Miller, Locke's welfare adviser, said the program hasn't failed, but its benefits aren't enough to justify its cost in the current budget climate.

\$5.4 million for the Job Success Coach program, designed to keep people in jobs.

\$3 million for a practice job program that placed welfare reform participants in unpaid work so they could learn job skills. The program hasn't worked, Miller said.

\$3.1 million for new pilot projects. The welfare reform program was constantly trying new ways to move people from public assistance to the work force, Miller said, but can't afford to experiment now.

In addition to diverting hundreds of millions of welfare surplus dollars into the general fund, the state used them to create other programs for the poor. That's in part because federal officials warned states to spend down surpluses because they wouldn't look good in welfare reform budget talks in Congress this year, said Marty Brown, Locke's budget director.

Miller said, "There are a lot of things to use the money for and we think they were used wisely."

For example, \$24 million a year went to tuition and child care assistance for vocational students of community colleges, he said. Another \$2.4 million went to legal aid for the poor. Locke cut the legal aid yesterday.

"I can't disagree with how the state spent (that) money," said Jean Colman, director of the Welfare Rights Organizing Coalition. "I do argue with the state putting TANF dollars into some (other welfare) programs and moving those dollars into state general fund programs.

"Making it harder for families to receive assistance in a recession is just really mean-spirited."

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provided by: Senator Pete Kelly



STATE OF WASHINGTON

OFFICE OF FINANCIAL MANAGEMENT

Insurance Building, PO Box 43113 • Olympia, Washington 98504-3113 • (360) 902-0555

February 22, 2002

TO: State Elected Officials
Agency Directors
Presidents of Higher Education Institutions
State Boards and Commissions

FROM: Marty Brown
Director

Marty Brown

**SUBJECT: IMPLEMENTATION INSTRUCTIONS RELATED TO
GOVERNOR'S DIRECTIVE NO. 02-01 TO FREEZE HIRING,
TRAVEL AND EQUIPMENT PURCHASES**

In response to recent revenue and caseload forecasts, the Governor has imposed a hiring, travel and equipment purchase freeze on agencies under his direction. The following instructions provide guidelines regarding the implementation of his directive.

Basic Provisions of Directive 02-01

Beginning February 22, 2002, all executive agencies are prohibited from filling new or vacant positions unless directly related to public safety, or essential health and welfare activities.

Requests for exemption from the hiring freeze for the purpose of maintaining critical services may be approved by the Office of Financial Management (OFM).

The hiring freeze applies to all positions, regardless of fund source.

Non-essential travel and equipment purchases made with any state funds are also frozen until further notice.

Agencies shall comply with the appropriate contractual provisions of current collective bargaining agreements in implementing the Governor's directive.

February 22, 2002

Page Two

Monitoring

OFM is not requiring special reports from agencies, but my staff and I will regularly monitor statewide accounting data (FTEs, travel, equipment) and, in consultation with the Department of Personnel, will review hiring, payroll and headcount reports. Inquiries may be directed to agencies based on this information. I encourage agency directors to maintain sufficient internal records for monitoring implementation of the freeze.

Activities Exempt from the Hiring Freeze

Because of their connection to the health and safety of state citizens, or to the protection of public assets, the following direct service activities are exempt from the hiring freeze:

- Direct custody, supervision and patient care in corrections and juvenile rehabilitation programs; community programs and institutions for the care of veterans, the elderly, the mentally ill, and the developmentally disabled; and the School for the Blind and School for the Deaf
- Child and adult protective services in the Department of Social and Health Services
- Washington State Patrol Crime Lab and field enforcement (troopers)
- Emergency Management within the Military Department
- Hazardous materials and methamphetamine lab response
- Fire fighting
- Public health laboratory, and emergency public health response
- Child support enforcement
- Unemployment and workers compensation payments
- Safety inspections
- Department of Fish and Wildlife enforcement officers, and park rangers

Exemption is also granted for activities directly involved in producing revenues:

- Tax and fee collection and auditing
- Financial and estate recovery

Specific hiring authorization from OFM is not required for activities that agency directors determine match the above descriptions.

Process and Criteria for Requesting Additional Hiring Freeze Exemptions

Agencies may request additional hiring freeze exemptions from OFM for critical activities that are necessary:

- For the immediate health, safety or welfare of state citizens, or for the protection of critical state assets.
- For production or collection of state or federal revenue.
- To respond to unforeseen, emergent circumstances.

Requests for exemption should consist of the completed OFM form (attached) addressed to me and signed by the director of the agency making the request. The form must contain the following elements: description of activity requested for exemption and why it qualifies as an essential state service, number of staff involved, how the activity matches the above exemption criteria, why other staff could not be transferred within the agency to perform this service, and the consequences of not granting the exemption.

Process and Criteria for Requesting Exemptions from the Travel and Equipment Purchase Freeze

Agency directors are responsible for complying with the directive freezing non-essential travel and non-essential equipment purchases made with state funds. ("Essential" travel or equipment is that which is necessary to carry out critical state services.) I expect any out-of-state travel or significant equipment purchases to be scrutinized and decided upon by high level agency management. In addition, the agency should keep information about the nature and purpose of these expenses.

At a minimum, agencies should consider whether each travel and equipment request is absolutely necessary for maintaining essential state operations, and whether all alternatives have been exhausted.

Travel and equipment purchases in the following categories must receive pre-approval from the Office of Financial Management:

- Travel outside the continental United States
- Equipment purchases in excess of \$10,000

February 22, 2002

Page Four

Questions

Questions about budget or FTE issues can be communicated to your assigned OFM budget analyst or to the OFM compensation analyst.

Please direct personnel or human resource management questions to your agency personnel officer, or the Rules Unit at Department of Personnel.

I appreciate the challenges these actions create for state managers and am willing to assist you in whatever way possible. We are making every effort to impose realistic expectations on agencies, at the same time maintaining a commitment to the high standards of the Governor's directive. In the end, it will be the responsibility of every state manager to pursue the most frugal and practical measures to sustain critical operations.

We will continue to monitor these efforts through the end of the biennium and will re-assess the freeze as the budget situation warrants.

provided by: Senator Pete Kelly

Agency Name: _____

**REQUEST FOR EXEMPTION FROM DIRECTIVE NO. 02-01
(2/22/02 HIRING, TRAVEL AND EQUIPMENT FREEZE)**

In order to be considered for exemption beyond those provided by the February 22 OFM Implementation Instructions, agencies must complete this form and submit it to the director of OFM.

