



## TRIBAL AFFAIRS COMMITTEE

This week, a long-standing goal of mine was realized when we formed the House Special Committee on Tribal Affairs. This is the first time the Alaska Legislature has ever had a committee focused on tribal issues, and it could not come at a better time. As our state faces the most severe budget cuts any Governor has ever proposed, the opportunities for leveraging tribes' unique government to government relationship with the US Federal Government offer exciting and potentially crucial means of meeting the health, safety, and education needs of rural Alaska communities.

But this isn't only exciting as a means of filling holes in services that already exist or could be left after this budget. It is also an exciting opportunity for growth. Tribes know firsthand the strengths and struggles of their communities. The most effective and most efficient ideas come from those most familiar with the situation, and Alaska's tribes fit the bill. The Special Committee on Tribal Affairs has been tasked with advancing strategic partnerships between tribes and State government and I can't wait to see what they come up with.

## THE BUDGET

This week, the Alaska House Finance committee heard testimony from Legislative Finance budget director David Teal regarding the Governor's proposed budget. While I will try to include highlights of key presentations on the budget, the finance committee is meeting several times per week, and you can download all the presentations they (and other committees) see on the [Legislature's website](#).

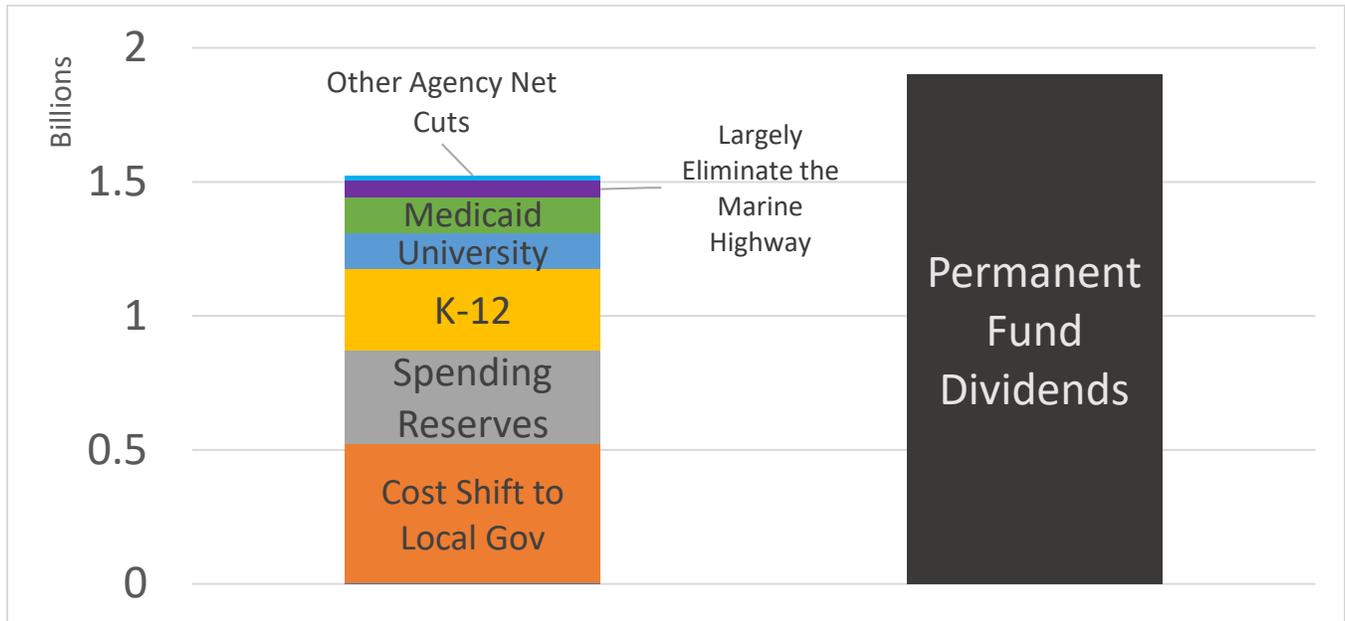
One of Mr. Teal's key points was that most the Governor's deficit reduction measures aren't cuts to state government but are instead made up of taking revenue that currently goes to local governments directly and spending from state savings. Mr. Teal points out that:

- **\$520 million** in cost-shifts to local government (taking the local share of the petroleum property tax and shared fish taxes, as well as ceasing state school bond debt reimbursement)
- Plus **\$352 million** spent from reserves
- Is greater than the **\$650 million** in actual budget cuts proposed by the Governor

I talked about some of the largest cuts in last weeks' newsletter and one of them should be amended. While the coming year (FY20) appropriation for Health and Social Services has been reduced by more than \$300 million, there is a squirrely budget move whereby the remaining balance of the Statutory Budget Reserve (SBR) is applied to the current year (FY19) Health and Social Services (H&SS) budget retroactively, despite it being

unnecessary this year. This causes H&SS to begin the FY20 budget with a \$172 million head start, reducing the H&SS cut to \$132 million.

Without new revenue or budget cuts, Alaska could afford approximately a \$630 PFD with a truly balanced budget. The colored column on the left shows how Governor Dunleavy proposes to find the remaining the remaining ~\$2,370 per person to pay the full statutory PFD formula:



I have heard a lot from communities around the state about how the loss of revenue and cuts would impact their ability to provide services, forcing hard choices about what programs and services to fund, what to cut, and where and how to raise new or existing local taxes to offset some of the lost state assistance. Unfortunately, we have heard next to nothing from the Governor about how the proposed cuts would impact the safety, health, and education of Alaskans.

Again and again, we hear from the Office of Management and Budget and various Departments that the cuts are necessary to balance the mathematical budget equation, but that they have not investigated the impacts they would have or even decided how they would be applied. In several cases, cuts in the budget would require changes to state law, and the Governor has yet to introduce legislation to make those changes. We are now 45 days into the legislative session, and I am deeply troubled by the administration's reluctance to engage with the legislative budget process.

Contact my office by phone at: (907) 465-4451

## FISHERIES COMMITTEE

The House's other committees are up and running as well. On Tuesday, the Alaska Seafood Marketing Institute (ASMI) presented to the Fisheries Committee. ASMI is a public private partnership established by the State of Alaska that is funded by federal grants and a voluntary industry tax which markets Alaska Seafood worldwide. One entertaining indicator of their success is that Alaska Seafood has recently surpassed Angus Beef as North America's most widely recognized 'protein brand' (cookies and breakfast cereal continue to have protein brands beat).

The presentation was a pleasant reminder that the top two Alaska ports by first wholesale value are in District 37 (Dutch Harbor and Naknek, at \$474 and \$292 million respectively.) And although Salmon (all species) remains the largest slice of the pie, the value of our fisheries is extremely well distributed across species helping keep it a resilient part of the economy. *(see figure to the right)*

An opportunity for growing the value of our fisheries highlighted in the presentation is the types of products we sell. Alaska's industry sells 39% of our products either headed and gutted or whole, and 21% as filets. A significant portion of these are purchased by China, reprocessed and then resold. If more of the value-added processing were done in-state, the value of our fisheries could be increased without any additional catch.

