



Competent, Transparent, Ethical, Limited Governance

“FACT BASED PUBLIC POLICY WITHOUT DOGMA”

ALASKA’S ECONOMIC RECOVERY 2020-21

AN ACTION PLAN TO HELP JUMP START AK FROM THE ADVERSE ECONOMIC IMPACTS OF STATE AND LOCAL POLICY DECISIONS ATTEMPTING TO DEAL WITH COVID-19

Article 3, Section 23. Reorganization Alaska State Constitution

The governor may make changes in the organization of the executive branch or in the assignment of functions among its units which he considers necessary for efficient administration. Where these changes require the force of law, they shall be set forth in executive orders. The legislature shall have sixty days of a regular session, or a full session if of shorter duration, to disapprove these executive orders. Unless disapproved by resolution concurred in by a majority of the members in joint session, these orders become effective at a date thereafter to be designated by the governor.

FINDING: The Mercatus Center at George Mason University research reveals that the Alaska 2019 AAC contains 52,570 restrictions - 5.8 million words – that would take 8 weeks just to read. <https://www.mercatus.org/publications/regulation/snapshot-alaska-regulation-2019>

Given the dramatic and devastating adverse economic impact of government decisions on how to combat a new virus with little science at the time from which to decide, Alaska and the nation faced what they believed to be a pandemic that could kill millions. We now have lots of science and experience allowing some adjustments. This paper is an attempt to illustrate how the Governor and his administration can jump start an economic recovery statewide.

Recommendations:

1. The Governor should immediately initiate a lean regulatory reform taskforce to review not only state required economic development related activities, but also the process times required or allowed. Composition of the task force is listed in Item 8.
 - a. All regulatory reforms should be prioritized with the most essential to our immediate and sustainable economic recovery, receiving the fastest review. This report should be provided to the Governor within 30 days and he should take immediate executive action to implement it.
 - b. All public reviews/comments for any state regulatory requirement should be done within 30 days of any required publication. Extensions should only be based on serious legal conflicts.
 - c. At the same time, all cross-agency reviews must be completed within 10 workdays.

- i. All applications for permits should be formally accepted or rejected with reasons clearly stated in writing, and the statutory authority for this action stated clearly in the response, within ten workdays of agency receipt.
 - ii. All application or adjudication fees will be delayed until the permit is approved and ready to be issued. Once the required fees are paid the permit is signed and released.
2. The Governor should immediately initiate an open bid contract for an international marketing firm to launch a global campaign informing the world that Alaska is open for business, and we have the following resources and opportunities to offer:
 - **Energy resources** (exploration and development)
 - Oil
 - Natural gas http://dnr.alaska.gov/commisd/Presentations/Alaska_North_Slope_Gas_Potential_Sept_2016.pdf
 - Coal <https://pubs.usgs.gov/bul/1242b/report.pdf>
 - Uranium <https://pubs.usgs.gov/tei.0617/report.pdf>
 - **Wood Fiber**
 - Alaska has the second largest contiguous birch forest in the world (Southcentral, AK) The Mat-Su Borough owns a significant amount of forested land, but when partnered with areas owned by the state and the Alaska Railroad, a large scale wood fiber manufacturing business is very viable, with exports though Port MacKenzie to global markets.
 - This international market was proven by strong interest and on-site visits by a successful birch manufacturing company from Finland producing high quality pulp and white birch furniture.
 - State and Federal forests in SE Alaska (coordinated with the USDA) need an updated plan for cooperative managed use.
 - Active forest management will reduce the cost of wildfires annually, fought by state and local firefighters and others at significant expense.
 - **Minerals**
 - Gold, Copper, Zink, Uranium, etc AK DNR and the UGS have an adequate inventory to get these started. Exploration for specific minerals needs to be permitted quickly so that all state and federal permits and reviews, including EIS requirements and tightly managed reviews within the statutory or regulator minimums.
 - Strategic Rare Earth <https://pubs.er.usgs.gov/publications/70044949>
 - https://www.usgs.gov/energy-and-minerals/mineral-resources-program/science/alaska-critical-minerals-cooperative?qt-science_center_objects=0#qt-science_cneter_objects
 - **Fish**

