

HOUSE JOURNAL
SUPPLEMENT

No. 41

April 14, 1982

SB
648

FY 83

1	POSITION TITLE Clerk IV	STAFF MONTHS 12	RP NO. N/A	PCN No. New Position	TRANSFER STEP 9B	PRIORITY	BAKRS UNIT BBU	EDUCATION ERA FORM 12	PAGE/LINE N/A	APPROV. DDV	DDIAPP.
2	TYPE OF POSITION PFT										
3	TYPE OF EXPENDITURE 1	AMOUNT 3									
4	PERSONAL SERVICES: SALARY 1627 x 12	19,524									
5	BENEFITS 1,592	3,108									
6	SBS 1,061.3	1,197									
7	FIXED BENEFITS 183 x 12	2,196									
8	TOTAL PERSONAL SERVICES 01	26,025									
9	TRAVEL 02	0									
10	CONTRACTUAL 03	7,137									
11	COMMODITIES 04	850									
12	EQUIPMENT 05	700									
13	OTHER										
14	TOTAL COST	34,712									
15	RECEIPT CODE	FUNDING SOURCE									
16		FED RCPTS. 1002									
17	100	GF MATCH. 1003									
18		GEN. FUND. 1004									
19		F.A. RCPTS. 1005									
20		PGM RCPTS 1028									
21	CONTINUATION ADDITION	OTHER									
22											

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AGENCY Labor PROGRAM Worker Protection

BRU Workers' Compensation

COMPONENT Second Injury Fund

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13 REQUEST FOR NEW POSITION.

AGENCY Labor

PROGRAM Worker Protection

BRU

Workers' Compensation

COMPONENT Second Injury Fund

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SENATE & HOUSE JOINT
JOURNAL SUPPLEMENT

4/14/82

No. 8

ADDRESS OF U.S. SENATOR FRANK H. MURKOWSKI

TO THE ALASKA LEGISLATURE

April 14, 1982

Juneau, Alaska

Prior to my election to the United States Senate, I believed cabin fever was a unique, peculiar abnormality that occurred only in Alaska and that it was most prevalent in late winter and early spring. After some 16 months of tenure as your junior Senator from our great state, I am pleased to reassure you that this malady is not unique to Alaska. It has been very much in evidence in the hallowed halls of the United State Senate. There comes a time when we all hope that break-up occurs before break-down. Right now in Washington we seem to be in a race to see which will occur first -- hopefully with the coming of the longer days we will gain legislative enlightenment which will truly mark the advent of Spring.

Speaking of Washington, one of my colleagues tells of going back to his home state to speak to the legislature. He prefaced his remarks by saying you wanted the latest dope from Washington and here I am!

Now, let me turn for a moment to the issue of Arctic science and the hearings on the Arctic Research bill that Senator Stevens and I held in Fairbanks last week.

The Arctic, and the Alaskan Arctic in particular, has received increasing attention over the past few years for a variety of reasons. We are all aware of the vast energy resources that exist in the Arctic. The National Petroleum Council estimates that there may be as many as 44 billion barrels of oil and oil equivalent gas located in the Alaskan Arctic. The Alaskan Arctic is of great geopolitical significance due to its strategic location on both the Arctic and Pacific rims. Additionally, because the polar regions are closely tied to the nature of global weather patterns, the Arctic and the Antarctic will continue to receive the close attention of scientists and enlightened political leaders.

In spite of this increased attention, we still do not know all we should know about the Arctic as we begin to undertake resource development in that unique and unforgiving environment. While much of the applied research which is critical to this development is currently underway, members of the scientific community in both Alaska and around the nation

have informed me that the basic Arctic research undertaken under the purview of federal government is both uncoordinated and underfunded. The federal government has really failed to articulate and implement a comprehensive Arctic research policy. This situation appears to me to be an example of bad economics by a disinterested government.

Clearly, it appears that the United States would recognize the Arctic's increasing importance and would act to increase its basic scientific knowledge of the region. However, the opposite is happening. The Navy has placed the Naval Arctic Research Lab at Barrow in caretaker status and continues to plan for its closure this coming year.