Identify Type of Request for Exemption:

HIRING FREEZE TRAVEL EQUIPMENT

HIRING FREEZE

Description of activity requested for exemption

Identify under which exemption criteria the request is being made

Justification (why it qualifies as an essential state service)

Number of staff positions involved

Explanation of why other staff could not be transferred within the agency to perform this service

Consequences of not granting the exemption

TRAVEL

Destination:

Number of staff traveling:

Justification for Travel (Why is this essential?):

Applicable Exemption Criteria:

Explanation of why alternatives to travel won't work:

EQUIPMENT

Justification for Equipment purchase (Why is this essential?):

Applicable Exemption Criteria:

Signature of Agency Director

Tony Knowles
Governor
P.O. Box 110001
Juneau, Alaska 99811-0001
NEWS RELEASE

State of Alaska
Office of the Governor



Bob King
Press Secretary
Claire Richardson
Deputy Press Secretary
907-465-3500
FAX: 907-465-3533

For Immediate Release: February 4, 1999

KNOWLES ANNOUNCES BUDGET AUSTERITY MEASURES

Includes Hiring Freeze, Travel and Purchasing Restrictions in Current Budget

As part of his overall plan to achieve a balanced, sustainable budget in the wake of declining oil revenues, Gov. Tony Knowles today announced \$6.25 million in cuts for the current budget year, including an immediate freeze on state hiring, travel restrictions and cutbacks in state purchasing and contracting.

"While much progress has been made over the past several years in reducing the cost of state services, more needs to be done as part of our overall plan for a long-term, sustainable, balanced budget," Knowles said. "Alaskans want assurance that as their employers, businesses and families tighten their belts, the state is doing the same."

Cuts in the current year budget include a reduction in personnel services totaling \$2.5 million, a 10 percent reduction in travel expenses of \$1.2 million, and a reduction in contracts, supplies and equipment, totaling \$2.6 million. Since there are fewer than 5 months left in the current fiscal year, the reductions have an annualized impact of about \$15 million.

Although these amounts are specific to the state's general funds, belt-tightening measures will apply to all areas of state government, regardless of funding sources.

"These cuts will involve reduced service and may require some layoffs," Knowles said. "I have asked departments to manage these reductions carefully, such as through attrition, to minimize impacts on the public."

In announcing his austerity actions, Knowles said public safety would not be compromised. Areas excluded from the cuts include trooper detachments, child protection and child support enforcement, and 24-hour institutions such as Pioneer Homes, prisons, community jails, youth correction facilities and the Alaska Psychiatric Institute. Similarly, travel for needed prisoner transfers will not be affected.

Cuts will not be made in current year funding for education and municipal grants.

Knowles said the hiring freeze applies to existing vacant positions and to new positions. Exceptions will only be allowed for positions affecting life, health and safety, such as child protection workers and public health nurses, and only at the express direction of department commissioners.

"Budget cuts alone will not solve the state's current fiscal dilemma, but are necessary given the current drop in oil prices," Knowles said. "By taking these steps in cooperation with the Legislature, I want to

show Alaskans we're serious about cutting the budget, eliminating the fiscal gap and improving on the most cost-effective delivery of state services. I believe Alaskans will support the long-range balanced budget plan I outlined last month as they see us taking the actions we do today."

The governor said he is working cooperatively with the Legislature to achieve the cuts. In recent meetings and communications with legislative leaders, including Senate President Drue Pearce, House Speaker Brian Porter and finance committee chairs, Knowles and legislators have agreed on the need for further cuts. The governor also noted he is working with Senate Minority Leader Johnny Ellis, House Minority Leader Ethan Berkowitz, and minority Democrats to achieve responsible reductions.

Knowles said today's budget cuts are the first in a series he will announce in coming weeks. Next week, he plans an announcement about efforts to work with the Legislature to reduce the size of the supplemental spending request. He will follow that with specific details about Budget Year 2000 cuts.

The governor said the austerity measures announced today should be extended to other quasi-state agencies, including the University of Alaska, Permanent Fund Corporation, Alaska Housing Finance Corporation, Alaska Industrial Development and Export Authority, Alaska Railroad and others. Reductions in their operations will produce benefits for their customers and ratepayers.

The two other branches of government, the Legislature and court system, are not covered by the governor's action.

##

Broadcasters: Video excerpts from this morning's news conference with Gov. Knowles will be broadcast on the Governor's window on ARCS at 3:30 today. Radio actualities will be available on the Governor's Information Line at 800-478-5669 or 465-5213 in Juneau.

SJR

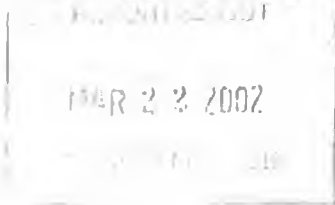
38

SFIN

FILE

SENATE FINANCE COMMITTEE REPORT

DATE: 3/20/02



FURTHER:

DATE TURNED IN TO OFFICE: 22 March 2002

Finance Committee considered **SENATE JOINT RESOLUTION NO. 38**

SJR 38 CONSTITUTIONAL AMENDMENT: PRIORITY OF EXPENDITURES

Proposing amendments to the Constitution of the State of Alaska relating to information regarding proposed expenditures.

and recommends:

- be replaced with _____ CS _____ (_____)
- adopt previous _____ CS _____ (_____)
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to _____ Committee

Senate Bill:

- same title
- new title

House Bill:

- same title
- technical title
- new: SCR # _____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#
Gov.	2/20/02		15	#1

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
<i>[Signature]</i>	✓			
<i>[Signature]</i>			✓	
<i>[Signature]</i>			x	
<i>[Signature]</i>			✓	
<i>[Signature]</i>			✓	
<i>[Signature]</i>	✓			
<i>[Signature]</i>	✓			
COCHAIR: <i>[Signature]</i>	✓			
COCHAIR: <i>[Signature]</i>	✓			

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: SJR 38
(S) Publish Date: 2/27/02

Revision Date/Time (Note if correction): _____ Dept. Affected: OOG
Title: Constitutional amendment BRU: Elections
information regarding proposed expenditures Component: Elections
Sponsor: Senator Kelly
Requester: Senate State Affairs Component No.: 21

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services						
Travel						
Contractual	1.5					
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	1.5	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
-------------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	1.5					
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type-Do not abbreviate)						
TOTAL	1.5	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2002) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This figure includes the cost of providing information about this issue in the Official Election Pamphlet, as required by AS 15.58. If this measure requires the printing of an 8-1/2 by 18 inch ballot, the cost will increase by \$22.0.

