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CHANGING WINDS: NATIONAL POLITICS AND ITS ROLE IN FUNDING FOR  
RURAL DEVELOPMENT IN ALASKA

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CHANGING WINDS: NATIONAL POLITICS AND ITS ROLE IN FUNDING FOR  
RURAL DEVELOPMENT IN ALASKA

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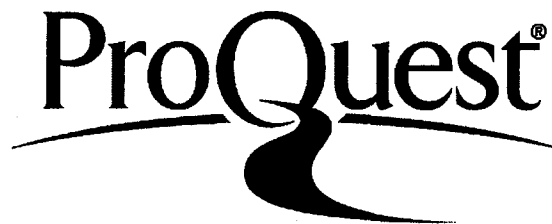
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## Abstract

The combination of the election of Senator Mark Begich in 2008, an increased emphasis on transparency, and a growing movement away from congressionally-directed spending (earmarks) and toward competitively-awarded and formula-based funding has the potential to drastically reduce federal funding for rural development in Alaska. Alaska's basic needs for infrastructure remain equivalent to those of some of the least developed nations of the world. Rural development projects in Alaska, however, fight an uphill battle for federal funding because rural populations are low in numbers and remote, costs of rural development in Alaska far exceed similar projects in the "lower 48," and changes in the U.S. Congress have drastically reduced Alaskans' ability to circumvent formula-based and competitively-awarded funding avenues.

This thesis is an analysis of recent changes that affect rural development funding in Alaska, and it hypothesizes how rural development funding for Alaska may continue to change.

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## Chapter 1 Introduction: Changing Winds

Funding for rural development in Alaska has drastically changed during the 111<sup>th</sup> Congress. The 111<sup>th</sup> Congress, which began on January 5, 2009,<sup>1</sup> ushered in a new administration and changes to Alaska's congressional delegation. New regulations, rules and laws issued by the administration and influenced by the new political dynamic in Washington, D.C., are the result for Alaskans. Because of Alaska's weakened political position in Washington, D.C., I believe that additional restrictions and reductions in federal funding for rural development in Alaska will be instituted in upcoming congresses and administrations.

In the past, some have argued that Alaskans have received more than their fair share of federal funding. Alaska receives about three times as much funding as Arizona although Alaska has roughly a tenth of Arizona's population. In an interview with Gannett News Service, Ryan Alexander, president of Taxpayers for Common Sense, described this fact as "one of the illustrations of what's wrong with the system... Earmark dollars are not distributed based on need or merit or anything else as far as we can tell other than by power."<sup>2</sup>

The Alaska Delegation, however, has maintained that funding for rural development in Alaska is needed in order to provide a level of services and infrastructure that is on par with that available to those who live in the "lower 48." In 2007, Alaska

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<sup>1</sup> *Joint Resolution Appointing the Day for the Convening of the Second Session of the One Hundred Eleventh Congress*, Public Law 111-121, *United States Statutes at Large* 123 Stat. 3479 (2009).

<sup>2</sup> Marrero, Diana, "Alaska 1<sup>st</sup>, Ariz. last in pork spending," *USA Today*, March 22, 2008, [http://www.usatoday.com/news/washington/2008-03-22-earmarks\\_N.htm](http://www.usatoday.com/news/washington/2008-03-22-earmarks_N.htm) (accessed June 26, 2010).

Senator Ted Stevens (then a Senate candidate) answered a local NBC affiliate's question on earmarks by stating:

In Alaska, earmarks were vital to ensuring we received the adequate funding for programs and infrastructure every other state takes for granted. Both as a young state and the state with the largest area, the cost of establishing these programs was enormous and often viewed as excessive by who enjoyed these benefits for years.<sup>3</sup>

For the purposes of this thesis, "rural development funding" is broadly defined. It includes funding for infrastructure such as airports, water and sewer upgrades, and building construction. Rural development for the purpose of this thesis also includes programmatic funding such as funding for language preservation and suicide prevention in rural Alaska. Although rural development projects may be eligible for funding through nearly all federal agencies, this thesis primarily targets funding through the Department of Commerce (DOC) including the U.S. Economic Development Administration (EDA), the Indian Health Service (IHS), the Denali Commission, the U.S. Department of Agriculture (USDA) including the Rural Development (USDA-RD), and the Department of Interior (DOI) including the Bureau of Indian Affairs (BIA).

This thesis seeks to accomplish four goals: educate the reader on what federal funding resources are available; detail the political and administrative processes for receiving federal funding; explain recent changes that affect how funding is allocated for

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<sup>3</sup> *KTUU.com*, "Ted Stevens is Running for U.S. Senate," <http://www.ktuu.com/Global/story.asp?S=8830913>, accessed June 23, 2010.

rural development in Alaska; and hypothesize what changes may occur to federal funding for rural development in Alaska.

This thesis makes several foundational assumptions. Chief among these is that federal funding for rural development in Alaska is needed and that the rural development needs of Alaska far surpass the rural development needs of the lower 48. Undoubtedly, funding for rural development in Alaska is significantly more expensive than rural development in other areas of the country, but this does not change this author's view that rural development in Alaska must be provided for, no matter the cost.

Some argue that providing rural development services in Alaska is too costly, and that residents should instead be encouraged to regionalize or urbanize. Others suggest that the federal government should end the assistance it already provides—such is the case with some who oppose continued funding for the Indian Health Service. I am not in these camps. Although I believe that Alaska's rural areas must maintain their frontier qualities in order to maintain cultural and quality-of-life functions for rural Alaskans, I believe that the federal government has a fiduciary responsibility to provide health, safety and cultural preservation of Alaska Natives as well as provide for basic health, safety and opportunities for all of Alaska's rural population.

Finally, in Sarah Palin is noticeably absent from this analysis. Since the 2008 election, Sarah Palin has sky rocketed from Alaska governor to a national figure of fiscal conservatism. Although Sarah Palin is now a prominent figure in national politics, her influence is beyond the scope of does not play a large role in rural development funding for Alaska and is not considered as part of this thesis.

## Chapter 2 Introduction to Federal Funding for Rural Development

### 2.1: The Federal Authorization Process

Federal funding begins with legislation to authorize spending from the Federal Treasury for a specific purpose. This is known as an “authorization,” or providing budgetary authority.

Congress has established an authorization-appropriations process that provides for two separate types of measures-- authorization measures and appropriations measures. These bills perform different functions and are to be considered in sequence. First the authorization measure is to be considered and then the appropriations measure.<sup>4</sup>

It should be noted, however, that members of Congress often seek alternative methods of funding programs when the regular order is too cumbersome. A flow chart of the normal order of securing budgetary authority is provided in Appendix A.

Authorizations begin with a bill drafted by either a senator or congressman. The U.S. Congress is unlike the Alaska State Legislature in that the administration may not introduce legislation.<sup>5</sup> Authorization legislation details how much money is authorized for the program, the number of years the program is to be authorized, and program specifics. It should be noted that unlike appropriations legislation, discussed later, authorizations only prescribe program specifics and do not allocate funding.

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<sup>4</sup> U.S. Congressional Research Service. *The Congressional Appropriations Process: An Introduction* (97-684, February 22, 2007) by Sandy Streater. <http://www.rules.house.gov/archives/97-684.pdf> (accessed June 24, 2010).

<sup>5</sup> Alaska State Legislature, “Legislative Branch,” <http://w3.legis.state.ak.us/misc/legbranch.php> (accessed July 8, 2010).

An example of this process is the authorization and reauthorization of programs under the Economic Development Administration (EDA). Programs through EDA were first authorized through the Public Works and Economic Development Act of 1965.<sup>6</sup> This authorization, however, expired<sup>7</sup> and must be reauthorized in order to provide budgetary authority for federal funding for the programs operated by EDA.

Through these authorizations, EDA is authorized to spend money allocated to it for grants for public works and economic development; base closings and realignments; planning and administrative expenses; cost sharing; supplementary grants; training, research, and technical assistance; economic adjustment; performance awards; and special impact areas, among other programs.<sup>8</sup>

The last reauthorization of the Public Works and Economic Development Act occurred in October 2004.<sup>9</sup> This authorization expired September 30, 2008, and new legislation (S. 2778) is currently under consideration to reauthorize the program through September 30, 2015. Senator Barbara Boxer (D- California) introduced S. 2778 on November 16, 2009, and the legislation is pending on the Senate calendar as of January 20, 2010.<sup>10</sup> Senator James Inhofe (R- Oklahoma) introduced similar legislation on

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<sup>6</sup> *Public Works and Economic Development Act of 1965*, 42 U.S. Code. § 3121 et seq. (2009), Chapter 38.

<sup>7</sup> *Public Works and Economic Development Act of 1965*, 42 U.S. Code. § 3231 (a) (2009).

<sup>8</sup> *Public Works and Economic Development Act of 1965*, 42 U.S. Code. §§ 201-217 (2009).

<sup>9</sup> *Economic Development Administration Reauthorization Act of 2004*. Public Law 108-373: 118, Stat. 1756 (October 27, 2004).

<sup>10</sup> *Economic and Development Act*, S. 2778, 111<sup>th</sup> Congress, 1<sup>st</sup> sess., <http://thomas.loc.gov> (accessed June 25, 2010).

February 12, 2009,<sup>11</sup> but the Senate has made no effort to consider Senator Inhofe's legislation, so this paper will focus on Senator Boxer's reauthorization.

The last reauthorization of EDA programs was introduced in May 2003 by Senator Christopher Bond (R-Missouri)– S. 1134, the Economic Development Administration Reauthorization Act of 2004.<sup>12</sup> The House of Representatives considered companion legislation: H.R. 2535, the Economic Development Administration Reauthorization of 2003, sponsored by Congressman Steven LaTourette (D-Ohio).<sup>13</sup>

The last reauthorization of EDA programs followed the standard process. The Senate Environment and Public Works Committee considered S. 1134; it was amended and reported to the Senate Floor. In the House, the Committee on Transportation and Infrastructure and the Committee on Financial Services considered H.R. 2535. These committees are called the committees of jurisdiction.

