



NEWSLETTER

Alaska Senator

Bert Stedman

Honored to Serve Southeast Alaska

MARCH 23, 2021

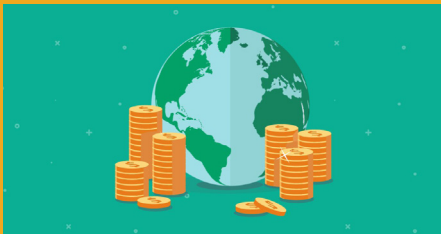
LEGISLATIVE UPDATES FOR DISTRICT R

Session focus

Boost the economy

My biggest priority this session is to boost our struggling economy. This year families and businesses have been hit hard. Some businesses have had to limit operations due to health mandates. The tourism and hospitality industries have been hit especially hard as cruise ship tourism to Alaska was canceled and individual travelers were limited.

While money from the federal government through the stimulus bills is helping keep some businesses afloat, there is still too much uncertainty, and many of our seasonal businesses have been shuttered for over a year and may not survive.



Protect the Permanent Fund

For years we have been struggling to balance the budget and dipping into savings to fill the budget gap between our spending and our revenues. We have effectively depleted our two main savings accounts, with the only remaining one left being the earnings reserve account (ERA) of the Permanent Fund. I do not want the same thing to happen to the ERA that happened to our two other savings accounts, the constitutional budget reserve and the statutory budget reserve. For this reason, one of my top priorities this year is to protect the ERA while we find a solution for fixing the structural deficit. The longer it takes to find a solution, the lower the Dividend will be in future years.

In this issue

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Pictured above from left to right: David Scott, Mollie Barnes, Lt. Gov. Kevin Meyer, Pete Ecklund, Melissa Kookesh, and Sen. Bert Stedman on the first day of the Legislative session.

Senator's message

Neighbors,

I first want to say thank you to everyone in the communities who came out and voted in November, no matter who you voted for. This election was the oddest in history, as everyone scaled back on in person campaigning and maintained safety precautions due to the coronavirus.

As we hit the ground running with the 32nd Alaska State Legislature, I want to express to my constituents: although this session looks different from those in years' past, we are still going to keep working no matter what to pass a budget and uphold our other constitutional duties.

In addition to navigating the challenges of the COVID-19 pandemic

and economic recession, we still need to work out old problems, such as revitalizing the Alaska Marine Highway System and provide a functioning transportation system for Southeast and balancing our state revenues with our expenditures while we protect the Permanent Fund. While the federal stimulus pumped \$5.8 billion into our economy, we still have a lot of work to do when it comes to getting our financial house in order.

As always, I am excited that you gave me the opportunity to represent Southeast Alaska and advocate for our interests in these trying times to bring health, security, and prosperity to Alaska.

Sincerely,
Sen. Bert Stedman

Disaster Request

2020 Salmon Fisheries Disaster

All reports I am hearing from the troll, gillnet, and seine fleets are down. Communities are negatively affected when the salmon season is below par, this season more so. A poor harvest, coupled with lack of market demand and a general economic downturn due to the pandemic means many of my constituents are suffering. Strict and expensive COVID-19 mitigation measures have also cost the industry plenty.

Commercial fishermen have taken quite a hit the past few years. There were market disruptions and complete losses because of a trade war with China. Poor fish runs are becoming the rule rather than the exception. At the federal level and in Congress, the commercial fishing industry is neglected when compared to the federal support and services garnered by the agricultural industry. Looking to the future, climate change is cause for uncertainty and anxiety.

That is why I submitted a letter to Governor Mike Dunleavy requesting a 2020 Southeast Alaska Salmon Fisheries Disaster Determination from the Secretary of Commerce under Section 312(a) of the Magnuson-Stevens Act. Hopefully, this will allow the fishermen I represent access to federal aid.

Apply for pandemic fishing relief

Fishing businesses who lost more than 35% in revenue last year due to COVID-19 are eligible for relief as a part of the \$50 million set aside last year for pandemic relief. Applications are open and being accepted through April 30. Payments could come as early as June, but will take time to be processed.

On May 7, 2020, the U.S. Secretary of Commerce announced allocations of Section 12005 CARES Act fisheries assistance funding to all coastal states and territories. Alaska was allocated \$50 million of the \$300 million available for the program.

The money comes from the original CARES Act that Congress passed last year. More than \$17.2 million will go to commercial fishermen; about \$13.3 million for sport and charter guides, \$15.8 million to seafood processors, \$2.4 to subsistence users, and around \$493,000 for Alaska's aquaculture businesses.