Prepared by: Gail Fenuniai, Election Administrative Supervisor
Division: Division of Elections
Approved by: Lieutenant Governor Fran Ulmer
Agency: Office of the Lieutenant Governor

Phone: 465-3935
Date/Time: 2/22/02 12:30 PM
Date: 02/22/2002

Alaska State Legislature

Session:
State Capitol
Juneau, AK 99801
Phone: (907) 465-2327
Fax: (907) 465-5241



Interim:
119 N. Cushman
Fairbanks, AK 99701
Phone: (907) 456-8161
Fax: (907) 456-8163

Senator Pete Kelly
District P

SJR 38 Sponsor Statement

Proposing amendments to the Constitution of the State of Alaska to information regarding proposed expenditures.

In the face of growing deficits, it is imperative that responsible budget decisions be made. Limited discretionary revenues and ever expanding demands for state spending have forced the need for prioritization.

SJR 38 will require the Administration to submit subsequent budgets with each department's activities ranked in order of value. Though it is the Legislature's responsibility to appropriate funds, the departments are better equipped to evaluate and prioritize their own activities and production. Constructive communication between the executive and legislative branches is necessary in order to facilitate the most productive spending.

The passage of SJR 38 will put this resolution to a vote of the people and if approved, will amend the Constitution of the State of Alaska.

SJR

43

SFIN

FILE

SENATE FINANCE COMMITTEE REPORT

DATE: 4/8/02



FURTHER:

DATE TURNED IN TO OFFICE: 04/17/02

Finance Committee considered **SENATE JOINT RESOLUTION NO. 43**
SJR 43 MAINTENANCE OF EFFORT ON FEDERAL PROGRAMS

Requesting the United States Congress to grant a two-year moratorium on requirements for certain state payments under federal programs.

and recommends:

- be replaced with CS SJR 43 (FIN)
CS FORTHCOMING
- adopt previous CS ()
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to _____ Committee

- Senate Bill:**
 same title
 new title
- House Bill:**
 same title
 technical title
 new: SCR # _____

NEW FISCAL NOTE(S):

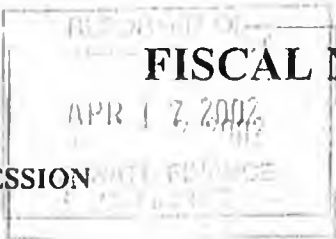
Department	Date	Fiscal	Zero	FN#

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#
Senate State Affairs	4/2/02		Ø	1

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
<i>Lynne Green</i>	✓			
<i>Alan Gustafson</i>			✓	
<i>James Huff</i>			x	
<i>Bill Brown</i>			✓	
<i>Gene Wilbur</i>	✓			
<i>Loren J. Hansen</i>	✓			
COCHAIR: <i>Debra Dwyer</i>	✓			
COCHAIR: <i>Kate Kelly</i>	✓			



FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: SJR 43
(S) Publish Date: 4/8/02

Revision Date/Time (Note if correction): _____ Dept. Affected: _____
Title Maintenance of Effort on Federal Programs BRU
Sponsor Finance Component _____
Requester Senate State Affairs Committee Component No. _____

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2002) cost: 00
Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

Prepared by: SENATE STATE AFFAIRS COMMITTEE Phone 465-4797
Division _____ Date/Time _____
Approved by: /s/ Senator Thernault, Chair Date 4/3/02
Agency _____

ADOPTED

WORK DRAFT

WORK DRAFT

WORK DRAFT

22-LS1632F
Cook
4/1/02

CS FOR SENATE JOINT RESOLUTION NO. 43()
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-SECOND LEGISLATURE - SECOND SESSION

BY

Offered:
Referred:

Sponsor(s): SENATE FINANCE COMMITTEE

A RESOLUTION

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

3 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

4 WHEREAS the economic effects of the terrorists attack on our country on
5 September 11, 2001, have contributed to major shortfalls in state revenues and increases in
6 state expenditures; and

7 WHEREAS Medicare and Medicaid costs have risen causing states serious budgeting
8 problems; and

9 WHEREAS states are striving to reallocate available funds to address this economic
10 situation; and

11 WHEREAS the requirements for maintenance of state effort under certain federal
12 programs denies states the opportunity to reduce or reallocate a large share of state
13 expenditures; and

14 WHEREAS states must have this flexibility to develop budgets that truly address and
15 meet important state needs;

1 **BE IT RESOLVED** that the Alaska State Legislature respectfully requests the United
2 States Congress to grant a two-year moratorium on state maintenance of effort requirements
3 for federally funded programs so that states may have more flexibility to address priorities
4 and to react to the fiscal situation.

5 **COPIES** of this resolution shall be sent to the Honorable Thomas Daschle, Majority
6 Leader of the U.S. Senate; the Honorable Trent Lott, Minority Leader of the U.S. Senate; the
7 Honorable J. Dennis Hastert, Speaker of the U.S. House of Representatives; the Honorable
8 Richard A. Gephardt, Minority Leader of the U.S. House of Representatives; and to the
9 Honorable Ted Stevens and the Honorable Frank Murkowski, U.S. Senators, and the
10 Honorable Don Young, U.S. Representative, members of the Alaska delegation in Congress.



Official Business

Alaska State Senate

Senate Finance Committee

Mail Stop 3100
State Capitol
Juneau, Alaska 99801-1182

Sponsor Statement Senate Joint Resolution 43

"Requesting the United States Congress to grant a two-year moratorium on requirements for certain state payments under federal programs."

Senate Joint Resolution 43 requests that the United States Congress grant a two-year moratorium on maintenance of effort requirements on states receiving federal funds..

Alaska is facing a serious "fiscal gap." Federal requirements for maintenance of effort for federally mandated programs inhibit the states ability to reduce or reallocate state expenditures.

This resolution, if granted, would give states more flexibility to adjust their budgets to appropriate levels without losing federal funding.