The Senate Environment and Public Works Committee has jurisdiction over EDA programs because it has jurisdiction over public works and regional economic development.<sup>14</sup> The House Transportation and Infrastructure Committee has jurisdiction

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<sup>11</sup> *Economic Development Administration Reauthorization Act of 2009*, S. 430, 111<sup>th</sup> Congress, 1<sup>st</sup> sess., <http://thomas.loc.gov> (accessed June 25, 2010).

<sup>12</sup> *Economic Development Administration Reauthorization Act of 2004*, S. 1134, 108<sup>th</sup> Congress, 2<sup>nd</sup> sess., <http://thomas.loc.gov> (accessed June 26, 2010).

<sup>13</sup> *Economic Development Administration Reauthorization Act of 2003*, H.R. 2535, 108<sup>th</sup> Congress, 1<sup>st</sup> sess., <http://thomas.loc.gov> (accessed June 26, 2010).

<sup>14</sup> U.S. Congress. Senate. "Jurisdiction: Rule XXV," *Standing Rules of the Senate*, <http://epw.senate.gov/public/index.cfm?FuseAction=CommitteeResources.CommitteeJurisdiction> (accessed June 25, 2010).



over economic development.<sup>15</sup> The House Finance Committee also had jurisdiction over EDA reauthorizations because of the loan components of many EDA programs.

In the House of Representatives, the House Transportation and Infrastructure Committee amended H.R. 2535. The full House passed H.R. 2535, and the legislation was transferred to the Senate.<sup>16</sup> In some instances, the Senate will take up legislation that was passed by the House. The Senate may also choose to pass its version of the legislation instead. In the instance of the reauthorization of the EDA programs, the Senate chose to pass its version of the legislation.<sup>17</sup>

For legislation to be cleared for the President, both the House and Senate must pass it in an identical form. If there is any difference in the House-pass and Senate-passed versions, a conference must be called in order for a final version to be drafted. Then both bodies must pass the conference-drafted final version.<sup>18</sup> The last version of the EDA reauthorization was passed in the Senate; then the House passed the Senate-passed version of the legislation, even though it had already passed its own version of the legislation. The President then signed the Senate-passed version of the bill into law.<sup>19</sup>

There are many opportunities in this process to amend the bill-- in committee, on the floor of the House and Senate, and in the conference committee, if there is one. It

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<sup>15</sup> U.S. Congress. House. Transportation and Infrastructure Committee. "Jurisdiction: The Transportation and Infrastructure Committee." <http://republicans.transportation.house.gov/singlepages.aspx/764> (accessed June 25, 2010).

<sup>16</sup> *Economic Development Administration Reauthorization Act of 2003*, H.R. 2535, 108<sup>th</sup> Congress, 1<sup>st</sup> sess., <http://thomas.loc.gov> (accessed June 26, 2010).

<sup>17</sup> *Economic Development Administration Reauthorization Act of 2004*, S. 1134, 108<sup>th</sup> Congress, 2<sup>nd</sup> sess., <http://thomas.loc.gov> (accessed June 26, 2010).

<sup>18</sup> U.S. Congressional Research Service. *Amendments Between the Houses: Procedural Options and Effects* (R41003, January 4, 2010) by Elizabeth Rybicki. [http://assets.opencrs.com/rpts/R41003\\_20100104.pdf](http://assets.opencrs.com/rpts/R41003_20100104.pdf) (accessed June 26, 2010): 2.

<sup>19</sup> *Economic Development Administration Reauthorization Act of 2004*, S. 1134, 108<sup>th</sup> Congress, 2<sup>nd</sup> sess., <http://thomas.loc.gov> (accessed June 26, 2010).

should be noted, however, that in committee, amending legislation is limited to committee members; in a conference committee, only appointed members of the conference are able to amend a bill in conference. Rural development leaders should know and play active roles in the authorization process.

Rural development leaders should also know the House and Senate rules—such as the pay-as-you-go (PAYGO) rules. This Congress, the House and Senate have reinstated PAYGO rules. PAYGO rules “generally require that any legislation projected to increase direct spending or reduce revenues must also include equivalent amounts of direct spending cuts, revenue increases, or a combination of the two, so that the legislation does not increase the on-budget deficit over a six-year period and an 11-year period.”<sup>20</sup> Authorizations are often subject to PAYGO rules because they provide budgetary authority for new federal spending often when an “offset” cannot be identified.

Neither the House nor Senate rules are self-enforcing, in that a senator or member must raise a PAYGO point of order against a provision or bill that raises the federal debt or decreases revenues.<sup>21</sup> The Senate PAYGO rule, however,

may be waived or set aside by unanimous consent. A motion to waive the rule, or sustain an appeal of the ruling of the presiding officer on the point

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<sup>20</sup> U.S. Congressional Research Service. *Budget Enforcement Procedures: Senate Pay-As-You-Go (PAYGO) Rule* (RL31943, January 4, 2010) by Bill Heniff, Jr. [http://assets.opencrs.com/rpts/RL31943\\_20100112.pdf](http://assets.opencrs.com/rpts/RL31943_20100112.pdf) (accessed June 26, 2010), i.

<sup>21</sup> Heniff 2010: 3; and U.S. Congressional Research Service. *The House's "Pay-As-You-Go (PAYGO) Rule in the 110<sup>th</sup> Congress: A Brief Overview* (RL33850, January 31, 2007) by Robert Keith, <http://www.majorityleader.gov/docUploads/CRSPAYGO.pdf> (accessed June 26, 2010), 7.

of order, requires an affirmative vote of three-fifths of the membership, duly chosen and sworn.<sup>22</sup>

Application of the House PAYGO rule may be waived in two ways. One, the House considers major legislation under a “special rule.” The special rule is drafted by the House Rules Committee and sets the framework for how a piece of legislation will be considered, the amendments allowed, the terms of debate, etc. To avoid PAYGO considerations, members may include, as part of the special rule, that no points of order may be deemed in order. Secondly, legislation in the House may be considered under suspension of the rules, where members are not limited by any of the House rules, including the PAYGO rule. Passing legislation under suspension, however, requires a two-thirds affirmative vote.<sup>23</sup>

In both the House and Senate, appropriations legislation is not subject to the PAYGO rule.<sup>24</sup>

Understanding the authorization process is important for Alaskans engaged in rural development, because it sets the framework for most federal funding and sets forth eligibility requirements for federal funding. It is important that rural development leaders review, analyze and confer with Hill staff regarding legislation as it is introduced, heard in committees and considered on the House and Senate floors. Closely monitoring legislation and engaging with staff is necessary in order to advocate for rural

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<sup>22</sup> (Heniff 2010, 3.)

<sup>23</sup> (Keith 2007, 7.)

<sup>24</sup> (Heniff 2010, 1; and Keith 2007, 7.)

development programs and to ensure that prohibitive legislative sections are removed or not included.

Traditionally, the Alaska delegation has worked together to occupy positions on as many committees with oversight of programs important to Alaska as possible. Senator Lisa Murkowski sits on the Appropriations; Energy and Natural Resources; Health, Education, Labor and Pensions; and Indian Affairs committees.<sup>25</sup> These committees fund government operations and provide oversight of public lands, rural energy assistance,<sup>26</sup> No Child Left Behind legislation, public welfare, workforce development,<sup>27</sup> and “all matters related to Indian Affairs.”<sup>28</sup>

Senator Mark Begich sits on the Commerce, Science and Transportation; Armed Services; and Veterans’ Affairs committees. While the Armed Services and Veterans’ Affairs committees do not tend to consider rural development in Alaska issues, they have recently considered issues such as troop force strength in the Arctic<sup>29</sup> and health care

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<sup>25</sup> Murkowski, Lisa, “About Lisa,”

<http://murkowski.senate.gov/public/index.cfm?p=CommitteeAssignments> (accessed June 10, 2010).

<sup>26</sup> U.S. Senate Committee on Energy and Natural Resources, “About the Committee: Jurisdiction,” <http://energy.senate.gov/public/index.cfm?FuseAction=About.Jurisdiction> (accessed June 27, 2010).

<sup>27</sup> U.S. Senate Committee on Health, Education, Labor and Pensions, “About the HELP Committee,” <http://help.senate.gov/about/> (accessed June 27, 2010).

<sup>28</sup> U.S. Senate Committee on Indian Affairs, “Committee Jurisdiction,”

<http://indian.senate.gov/about/committee-jurisdiction.cfm> (accessed June 24, 2010).

<sup>29</sup> House and Senate Armed Services Committees, “Testimony of Admiral James G. Stavridis, United States Navy Commander, United States European Command, Before the 111<sup>th</sup> Congress, 2010,” 111<sup>th</sup> Congress, 1<sup>st</sup> sess., March 9, 2010. <http://armed-services.senate.gov/statemnt/2010/03%20March/Stavridis%2003-09-10.pdf> (accessed June 24, 2010), 35-36.

services for rural veterans in Alaska,<sup>30</sup> both of which have a secondary impact on rural development.

The Senate Commerce, Science and Transportation Committee, however, has substantial jurisdictional oversight of rural development issues such as the Denali Commission; coastal zone management; marine and ocean navigation, safety, and transportation; marine fisheries; oceans, weather and atmospheric activities; regulation of interstate common carriers, including railroads, buses, trucks, vessels, pipelines, and civil aviation; science, engineering, and technology research and development and policy; and transportation and commerce aspects of Outer Continental Shelf lands.<sup>31</sup> Because of its jurisdiction over fisheries, the Denali Commission, and aviation, the Senate Commerce Committee has oversight of many authorizations that provide budgetary authority rural development programs in Alaska and is thus a very important committee to the Alaska Delegation.

