



## Local Control

Article X of the Alaska State Constitution makes mention, throughout, of “maximum local self-government...” The Alaska Supreme Court has used this section to make close calls in favor of municipalities in many court proceedings. While Title 29 lays out the laws under which a municipal government must operate, liberal construction is given to municipalities under the State Constitution.

Due to the large geographical land mass of Alaska; due to the different cultures that are in place in the many large areas of Alaska; due to the differing array of climates and environment experienced by each area of Alaska; and due to the differing infrastructure, facilities and services provided within each area, it is common knowledge that most “one size fits all” legislation that might attempt to envelop the entire State does not usually work well in Alaska. Therefore, it is imperative that, unless prohibited by law, municipalities closest to the electorate be able to provide their constituents with the laws, services, benefits, and taxation that the local populations, through their local elected officials, feel is appropriate.

The Alaska Municipal League has always based their positions upon two guiding principles: Does it allow for maximum local control, and/or does it create an unfunded mandate.



## **Revenue Sharing**

The State's Constitution entrusts state government with managing the state's resources to the maximum benefit of all Alaskans. The Constitution also promotes maximum self-governance at the local level. It is therefore incumbent upon the Governor and Legislature to manage and distribute the wealth of Alaska's resources to local governments each and every year. Predictable, dependable, and direct Revenue Sharing is therefore required for the State to meet its Constitutional obligations. To that end, the State should designate a specific long-term funding source that would perpetually sustain the Municipal Revenue Sharing Program.



## **PERS/TRS Unfunded Liability**

Management of Alaska's public retirement system has always been the responsibility of State government. Participating municipalities have had no choice but to rely on information provided by the State when making decisions regarding their own contributions to the system. Decades of improper accounting and inaccurate actuarial data provided by the State to municipalities, has now created a huge unfunded pension liability that can no longer be accurately apportioned among all participating employers. The League recognizes that there is municipal responsibility to participate in solving this fiscal problem. However, as the primary responsible party and the only entity with the long-term resources to effectively deal with the magnitude of the issue, the State should incorporate into its long-term fiscal planning strategy a leading position that ensures this ongoing obligation is met, while maintaining close coordination with participating employers to avoid the potential of shifting too great a burden to local governments.



## Fiscal Policy

It is critical for the State to establish long-term financial policy as opposed to short-term reactive approaches that primarily focus on annual revenue/expenditure fluctuations or fiscal austerity. Accumulation of reserves during good years should continue as part of that policy, however draws from reserves during lean years should be more process driven and not as subject to political bartering.

When necessary, State budget cuts in one department's program area must be coordinated with complimentary programs in other departments. The same needs to occur between State and local municipal programs. To do otherwise will sacrifice critical service delivery and the health of the economy statewide. The League calls upon the Governor to provide Cabinet level leadership during budget formulation to balance these interrelated effects. At the legislative level the League asks that the Director of Management and Budget works closely with the Director of the Legislative Finance Division to assure that programs remain balanced during the Legislature's budget deliberations.

The Legislature must also ensure that State initiatives always include the necessary State resources required for implementation. Unfunded mandates to local governments are tantamount to unilaterally usurping critical local income and priorities.

State funding reductions to municipalities, when necessary, should occur over a number of years to provide those municipalities with the reaction time to make adjustments. New revenue sources, if considered, must always consider impacts to existing local government revenue sources first. Local municipal sources already in place must always take primacy over new State revenue schemes.



## Education

**Funding of Public School Districts:** The Alaska Constitution provides that the State shall “establish and maintain a system of public schools.” The State established school districts to be the basic unit for the administration of schools. The funding of these school districts is complex and segmented with Federal, State, and local sources. Additionally, State and Federal categorical funds are available to meet special circumstances, which adds to the complexity.