DD/mjw

Senate Joint Resolution 43, "Requesting the United States Congress to grant a two-year moratorium on requirements for certain state payments under federal programs."

DH&SS Maintenance of Effort Requirement (MOE)

<i>COMPONENT</i>	<i>FY 03 State MOE</i> (in thousands of dollars)
ATAP Payments	\$ 27,171.7
Tribal Assistance (Native TANF)	7,154.2
Work Services	3,279.1
Child Care	3,000.0
Public Assistance Administration	187.3
Quality Control	58.1
PA Field Services	1,047.4
Fraud Investigation	236.3
PA Data Processing	590.0
Other DH&SS (direct and indirect)	343.0
Mental Health	33,500.0
Substance Abuse	24,000.0
Maternal, Child and Family Health	4,500.0
<i>Total MOE</i>	\$106,067.1

Prepared by: Marilyn Wilson, Legislative Aide
to Senator Dave Donley

March 29, 2003

**SENATE COMMITTEE REPORT
First Committee of Referral**

DATE: 3/18/02

FURTHER: Finance

Date of 5-Day Notice: 3/28/2002
(in accordance with Uniform Rule 23)

DATE TURNED
IN TO OFFICE: 4/8/2002

State Affairs Committee considered

SENATE JOINT RESOLUTION NO. 43

~~CS-13 BUDGET DRESS CODES~~ SJR43 Maintenance of Effort on Federal Programs

Requesting the United States Congress to grant a two-year moratorium on requirements for certain state payments under federal programs.

and recommends:

- be replaced with CS SJR 43 (STA)
- adopt previous CS ()
- attached amendment(s)
- adopt Letter of Intent by Committee
- further referral to Committee

Senate Bill:

- same title
- new title

House Bill:

- same title
- technical title
- new: SCR #

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#
Senate STA Committee	4/3/02		0	1

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
<i>Kirk Hubbard</i>	✓			
<i>Robert All</i>	✓			
<i>Bettye Davis</i>			✓	
CHAIR: <i>Greg Fenwick</i>	X			

SJR 43-MAINTENANCE OF EFFORT ON FEDERAL PROGRAMS
SENATE FINANCE COMMITTEE

SIGN-IN

✓ NAME: Tim Nordlund Subject/Bill No: _____
Co./Dept./Title: Director of Public Assistance Phone: 467 76910
Address: _____ Zip: _____
Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____
Co./Dept./Title: _____ Phone: _____
Address: _____ Zip: _____
Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____
Co./Dept./Title: _____ Phone: _____
Address: _____ Zip: _____
Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____
Co./Dept./Title: _____ Phone: _____
Address: _____ Zip: _____
Do you wish to testify? Yes No Respond To Questions

SJR

44

SFIN

FILE

SENATE FINANCE COMMITTEE REPORT

DATE: 4/17/02

FURTHER:

APR 2002

DATE TURNED IN TO OFFICE: 04/24/02

Finance Committee considered SENATE JOINT RESOLUTION NO. 44
SJR 44 STATE-FEDERAL JOINT RESEARCH PLAN
 Relating to preparation of a joint state-federal research and development plan.

and recommends:

Senate Bill:
 same title
 new title
 House Bill:
 same title
 technical title
 new: SCR # _____

- be replaced with _____ CS _____ (_____)
- adopt previous _____ CS SJR 44 (L2C)
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to _____ Committee

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#
<u>S/L2C</u>	<u>4/16/02</u>		<input checked="" type="checkbox"/>	<u>1</u>

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
<i>Lynne Meyer</i>	<input checked="" type="checkbox"/>			
<i>Albert Rust</i>	<input checked="" type="checkbox"/>			
<i>Tom Hoff</i>	<input checked="" type="checkbox"/>			
<i>Gary Wickham</i>	<input checked="" type="checkbox"/>			
<i>Steve Hansen</i>	<input checked="" type="checkbox"/>			
<i>Greg Ward</i>	<input checked="" type="checkbox"/>			
COCHAIR: <i>Daphne Dreyfus</i>			<input checked="" type="checkbox"/>	
COCHAIR: <i>Paul Hall</i>	<input checked="" type="checkbox"/>			

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: SJR 44
(C) Publish Date: 4/17/02

Revision Date/Time (Note if correction): _____ Dept. Affected: _____
Title State-Federal Joint Research Plan BRU _____
Sponsor Senate Labor & Commerce Component _____
Requester Senate Labor & Commerce Component No. _____

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personnel Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
-------------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2002) cost: 0.0
Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

POSITIONS

Full-time					
Part-time					
Temporary					

ANALYSIS: (Attach a separate page if necessary)

Prepared by: SENATE LABOR & COMMERCE COMMITTEE Phone 465-4993
Division _____ Date/Time _____
Approved by: /s/ Senator Stevens, Chair Date 4/16/02
Agency _____

During Session, January - May
State Capitol, Room 115
Juneau, Alaska 99801
(907) 465-2095
465-3810 fax



During Session - June - December
101 W 4th Ave, S, Rm 120
Juneau, Alaska 99801
(907) 216-0120
209-0212 fax

Senator Loren Lemman

Sponsor Statement for CSSJR 44(L&C) Joint State-Federal Research and Development Plan

CSSJR 44(L&C) requests that state and federal agencies work together to develop a joint research and development plan to help expand and diversify Alaska's economy, strengthen and maintain state research institutions, and protect the health of Alaskans and the environment of Alaska.

Alaska's economy is heavily dependent on the research and development activities of public, private, and academic sectors to attract investment, jobs, and revenue to the state. Effective research and development apply knowledge toward efficient resource extraction, resource protection, provision of human health, and the export of intellectual property.

The goal of this joint effort will be to develop and present to the Legislature a plan to identify and assess areas of high economic potential for resource development and tourism on federal and state lands in Alaska.

Contact: Russ Kelly, Legislative Intern to Senator Loren Lemman, at (907) 465-3841
Updated: April 17, 2002

Notes for legislators regarding SJR 44:

The Presidential Executive Order setting up the Arctic Research Commission and the IARPC is as follows:

<http://www.nara.gov/feodreg/codific/eos/e12501.html>

The State statutes note:

In January 1994, Governor Hickel issued Executive Order No. 90 stating that it would be in the best interests of efficient administration to move the Alaska Science and Technology Foundation from the Department of Revenue to the Department of Commerce and Economic Development, and to transfer the duties of the science and engineering advisory commission to the Alaska Science and Technology Foundation, thus integrating the state's science and technology activities within the state agency responsible for the comprehensive economic development of the State of Alaska.