Congressman Donald Young (R-Alaska) sits on the House Transportation and Infrastructure and Natural Resources committees.<sup>32</sup> The House Transportation and Infrastructure Committee's jurisdiction includes federal management of emergencies and natural disasters (such as the severe erosion that is occurring in Shishmaref); flood control and improvement of rivers and harbors; inland waterways; inspection of merchant

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<sup>30</sup> Begich, Mark, "Begich Secures Better Coordination on Rural Veterans' Care," June 17, 2010, [http://begich.senate.gov/public/index.cfm?p=PressReleases&ContentRecord\\_id=39052cb0-e568-4e43-99ea-bc29bfccf956&ContentType\\_id=ef710aa3-7e29-440a-b9de-316ee20df1b5&MonthDisplay=6&YearDisplay=2010](http://begich.senate.gov/public/index.cfm?p=PressReleases&ContentRecord_id=39052cb0-e568-4e43-99ea-bc29bfccf956&ContentType_id=ef710aa3-7e29-440a-b9de-316ee20df1b5&MonthDisplay=6&YearDisplay=2010) (accessed June 27, 2010).

<sup>31</sup> U.S. Senate Committee on Commerce, Science and Transportation, "Jurisdiction," <http://commerce.senate.gov/public/index.cfm?p=Jurisdiction> (accessed June 27, 2010).

<sup>32</sup> Govtrack.us, "Rep. Donald (Don) Young [R-AK], U.S. Representative, Alaska (At Large)," *Govtrack.us*, <http://www.govtrack.us/congress/person.xpd?id=400440> (accessed June 24, 2010).

marine vessels; navigation and laws relating thereto; construction and maintenance of roads—including funding through the Surface Transportation Act; oil and other pollution of navigable waters; transportation including civil aviation and water transportation; and water power.<sup>33</sup>

Legislation is often difficult to amend on the House and Senate floors. Time is often limited, and the House and Senate have many bills to consider. If a bill should be amended to provide for greater benefit for rural development funding in Alaska, it is most easily done in committee, where fewer people are required to support the rural development project and amendments can often be included in a larger amendment called a “manager’s package.” A manager’s package is a list of amendments to a bill that are incorporated as it leaves committee at the direction of the bill’s manager.

## **2.2 The Federal Appropriations Process**

The federal appropriations process, unlike the authorization process discussed earlier, do not generally make programmatic changes, expire after one fiscal year, and make direct allocations for funding for programs—authorizations only provide authority for congress to allocate future funding through the appropriations process.

The federal appropriations process officially begins when the president submits his or her annual budget to Congress.<sup>34</sup> The president is required to submit the budget by

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<sup>33</sup> House Committee on Transportation and Infrastructure, “Jurisdiction of the Committee on Transportation and Infrastructure, 111<sup>th</sup> Congress,” <http://transportation.house.gov/pdf/111th%20Full%20Committee%20Jurisdiction.pdf> (accessed June 30, 2010).

<sup>34</sup> (Streeter 2007, 2.)

the first Monday in February.<sup>35</sup> The submitted budget represents at least seven months of negotiations between agencies and the Office of Management and Budget (OMB). It is politically expedient for the president to submit a budget that requests less than, or only a cost of living adjustment increase over, the prior year's spending.<sup>36</sup> A flow chart of the standard appropriations process is included in Appendix B.

The budget is posted online at [budget.gov](http://budget.gov). On this site, operated by OMB, visitors are able to read the president's budget as well as review detailed summaries found in the appendices. Additional information regarding specific programs is posted on individual agencies' websites and is called the "budget justification." (Congressional staff call these "green books" because of their color.)

Green books provide program-specific information, including: funding allocated to the program in the previous fiscal years, how much of the allocated funding was spent and on which projects, the requested funds, and often a priority list of how funding is to be spent over the next fiscal year.<sup>37</sup>

Continuing with the EDA example: the Budget for the Department of Commerce, the Department in which EDA is located, emphasizes support for "competitive, high-performing regional economies."<sup>38</sup> Reviewing the budget is important in order to know agencies' priorities for the upcoming fiscal year. Rural development leaders that understand and seek to meet the high-priority needs of the agencies as expressed in the

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<sup>35</sup> *Congressional Budget Act of 1974*, U.S. Code 31 § 1105(a).

<sup>36</sup> U.S. Congressional Research Service. *Introduction to the Federal Budget Process* (98-721, March 7, 2008) by Robert Keith, <http://budget.house.gov/crs-reports/98-721.pdf> (accessed July 10, 2010), 11.

<sup>37</sup> (Streeter 2007, 3.)

<sup>38</sup> Office of Management and Budget. *Budget of the U.S. Government: Fiscal Year 2011*. <http://www.whitehouse.gov/omb/budget/fy2011/assets/budget.pdf> (accessed June 30, 2010), 20.

president's budget will be more successful in being included in the president's budget, having their earmark request included in an appropriations bill, or receiving funding through competitively-awarded programs.

The budget appendix provides a more detailed summary of the Economic Development Administration's programs and provides a historical perspective of funding for EDA and its programs. For instance, the budget recommends \$41 million for Fiscal Year 2011, which is \$5 million over what was obligated in Fiscal Year 2009 and \$4 million less than what is expected to be obligated in Fiscal Year 2010.<sup>39</sup>

When reviewing the president's budget for programs of interest, it is important to note each program's "identification code." The identification code and the "account number" found in the Catalog of Federal Domestic Assistance are the same number; see later in this chapter for information on federal competitively-awarded funding and the Catalog of Federal Domestic Assistance. Knowing the account number/identification code will allow you to quickly review a presidential budget request to understand what the president is requesting be allocated to the grant program that interests you.

Funding for the Denali Commission is especially interesting in the president's budget:

Enacted by Congress in 1998, the Denali Commission is an independent federal agency designed to provide critical utilities, infrastructure, and economic support through Alaska. With the creation of the Commission,

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<sup>39</sup> Office of Management and Budget. *The Appendix, Budget of the United States Government, Fiscal Year 2011*. <http://www.whitehouse.gov/omb/budget/Appendix/> (accessed June 30, 2010), 207.



Congress acknowledged the need for increased inter-agency cooperation and focus on Alaska's remote communities.<sup>40</sup>

The Denali Commission was created at the direction of Senator Ted Stevens, who included language to authorize the Denali Commission in an appropriations bill.<sup>41</sup> Now, it is generally considered a “no-no” to “authorize on an appropriations bill.” Senator Ted Stevens, however, often used his seniority as chairman on the Senate Appropriations Committee to push forward Alaskan projects that might otherwise not have been considered in the normal process.<sup>42</sup>

As noted previously, it is in the best interests of the administration to present a budget that requests the least money possible while still meeting the administration's funding needs. To accomplish this goal, funding for the Denali Commission is often “zeroed out.” Although the Denali Commission receives high marks from the Alaska congressional delegation, striking all funding for the Denali Commission and similarly situated programs allows the administration to come in with a low budget number, knowing that the powerful congressional delegation will replace the funding for the program.<sup>43</sup>

With the loss of Senator Ted Stevens and his ranking member status on the Senate Appropriations Committee, the Alaska Delegation was unable to maintain funding for the

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<sup>40</sup> Denali Commission. *Fiscal Year 2010: Budget Justification*. May 2009.

<sup>41</sup> *Omnibus Consolidated and Emergency Supplemental Appropriations Act, 1999*. Public Law 105-277, *U.S. Statutes at Large* 112 Stat. 2681 (1998), § 301.

<sup>42</sup> Hopkins, Kyle, “Lawmaker's Fingerprints All over State,” *Anchorage Daily News*, November 4, 2009. <http://www.adn.com/2008/07/29/479001/lawmakers-fingerprints-all-over.html> (accessed July 10, 2010).

<sup>43</sup> Hopkins, Kyle, “Alaska Village Programs Facing Big Cuts in Federal Funding,” *Anchorage Daily News*, February 8, 2010. <http://www.adn.com/2010/02/07/1129050/villages-building-programs-face.html> (accessed June 30, 2010).

Denali Commission. In fiscal year 2009, the last fiscal year in which Senator Stevens had an influence, \$20 million was allocated to the Denali Commission, but it is estimated that the Commission will spend only \$10 million during fiscal year 2011. No funds were requested by the administration for the Denali Commission for fiscal year 2011.<sup>44</sup>

Senator Ted Stevens believed that the role of the Denali Commission was to provide oversight and accountability for rural development projects in Alaska.<sup>45</sup> Additionally, Stevens believed that the Denali Commission, as an entity that coordinated federal, state, local and tribal resources, would be able to leverage funds for the most worthy projects. Many of the agencies do not view the Denali Commission in the same light. The Department of Labor budget document opined that

[o]ne of the stated purposes of the Act [authorizing the Denali Commission] is to provide job training and other economic development services in rural communities, particularly distressed communities, in Alaska. Under the Act, the Commission makes available project grants to state and local governments, private, public, profit, nonprofit organizations and institutions or individuals eligible in the state. As with FY 2008 and FY 2009 Budget requests, the 2010 Budget proposes to terminate direct

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<sup>44</sup> (Office of Management and Budget, *Appendix*, 548.)

<sup>45</sup> Badner, Tim, "Stevens Concerned About Future of Denali Commission," *Alaska Journal of Commerce*, March 2, 2008. [http://www.alaskajournal.com/stories/030208/hom\\_20080302002.shtml](http://www.alaskajournal.com/stories/030208/hom_20080302002.shtml) (accessed July 26, 2010).

funding for the Denali Commission because it is duplicative and unnecessary, and there is little accountability for the programs it funds.<sup>46</sup>

After Congress receives the president's budget, committees of jurisdiction hold oversight hearings on it. Committees of jurisdiction are the policy committees. They do not appropriate. The oversight hearings are to review the president's budget request and the agencies' justifications for the funding—the budget justifications. At the hearings, senators and congressmen try to determine if the amount requested is appropriate and if the funding requested would support programs of interest to the members.<sup>47</sup>

The committees of jurisdiction then each draft a “views and estimates” letter to be submitted to the Senate and House committees on the budget.<sup>48</sup> The views and estimates letters provide the jurisdictional committees' thoughts on the president's budget and detail any recommended changes in priorities, funding allocations, or funding amounts. House and Senate committees of jurisdiction are expected to submit their views and estimates letters to their respective budget committees no later than six weeks after the President submits his budget request to Congress.<sup>49</sup>

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<sup>46</sup> Department of Labor. *FY 2010 Department of Labor Budget in Brief*. <http://www.dol.gov/dol/budget/2010/PDF/bib.pdf> (accessed 06/24/10), 12-13.