- The most immediate and productive economic action the state can take is to start acquiring limited entry permits as they come on market, and assign them to coastal communities for ‘lease’ to resident local Alaskans in each community for up to 5 years based on the lease holders performance. The lease may be extended with good performance. If the lease holder does not perform sufficient to generate an economy, the lease is returned to the local authority. This single action will quickly rebuild this economic base for most of these communities quickly.
 - **Aquatic Resources** (other than fish)
 - Although this industry has quickly grown, predominately in SE AK, it could use some incentives given the adverse impact of the virus on this industry. A work group of state officials and those proven successful in this industry should outline what is essential. They should be able to do this within 30 days and provide their recommendations to the Governor for action.
 - **Freshwater** for bulk export (consult AQUEOUS International, Inc.) The global markets have changed with significant increases in even wholesale ‘costs’ and prices, and there are active efforts by Alaskan companies to build this generational, eco-renewable, high valued resource.
 - **Investing in Alaska** <https://iseralaska.org/projects/investing-for-alaskas-future/> Although this is a little old it still has a great deal to offer, so we recommend its immediate substantive review by all commissioners and department directors with responsibilities in the natural resource area (DNR, DEC, etc).
 - One complaint continues is that Alaska does not have any serious venture capital that is not controlled by a bank. This too is an opportunity in the international search for investors. We give serious pause to any Chinese investments given their history with ‘Grey Zones’.
3. The Governor should immediately initiate a series of Town Hall meetings in every major city in Alaska to encourage the people and businesses in these communities the opportunity to make suggestions on how they would like to see the Governor ‘jump start Alaska.’ This enables individual creativity from Alaskans for their economic recovery. Media coverage is particularly important to spread the word. This is a campaign to rebuild AK economy.
 4. The Governor should assign a project manager within the lead permitting agency to each large project with a value of \$1M or more.
 5. The Commissioners of DNR, DEC, and F&G should immediately Identify weak or unclear areas in project permitting and close them.

6. A project should not be subject to litigation before permit applications and project designs are submitted, formally accepted, and reviewed by the state. No litigation should be allowed until the processes have been completed within the agreed time frames.
7. The Governor should incentivize new investments into existing and new businesses to encourage added value growth, more economic diversity, and profit retention in Alaska.
 - (a) Example: Tourism projects
 - (i) No taxes or royalties for the first 5 years
 - (ii) See the two project examples for Mat-Su (attached)
 - (b) Commercial Fishing
 - (i) Buy back Limited Entry Permits held out of state as they come to market
 - (ii) Assign them to local governments to be leased, not sold, to local persons for up to five years with renewals based on performance.
8. The Governor should functionally restructure our governance construct (which was based on the federal construct at statehood and does not consider any technologies developed and proven since that time) to ensure greater efficiency at less cost
 - a. Focus on functional programmatic realignment and increase its operational efficiencies by creating a Task Force (see attachment for recommendations) on this realignment with a 90-day performance requirement.
 - i. Government unions will likely strongly object because this action will reduce their membership and union income.
 - ii. Special interest groups will likely object because it changes the way they do business with the government, especially nonprofits.
 - iii. Develop vocational training in coordination with private vocation schools for development of a ready work force. Expand Job Corps. The Commissioner of Labor should initiate a statewide assessment of job skills needed. Too many jobs are now being filled by persons from out of state.
 - b. The Governor should retain two professionals who have written significant deep analysis of this, on a 90-day contract to work with the Office of OMB and the cabinet to provide specific actions to reduce the number of state agencies from 16 to possibly 8, strictly based on programmatic functional alignment.
 - i. See Phase II in attached document for further ideas after Phase I has completed its 90 days.
9. The Governor should initiate “results management” for all state programs
 - a. This will provide the administration and the legislature comparative intelligence on the value/return on the investment (ROI) for their budgeting into any program or project within state authority.
 - b. No new funding should be considered for any program without a Report on Results considering the past fiscal year’s results.
 - c. Although organized by agency, all “results reports” must be **program or project based, not agency based.**

- d. Results management will transform our government construct and its budgeting. This could be one of the Governor's greatest accomplishments in office

10. Task Force Composition

- a. The composition of the Task Force shall be 5 volunteers, each with both government and private sector experience that provides personal insight on both sides of the table.
- b. They are tasked with each dealing with subject matter issues within the current administration
 - i. Energy Resources
 - ii. Mineral Development
 - iii. Wood Fiber Development
 - iv. Fisheries
 - v. Tourism
 - vi. Etc.
- c. These subject matter categories shall include examination of the Alaska Administrative Code along with other restrictions and barriers.
- d. Examination of Other State Comparables
- e. The Task Force must have the authority to change administrative policy, upon approval by the Governor, consistent with: Article III, § 23. Reorganization.

No-Statutory Changes required

- 1. As noted within this section, where these changes do not require the force of law, the Governor has the power to make changes in the organization of the executive branch or in the assignment of functions among its units that he considers necessary for a more efficient administration through administrative order.
- 2. The products of the force of law are Alaska Statutes. These are produced by the Alaska Legislature, that may or may not be signed into law by the Governor, and, if the Governor's veto is not overturned and not rejected by the Judiciary, stay as law.
- 3. Administrative regulations may not be products of the force of law. They are produced by the administration through the executive branch. There is no State Constitutional article or section that addresses the Alaska administration regulations outside of Article III, Section 23.