A little more than 1 percent of Alaska's share – about \$628,000 – will be paid to the Pacific States Marine Fisheries Commission, NOAA Fisheries and Alaska Department of Fish and Game to administer the program.

For the purposes of carrying out the provisions in Section 12005 of the CARES Act, "fishery-related businesses" primarily include commercial fishing businesses, charter fishing businesses, qualified aquaculture operations, processors, wholesalers, distributors and dealers. Businesses farther down the supply chain—including vessel repair businesses, restaurants, or seafood retailers—are not considered "fishery-related businesses" for the purposes of this funding.

Applications will be accepted online from March 1 to April 30. More information on how to apply is available by calling 1-888-517-7262. Or emailing AKCares@psmfc.org.

Applicants are encouraged to complete and submit their applications electronically, although will still be permitted to print, complete by hand, and submit through traditional mail methods, i.e USPS, FedEx, UPS, etc. Applications will NOT be mailed unless explicitly requested. Given the application period is only 54 days; all applications MUST be

received or at least postmarked on or before 4/23/2021 - ABSOLUTELY NO LATE APPLICATIONS WILL BE ACCEPTED. Commission staff highly encourage applicants to obtain the necessary documents themselves due to these time constraints and due to our limitations to review and respond to voicemails and emails promptly.

If requesting an application by mail, please email AKCares@psmfc.org, subject the message "Application Request," and provide your name, an address where you can receive mail, and indicate which application(s) you are requesting. If calling our toll-free hotline, please do the same.

For questions or inquiries related specifically to Alaska's Sec. 12005 CARES Act Fisheries Assistance relief please email AKCares@psmfc.org or call toll-free: 1-888-517-7262. If you have the ability to email, you may receive a quicker response due to the large volume of calls anticipated to be received.

Alternatively, you may reach out to ADFG personnel at dfg.com.caresact@alaska.gov or (907) 465-6136.

The AMHS Reshaping work group report was released. Where do we go from here?

Southeast Alaska needs and deserves a functional transportation system

The Alaska Marine Highway Reshaping Group released a report it had been working on for several months throughout the pandemic. Even though this group has finished its task, I will continue to work to find ways to increase ferry service and reliability throughout Southeast Alaska and the rest of our state, at a level that is sustainable, functional, safe, and efficient.

The Reshaping Group made several recommendations, many of which focused on the need for the ferry system and the ferry budget to focus on long-term service goals, rather than year-by-year needs. The AMHS has a history of being managed in a way that overlooks long-term needs of the system, and the people they are supposed to serve.

This limited management style fails to account for longer-term needs of the ferry system that can become costly when ignored. One of the main suggestions of the report is to develop a multi-year plan for vessel maintenance and replacement. This way, service can remain consistent and we will have a better idea of what vessels will be available for use each year. With this in place, we can avoid lapses in service like those we experienced this past winter. This plan would have to have a multiyear agreement of setting aside federal money to construct and replace aging vessels. However, one Legislature



cannot obligate future Legislatures to appropriation agreements. This would be a Constitutional violation. For a long-term plan to work, mechanisms need to be put into place to ensure these agreements will be honored beyond the 32nd Legislature. They need to be durable and acceptable in the statewide transportation plan.

Two related issues the report touches on are the M/V Tustumena replacement and the Prince Rupert terminal. The Tustumena, constructed in 1964, is a certified ocean class ferry that serves the cross-gulf route and the communities in Southwest Alaska all the way to Dutch Harbor. The M/V Tustumena replacement became a focus for the state after a major service interruption in 2013. However, the long-term plan for this and the future fleet is still not clear. Critical decisions about any new vessel should be made with a long-term system fleet strategy in mind, including abilities of the vessels to meet extra safety requirements to visit an international port in Canada at Prince Rupert and the

inclusion of a cross-gulf ferry.

As it stands now, the governance structure of the ferry system is too influenced by the political winds of the day. Governors can change every four years. And the DOT Commissioners change more often than the Governor. With each new administration comes a new ferry management plan. Any organization, including the Marine Highway, cannot implement a continually changing plan.

For the ferry system to prosper long-term, we need to create a new governance structure that allows for a centralized figure of authority over the system, one that understands and advocates for the system throughout the changing political tides.

As we go forward into this session, my office will be working with Governor Dunleavy's office to help formulate a plan and a budget that will be sustainable in the long term and will provide coastal Alaskans with a transportation system that they need and deserve.



Stedman team assembles



From left to right: Pete Ecklund, Amanda Ryder, Sen. Bert Stedman, Melissa Kookesh, Mollie Barnes, and David Scott.

Although the 32nd Legislature looks different from those in past years, we are still going to keep working to pass a budget and uphold our other constitutional duties.