The order adds a new Article to AS 37.17 entitled Science and Engineering Research; Science Education that is to take effect July 1, 1994. requires ASTF to (1) develop and recommend an integrated state research policy;

(2) provide policy information to the governor and the legislature on matters that have scientific and engineering significance;

(3) receive scientific and engineering information from the academic and industrial communities;

(4) act in an advocacy role for scientific and engineering issues and science education important to the state that might otherwise be overlooked;

(5) assist state agencies in assessing research needs and establishing priorities among them;

(6) facilitate cooperation between state agencies and the University of Alaska and other academic institutions and industry;

(7) recommend methods to improve logistical planning and support for scientific and engineering research conducted in the state by state, federal, or international agencies, private industry, the general public, or private research organizations;

(8) recommend methods for improving efficient acquisition, storage, transfer, and dissemination of scientific and engineering data and information among interested public and private institutions and the general public;

(9) promote science education and training for young scientists and engineers to pursue careers in the state and the Arctic;

(10) cooperate with the federal Arctic Research Commission in the formulation of the Arctic research policy; and

(11) not later than September 30 of each year, present to the governor recommended research priorities of the state for the next fiscal year.

Courtesy of Mend Trendwell, Commissioner, U.S. Arctic Research Commission



National Archives and Records Administration
Federal Register

Executive Order 12501--Arctic research

Source: The provisions of Executive Order 12501 of Jan. 28, 1985, appear at 50 FR 4191, 3 CFR, 1985 Comp., p. 328, unless otherwise noted.

By the authority vested in me as President by the Constitution and laws of the United States of America, including the Arctic Research and Policy Act of 1984 (Title I of Public Law 98-373) ("the Act"), it is hereby ordered as follows:

Section 1. *Establishment of Arctic Research Commission.* There is established the Arctic Research Commission.

Sec. 2. *Membership of the Commission.*

(a) The Commission shall be composed of five members appointed by the President, as follows:

- (1) three members appointed from among individuals from academic or other research institutions with expertise in areas of research relating to the Arctic, including the physical, biological, health, environmental, social, and behavioral sciences;
- (2) one member appointed from among indigenous residents of the Arctic who are representative of the needs and interests of Arctic residents and who live in areas directly affected by Arctic resources development; and
- (3) one member appointed from individuals familiar with the Arctic and representative of the needs and interests of private industry undertaking resource development in the Arctic.

The Director of the National Science Foundation shall serve as a nonvoting *ex officio* member of the Commission. The President shall designate a Chairperson from among the five voting members of the Commission.

(b) In making initial appointments to the Commission, the President shall designate one member to serve for a term of two years, two members to serve for terms of three years, and two members to serve for terms of four years as provided by Section 103(e) of the Act. Upon the expiration of these initial terms of office, the term of office of each member of the Commission shall be four years.

(c) Each of the Federal agencies represented on the Interagency Committee established by Section 7 of this Order may designate a representative to participate as an observer with the Commission. These representatives shall report to and advise the Commission on the activities of their agencies relating to Arctic research.

Sec. 3. *Meetings of the Commission.*

The Commission shall meet at the call of the Chairman or a majority of its members. The Commission annually shall conduct at least one public meeting in the State of Alaska.

Sec. 4. *Functions of the Commission.*

(a) The Commission shall:

- (1) develop and recommend an integrated national Arctic research policy;
- (2) assist, in cooperation with the Interagency Arctic Research Policy Committee established by Section 7 of this Order, in establishing a national Arctic research program plan to implement the Arctic research policy;

- (3) facilitate cooperation between the Federal government and State and local governments with respect to Arctic research;
 - (4) review Federal research programs in the Arctic and suggest improvements in coordination among programs;
 - (5) recommend methods to improve logistical planning and support for Arctic research as may be appropriate;
 - (6) suggest methods for improving efficient sharing and dissemination of data and information on the Arctic among interested public and private institutions;
 - (7) offer other recommendations and advice to the Interagency Arctic Research Policy Committee as it may find appropriate; and
 - (8) cooperate with the Governor of the State of Alaska, and with agencies and organizations of that State which the Governor may designate, with respect to the formulation of Arctic research policy.
- (b) Not later than January 31 of each year, the Commission shall:
- (1) submit to the President and Congress a report describing the activities and accomplishments of the Commission during the immediately preceding fiscal year; and
 - (2) publish a statement of goals and objectives with respect to Arctic research to guide the Interagency Arctic Research Policy Committee in the performance of its duties.

Sec. 5. Responsibilities of Federal Agencies.

- (a) The heads of Executive agencies shall, to the extent permitted by law, and in accordance with Section 105 of the Act, provide the Commission such information as it may require for purposes of carrying out its functions.
- (b) The heads of Executive agencies shall, upon reimbursement to be agreed upon by the Commission and the agency head, permit the Commission to utilize their facilities and services to the extent that the facilities and services are needed for the establishment and development of an Arctic research policy. The Commission shall take every feasible step to avoid duplication of effort.
- (c) All Federal agencies shall consult with the Commission before undertaking major Federal actions relating to Arctic research.

Sec. 6. Administration of the Commission. Members of the Commission who are otherwise employed for compensation shall serve without compensation for their work on the Commission, but may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by law for persons serving intermittently in the government service. Members of the Commission who are not otherwise employed for compensation shall be compensated for each day the member is engaged in actual performance of duties as a member, not to exceed 90 days of service each calendar year, at a rate equal to the daily equivalent of the rate for GS-16 of the General Schedule.

Sec. 7. Establishment of Interagency Arctic Research Policy Committee. There is established the Interagency Arctic Research Policy Committee (the "Interagency Committee"). The National Science Foundation shall serve as lead agency on the Interagency Committee and shall be responsible for implementing Arctic research policy.

Sec. 8. Membership of the Interagency Committee.