<sup>47</sup> (Streeter 2007, 14.)

<sup>48</sup> U.S. Congress. *Constitution, Jefferson's Manual, and Rules of the House of Representatives of the United States One Hundred Eleventh Congress*. 111<sup>th</sup> Congress, 1<sup>st</sup> sess. Washington, D.C.: Government Printing Office, 2009, 493-495. In the Senate, views and estimates letters are requested by the Senate Budget Committee; see: U.S. Senate Indian Affairs Committee, “The Indian Affairs Committee Submits ‘Views and Estimates’ Letter on the President’s Budget,” March 5, 2010. <http://indian.senate.gov/issues/upload/FY2011SCIAViewsandEstimatesLetter030510.pdf> (accessed June 27, 2010).

<sup>49</sup> House Committee on Rules. “The Budget Process and the Budget Resolution,” [http://www.rules.house.gov/archives/bud\\_proces.htm](http://www.rules.house.gov/archives/bud_proces.htm) (accessed June 24, 2010).

In March of 2010, for instance, the Chairman of the Senate Indian Affairs Committee, Byron Dorgan (D-North Dakota) submitted the views and estimates letter on behalf of the Committee.<sup>50</sup> In the letter, Senator Dorgan detailed six priority areas: (1) support for the president's request of \$4.41 billion for Indian Health Service health care services and facility construction; (2) support of the president's requested funding to address reservation violence, including domestic violence on tribal lands; (3) additional funding over the president's request to address deteriorating Indian schools and detention centers, as well as for small business loans; (4) additional funding over the president's request to fund energy development in Indian country; (5) additional funding over the president's request for the Indian Housing Block Grant program; and (6) funding to implement Indian water rights settlement bills that are pending before Congress.<sup>51</sup>

The House and Senate budget committees review the letters that they receive from committees of jurisdiction, the funding allocations that were approved for the previous fiscal year if applicable, and the president's budget request, and draft a budget resolution:

The budget resolution is never sent to the President, nor does it become law. It does not provide budget authority or raise or lower revenues; instead, it is a guide for the House and Senate as they consider various budget-related bills, including appropriations and tax measures.<sup>52</sup>

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<sup>50</sup> U.S. Senate Committee on Indian Affairs, "The Indian Affairs Committee Submits 'Views and Estimates' Letter on the President's Budget," March 5, 2010. <http://indian.senate.gov/issues/upload/FY2011SCIAViewsandEstimatesLetter030510.pdf> (accessed June 27, 2010).

<sup>51</sup> Ibid.

<sup>52</sup> (Streeter 2007, 4.)

The budget resolution is Congress's response to the President's budget request, covering the upcoming fiscal year and four subsequent fiscal years. The budget resolution sets spending caps so that subcommittees of the House and Senate appropriations committees draft legislation within that budget.<sup>53</sup> The spending cap that is received by the House and Senate appropriations committees is often called the 302(a) allocation.<sup>54</sup> The House and Senate appropriations committees then divide the 302(a) allocation among their 12 subcommittees, creating what is known as 302(b) sub-allocations.<sup>55</sup> These allocations are referred to as 302(a) and 302(b) because reference to these allocations can be found in the corresponding sections of the Congressional Budget Act of 1974.<sup>56</sup>

The House and Senate appropriations subcommittees "hold hearings on segments of the budget under their jurisdiction. They focus on the details of the agencies' justifications, primarily obtaining testimony from agency officials."<sup>57</sup> Although the Senate is required to report its version of the budget resolution by April 1<sup>st</sup> of each year, and the House Rules Committee reports that House action generally proceeds concurrently with the Senate,<sup>58</sup> there is not always a completed budget resolution.<sup>59</sup>

After receiving their 302(b) allocations and after holding hearings, subcommittees of the House and Senate appropriations committees begin to draft appropriations for

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<sup>53</sup> Ibid.

<sup>54</sup> (House Committee on Rules. "The Budget Process and the Budget Resolution.")

<sup>55</sup> Center on Budget and Policy Priorities. "Policy Basics: Introduction to the Federal Budget Process," December 17, 2008. <http://www.cbpp.org/cms/?fa=view&id=155> (accessed July 1, 2010).

<sup>56</sup> U.S. Congressional Research Service. *Allocations and Subdivisions in the Congressional Budget Process* (RS20144, August 29, 2003) by Bill Heniff, Jr. for the House Committee on Rules. <http://www.rules.house.gov/archives/RS20144.pdf> (accessed June 24, 2010), 1.

<sup>57</sup> (House Committee on Rules. "The Budget Process and the Budget Resolution.")

<sup>58</sup> Ibid.

<sup>59</sup> Alarkon, Walter, "House Has Passed Budget Resolution Every Year Since Budget Act, According to Study," *The Hill*, April 14, 2010. <http://thehill.com/blogs/on-the-money/budget/92237-house-has-passed-budget-resolution-every-year-since-budget-act-according-to-study> (accessed June 26, 2010).

programs under their jurisdiction. There are 12 subcommittees of both the House and Senate appropriations committees. These subcommittees are: Agriculture, Rural Development, Food and Drug Administration and Related Agencies; Commerce, Justice, Science, and Related Agencies; Defense; Energy and Water Development and Related Agencies; Financial Services and General Government; Department of Homeland Security; Interior, Environment, and Related Agencies; Departments of Labor, Health and Human Services, Education, and Related Agencies; Legislative Branch; Military Construction, Veterans Affairs, and Related Agencies; State, Foreign Operations, and Related Programs; and Departments of Transportation, Housing and Urban Development, and Related Agencies.<sup>60</sup> Each of these subcommittees generates a funding bill with the same title as the subcommittee.

For purposes of funding for rural development in Alaska, the appropriations bills of highest interest are: Agriculture, Rural Development, Food and Drug Administration, and Related Agencies; Commerce, Justice, Science, and Related Agencies; Energy and Water Development and Related Agencies; Interior, Environment, and Related Agencies; Departments of Labor, Health and Human Services, Education, and Related Agencies; and the Departments of Transportation, Housing and Urban Development, and Related Agencies funding bills.

To assist the subcommittees in drafting legislation, and in an effort to include “congressionally-directed spending” requests, also known as “earmarks,” senators and congressmen send letters to each subcommittee of their respective appropriations

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<sup>60</sup> (Streeter 2007, 23.)

committee detailing their funding requests. These letters are usually due in March and April. New ethics rules in the House and Senate now require that these letters of request be published online. During the 111<sup>th</sup> Congress, the House and Senate appropriations committees published links to each member's request letters. In the past, individual members published requests that they received from constituents online. Each of these steps for greater transparency provides requestors of rural development funding in Alaska with examples of successful applications for congressionally-directed funding.<sup>61</sup>

OMB defines earmarks as:

funds provided by Congress for projects, programs, or grants where the purported congressional direction (whether in statutory text, report language, or other communication) circumvents otherwise applicable merit-based or competitive allocation processes, or specifies the location or recipient, or otherwise curtails the ability of the executive branch to manage its statutory and constitutional responsibilities pertaining to the funds allocation process.<sup>62</sup>

In layman's terms this means that out of a definitive pot of money, earmarks sub-allocate funding for a specific purpose. No additional funds are required to pay for an earmark.

The term "earmark" is derived from an agricultural practice of marking an animal's ear to show ownership. So, out of a herd of animals, the animals with a specific

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<sup>61</sup> U.S. Congressional Research Service. *Earmark Disclosure Rules in the Senate: Member and Committee Requirements* (RS22867, January 16, 2009) by Megan Suzanne Lynch. [http://assets.opencrs.com/rpts/RS22867\\_20090116.pdf](http://assets.opencrs.com/rpts/RS22867_20090116.pdf) (accessed July 11, 2010), 3-4.

<sup>62</sup> Office of Management and Budget. "Earmarks." <http://earmarks.omb.gov/earmarks-public/> (accessed July 1, 2010).

earmark are designated for a specific rancher. The same is true with appropriations legislation. For instance, out of the \$519 million that was allocated to the Office of Justice Programs- Edward Byrne Memorial Justice Assistance Grant (JAG) Program in the Consolidated Appropriations Act of 2010,<sup>63</sup> \$900,000 was sub-allocated at the request of Senator Lisa Murkowski for the State of Alaska to fund drug and alcohol interdiction and rural law enforcement training and equipment.<sup>64</sup> The last available numbers for the base allocation for the JAG program are from 2005. In 2005, Alaska was slated to receive the mandatory minimum, \$743,250.<sup>65</sup> Senator Murkowski's funding request sets aside an additional \$900,000 over the state's base allocation, significantly increasing the amount of funding that the State of Alaska receives.

Members of Congress develop their request letters after reviewing appropriations applications submitted to their offices. Usually, the Alaska Delegation makes appropriations applications available in January of each year. Senator Begich made his application available in December of 2009. The deadline for returning appropriations application to the Alaska Delegation is mid-February. Deadlines for submitting applications to other offices vary.

Appropriations application forms require the applicant to provide information such as name, location, the requested dollar amount, a description of the project, a

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<sup>63</sup> *Consolidated Appropriations Act of 2010*. Public Law 111-117, *U.S. Statutes at Large* 123 Stat. 3133 (2009).

<sup>64</sup> House of Representatives. *Departments of Transportation and Housing and Urban Development, and Related Agencies Appropriations Act of 2010: Conference Report to Accompany H.R. 3288*. Washington, D.C.: Government Printing Office. [http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=111\\_cong\\_reports&docid=f:hr366.111.pdf](http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=111_cong_reports&docid=f:hr366.111.pdf) (accessed June 24, 2010), 847.