In addition to navigating the challenges of the COVID-19 pandemic and economic recession, we still need to work out old problems, such as revitalizing the Alaska Marine Highway System and provide a functioning transportation system for Southeast and balancing our state revenues with our expenditures. While the federal stimulus relief money helped offset some of the losses from 2020, we still have a lot of work to do when it comes to getting our financial house in order.

As always, I am excited to have the opportunity to represent Southeast Alaska as the co-chair of the Senate Finance committee and advocate for our interests in these trying times to bring health, security, and prosperity to Alaska.

Meet my current team:

David Scott: David is from Metlakatla and is Tsimshian. He has worked 14 years in the legislature in various roles including Chief of Staff to the House Majority

Leader and for Senator Donald Olson from Golovin. David carries most of my personal legislation and is my current chief of staff. He is a veteran and before coming to the Legislature was a rescue swimmer for the United States Navy on the USS Stethem. He currently lives in Ketchikan with his wife and two daughters.

Melissa Kookesh: Melissa is from Angoon and is Athabaskan and Tlingit. Her first year in the Legislature was 1995 when she worked as a House Page and she has been with the office since 2015. She was formerly the assistant to the President of the Tlingit Haida Central Council, which is one of the largest tribes in the United States. Outside of the capitol, she currently serves as the Board Chair for her village corporation, a position she has held since 2016. She lives in Juneau with her son.

Mollie Barnes: Mollie is from St. Louis, Missouri, and has been living in Juneau since 2018. She started working for me this past summer. Previously she was a journalist in the Capitol for the Juneau Empire, and has had her work published in various publications across the country. She also was the Communications Manager for my 2020 Senate campaign.

Pete Ecklund: Pete is from Ketchikan and is Tsimshian. He has worked since 1994 in the Legislature. During this time, Pete has coordinated and worked closely for many years on the operating budget for co-chairmen in both the House and Senate Finance Committees for 22 years. He has been in charge of nine operating budgets, seven capital budgets and has done committee legislation once.

Amanda Ryder: Amanda has worked as the Operating Budget Coordinator for the Legislative Finance Division for more than twenty years. She joins my team this session and will be working on the operating budget for the finance committee. Amanda and her husband have lived in Juneau since 1990. Prior to that, she lived in Wrangell and near Hoonah for several years. She loves reading and playing a variety of sports such as volleyball, pickleball, and golf.

We look forward to working hard for the district and state. Please do not hesitate to contact the staff with any issues or concerns you may have regarding the district, or other issues with the state government.


Where we stand on the budget

When people think “cut the budget” they normally are talking about agency budget operations. The nonpartisan Legislative Finance department compared agency budgets from 2005, using unrestricted general funds adjusted for inflation. This analysis highlighted that many of the proposed budgets for these agencies in the governor’s 2022 budget bill have been reduced back down to levels from 10 or more years ago. Here are some highlights from that inflation adjusted chart:

The governor’s 2022 budget for the Departments of Commerce, Labor, Natural Resources, Transportation and the University are all back down to their 2005 levels or lower.

\$661.2 million of UGF budget reductions were made from FY15-18, with every agency’s budget going down. There have been over \$140 million in cuts to the University budget since 2015 and \$83 million in cuts to the Alaska Marine Highway system, but these large cuts have produced no net reductions in the overall budget.

The cuts were offset by large increases



ALASKA BUDGET FAQ

Overall agency spending per Alaskan is at **\$4,915 a person** in the governor’s proposed fiscal year 2022 budget.

The last time it was this low was in 2005, when it was \$4,914 a person.

The high was \$6,366 a person in 2015.

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in the Department of Corrections budget, which is the highest it has been since 2005, increasing by \$127 million since 2005. The Judiciary budget has also increased from \$77 million in 2005 to \$108 million in the governor’s 2022 budget. In addition, our retirement liability payments have been rising each year. Since 2018, they have increased by over 100% and in 2022 will cost the state around \$340 million.

Since FY18, reductions in some areas

have balanced out increases elsewhere, indicating we might be at the “floor” for our current government structure. Major legislation changing statutes would be needed to make further significant reductions.

Overall agency budgets have been reduced from \$4.6 billion unrestricted general funds in 2015 to \$3.6 billion this year, when adjusted for inflation.

Agency operations through the years

This chart shows the inflation adjusted agency budget changes in unrestricted general funds.