- Sudden alterations in funding and dramatic shifts in funding levels cause havoc as the districts try to implement programs. Thus, stability of funding is required for the adequate management of school districts. Funding levels will change; but predictable, phased increases (or reductions if necessary) are essential.
- Additionally, billions of State and local dollars have been expended on educational infrastructure, sudden reductions in funding inevitably cause the deferral in maintenance of this massive investment. Such deferral of maintenance increases the eventual price tag when minor maintenance issues become critical failures.

**Local Control:** One of the League’s guiding principles is local control. AML recognizes that ultimate control of education rests with the State Legislature by constitutional dictate; but also recognizes that every educational mandate by the Legislature can impact other important locally developed programs. Every School District is unique with widely different populations, cultures, lifestyles, educational backgrounds, and expectations. AML therefore challenges the Legislature to maximize local control over education and to provide flexibility for local circumstance wherever possible.

**Evaluation of School Performance:** Evaluation of schools is a process of assessing and reporting a set of key indicators, such as student standardized test results, proficiency rates, graduation rates, drop-out rates, etc. This evaluation process should provide the community with the data on how well the students and district are performing, and to provide the school district with the benchmarks for programmatic improvement. The goal is to continuously improve local educational programs. Almost every new Administration brings a new performance or accountability program, with a different twist, tool, or plan requiring school district action or adaptation. Each alteration has the potential of interfering with the longitudinal evaluation data stream. Thus it is essential that each change be tailored to avoid that disruption. In Alaska, the evaluation process needs to be local, positive, and focused on continually enhancing the local educational performance.

**Education Programs for Workforce Development:** The primary task for Alaska’s University System and the vocational technical centers in Alaska is to prepare Alaskans with the skills needed by Alaskan industries and employers. There are, of course, other tasks performed by these educational institutions, but preparing the populace to meet the economic and workforce needs in Alaska needs to be kept as the principal priority.



## Energy

**Energy Policy.** Alaska's economy depends heavily on gasoline and diesel fuel for heating, transportation, and electric power. Energy costs in rural areas are generally significantly higher, but vary widely depending on transportation costs, seasonal usage peaks, nearby petroleum development infrastructure, and many other factors. Wind and hydroelectric power are abundant and underdeveloped. Processing and distribution facilities to use some of the oil and gas produced in Alaska are virtually non-existent. There are extensive gas reserves, but no current way to get it to the lower 48 or other markets. Production, transportation, storage, and distribution systems to take advantage of these resources in Alaska must be developed immediately.

Alaska's current oil and gas energy policy is complicated and to some extent, driven by the industry and national political decisions which are outside Alaskan's control. Support, other than financial, should be provided to encourage new exploration and development of oil and gas resources. Alaska policy needs to emphasize the production, distribution, use and sale of our oil and gas resources to benefit all Alaskans.

Alaska's energy policy therefore requires a thorough review with emphasis on the needs of Alaska residents. Permitting and future development of energy resources need to emphasize "Alaska First." Processing facilities and distribution for Alaskans must be a very high priority. Other opportunities, although expensive, abound for the use of alternative energy from the sun, water, wind, and tidal surges. The technology to build and operate facilities utilizing some of Alaska's natural resources to provide biomass for heat and fuel also needs more emphasis. Revenues from a new natural gas pipeline must be made available for local communities and rural residents to draw upon for energy related grants or for low interest rate loans to help diversify sources and reduce energy costs.

**Energy Planning.** Alaska is one of the most energy rich states in the union, yet the cost of energy throughout the State is far above the national average. Most local governments have identified the cost of energy as a primary detrimental influence affecting quality of life and economic expansion within their communities.

As the State moves forward with plans to develop a North Slope LNG pipeline to tidewater, it is critical that strategic planning be started immediately at the State level to identify local energy needs statewide, and to develop a comprehensive plan to use either the natural gas itself, or the revenue from the sale of natural gas, to mitigate the high cost of energy throughout the State. This planning must occur in time to influence the design of any LNG pipeline and/or associated processing/shipping facilities, as to maximize the ability of those facilities to meet the strategic energy needs of the State.