Duplication or obsolescence

These administrative regulations contain the 52,570 restrictions - 5.8 million words – that take 8 weeks to read. Here is where the Governor, barring any contractual obligations that might end up in the judiciary if challenged, should use the full authority of Article III, Section 23.

The SCOTUS Janus Decision and The Espinoza Decision

- The Janus and the Espinoza Decisions will have the greatest positive impact on the State of Alaska in its history. The Governor must take immediate substantive action to harvest this opportunity.
- The Janus Decision, decided by the SCOTUS on June 27, 2018, declared the First Amendment is violated when money is taken from nonconsenting employees by a government union; employees must choose to support the union before anything is taken from them. Accordingly, neither an agency fee nor any other form of payment to a government union may be deducted from an employee's paycheck, nor may any other attempt be made to collect such a payment, unless the employee affirmatively consents to pay. The government employee also retains the right to leave a government union at any time without financial penalty.
- The Espinoza Decision, decided by the SCOTUS, June 30, 2020, declared that States and their political subdivisions can no longer withhold public/government education funds from religious and private education institutions.
- This ruling completely destroys the last two sentences of Article VII, Section 1 in the Alaska State Constitution, which states, "Schools and institutions so established shall be free from sectarian control. No money shall be paid from public funds for the direct benefit of any religious or other private educational institution."
- Article IX, Section 6, which states "No tax shall be levied, or appropriation of public money made, or public property transferred, nor shall the public credit be used, except for a public purpose.", has also been declared unconstitutional.
- The free exercise of religion clause in the 1st Amendment of the US Constitution was the determining factor in this decision.

The Binding Cause

- The Executive branch of the State of Alaska must announce the Alaska Binding Caucus is unconstitutional by issuing an executive order and then prepare for a federal court battle (not state court). The US Constitution under Article 4, Section 4 guarantees to every state a republican form of government. In other words, although the Supreme Court of the United States has ruled that Article 4, Section 4, of the US Constitution is non-justiciable, this is a justiciable cause of action under the 14th amendment and the Equal Protection

Clause. NOTE: *most candidates we have talked with report that the Binding Caucus is one of the top three issues 'at the door' when candidates campaign.*

- In the words of State Senator Mike Shower:
“The unethical binding caucus rule is an arbitrarily binding political “agreement” utilized in Alaskan politics by legislators to consolidate their financial and political power into the hands of a select few. It is quietly schemed behind closed doors and implemented out of sight of voters to coercively strong-arm and silence the people’s representative from within. It gives a false impression of cooperation and allows a select few to override the will of voters in Alaska by controlling how your legislator can vote. It does so through the coercive use of “punishment” to keep legislators in line.”

The Regulatory and Reorganization Task Forces should be reimbursed only for required and approved travel related expenses

Most state regulations (below) are almost 87% of all Alaska administrative regulations. Some relevant questions are which regulations have more value to the citizens of Alaska; which regulations have less value to the citizens of Alaska; which regulations cost more to administer; and which regulations cost less to administer?

Results Management

When initiating ‘results management’ for these state administrative regulations, what methodologies provide the administration and the legislature comparative intelligence on the value/return on investment (ROI) of their investments into any program or project? **The quantification of these results must be based on an accountability program of measured programmatic results** and contrast such with quality assurance, responsiveness, and verifiable choice relative to economic savings and productive results.

No new funding should be considered by the Governor or the Legislature without a Programmatic Report on Results of the past fiscal year. Although organized by agency, all ‘results reports’ shall be program or project based – not agency based.

Top 10 Alaskan Industries Impacted

The top 10 industries in Alaska targeted by number of administrative regulatory restrictions. This represents over 39% of all industrial-relevant restrictions in the state. In reviewing these targeted industries, the question must be asked what the reasons are behind regulating these industries and can a public/private partnership paradigm replace the existing models, thereby eliminating much of the industry-relevant restrictions.

Lastly, the remaining analysis must start with the two biggest components of the state operating budget, health care and education.

- **Health Care** remodeling starting with Department of Health and Social Services restructuring of Medicaid's relationship to federal health care funding. Review of all related state regulations as well as an investigation as to what efficiencies can be created with the state health care relative to Governor's ability to change through either executive order or administrative order. NOTE: A sperate report on specific 'actions' that must be taken by the Governor and the related commissioners, is now completed and sent to the Governor. For a copy of this paper, please request it from the Roundtable via email.
- **Education** remodeling starting from Department of Education and Early Development restructuring of state foundation formula and relationship to federal education funding. Review of all related state regulations as well as investigation as to what efficiencies can be created with the state foundation formula relative to Governor's ability to change through either executive order or administrative order. NOTE: A sperate report on what is wrong with Alaska's schools has been completed and is available upon request.

This paper was developed by the Alaska's Roundtable Economic Recovery Team and approved by the Founders.

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