Agency Budget Change, FY18-22

Agency	18FnlBud	19FnlBud	20FnlBud	21MgtPln	22GovAmd	FY18-22 Change \$	FY18-22 Change %
Education & Early Dev	1,305,076.8	1,308,165.0	1,330,527.9	1,319,645.9	1,292,585.7	(12,491.1)	-1.0%
Health & Social Services	1,131,293.6	1,169,533.1	1,209,071.1	1,210,161.7	1,077,395.8	(53,897.8)	-4.8%
Corrections	285,297.1	294,108.0	299,636.7	339,285.9	345,878.2	60,581.1	21.2%
University of Alaska	317,033.5	327,033.5	302,033.5	277,033.5	257,033.5	(60,000.0)	-18.9%
Public Safety	159,095.7	165,018.1	175,966.4	180,029.3	183,682.8	24,587.1	15.5%
Transportation	135,673.2	181,355.1	142,589.5	150,113.6	132,151.1	(3,522.1)	-2.6%
Judiciary	104,838.6	105,444.9	107,597.1	111,151.7	114,653.2	9,814.6	9.4%
Administration	63,464.8	66,051.3	64,506.5	67,047.9	67,142.4	3,677.6	5.8%
Legislature	58,447.4	58,213.9	60,789.2	67,177.4	66,326.2	7,878.8	13.5%
Natural Resources	74,866.4	108,118.8	180,629.6	65,729.7	63,376.6	(11,489.8)	-15.3%
Law	50,624.8	51,589.8	51,228.8	52,162.8	53,918.7	3,293.9	6.5%
Fish and Game	50,516.4	51,583.3	51,351.3	50,780.5	50,253.2	(263.2)	-0.5%
Governor	26,685.5	25,183.2	22,753.9	25,325.1	26,131.9	(553.6)	-2.1%
Revenue	25,584.9	25,139.2	25,914.5	27,752.2	25,822.7	237.8	0.9%
Military & Veterans' Affairs	23,699.4	24,157.2	23,341.9	22,956.2	22,167.3	(1,532.1)	-6.5%
Labor & Workforce Dev	20,992.0	20,697.2	20,846.6	18,650.6	17,524.2	(3,467.8)	-16.5%
Environmental Conservation	15,297.9	15,391.8	15,397.2	15,463.9	15,853.4	555.5	3.6%
Commerce, Community & Econ Dev	11,586.6	10,101.6	8,522.5	8,462.0	6,734.7	(4,851.9)	-41.9%
Agency Operations Total	3,860,074.6	4,006,885.0	4,092,704.2	4,008,929.9	3,818,631.6	(41,443.0)	-1.1%
Debt Service	209,416.9	199,995.4	149,753.3	100,730.3	104,993.8	(104,423.1)	-49.9%
State Retirement Payments	163,649.6	271,166.6	307,936.1	345,567.4	341,984.8	178,335.2	109.0%
Special Appropriations	9,432.5	367.2	7,046.9	-	-	(9,432.5)	-100.0%
Fund Capitalization	102,539.7	185,610.7	27,324.5	30.0	17,149.0	(85,390.7)	-83.3%
Statewide Items Total	485,038.7	657,139.9	492,060.8	446,327.7	464,127.6	(20,911.1)	-4.3%
Pre-Permanent Fund Total	4,345,113.3	4,664,024.9	4,584,765.0	4,455,257.6	4,282,759.2	(62,354.1)	-1.4%

Legislative Finance Division



COVID-19 Vaccine Rollout

Alaska is in the top rankings in the country for percentage of our population who has been vaccinated against COVID-19 so far. I want to congratulate and thank the many health care and logistical workers who have made this possible.

- Over 200,000 people have been vaccinated as of March 19

- Around 30% of our population has received one dose of the vaccine and 19% are fully vaccinated

- The COVID-19 vaccine is now available to anyone in Alaska over the age of 16, and was the first in the state to open eligibility to all adults

We have seen vaccine go out to residents on dog sled, helicopter, boat, cars, and ferries. I applaud Alaskans for being creative and efficient in getting this aid out to all the remote corners of our state.

Active cases have been falling throughout the state, and pandemic restrictions are loosening. However, we still need to maintain diligence to prevent outbreaks, wear masks, and get vaccinated. If you do not do it for yourself, please consider doing it for your neighbor.

Get vaccinated

*Call the COVID vaccine helpline to set up an appointment:
907-646-3322*

Spotlight

I'd like to welcome Amanda Ryder to the team. She will be focusing on the operating budget.

Amanda worked as the Operating Budget Coordinator for the Legislative Finance Division for more than twenty years. Reach her at Amanda.Ryder@akleg.gov.



My office from left to right: Pete Ecklund, Amanda Ryder, Sen. Bert Stedman, Melissa Kookesh, Mollie Barnes, David Scott.

For more updates visit www.bertstedman.com

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