Our approach to the problem is embodied in the legislation that I have introduced along with Senators Stevens and Jackson, S. 1562, or the Arctic Research and Policy Act of 1981, this would create an Arctic Science Council consisting of the Secretaries of Interior, Defense and Commerce. The Governor of the State of Alaska would serve as an ex-officio member of the council. It would be charged with the development of a federal policy and the establishment of a clearinghouse for this policy and the establishment of a retrieval and transfer of this information. To accomplish these tasks, the council would have the benefit of an advisory committee comprised of members of the scientific community, representatives of private industry and representatives of the Alaska's Native community. Under the provisions of this legislation, research funding would accrue a percentage of payments made to the federal government for sale of federal oil and gas leases on the North Slope or on the adjacent outer continental shelf (OCS) areas offshore. During last week's hearing, we received a number of worthwhile suggestions for changes in the bill, and I am quite confident that others will be made as the bill moves through the legislative process.

While there is no instant formula for success that we can employ that will lay an Arctic policy in place that will fully satisfy all the involved interests, I am confident that we can come reasonably close, and we will be looking to you for help, guidance and council along the way.

Mr. President, Mr. Speaker we have been following with great interest your deliberations over the budget realities facing the State of Alaska. The projected revenue reductions will force you to make some very difficult choices in the months ahead. It is certainly not my desire to further burden you with the realities of our national economic plight, but I feel it is appropriate to speak to you about the current state of our national economy -- besides we've often heard "misery loves company".

My first year in the congress was truly a historical time which can only be compared to the Roosevelt era in the magnitude of change in our nation. In January of last year,

we began reducing the growth of the budget and in July we passed the largest tax cuts in the history of our nation.

In the fall, Wall Street and the Budget Director himself appeared to be dragged into the wood shed and finally in December thousands of unpaid federal employees found themselves taking a premature Christmas holiday.

Truly, the country has been grappling with a serious recession. High interest rates, unemployment, business failures, and certainly other factors are causing the worst economic jitters in many decades.

We have been victimized by a free-spending federal government. As citizens and taxpayers, we are obliged to keep our income and expenditures balanced or lose our credit privileges or watch our checks bounce. On the other hand, over the last 40 years our government has failed to practice what it preaches to the tune of a cumulative deficit of over 1 trillion dollars with interest on that deficit now exceeding \$120 billion -- an amount approaching the anticipated deficit for current year 1983.

The budget is out of control because we - all of us - regularly demand that government satisfy our immediate appetite rather than attend to the long-term requirements of national prosperity. The proper function of government should be to prepare for the future. Instead, what our government appears to have done is impose a massive mortgage on tomorrow's prosperity. The number one dilemma our government faces today is how to curb the spiraling growth of federal spending. For example, entitlements grew approximately 16 percent during 1980 and '81.

Our economic plight is an excellent example of a dilemma whose solution eludes most of the American people. How do we couple a balanced budget and a healthy economy with a maintenance of social services, military preparedness and other customary services of our government.

I along with others co-sponsored legislation calling for a constitutional amendment to balance the budget. The sentiment for such an amendment is extremely strong in Washington, in Alaska, and across the country. I believe there is a good chance that the amendment will be successful.

It is a good amendment, and it is simple. It says the budget should be balanced and it says the government's income should grow no faster than the taxpayers'. It follows that, because receipts would be held in check, so would outlays. The budget would be balanced not by higher taxes, but by lower spending. The amendment would not absolutely debar a deficit, for deficits would be allowed during a declared emergency.

In peacetime, Congress could provide for deficit spending by a vote of three-fifths of each house. However, that vote would be on that issue alone, out in the open for all to see. This proposed amendment has been reported out of the Senate Judiciary Committee and is pending before the full Senate for action.

I commend this legislature for its January endorsement of a balanced budget amendment. Our endorsement was the 31st and the first since New Hampshire's in 1979. If three more states follow suit, a convention will be called and an amendment drafted. If 34 states approved, the draft would become the next amendment to the constitution.

There is no longer any question that an unbalanced budget with large deficits leads to higher interest rates. Trying to run a healthy economy on high interest rates is like trying to build a roaring fire with wet wood. The federal government, of course, borrows from the same pool of money that state and local government, business and private individuals borrow from.

The realization now is the federal government is expected to absorb 54 percent of the capital available for borrowing in this country in 1984. Just 5 years ago our federal government took up only 27 percent of the available capital pool.

With the federal government borrowing so much, there is simply too little left over for everyone else. The competition for money has pushed interest rates up and up.