The Interagency Committee shall be composed of representatives of the following Federal agencies or their designees:

- (a) National Science Foundation;
- (b) Department of Commerce;
- (c) Department of Defense;

- (d) Department of Energy;
- (e) Department of the Interior;
- (f) Department of State;
- (g) Department of Transportation;
- (h) Department of Health and Human Services;
- (i) National Aeronautics and Space Administration;
- (j) Environmental Protection Agency;
- (k) Office of Science and Technology Policy; and
- (l) any other Executive agency that the Director of the National Science Foundation shall deem appropriate. The Director of the National Science Foundation or his designee shall serve as Chairperson of the Interagency Committee.

Sec. 9. Functions of the Interagency Committee. (a) The Interagency Committee shall:

- (1) survey Arctic research conducted by Federal, State, and local agencies, universities, and other public and private institutions to help determine priorities for future Arctic research, including natural resources and materials, physical and biological sciences, and social and behavioral sciences;
 - (2) work with the Commission to develop and establish an integrated national Arctic research policy that will guide Federal agencies in developing and implementing their research programs in the Arctic;
 - (3) consult with the Commission on:
 - (a) the development of the national Arctic research policy and the 5-year plan implementing the policy;
 - (b) Arctic research programs of Federal agencies;
 - (c) recommendations of the Commission on future Arctic research; and
 - (d) guidelines for Federal agencies for awarding and administering Arctic research grants;
 - (4) develop a 5-year plan to implement the national policy, as provided in section 109 of the Act;
 - (5) provide the necessary coordination, data, and assistance for the preparation of a single integrated, coherent, and multi-agency budget request for Arctic research, as provided in section 110 of the Act;
 - (6) facilitate cooperation between the Federal government and State and local governments in Arctic research, and recommend the undertaking of neglected areas of research;
 - (7) coordinate and promote cooperative Arctic scientific research programs with other nations, subject to the foreign policy guidance of the Secretary of State;
 - (8) cooperate with the Governor of the State of Alaska in fulfilling its responsibilities under the Act; and
 - (9) promote Federal interagency coordination of all Arctic research activities, including:
 - (a) logistical planning and coordination; and
 - (b) the sharing of data and information associated with Arctic research, subject to section 552 of title 5, United States Code.
- (b) Not later than January 31, 1986, and biennially thereafter, the Interagency Committee shall submit to the Congress through the President a report concerning:
- (1) its activities and accomplishments since its last report; and
 - (2) the activities of the Commission, detailing with particularity the recommendations of the Commission with respect to Federal activities in Arctic research.

Sec. 10. Public Participation. The Interagency Committee will provide public notice of its meetings and an opportunity for the public to participate in the development and

implementation of national Arctic research policy.

Sec. 11. *Administration of Interagency Committee.* Each agency represented on the Committee shall, to the extent permitted by law and subject to the availability of funds, provide the Committee with such administrative services, facilities, staff, and other support services as may be necessary for effective performance of its functions.

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Last updated December 10, 2001

Appendix C: Arctic Research and Policy Act, As Amended

PUBLIC LAW 98-373 - July 31, 1984; amended as
PUBLIC LAW 101-609 - November 16, 1990

An Act

To provide for a comprehensive national policy dealing with national research needs and objectives in the Arctic.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled:

TITLE I-ARCTIC RESEARCH AND POLICY

SHORT TITLE

SEC. 101. This title may be cited as the "Arctic Research and Policy Act of 1984, as amended".

FINDINGS AND PURPOSES

SEC. 102(a) The Congress finds and declares that—

- (1) the Arctic, onshore and offshore, contains vital energy resources that can reduce the Nation's dependence on foreign oil and improve the national balance of payments;
- (2) as the Nation's only common border with the Soviet Union, the Arctic is critical to national defense;
- (3) the renewable resources of the Arctic, specifically fish and other seafood, represent one of the Nation's greatest commercial assets;
- (4) Arctic conditions directly affect global weather patterns and must be understood in order to promote better agricultural management throughout the United States;
- (5) industrial pollution not originating in the Arctic region collects in the polar air mass, has the potential to disrupt global weather patterns, and must be controlled through international cooperation and consultation;
- (6) the Arctic is a natural laboratory for research into human health and adaptation, physical and psychological, to climates of extreme cold and isolation and may provide information crucial for future defense needs;

(7) atmospheric conditions peculiar to the Arctic make the Arctic a unique testing ground for research into high latitude communications, which is likely to be crucial for future defense needs;

(8) Arctic marine technology is critical to cost-effective recovery, and transportation of energy resources and to the national defense;

(9) the United States has important security, economic, and environmental interests in developing and maintaining a fleet of icebreaking vessels capable of operating effectively in the heavy ice regions of the Arctic;

(10) most Arctic-rim countries, particularly the Soviet Union, possess Arctic technologies far more advanced than those currently available in the United States;

(11) Federal Arctic research is fragmented and uncoordinated at the present time, leading to the neglect of certain areas of research and to unnecessary duplication of effort in other areas of research;

(12) improved logistical coordination and support for Arctic research and better dissemination of research data and information is necessary to increase the efficiency and utility of national Arctic research efforts;

(13) a comprehensive national policy and program plan to organize and fund currently neglected scientific research with respect to the Arctic is necessary to fulfill national objectives in Arctic research;

(14) the Federal Government, in cooperation with State and local governments, should focus its efforts on the collection and characterization of basic data related to biological, materials, geophysical, social, and behavioral phenomena in the Arctic;

(15) research into the long-range health, environmental, and social effects of development in the Arctic is necessary to mitigate the adverse consequences of that development to the land and its residents;

(16) Arctic research expands knowledge of the Arctic, which can enhance the lives of Arctic residents, increase opportunities for international cooperation among Arctic-rim countries, and facilitate the formulation of national policy for the Arctic; and

(17) the Alaskan Arctic provides an essential habitat for marine mammals, migratory waterfowl, and other forms of wildlife which are important to the Nation and which are essential to Arctic residents.

(b) The purposes of this title are—

(1) to establish national policy, priorities, and goals and to provide a Federal program plan for basic and applied scientific research with respect to the Arctic, including natural resources and materials, physical, biological and health sciences, and social and behavioral sciences;

(2) to establish an Arctic Research Commission to promote Arctic research and to recommend Arctic research policy;

(3) to designate the National Science Foundation as the lead agency responsible for implementing Arctic research policy; and

(4) to establish an Interagency Arctic Research Policy Committee to develop a national Arctic research policy and a five year plan to implement that policy.