## Transportation

Transportation infrastructure in Alaska includes much more than roads. When we say transportation we mean surface, air, trail, rail and water. All of these modes work together to move people, goods and services throughout our great state.

Transportation investment has been studied and proven to be a critical economic driver over and over again. Alaska's transportation infrastructure is pivotal to the state's economy and facilitates access to markets, supplies, and most of all, resources. Improving and investing in Alaska's transportation system will enhance the global competitiveness of Alaska business and economic opportunities for its people. Alaska needs new transportation infrastructure development to provide access to resources, reduce barriers for communities to participate in the economy, allow for safe and efficient transportation for all Alaskans, and to dramatically improve Alaskan's quality of life statewide. It is equally important to ensure the maintenance of our existing infrastructure.

Historically, the federal government has been funding 85%-90% of Alaska's transportation infrastructure budget. The Federal Highway Trust Fund is experiencing significant shortfalls, contributing to a decrease in federal funds for Alaska, which is not likely to rebound. The League therefore supports a State Transportation Fund with predictable funding that will provide continuity between Administrations and be applicable to all our modes of transportation.



## Fishing

Alaska has over 34,000 miles of coastline on three different seas: Arctic Ocean, Pacific Ocean, and the Bering Sea. Over half of the nation's commercially harvested fish, crab and shrimp come from Alaska, nearly four times more than the next largest seafood producing state. A rich variety of other species, such as sea cucumbers, abalone, sea urchins, herring, etc. also come from Alaskan waters and provides unique export markets. Many of Alaska's ports consistently rate in the top 30 U.S. ports in terms of volume or value of seafood delivered. Seafood has been and remains one of Alaska's top export commodities.

The vast fishery resources of Alaska are of significant importance to the economies of the state and the nation. Local benefits from these resources are not uniformly spread throughout Alaska, but heavily concentrated in communities along the coast of Alaska. The economies of many Alaskan coastal communities are largely dependent on the fishing industry.

Throughout most of the state, there is also a subsistence and recreational need and lifestyle associated with fish resources. These are critically important sectors of our culture and economy that must also be considered in any resource management plan for the industry.

Revenues to local communities from fishing vary considerably and are dependent on a number of factors including the overall health and strength of various fisheries, quota allocations, changing management schemes, as well as the location of processors and the public and private docks or ports to which the catches are delivered. As state funding declines many of the coastal communities face major challenges to maintain community services provided, in part, to the large seasonal influx of fisherman. It will therefore be almost impossible to maintain these current ports and harbor facilities without some other sources of revenue, including consideration of recreational demand on these facilities. As the fishing industry adjusts to change, the state needs to review its current laws and regulations regarding the collection and distribution of revenues from fishery resources and ensure they are equitably allocated to Alaska's fishing communities.





## Public Safety

The State provides needed public safety services to areas not covered by local law enforcement agencies (per AS 44.41.020) and assistance to municipal police departments with the enforcement of criminal laws (AS 18.65.090). It is also critical for the State to maintain all necessary training for Village Public Safety Officers (VPSOs) as they provide essential public safety services to communities that otherwise would not have law enforcement.

Municipalities often depend on the State, which has the responsibility for search and rescue operations (AS 18.60.120), to conduct search and rescues within their municipalities.

The State provides a criminal justice information system that is utilized by State and local law enforcement agencies (AS 44.41.020(b)) and is vital to municipal law enforcement, as it provides information unavailable through any other sources. Further, the State Crime Lab provides basic forensic services to law enforcement agencies free of charge. State and local law enforcement rely on these services for aiding in the investigation and prosecution of crimes and in solving other non-criminal cases.

The State has implemented and maintains an interoperable communication system that is used by an increasing number of public safety personnel in the state. This system allows for an increased range of operation and the ability to communicate with other local and state agencies. As long as the cost of these systems continues to be borne by the State, municipalities will continue to find them to be very useful tools.