Interest rates remain high because our government must have the money at any price to met its obligations.

It's true the capital supply is increasing but not rapidly enough to stay ahead of government borrowing. The government continues to try to encourage the financial communities to lead the way in initiating new jobs through investment in plants, equipment and inventory. But, very frankly, the investment community is not just cautious, they're scared. We only have to look at the condition of many of our nation's thrift institutions who for years have been encouraged by government to make long-term low interest fixed rate loans to provide housing in this country and that's just what they have done and they've done a good job of it. No one foresaw the day that money would two and one-half times more than their mortgage rate and that their rates to offset this cost could not be adjusted which has left them in a difficult situation indeed. So difficult that the federal government has now seen fit to insure each deposit with the full faith and credit of the federal government behind it.

Now the solution might seem simple enough - cut federal spending. To have the strength to say no to new spending proposals and cut waste and redundancy in government.

Right now I'm getting a lot of letters outlining ways to make the cuts. Many suggest that defense spending be reduced in order to eliminate the deficit. I wish that were the answer. Did you know, however, that out of a total administration defense budget of \$221 billion in 1983, only \$17 billion is discretionary funding. Most of that is needed for programs designed to maintain our military preparedness. The rest of the \$221 billion goes to pay for weapons systems already contracted for, cost-of-living adjustments for retired military personnel and for pay and benefits for active duty personnel. Due to the long lead time associated with the development of today's sophisticated major weapons systems, if a decision were made to eliminate from the budget every major weapons procurement program underway today, we would save only \$6 and one-half billion in actual spending in that military budget fiscal 1983. Even so, there are undoubtedly some savings available by making careful, judicious cuts in the defense budget. Yet, we are not going to make a significant dent in future deficits with defense cuts unless we are really willing to sacrifice our security and jeopardize peace. I don't think we are willing to do that and I don't think either Alaskans or the rest of the American people believe that is a viable alternative.

The budget can be divided into 4 sections. I have already commented on defense.

The other areas include:

- interest on the national debt
- discretionary non-defense spending
- entitlements

In 1985, about 15% of the budget (\$149 billion) is expected to go to paying interest on the national debt. In 1975, it was only 7%. There are more productive ways to spending \$149 billion than pay interest.

A third part of the budget is the discretionary, non-defense spending. These are preliminary social programs, and in 1985, we are projected to spend \$135 billion, or 13 and one-half percent of our budget in this area.

This is the area that has taken some deep budget cuts already. If we cut much more here, we risk damaging worthwhile programs. I would say at this time, that we have not gutted our social programs. They are still very much in place, and some of the charges being leveled at the administration are neither fair nor accurate.

I will get back to this.

That brings us to the last area - entitlements. Including social security, medicare, veterans benefits and unemployment compensation. We are expecting to spend a whopping \$430 billion, or 43% of our budget on entitlements in 1985.

In 1965, we spent only \$34 billion on entitlements, or about 29% of our budget.

I'd like to make it clear that I am not suggesting we eliminate entitlements. I do not want anybody to leave here thinking I want to reduce entitlement benefits, because I don't.

But one possible way to improve the situation is to defer growth in the entitlements program. Not cut them back. Not reduce payments to a single senior citizen or a single veteran.

But with a deficit the size of the one we're facing, and the effect that deficit is having on our economy, these programs simply should not be allowed to grow at a rate that makes any movement towards a balanced budget impossible.

The average paycheck in the United States has increased 121% since 1970, but social security benefits have increased 205% and civil service retirement benefits have increased 176% during this same period.

If you have entered the social security system since 1936, made the maximum payments through your working career, and retired at the age of 65 in 1981, you would have paid between \$13,000 to \$17,000 into the system.

Under the present benefit system - which again, I am not suggesting be reduced - you would get all of that money back in less than a year and a half.

Should you live another 10 years to age 75, you would receive about \$80,000 more from the fund than you put into it.

The President has exposed the dire condition of the social security system to our nation. While we didn't like what we saw, we didn't really want to face up to the implications of correcting the situation.

Social Security analysts estimate that if necessary steps are not taken to properly fund the system, nearly 50% of the income of our grandchildren will be needed to pay our childrens social security benefits. I don't know about you, but as the father of 6, I'm a little queezy about leaving that kind of legacy.