ARCTIC RESEARCH COMMISSION

SEC. 103(a) The President shall establish an Arctic Research Commission (hereinafter referred to as the "Commission").

(b)(1) The Commission shall be composed of seven members appointed by the President, with the Director of the National Science Foundation serving as a nonvoting, ex officio member. The members appointed by the President shall include—

(A) four members appointed from among individuals from academic or other research institutions with expertise in areas of research relating to the Arctic, including the physical, biological, health, environmental, social and behavioral sciences;

(B) one member appointed from among indigenous residents of the Arctic who are representative of the needs and interests of Arctic residents and who live in areas directly affected by Arctic resource development; and

(C) two members appointed from among individuals familiar with the Arctic and representative of the needs and interests of private industry undertaking resource development in the Arctic.

(2) The President shall designate one of the appointed members of the Commission to be chairperson of the Commission.

(c)(1) Except as provided in paragraph (2) of this subsection, the term of office of each member of the Commission appointed under subsection (b)(1) shall be four years.

(2) Of the members of the Commission originally appointed under subsection (b)(1)—

(A) one shall be appointed for a term of two years;

(B) two shall be appointed for a term of three years; and

(C) two shall be appointed for a term of four years.

(3) Any vacancy occurring in the membership of the Commission shall be filled, after notice of the vacancy is published in the Federal Register, in the manner provided by the preceding provisions of this section, for the remainder of the unexpired term.

(4) A member may serve after the expiration of the member's term of office until the President appoints a successor.

(5) A member may serve consecutive terms beyond the member's original appointment.

(d)(1) Members of the Commission may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code. A member of the Commission not presently employed for compensation shall be compensated at a rate equal to the daily equivalent of the rate for GS-18 of the General Schedule under section 5332 of title 5, United States Code, for each day the member is engaged in the actual performance of his duties as a member of the Commission, not to exceed 90 days of service each year. Except for the purposes of chapter 81 of title 5 (relating to compensation for work injuries) and chapter 171 of title 28 (relating to tort claims), a member of the Commission shall not be considered an employee of the United States for any purpose.

(2) The Commission shall meet at the call of its Chairman or a majority of its members.

(3) Each Federal agency referred to in section 107(b) may designate a representative to participate as an observer with the Commission. These representatives shall report to and advise the Commission on the activities relating to Arctic research of their agencies.

(4) The Commission shall conduct at least one public meeting in the State of Alaska annually.

DUTIES OF THE COMMISSION

SEC. 104(a) The Commission shall—

(1) develop and recommend an integrated national Arctic research policy;

(2) in cooperation with the Interagency Arctic Research Policy Committee established under section 107, assist in establishing a national Arctic research program plan to implement the Arctic research policy;

(3) facilitate cooperation between the Federal Government and State and local governments with respect to Arctic research;

(4) review Federal research programs in the Arctic and recommend improvements in coordination among programs;

(5) recommend methods to improve logistical planning and support for Arctic research as may be appropriate and in accordance with the findings and purposes of this title;

(6) recommend methods for improving efficient sharing and dissemination of data and information on the Arctic among interested public and private institutions;

(7) offer other recommendations and advice to the Interagency Committee established under section 107 as it may find appropriate;

(8) cooperate with the Governor of the State of Alaska and with agencies and organizations of that State which the Governor may designate with respect to the formulation of Arctic research policy;

(9) recommend to the Interagency Committee the means for developing international scientific cooperation in the Arctic; and

(10) not later than January 31, 1991, and every 2 years thereafter, publish a statement of goals and objectives with respect to Arctic research to guide the Interagency Committee established under section 107 in the performance of its duties.

(b) Not later than January 31 of each year, the Commission shall submit to the President and to the Congress a report describing the activities and accomplishments of the Commission during the immediately preceding fiscal year.

COOPERATION WITH THE COMMISSION

SEC. 105(a)(1) The Commission may acquire from the head of any Federal agency unclassified data, reports, and other nonproprietary information with respect to Arctic research in the possession of the

agency which the Commission considers useful in the discharge of its duties.

(2) Each agency shall cooperate with the Commission and furnish all data, reports, and other information requested by the Commission to the extent permitted by law; except that no agency need furnish any information which it is permitted to withhold under section 522 of title 5, United States Code.

(b) With the consent of the appropriate agency head, the Commission may utilize the facilities and services of any Federal agency to the extent that the facilities and services are needed for the establishment and development of an Arctic research policy, upon reimbursement to be agreed upon by the Commission and the agency head and making every feasible step to avoid duplication of effort.

(c) All Federal agencies shall consult with the Commission before undertaking major Federal actions relating to Arctic research.

ADMINISTRATION OF THE COMMISSION

SEC. 106. The Commission may—

(1) in accordance with the civil service laws and subchapter III of chapter 53 of title 5, United States Code, appoint and fix the compensation of an Executive Director and necessary additional staff personnel, but not to exceed a total of seven compensated personnel;

(2) procure temporary and intermittent services as authorized by section 3109 of title 5, United States Code;

(3) enter into contracts and procure supplies, services and personal property;

(4) enter into agreements with the General Services Administration for the procurement of necessary financial and administrative services, for which payment shall be made by reimbursement from funds of the Commission in amounts to be agreed upon by the Commission and the Administrator of the General Services Administration; and

(5) appoint, and accept without compensation the services of, scientists and engineering specialists to be advisors to the Commission. Each advisor may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code. Except for the purposes of chapter 81 of title 5 (relating to compensation for work injuries) and chapter 171 of

title 28 (relating to tort claims) of the United States Code, an advisor appointed under this paragraph shall not be considered an employee of the United States for any purpose.

LEAD AGENCY AND INTERAGENCY ARCTIC RESEARCH POLICY COMMITTEE

SEC. 107(n) The National Science Foundation is designated as the lead agency responsible for implementing Arctic research policy, and the Director of the National Science Foundation shall insure that the requirements of section 108 are fulfilled.

(b)(1) The President shall establish an Interagency Arctic Research Policy Committee (hereinafter referred to as the "Interagency Committee").

(2) The Interagency Committee shall be composed of representatives of the following Federal agencies or offices:

- (A) the National Science Foundation;
- (B) the Department of Commerce;
- (C) the Department of Defense;
- (D) the Department of Energy;
- (E) the Department of the Interior;
- (F) the Department of State;
- (G) the Department of Transportation;
- (H) the Department of Health and Human Services;
- (I) the National Aeronautics and Space Administration;
- (J) the Environmental Protection Agency; and
- (K) any other agency or office deemed appropriate.