The State operates the Public Safety Academy which trains many law enforcement officers and provides consistency with public safety services statewide. The training for municipal police officers at the academy is generally funded, upon request through the Alaska Police Standards Council (APSC). APSC is also responsible for setting the standards for police officers and for certifying police officers.

Some municipalities operate contract holding facilities for in-custody persons. These municipalities rely on funding from the State to operate these facilities. In lieu of this, the Department of Corrections or law enforcement would be required to transport prisoners at an increase in both time and state expense.

Emergency Medical Technician certifications and Paramedic licensing (required by AS 18.08.84 and 12 AAC 40.300-390 respectively) represent essential life safety functions of the state that must be continued. The required Division of Forestry training for response to wild land fires is also critically important to ensure the protection of all state lands and threatened nearby infrastructure. Funding for this program should be maintained.



## **Economic Development**

Economic development permeates all AML position statements. Effective communication between the Governor, the Legislature, and local governments is critical to the success of any strategic long range state or local economic development strategy.

Even though government cannot affect all the factors important to economic development, it can have a significant impact through both its traditional role as a public service provider and regulator, and its entrepreneurial role as a dealmaker and business recruiter. Of these two roles, the former is essential – government must provide quality basic services and an efficient regulatory environment if it wishes to create economic development. Providing further incentives to businesses are optional; whether it makes sense depends on what government can reasonably offer, the extent to which such offerings are necessary to attract or retain firms, and that the cost of such offerings can be fully funded by the State be entirely a local option.

Public policy can affect factors that are important to businesses, primarily through regulations, taxes, and incentives. It is therefore incumbent upon the Governor and Legislature to maintain a long-term commitment to Alaska's future by considering local stability and growth, as well as local community plans to develop and implement a comprehensive State vision for economic growth and diversification. Such a vision then needs to guide all future State policy and budgetary decisions.



## Minerals

Alaska's size and complex geology provide immense opportunity for a wide variety of minerals to occur, including coal, gold, copper, silver, molybdenum, zinc, and rare earth minerals. Before statehood, the mineral industry made up about 30% of the economy as compared to about 5% today. Vast untapped mineral reserves still exist.

Some of the disadvantages in Alaska are the distances from markets, lack of road systems to move the material, and in some cases, the lack of technology to develop and process the mineral. All these factors raise the cost of production and make it harder for the industry to compete with other parts of the U.S. and the world.

Alaska enjoys a unique position in that there are vast untapped minerals for the future. These minerals are available to be developed when needed. Such development should occur while incorporating the best environmental practices to protect the environment. Bonds need to be required to protect the resources and people in case of default.

AML supports and encourages research efforts, whether public or private, into new and improved methods to overcome Alaska's disadvantages, to negate potential adverse impacts, and to improve mineral recovery. Special emphasis should be aimed at improving discharge quality from mine operations and to reduce the risk of dam failures.

The Governor and Legislature need to be active advocates in the responsible development of our mineral resources.



## Clean Water

Alaska's abundance of rivers, lakes, wetlands, snowfields, and glaciers comprise an estimated 40% of the Nation's surface water. There are more than 12,000 rivers in Alaska, and three of those rivers, the Yukon, the Kuskokwim, and the Copper, are among the ten largest rivers in the United States. Alaska has more than 3 million lakes ranging from pond size to 1,000 square miles. Despite Alaska's wealth of water, its water resources are not uniformly distributed geographically or seasonally.

Water is highly important to Alaskans, not only for domestic use, but also for the fishing and tourism industries. Alaska needs to assure that policies are in place to protect the quality of its waters, while not inhibiting responsible development, and that those policies are reviewed and updated periodically to assure they include the most up to date and proven science, and are applicable to the unique characteristics of our state.

Alaska also needs to take an active role in the trans-boundary protection of rivers and streams. Treaties with Canada on the protection of rivers need to be reviewed to assure they include new technologies and practices.

All types of development need to account for the costs of putting the best mitigation practices in effect.