<sup>65</sup> U.S. Department of Justice, Office of Justice Programs. *Bureau of Justice Statistics Technical Report: Justice Assistance Grant (JAG) Program, 2005*, July 2005. <http://www.ojp.usdoj.gov/BJA/pdf/jag05rpt.pdf> (accessed June 27, 2010), 3.



justification for the use of federal funds, a project budget including a list of matching funds, and a list of appropriate appropriations bills, as well as federal accounts and subaccounts. In some instances, letters of support are also required. Applicants applying for appropriations through House Republican offices have also been required to submit a “certification letter,” certifying the applicant, the applicant’s local support, a budget, and justification for the project.

House and Senate offices usually have until March or April, depending on the appropriations bill, to review applications received from constituents and draft letters of support to the appropriate appropriations subcommittees. These letters contain a list of supported programs, the requested amount, and a project summary. Finally, each member must certify that neither the member nor his or her family will receive a financial benefit from the program.<sup>66</sup>

Each of the subcommittees of the House and Senate appropriations committees has internal rules for considering appropriations. These rules are set internally, but are often shared with member offices. The *Congressional Record*, however, may be another resource. The chair and ranking members of the appropriations subcommittee that authored the appropriations bill are also considered the “bill managers.” The bill managers collaborate with the chamber’s leadership to schedule floor time to consider the bill and control the time for their caucus on the floor. The bill managers often provide sponsor statements on the floor to provide background for how projects were selected for inclusion in the bill.

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<sup>66</sup> (Streeter 2007, 6-7.)

For instance, besides the 302(b) allocations, which are set by the House and Senate appropriations committees respectively, Senator Dianne Feinstein (D-California) detailed on the Senate floor the self-imposed rules that the Interior and Environment Subcommittee of the Senate Appropriations Committee used in considering appropriations requests for the Interior and Environment appropriations bill. Senator Feinstein stated that the subcommittee only selected programs that have not received federal funding previously; that historic places must be on the federal registry for historic places; that requests would only be included if they were at the top of the member's request list; and although the programmatic statutorily required local matches vary, the Subcommittee would not include a request for funding in the bill unless the local match was equal to or greater than the amount of federal funding requested.

The staff of each subcommittee writes appropriations legislation,<sup>67</sup> and each subcommittee "marks up" its appropriations bill before a version of the bill is made public. While in committee, the text is often referred to as draft legislation.

Once an appropriations subcommittee drafts legislation, it is marked up and referred to the full committee, at which point a version is made publicly available. The House and Senate full committees review and mark up the appropriations bill.<sup>68</sup>

In referring the bill to the House or Senate floor, the appropriations committee prepares the bill and a committee report to accompany it. The bill language provides statutory mandates for funding allocations, while the committee report explains the intent of the committee. Committees do not vote on reports, only on the statutory language, but

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<sup>67</sup> Ibid., 6-7.

<sup>68</sup> Ibid., 6-7.

until recently, Congress included most of its earmarks in report language.<sup>69</sup> President George Bush, however, executed an executive order notifying agencies that although it had been the practice, agencies were not required to abide by congressional report language. President Bush suggested that if Congress truly supported an earmark, it should be included in the bill text and considered on the floor.<sup>70</sup>

After each chamber approves an appropriations bill, the differences must be reconciled in a conference between the two houses, known as a conference committee. The House and Senate appoint conferees to negotiate final legislation on behalf of their respective houses. Additionally, the conference committee usually drafts a conference report to accompany the final legislation. The conference report is similar to a committee report in that it provides agencies with the congressional intent behind the legislation.<sup>71</sup> In the past, House and Senate negotiators of appropriations bills in conference have inserted provisions that did not exist in either version of the bill.<sup>72</sup> This practice is called “airdropping,” and is generally not considered ethical.<sup>73</sup>

After a final bill is negotiated, each house must pass it. The negotiated final bill cannot be amended. After both houses approve the final bill, the legislation is submitted to the president for his signature. The president does not have line-item veto authority. He must either veto the bill in its entirety or sign the bill.<sup>74</sup>

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<sup>69</sup> Ibid., 9.

<sup>70</sup> Brodsky, Robert, “Bush Orders Agencies to Ignore Earmarks,” *Government Executive*, January 29, 2008. <http://www.govexec.com/dailyfed/0108/012908rb1.htm> (accessed July 10, 2010).

<sup>71</sup> (Streeter 2007, 9.)

<sup>72</sup> Ibid., 9.

<sup>73</sup> S. Resolution 63, 111<sup>th</sup> Congress, 1<sup>st</sup> sess., *Congressional Record* (March 04, 2009): S 2773.

<sup>74</sup> (Streeter 2007, 1.)

Understanding and engaging in the appropriations process is critical to ensuring adequate levels of rural development funding. Rural development leaders should confer with the administration to request that their projects be included as part of the president's budget request, and work through the congressional appropriations process to propose a congressionally directed funding requests. Additionally, rural development leaders should monitor the funding levels and congressional guidance of important grant programs.

### **2.3 The Federal Grant-making Process**

After the passage of appropriations and the beginning of a new fiscal year, funding is available for grant programs. Agencies administer three types of grant programs: competitively-awarded grants, formula-based grants, and congressionally directed grants. It is important that rural development leaders to understand each of these types of grants, and the legislative and administrative processes for awarding this funding.

All authorized programs are detailed in the Catalog of Federal Domestic Assistance ("CFDA"), available online at [CFDA.gov](http://CFDA.gov). The CFDA is maintained by the General Services Administration ("GSA"). As Congress passes authorization legislation, GSA updates the CFDA. Grant seekers may search the CFDA by type of assistance, type of applicant, general funding issue area, agency, etc.<sup>75</sup>

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<sup>75</sup> General Services Administration. *Catalog of Federal Domestic Assistance*. <https://www.cfda.gov/> (accessed July 2, 2010).

Competitively-awarded grants are authorized through the authorization process described previously. The authorization sets the general parameters for eligibility requirements. Then, grant reviewers at each agency use their best judgment to determine the most qualified applicants for federal funding. Grant applicants seeking to fund rural development projects in Alaska often do not fare well in these reviews because the number of people served is low, and the cost is high due to the remoteness of rural Alaskan locations. This decreases the overall “impact/outcomes,” often viewed as highly important in evaluating competitively-awarded grant applications.

The basic requirements and eligibility for competitively-awarded grant programs are set forth in the individual authorization approved by Congress, but determining exactly how funding will be allocated and who it will be allocated to is left up to the agencies. Usually, there are significantly more eligible applications for any competitive awarded grant solicitation than funding available, so final determinations on which project will receive funding are made at the agency level.

Many in Congress who favor the use of earmarks to fund projects in their home districts support the use of earmarks as part of Congress’s “power of the purse” or its constitutional authority to raise and spend money,<sup>76</sup> stating that they are accountable to their constituents should money be improperly used. These same members suggest that “unelected bureaucrats” circumvent the Congress’s authority to spend money through the competitively-awarded grant process:

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<sup>76</sup> *C-SPAN*, “C-SPAN Congressional Glossary.” <http://www.c-span.org/guide/congress/glossary/powerpur.htm> (accessed July 1, 2010).

[Representative Hal] Rogers [R-Kentucky] said that his district is the second-poorest in the nation and had been ‘left behind’ by the state and federal governments. “Unelected bureaucrats have failed this district, and I decided from Day One that I was going to change that,” Rogers said in an email.<sup>77</sup>

Alaskan applicants for federal funding are in the same “pool” as applicants from the lower 48 for all grants except those specifically authorized for Alaskans. Earmarks are often considered as an offsetting measure—offsetting the hurdles rural development projects encounter in the competitively-awarded grant process.

Because competitively-awarded funding is difficult to obtain, local government funding for rural development projects is often unavailable or nonexistent, and relatively few private national foundations have provided funded for Alaskan rural development projects, projects are usually delayed while other means of funding are sought—such as federal appropriations. In addition to federal appropriations, directing formula-based funding to rural development needs may be available.

Formula-based funding provides funding without competition to eligible entities based upon a formula that is set forth in the authorization for the program. Each eligible recipient receives a designated percentage of funds allocated to the program nationally

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<sup>77</sup> Kelley, Matt, “Lawmakers Fund Charities With Earmarks,” *USA Today*, June 27, 2010. [http://www.usatoday.com/news/washington/2010-06-27-charity-earmarks\\_N.htm](http://www.usatoday.com/news/washington/2010-06-27-charity-earmarks_N.htm) (accessed July 2, 2010).

based on criteria set forth in the grants authorizing legislation. Funds are allocated regardless of the merit of the project or applicant.<sup>78</sup>

An example of formula-based funding is the Edward Byrne Memorial Justice Assistance Grant Program.

Funds may be used to provide additional personnel, equipment, facilities (including upgraded and additional law enforcement crime laboratories), personnel training and equipment for more widespread apprehension, prosecution and adjudication of persons who violate state and local laws related to production, possession and transfer of controlled substances and to improve the criminal justice system.<sup>79</sup>

The formula designating how funding among the states is determined was set forth in the Consolidated Appropriations Act of 2005.<sup>80</sup>

As part of the authorization for JAG grants, funding is allocated as follows: “Half of the available funds are allocated based on the State’s or Territory’s share of violent crimes, and half of the funds are allocated based on the State’s or Territory’s share of population.”<sup>81</sup> Programs like the JAG program that allocate funding based upon

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<sup>78</sup> U.S. Congressional Research Service. *Federal Grants to State and Local Governments: Overview and Characteristics* (RS20669, November 27, 2002) by Ben Canada. [http://lugar.senate.gov/services/pdf\\_crs/grants/Federal\\_Grants\\_to\\_State\\_and\\_Local\\_Governments\\_Overview\\_and\\_Characteristics.pdf](http://lugar.senate.gov/services/pdf_crs/grants/Federal_Grants_to_State_and_Local_Governments_Overview_and_Characteristics.pdf) (accessed July 10, 2010), 2.

