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STATE OF ALASKA
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February 2, 2009

The Honorable Lisa Murkowski
United States Senate
709 Hart Senate Office Building
Washington, DC 20510

The Honorable Mark Begich
United States Senate
825 Hart Senate Office Building
Washington, DC 20510

The Honorable Don Young
United States Congress
2111 Rayburn Office Building
Washington, DC 20515

Re: Economic Stimulus Legislation

Dear Members of the Alaska Congressional Delegation:

We are writing to communicate our thoughts concerning the economic stimulus package now pending in Congress. We are working together on a formal resolution which we hope is adopted soon and will be provided to you upon passage.

You are well aware of the severe economic crisis confronting the nation and Alaska and you also realize that this situation is further exacerbated by high fuel costs and the loss of state revenues derived from petroleum production.

Inevitably, we have some differences of opinion about the size and scope of the stimulus package and how exactly federal funds should be allocated. However, we are all in agreement that economic stimulus should generate new private sector jobs immediately on projects that truly benefit the nation and the state in the long term. But, we caution that unrestrained spending, initiating new programs that the states may be asked to continue after the federal stimulus funding is gone, and borrowing hundreds of billions of dollars to pay for it may result in serious economic problems in the future.

We recognize that the President and Congressional leadership have made it clear that no specific projects or earmarks benefiting a particular state will be included in the stimulus bill. Accordingly, we want to work with you to make sure that the formula and grant programs ultimately enacted into law recognize unique conditions in Alaska. We recommend that the minimum guarantee provisions that protect rural and less populous states like Alaska continue to be used in these formulas.

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There are also timing considerations that should be addressed. For instance, new transportation projects may require an amendment of each state's statewide transportation improvement program or STIP. STIP amendments can take as long as 90 days under current requirements. In addition, the stimulus package should recognize that, in the case of Alaska and the northern tier states, transportation construction does not start until well into the spring. Alaska's short construction season and its many communities located in remote locations create special conditions that must be considered.

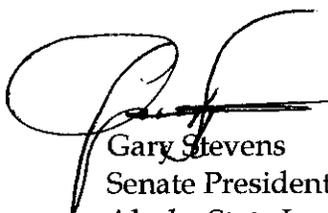
We support a formula for education funding that does not penalize those states who planned ahead by forward funding education. The formula should be based on state expenditures and needs, not on individual state budgeting practices.

The economic stimulus package will impose requirements on the states that receive federal funds. We are concerned the federal monies may come with the potential for increased state costs associated with these programs and create the expectation that the state will assume these costs once federal stimulus dollars are exhausted. The federal stimulus must not add to already strained state budgets, now or in the future.

Equally important, we should take this opportunity to highlight the conventional domestic energy sources that Alaska has to offer and find ways the federal government can help bring Alaska energy to consumers in the lower 48. Not only would increased Alaska production lessen our county's reliance on foreign supply, it would lessen the drain of U.S. jobs and dollars from our country and reduce our trade deficit.

The final stimulus package will have profound implications not only for the immediate future, but for future generations of Americans. We ask you to make sure that future generations benefit from this unprecedented level of government spending, rather than be burdened by the severe consequences of higher taxes and increased national debt. We look forward to working with you for the benefit of Alaska and the nation.

Thank you for considering our views.


Gary Stevens
Senate President
Alaska State Legislature


Sarah Palin
Governor


Mike Chenault
House Speaker
Alaska State Legislature