If we are serious about wanting to balance our budget and get our fiscal house in order, if we are serious about wanting to revive our economy, we must take a hard look at restraining the growth of government.

We are not dismantling government entitlements. We are simply trying to have a healthy economy that can fund worthwhile programs.

In 1964, the first full year on Lyndon Johnson's Presidency, 28.8% of the budget was devoted to "human services", which include health, education, welfare, social security and many others.

In 1981, 53.3% of the budget went for human service programs.

The "harsh results" of continuing the Reagan cuts approved last year would be to shrink this to just under 52% of the total budget. Hardly cause for the outcry we are hearing.

We are not turning our back on the poor, the aged, the disadvantaged. I would not go along with it if we were.

Some people have said that the answer is to increase revenues by implementing new tax programs or cancelling tax cuts that are due to become effective. I would be the first to agree that certain tax loopholes should be closed and these loopholes will be closed. But government is a strange animal - the more money it collects, the more it tends to expand and expend. This is the very nature of the beast and probably always will be. On the other hand, 25% of individual tax reductions which the President proposed over the next two and one-half years will give every American a choice of having that 25% to either save or go out and make purchases which will stimulate the economy and create new jobs and investment. This isn't happening very fast because it just started last October.

I have dwelled on the circumstances surrounding our deficit in more detail than I ordinarily would have liked but I felt it appropriate to bring this matter before you as you deliberate the state's budget priorities. I think we have all been under the assumption that Alaska has been one of the more fortunate states in having substantial revenues generated from resource development. The state, therefore, had the flexibility to distribute as it saw fit funds to the most worthwhile programs that might have previously been reduced by the federal cuts.

We know with the revised revenue projections, the state will no longer have this option.

Let us not forget that while the intention of the administration is to cut the rate of growth of many of these federal programs, the new concept of federalism means federal monies will still be passed to our state in FY 83 totaling 377.4 million, down from 428 in 1982. Unlike previous years, much of these funds will be in the form of block grants and the state will have the opportunity to fund and to use them as they see fit. We will no longer have the excuse that rules and regulations are promulgated in Washington - that

Washington doesn't understand the unique problems of Alaska. Alaska will be making its own funding decisions, as it should be.

I do not wish to end my discussion of the budget and economy on a negative note. It is true that there are many difficult decisions ahead. We should not forget, however, that the present administration has been in office only a little more than a year. It is difficult to turn around the ponderous ship of state which has been sailing in one direction for 40 years.

There is some good news - that is we have brought inflation within livable bounds (January 1981 18.3%). The rate of inflation for the first quarter of this year is between 3 and 4% and for the last month has been virtually stagnant. This is the result of tight money policies. Interest rates usually follow inflation down, but they haven't this time because again we have not faced up to the realities of government deficits.

I firmly believe that when Congress convenes after the Easter recess, we will go back, face up to the realities, and attack this deficit. I feel confident that Congress and the President, in a broad bipartisan effort, will come to the realization that in order to protect the democracy we enjoy, the deficits must be reduced.

HOUSE JOURNAL

ALASKA STATE LEGISLATURE

TWELFTH LEGISLATURE - SECOND SESSION

JUNEAU, ALASKA

Thursday

April 15, 1982

Ninety-fifth Day

Pursuant to adjournment, the House was called to order at 9:03 a.m. by Speaker Hayes.

The roll call showed 34 members present. Representative Vaska was excused from a call of the House today. Representatives Beirne, Gardiner, Malone, Meekins and Smith were absent.

Representative Brown moved and asked unanimous consent that Representative Smith be excused from a call of the House today. There being no objection, she will be excused.

The invocation was offered by Danny Plotnick, Lay Rabbi of the Jewish Community. Representative Randolph moved and asked unanimous consent that the invocation be spread on the journal. There being no objection, it was so ordered and appears as follows:

"Let us pray!

God grant us the Serenity to accept the things we cannot change, the Courage to accept the things we can change; and the Wisdom to know the difference.

Amen."

The Chief Clerk certified as to the correctness of the journal for the ninety-fourth legislative day with the following corrections:

Page 1287: Bottom of page

CSSSHB 23 (Fin) am

Delete last paragraph on page and insert:

"CSSSHB 23 (Fin) am, remained on the Chief Clerk's desk for a legal determination as to whether it returned to Rules or remained under Unfinished Business.

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