<sup>79</sup> General Services Administration. “Edward Byrne Memorial Formula Grant Program: 16.579.” *Catalog of Federal Domestic Assistance*. <https://www.cfda.gov/index?s=program&mode=form&tab=step1&id=3eb60fbc1030fc1fcdc37e5a3070ddfd> (accessed July 3, 2010).

<sup>80</sup> *Violence Against Women and Department of Justice Reauthorization Act of 2005*, Public Law 109-162, *U.S. Statutes at Large* 119 Stat. 2960.

<sup>81</sup> (U.S. Department of Justice, Office of Justice Programs. *Bureau of Justice Statistics Technical Report: Justice Assistance Grant (JAG) Program, 2005.*)

population numbers instead of percentage-based indicators are “double whammies” for rural states like Alaska. Formulas for national programs like JAG often provide for a mandatory minimum- ensuring that all states receive a minimum percentage of the total funding appropriated for the program. “The Bureau of Justice Statistics (BJS) calculates, for each state and territory, a minimum base allocation which, based on the congressionally mandated JAG formula, can be enhanced by (1) the state’s share of the national population and (2) the state’s share of the country’s Part 1 violent crime statistics.”<sup>82</sup>

Although Alaska has ranked between sixth and twenty-fifth when compared other states for the greatest number of reported violent crimes per 100,000 residents,<sup>83</sup> Alaska’s share of the total violent crime in the country is low. As a result, Alaska only receives the minimum base allocation, along with North Dakota, South Dakota, Vermont, and Wyoming.<sup>84</sup> In 2005, the year these JAG numbers were reported, Alaska ranked sixth in state rankings on violent crime per 100,000 residents,<sup>85</sup> but only received the minimum base allocation. North Dakota ranked fiftieth; South Dakota ranked forty-sixth; Vermont ranked forty-eighth; and Wyoming ranked forty-fourth.<sup>86</sup> Like these states, Alaska has a low population and receives the mandatory minimum allocation; however, of these states, only Alaska has a high crime rate.

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<sup>82</sup> Ibid.

<sup>83</sup> Brady Campaign to Prevent Gun Violence. “Violent Crime Rate- State Rankings 1987-2006.” <http://www.bradiycampaign.org/xshare/pdf/reports/violent-crime-state-ranking-1987-2006.pdf> (accessed June 24, 2010).

<sup>84</sup> U.S. Department of Justice, Office of Justice Programs. *Justice Assistance Grant Program, 2005*. <http://www.ojp.usdoj.gov/BJA/pdf/jag05rpt.pdf> (accessed June 25, 2010).

<sup>85</sup> Brady Campaign to Prevent Gun Violence. “Violent Crime Rate- State Rankings 1987.

<sup>86</sup> Ibid.



Rural development leaders must monitor legislation to determine how it will affect funding for rural development in Alaska. Legislation, once written, is difficult to change if it is not amended in committee. Authorizing language is difficult to amend on the House and Senate floors: if the legislation is not quickly passed by unanimous consent in the Senate or considered under suspension of the rules in the House, it often requires extensive floor time to be considered because many members are eager to tinker with programs in favor of their home states and districts. In the House, membership is based on population and it is very difficult to pass legislation that increases funding for rural development. Amending formulas so that they are not based solely on population does not increase funding for programs, but instead, has the effect of decreasing the percentage of federal funding received by more urban areas, and thus is opposed by members representing these areas.

### Chapter 3 “Sunlight:” Alaska Politics on the National Stage

As noted previously, Alaska has received large earmarks in the past that have allowed it to develop much of its basic infrastructure. Exactly who requested funding for projects in previous congresses may never be known, however, because Congress was less transparent regarding funding requests that it is now. In the 111<sup>th</sup> Congress, senators and congressional representatives must demonstrate that the project was requested locally, declare their support for the project, and certify that neither they nor their families have a financial interest in the earmark request. These rules are recent developments that have occurred in an effort to increase transparency and root out corruption. The Alaska delegation’s actions have been attributed to the need for these changes.

Several national news media outlets noted Senator Murkowski’s rise in leadership in the Senate. After Senator Ted Stevens left the Senate, Alaska was left without a position on the Senate Appropriations Committee—Senator Ted Stevens’ position on the Committee had provided for millions of dollars for rural development, and Alaska was looking at a future without such leadership. Senator Murkowski lobbied for and received a position on the coveted Senate Appropriations Committee at the beginning of the 111<sup>th</sup> Congress, albeit without the same seniority and influence held by former Senator Ted Stevens.<sup>87</sup>

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<sup>87</sup> Bolstad, Erika, “Party Peers in Senate Vote Murkowski to Leadership Role,” *Anchorage Daily News*, June 25, 2009. <http://www.adn.com/2009/06/25/844064/party-peers-in-senate-vote-murkowski.html> (accessed July 10, 2010).

On the Senate Appropriations Committee, Senator Murkowski was appointed to the highest Republican position on one of the subcommittees in her first year on the Committee. Additionally, Senator Murkowski was elected to leadership in the Republican Conference, taking on the position of vice chairwoman.<sup>88</sup> Although Murkowski gave up her ranking member position on the Senate Indian Affairs Committee to accept her position on the Senate Appropriations Committee, she remains the most senior Republican member of the Committee. Murkowski also became the ranking member of the Senate Energy and Natural Resources Committee, and generally gained greater seniority on all of the committees on which she sits.<sup>89</sup>

Murkowski's ascent at the beginning of the 111<sup>th</sup> Congress was a needed step for Alaskans as they lost the longest-serving Republican member of Congress. Murkowski's leadership growth is especially important for rural development funding in Alaska because of the role that seniority plays on the Senate Appropriations Committee.

There is an unspoken rule that earmarks are doled out according to seniority and committee memberships. Generally, it is assumed that the Senate Appropriations Committee will include roughly \$1 million worth of requests per bill from the most junior members of the majority party. The most junior minority members may receive no funding whatsoever in certain appropriations bills. There are increases in the general funding allocations based on seniority, committee members, and other factors. (These are not hard and fast numbers, just general estimates.) Members are able to trade

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<sup>88</sup> Isenstadt, Alex, "John Thune, Lisa Murkowski Ascend in Senate GOP Leadership," *Politico*, June 26, 2009. <http://www.politico.com/news/stories/0609/24241.html> (accessed June 24, 2010).

<sup>89</sup> (Bolstad 2009.)

allocations in one bill for allocations in another, combine their “chits” with other members of their delegation, or generally trade “chits” in other ways.

Murkowski, however, as a member of the minority party and member of the Senate Appropriations Committee, is expected to receive roughly \$5 million in earmarks per appropriations bill—again, a general estimate that is highly open to amendment. Murkowski’s allocation, although certainly the largest of the Alaska Congressional Delegation, is significantly less than what Ted Stevens was able to secure because of his seniority and leadership position on the Senate Appropriations Committee. The level of funding for rural development in Alaska that was possible under Senator Ted Stevens is not a possibility with Alaska’s new congressional delegation.

When Senator Mark Begich won election over incumbent Senator Ted Stevens, however, Alaska experienced a political dynamic that it has not experienced since Senator Mike Gravel (D-Alaska) and Ted Stevens served together beginning in 1968—a delegation represented by both political parties. Senators of different parties have occasionally had strong relationships and have built long-term collaborations to successfully secure funding and resources for their home states. This was by no means the case, however, when Gravel and Stevens served together; they did not have a good working relationship.<sup>90</sup>

An example of bi-partisan senators working together well for the benefit of their home state is senators Pete Domenici (R) and Jeff Bingaman (D) of New Mexico. The two became a Republican-Democrat pair in 1983 when Senator Bingaman joined Senator

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<sup>90</sup> Kizzia, Tom, “The Rise and Fall of Sen. Ted Stevens,” *Anchorage Daily News*, November 19, 2008. <http://www.adn.com/2008/11/19/594135/the-rise-and-fall-of-sen-ted-stevens.html> (accessed July 11, 2010).

Domenici in the Senate. While serving together, Bingaman and Domenici joined together to support many pieces of legislation, including energy bills that passed with large, bi-partisan support even while the Senate was devolving into partisan rancor.<sup>91</sup>

Begich and Murkowski tend to cautiously collaborate on federal legislation and interactions with agencies, often deciding to take on political projects individually instead of consulting the other office to suggest collaboration. One recent example of this lack of willingness to work together is their congressional responses to the Gulf of Mexico oil spill. Senators Murkowski and Begich took difference stances on how Congress should respond to the spill and published competing press releases within minutes of one another.<sup>92</sup> Separately, these proposals will have a lower success rate of being considered and passed by the full Senate. If the senators representing the state where the last major spill occurred joined together in drafting one plan, however, the plan would have a significantly higher probability of success.

Only time will tell if the two senators and their staffs will attempt to more fully integrate their political efforts—like the projects Lisa Murkowski and Ted Stevens took on jointly. It should be noted, however, that animosity between offices is not exclusive to offices of differing parties. Senator Frank Murkowski and Senator Ted Stevens were known for not often working well together.<sup>93</sup>

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<sup>91</sup> Davenport, Coral, “Climate Bill Hopes Hang on Bingaman,” *Politico*, July 1, 2010. <http://dyn.politico.com/printstory.cfm?uuid=8B5C8E7C-18FE-70B2-A822A8B139DE9411> (accessed July 3, 2010).

<sup>92</sup> Bolstad, Erika, “Alaska Senators Back Different Claim Plans,” *Anchorage Daily News*, June 16, 2010. <http://www.adn.com/2010/06/15/1325361/alaska-senators-back-different.html> (accessed July 10, 2010).

<sup>93</sup> (Kizzia 2010.)

There are hurdles for this new generation of Senate offices to overcome as well. Murkowski's and Begich's staffs include several members who actively engaged in political campaigns opposing the other or who have worked for party leadership, which can foster animosity between the offices. Senator Begich's office is staffed with many who campaigned against Murkowski during her campaign against former Alaskan Governor Tony Knowles. Many of these same staffers also campaigned against Senator Lisa Murkowski's father, Frank Murkowski, when he ran for governor against former Lieutenant Governor Fran Ulmer in 2002.