(3) The representative of the National Science Foundation shall serve as the Chairperson of the Interagency Committee.

DUTIES OF THE INTERAGENCY COMMITTEE

SEC. 108(a) The Interagency Committee shall—

(1) survey Arctic research conducted by Federal, State, and local agencies, universities, and other public and private institutions to help determine priorities for future Arctic research, including natural resources and materials, physical and biological sciences, and social and behavioral sciences;

(2) work with the Commission to develop and establish an integrated national Arctic research policy that will guide Federal agencies in

developing and implementing their research programs in the Arctic;

(3) consult with the Commission on—

(A) the development of the national Arctic research policy and the 5-year plan implementing the policy;

(B) Arctic research programs of Federal agencies;

(C) recommendations of the Commission on future Arctic research; and

(D) guidelines for Federal agencies for awarding and administering Arctic research grants;

(4) develop a 5-year plan to implement the national policy, as provided in section 109;

(5) provide the necessary coordination, data, and assistance for the preparation of a single integrated, coherent, and multiagency budget request for Arctic research as provided for in section 110;

(6) facilitate cooperation between the Federal Government and State and local governments in Arctic research, and recommend the undertaking of neglected areas of research in accordance with the findings and purposes of this title;

(7) coordinate and promote cooperative Arctic scientific research programs with other nations, subject to the foreign policy guidance of the Secretary of State;

(8) cooperate with the Governor of the State of Alaska in fulfilling its responsibilities under this title;

(9) promote Federal interagency coordination of all Arctic research activities, including—

(A) logistical planning and coordination; and

(B) the sharing of data and information associated with Arctic research, subject to section 552 of title 5, United States Code; and

(10) provide public notice of its meetings and an opportunity for the public to participate in the development and implementation of national Arctic research policy.

(b) Not later than January 31, 1986, and biennially thereafter, the Interagency Committee shall submit to the Congress through the President, a brief, concise report containing—

(1) a statement of the activities and accomplishments of the Interagency Committee since its last report; and

(2) a statement detailing with particularity the recommendations of the Commission with respect to Federal interagency activities in Arctic research

and the disposition and responses to those recommendations.

5-YEAR ARCTIC RESEARCH PLAN

SEC. 109(a) The Interagency Committee, in consultation with the Commission, the Governor of the State of Alaska, the residents of the Arctic, the private sector, and public interest groups, shall prepare a comprehensive 5-year program plan (hereinafter referred to as the "Plan") for the overall Federal effort in Arctic research. The Plan shall be prepared and submitted to the President for transmittal to the Congress within one year after the enactment of this Act and shall be revised biennially thereafter.

(b) The Plan shall contain but need not be limited to the following elements:

(1) an assessment of national needs and problems regarding the Arctic and the research necessary to address those needs or problems;

(2) a statement of the goals and objectives of the Interagency Committee for national Arctic research;

(3) a detailed listing of all existing Federal programs relating to Arctic research, including the existing goals, funding levels for each of the 5 following fiscal years, and the funds currently being expended to conduct the programs;

(4) recommendations for necessary program changes and other proposals to meet the requirements of the policy and goals as set forth by the Commission and in the Plan as currently in effect; and

(5) a description of the actions taken by the Interagency Committee to coordinate the budget review process in order to ensure interagency coordination and cooperation in (A) carrying out Federal Arctic research programs, and (B) eliminating unnecessary duplication of effort among these programs.

COORDINATION AND REVIEW OF BUDGET OF BUDGET REQUESTS

SEC. 110(a) The Office of Science and Technology Policy shall—

(1) review all agency and department budget requests related to the Arctic transmitted pursuant to section 108(a)(5), in accordance with the national Arctic research policy and the 5-year program under section 108(a)(2) and section 109, respectively; and

(2) consult closely with the Interagency Committee and the Commission to guide the Office of Technology Policy's efforts.

(b)(1) The Office of Management and Budget shall consider all Federal agency requests for research related to the Arctic as one integrated, coherent, and multiagency request, which shall be reviewed by the Office of Management and Budget prior to submission of the President's annual budget request for its adherence to the Plan. The Commission shall, after submission of the President's annual budget request, review the request and report to Congress on adherence to the Plan.

(2) The Office of Management and Budget shall seek to facilitate planning for the design, procurement, maintenance, deployment and operations of icebreakers needed to provide a platform for Arctic research by allocating all funds necessary to support icebreaking operations, except for recurring incremental costs associated with specific projects, to the Coast Guard.

AUTHORIZATION OF APPROPRIATIONS; NEW SPENDING AUTHORITY

SEC. 111(a) There are authorized to be appropriated such sums as may be necessary for carrying out this title.

(b) Any new spending authority (within the meaning of section 401 of the Congressional Budget Act of 1974) which is provided under this title shall be effective for any fiscal year only to such extent or in such amounts as may be provided in appropriation Acts.

DEFINITION

SEC. 112. As used in this title, the term "Arctic" means all United States and foreign territory north of the Arctic Circle and all United States territory north and west of the boundary formed by the Porcupine, Yukon, and Kuskokwim Rivers; all contiguous seas, including the Arctic Ocean and the Beaufort, Bering and Chukchi Seas; and the Alaskan chain.

**SENATE COMMITTEE REPORT
First Committee of Referral**

DATE: 4/9/02

FURTHER: Finance

Date of 5-Day Notice: 4/11/02
(in accordance with Uniform Rule 23)

DATE TURNED
IN TO OFFICE: 4/17/02

Labor and Commerce Committee considered

SENATE JOINT RESOLUTION NO. 44

SJR 44 STATE-FEDERAL JOINT RESEARCH PLAN

Relating to preparation of a joint state-federal research and development plan.

and recommends:

- be replaced with CS SJR-44 (L.C.)
- adopt previous CS ()
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to _____ Committee

Senate Bill:

- same title
- new title

House Bill:

- same title
- technical title
- new: SCR # _____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#
S/LIC	4/11/02		✓	1

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
<i>[Signature]</i>	✓			
<i>Loren D. Simon</i>	✓			
<i>Betty Davis</i>	✓			
CHAIR: <i>[Signature]</i>	✓			