As senators become more senior, they are able to replace many of the campaign staffers that originally followed them to the Senate with more policy-oriented staff. For instance, Senator Murkowski's staffer on Alaska Native issues is Megan Alvanna-Stimpfle. Alvanna-Stimpfle is a King Island Inupiaq from Nome who lobbied on behalf of tribal issues and was the chair of the Inuit Circumpolar Youth Council before Senator Murkowski hired her. Alvanna-Stimpfle's counterpart in Senator Begich's office, on the other hand, is comparatively new to American Indian and Alaska Native Affairs issues. However, she has worked in several Democratic offices—she was previously an aide to the Democrats on the Alaska State House Finance Committee and an aide to Alaska Representative Les Gara.<sup>94</sup>

Senator Begich brings new angles to funding for rural development, however.

Senator Begich is a Democrat and has supported Democrat-sponsored legislation opposed

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<sup>94</sup> Begich, Mark, "Sen. Begich Fills Key Positions for D.C. Office," January 23, 2009. [http://begich.senate.gov/public/index.cfm?p=PressReleases&ContentRecord\\_id=b0321bc4-8af7-476a-a24e-b6a83e9a4b16&ContentType\\_id=ef710aa3-7e29-440a-b9de-316ee20df1b5&MonthDisplay=1&YearDisplay=2009](http://begich.senate.gov/public/index.cfm?p=PressReleases&ContentRecord_id=b0321bc4-8af7-476a-a24e-b6a83e9a4b16&ContentType_id=ef710aa3-7e29-440a-b9de-316ee20df1b5&MonthDisplay=1&YearDisplay=2009) (accessed June 30, 2010).

by Senator Murkowski, Representative Young and the majority of Republicans—such as the American Recovery and Reinvestment Act, also known as the “stimulus.” Funding allocated for rural development under this Act has been substantial. Senator Begich also sits on the Senate Committee on Commerce, Science and Transportation—the Committee that drafts the Surface Transportation Bill, which also provides significant funding for rural development in Alaska.

The American Recovery and Reinvestment Act (the “Recovery Act”) was signed into law on February 17, 2009, to

create new jobs and save existing ones, spur economic activity and investment in long-term growth, and foster unprecedented levels of accountability and transparency in government spending.<sup>95</sup>

Primarily the Democrats supported the legislation, and Senator Murkowski and Congressman Young chose not to support the legislation because of the drastic increases in debt spending that the legislation proposed.

As of June 16, 2010, \$1,660,917,270 has been allocated to Alaska projects, grants, contracts and loans provided by the Recovery Act.<sup>96</sup> In October of 2009, the Council on State Governments produced a state-by-state analysis of awards, allocations, funding per capita, and jobs created. According to StateRecovery.org, Alaska created or saved 287 jobs under the Recovery Act, ranking 31<sup>st</sup> in the number of jobs created or

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<sup>95</sup> Recovery Accountability and Transparency Board, “The Recovery Act.” [http://www.recovery.gov/About/Pages/The\\_Act.aspx](http://www.recovery.gov/About/Pages/The_Act.aspx) (accessed July 2, 2010).

<sup>96</sup> Recovery Accountability and Transparency Board, “Recipient Reported Data Map.” <http://www.recovery.gov/Transparency/RecipientReportedData/pages/RecipientReportedDataMap.aspx?State=AK&datasource=recipient> (accessed July 2, 2010).

saved—although Alaska ranked last (50<sup>th</sup>) in funds paid out as of October 2009. Additionally, the funds awarded per capita were \$379, placing Alaska second in the number of funds allocated to it per capita.<sup>97</sup>

Earmarks were not included as part of the Recovery Act, but Senator Mark Begich lobbied hard to encourage agencies to spend their money in Alaska. In August of 2009, President Obama announced that the secretaries of Housing and Urban Development, Energy, Agriculture, and Education would travel to Alaska as part of President Obama's "Rural Tour," an effort to understand the needs of America's rural populations. Senator Begich collaborated with these departments to ensure that the secretaries would travel to Alaska to understand the needs of rural Alaskans and how they could help.<sup>98</sup>

Because of Begich's support of the Recovery Act and because of his strong lobbying efforts with the administration, Alaska was allocated more funding per capita (\$379) through one bill (the Recovery Act) than all the earmarks that senators Murkowski and Begich and Congressman Young garnered under all twelve appropriations bills (\$331 per capita) for Fiscal Year 2010.<sup>99</sup>

It should be noted, however, that these numbers cannot be used as a strict comparison, because the \$331 per capita figure quoted by the *Anchorage Daily News* is

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<sup>97</sup> The Council of State Government, "State Responses: Alaska." <http://www.staterecovery.org/alaska> (accessed July 2, 2010).

<sup>98</sup> Joling, Dan, "Begich Says Rural Trip Was Eye-Opening for Cabinet Members," *Anchorage Daily News*, August 14, 2009. <http://www.adn.com/2009/08/13/897810/begich-says-rural-trip-was-eye.html> (accessed July 10, 2010).

<sup>99</sup> Bolstad, Erika, "Changes in Congress Leave Alaska with Fewer Earmarks," *Anchorage Daily News*, February 22, 2010. <http://www.adn.com/2010/02/21/1150433/congress-changes-cut-state-earmarks.html> (accessed July 2, 2010).



strictly for earmarks and does not factor into the figure all funds allocated to Alaska for Fiscal Year 2010, which would significantly increase the per-capita figure. The \$379 per capita figure quoted by the Council on State Governments includes all funding, including increases to formula-based funding, allocated to the State of Alaska.

Additionally, although Alaska was slated to receive a significant boost in funding under the Recovery Act, there are sizeable drawbacks to Recovery Act funding for rural development. Funding allocated under the Recovery Act was often formula-based funding, which, as previously noted, is often based on population. The dollar amounts to be allocated for a significant number of programs under the Recovery Act were so small that small communities were not able to accept the money because of the large reporting requirements that come with accepting Recovery Act funds. Recipients of Recovery Act funds must report the following every quarter: amount of funds received; a detailed list of all projects or activities for which funds were expended or obligated including name, description of the project, and current status; an estimated number of jobs created; in an infrastructure investment, the rationale for use of funds under the Act must be justified; and detailed information about subcontracts or subgrants.<sup>100</sup>

Several rural communities in Alaska were eligible for funding as low as \$34,000 for Energy Efficiency and Conservation Block Grant (EECBG) projects in Alaska, for instance. Funding provided through EECBG is to support projects that reduce total energy use, to reduce fossil fuel emissions, and to improve energy efficiency—funding

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<sup>100</sup> *American Recovery and Reinvestment Act of 2009*, Public Law 111-5, *U.S. Statutes at Large* 123 Stat. 115 (2009), § 1512.

greatly needed for rural development because of the costs of home heating and transportation.<sup>101</sup> A Department of Commerce report found that

[t]he high cost of energy continues to negatively impact rural households, businesses, and communities across Alaska. While national average retail fuel prices are beginning to decrease, state average fuel prices remain high but stable. With the upcoming winter season and associated extreme low temperatures, rural Alaska communities and households reliant on fuel to heat their homes and buildings and to generate electricity are confronted with the challenge of paying high retail fuel prices to meet basic survival needs. The remote nature and limited size of the majority of Alaska's rural communities further compounds the issue due to increased transportation costs, limited storage capacity, and financial management considerations.<sup>102</sup>

Thirty-four thousand dollars is simply too little to complete energy efficiency upgrades in rural Alaska and hire the staff needed to complete the arduous reporting requirements.

The political dynamic in Washington is changing away from earmarks and toward formula-based funding to ensure that everyone is allocated their "fair share." Senator Begich has been successful in ensuring that Alaska is at the table when funding decisions

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<sup>101</sup> U.S. Department of Energy, "Obama Administration Announces Additional \$13,969,700 for Local Energy Efficiency Improvements in Alaska," March 26, 2009. <http://www.energy.gov/7103.htm> (accessed July 2, 2010).

<sup>102</sup> Division of Community Advocacy, Research and Analysis Section, Department of Commerce, Community, and Economic Development, "Current Community Conditions: Fuel Prices Across Alaska," June 2007. <http://www.dced.state.ak.us/dca/pub/FuelSurveyJune07Web.pdf> (accessed July 2, 2010).

are being made. Unfortunately, that funding may be inaccessible because of the additional strings that are being imposed on funding under the Obama administration.

For rural development projects to be meaningfully funded in rural Alaska in this new political dynamic, something must change. One, funding formulas must be changed to allow at least one funding indicator to be non-population-based. Two, peer-reviewed competitively-awarded funding should have a means of positively factoring in the preservation of remote villages and transportation costs into considerations of highest and best uses for federal grant funds. It is unlikely, however, that these changes can be made in the current political climate. Rural development leaders should instead investigate methods for collaboration with other villages to reduce overhead costs of applying for and administering grants in order to capture small grants.

Senator Begich's other strength for funding rural development in Alaska is his position on the Senate Commerce, Science and Transportation Committee, the committee that drafts part of the legislation to reauthorize the federal surface transportation program for highways, highway safety, and transit—the Surface Transportation Bill. The Senate Environment and Public Works Committee has jurisdiction over other sections of the bill.<sup>103</sup>

The original Surface Transportation Bill, passed in 1982, increased the tax on gas and allocated the funds earned under the tax to improve America's roads and bridges. The reauthorization of the legislation provides for continued taxation and authorizes use of the funds. Annually, Alaska receives roughly \$326,827,381 in funds collected and

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<sup>103</sup> U.S. Department of Transportation. "Reauthorization of TEA-21." <http://www.fhwa.dot.gov/reauthorization/> (accessed July 2, 2010).

distributed under this Act.<sup>104</sup> This funding includes High Priority Projects, which are similar to earmarks in that they are individual projects, listed by name and amount and allow recipients to circumnavigate the formula-based and competitively-awarded funding processes.

Senator Begich, as a member of the majority party and of the Senate Commerce, Science and Transportation Committee, will have the ability to influence the authorization process and the projects that are included as part of the Surface Transportation Bill reauthorization as High Priority Projects.

The last Surface Transportation Bill, the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU), was written by Congressman Don Young, who named the legislation after his wife, Lu Young. Congressman Young, then Chairman of the House Committee on Transportation and Infrastructure, was able to secure \$941 million in High Priority Projects, securing Alaska as the fourth most-funded state in High Priority Projects. Congressman Don Young referred to his ability to obtain High Priority Projects in SAFETEA-LU as “stuffing the turkey.”<sup>105</sup>

Funding for the programs and taxes authorized under SAFETEA-LU are operating under a short-term extension and will need to be reauthorized soon. The power of Congressman Young to secure funding in the next Surface Transportation Bill for

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<sup>104</sup> American Association of State Highway and Transportation Officials. “State-by-State Apportionment Tables.” <http://www.transportation1.org/aashtonew/> (accessed July 2, 2010).

<sup>105</sup> Freiberg, Chris, “Rep. Don Young Pledges to Keep Earmarks Coming for Alaska,” *Fairbanks Daily News-Miner*, March 12, 2010. [http://www.newsminer.com/view/full\\_story/6679878/article-Rep--Don-Young-pledges-to-keep-earmarks-coming-to-Alaska?instance=home\\_lead\\_story](http://www.newsminer.com/view/full_story/6679878/article-Rep--Don-Young-pledges-to-keep-earmarks-coming-to-Alaska?instance=home_lead_story) (accessed July 2, 2010).

Alaska, however, has been severely weakened because of the investigations involving or associated with Congressman Young. Congressman Young stepped down from his committee chairmanships because the Federal Bureau of Investigations and the House Ethics Committee are investigating him for potential fundraising abuses and other potential wrongdoing.<sup>106</sup>

Congressman Young is the second most senior Republican in the House of Representatives,<sup>107</sup> but because of the ethical cloud that surrounds him, holds no ranking member or leadership positions. Two major concerns are Coconut Road and Jack Abramoff.

First, during consideration of the last Surface Transportation Bill, a \$10 million earmark was added when a legislative aide changed the language of the bill to include it after both houses had passed the bill. The earmark was for a road in Florida, Coconut Road. Reports from Young's office called the Coconut Road earmark inclusion a "technical correction." Other reports from Young's office stated that the Florida request was included at the request of a member from the Florida district representing Coconut Road which was later denied by the Florida district representative. The Senate requested that the Department of Justice investigate the Coconut Road earmark after it was found that the local representative did not support the measure, and that a development

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<sup>106</sup> Bolstad, Erika, "Young Bumped From Top House Committee Spot," *Anchorage Daily News*, December 11, 2008. <http://www.adn.com/2008/12/10/618421/young-bumped-from-top-house-committee.html> (accessed July 2, 2010).

<sup>107</sup> Ibid.

company that stood to gain significantly contributed a sizable donation to Congressman Young just before the earmark was included in the final version of the bill.<sup>108</sup>

Later, Jack Abramoff was indicted on felony counts related to defrauding of American Indian tribes and corruption of public officials. Several other lobbyists and members of Congress have been investigated on similar charges. The Department of Justice may now be investigating Young as well. Although Congressman Young claimed to have no connections with Jack Abramoff and his associates, one of Young's top aides, Mark Zachares, left Congress to lobby with Abramoff. Zachares has pled guilty to accepting bribes from Abramoff while employed as a congressional staffer on one of Congressman Young's committees.<sup>109</sup>

Because of the scandals surrounding many members of Congress, and in an effort to appear more fiscally conservative than the other party, the Democrats of the House Appropriations Committee passed a rule stating that no request for an earmark for a private entity would be accepted.<sup>110</sup> Then, in an effort to appear more fiscally conservative than their Democrat counterparts, Republicans passed a rule that no member of the Republican Caucus would be allowed to submit earmark requests.<sup>111</sup> After passage of this rule, it appeared that Alaska, a state strongly reliant on earmarks and only

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<sup>108</sup> Bolstad, Erika, "Justice Asked to Probe Young Earmark," *Anchorage Daily News*, April 18, 2008. <http://www.adn.com/2008/04/18/379679/justice-asked-to-probe-young-earmark.html> (accessed July 3, 2010).

<sup>109</sup> Mauer, Richard, "Records Expose Young-Abramoff Ties," *Anchorage Daily News*, May 15, 2008. <http://www.adn.com/2008/04/20/381253/records-expose-young-abramoff.html> (accessed July 3, 2010).

<sup>110</sup> Kane, Paul. "House Bans Earmarks to For-Profit Companies," *Washington Post*, March 11, 2010. <http://www.washingtonpost.com/wp-dyn/content/article/2010/03/10/AR2010031002084.html> (accessed July 10, 2010).

<sup>111</sup> Fabian, Jordan and Hooper, Molly, "House GOP Votes to Ban All Earmarks," *The Hill*, March 11, 2010. <http://thehill.com/blogs/blog-briefing-room/news/86203-house-gop-approves-conference-wide-earmark-ban> (accessed July 10, 2010).

represented by a Republican, would be left without earmarks in the House versions of appropriations bills.

Congressman Young, however, decided to submit appropriations requests over the objections of his Republican Caucus colleagues. Only a few Republican House members chose to submit earmark requests. Congressman Young's thinking was: "They've already removed my leadership positions on House committees, there really isn't much more they can do to punish me." House Majority Leader John Boehner, however, submitted a memo to Republican members with pending earmark requests stating that if the requests were not rescinded, the Caucus would consider removing committee memberships from any member who chose not to conform to the earmark moratorium. Congressman Young's requests are still pending before subcommittees of the House Appropriations Committee.<sup>112</sup>

Congressman Young's status in the House of Representatives is severely weakened, and his future ability to secure funding for rural development is unclear. Young holds no ranking member positions, does not have the support of his party to submit earmarks, and is in danger of becoming a "lone wolf" in the House.

In sum, the 2008 election drastically changed Alaska's congressional delegation and greatly reduced the potential for strong funding for rural development. Stark decreases in seniority and harmful new rules in the House of Representatives will continue to limit the Alaskan Delegation's ability to secure rural development funding.

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<sup>112</sup> Bolstad, Erika, "Young to Seek Earmarks in Defiance of GOP's 1-year Ban," *Anchorage Daily News*, March 23, 2010. <http://www.adn.com/2010/03/22/1194689/young-to-seek-earmarks-in-defiance.html> (accessed July 10, 2010).

An Alaskan Delegation represented by both parties, however, may allow rural development funding to be strongly carried forward in the future, regardless of which political party is in the majority as well as provide a medium for innovative funding mechanisms, such as the Recovery Act.



#### **Chapter 4 The Obama Administration: Effects on Rural Development Funding in Alaska**

The election of President Barack Obama represented the fulfillment of a dream for many—and for many rural Alaskans, Obama represents them as the first minority president of the United States. President Obama, however, who has a background in urban development and is under intense political pressure to reduce federal spending, may drastically reduce funding for rural development in Alaska.

During his presidential campaign, then-Senator Obama promised to go “line by line” through appropriations bills to seek out unnecessary spending, including earmarks. Since his election, President Obama has overseen and encouraged the passage of substantial spending bills—including what are commonly known as the economic stimulus and the bank bailout bills. President Obama has continued to apply pressure on earmarks and to encourage earmark reform. Recently, President Obama requested that Congress pass legislation to give the president the authority to remove earmarks from funding bills.<sup>113</sup>

In addition to President Obama’s efforts to curtail earmarking, two significant moves by his administration have significantly impaired Alaska’s ability to receive federal funding for rural development. First, the Obama administration seeks to regionalize funding. Second, the Obama administration seeks to curtail the “power of lobbyists.”

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<sup>113</sup> Montgomery, Lori, “President Obama Seeks New Version of Line-Item Veto,” *Washington Post*, May 25, 2010. <http://www.washingtonpost.com/wp-dyn/content/article/2010/05/24/AR2010052403836.html> (accessed July 10, 2010).

The Obama administration's desire to encourage regional centers, although possibly a method of reducing federal spending, will have a negative impact on rural development in Alaska. Commerce Secretary Gary Locke said:

President Obama is working every day to put Americans back to work, create good jobs, and strengthen our economy for the long term. By leveraging resources across the federal government and building on regional strengths, we'll improve business opportunities, enhance our nation's global economic competitiveness and create sustainable, 21<sup>st</sup>-century jobs.<sup>114</sup>

In Alaska, villages within the same region are often culturally very distinct. Cultures, language, and traditions can vary widely in the same region. Regionalizing funding and funding decisions can have the effect of limiting the prosperity of some villages in the region.

The Supreme Court and Congress have determined that the federal government has a fiduciary responsibility for the health, safety and cultural preservation of Alaska Natives. Regionalization of resources may inhibit this trust responsibility. The Indian Affairs Committee's Views and Estimates letter argued that

[t]he United States has unique legal obligations to Indian tribes that are grounded in the United States Constitution, treaties, federal statutes, and Supreme Court decisions. These obligations arise in part from cessions of hundreds of millions of acres of tribal homelands to the United States. In

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<sup>114</sup> U.S. Department of Energy. "Obama administration Launches \$130 Million Building Energy Efficiency Effort," February 12, 2010. <http://www.energy.gov/news/8637.htm> (accessed July 10, 2010).

return, the Federal Government made promises to provide for the health, education, and general welfare of reservation residents.<sup>115</sup>

Congress should be careful when considering regionalization as a method as a cost-saving method as it relates to tribes. Some instances of regionalization may reduce federal outlays without placing an undue burden on tribes; other instances may reduce individual tribal autonomy.

Second, under the Recovery Act, the Obama administration issued an executive order stating that agencies were not to communicate with registered lobbyists about federal funding appropriated under the Recovery Act. Agencies asked the Office of Budget and Management for additional guidance on fulfilling the President's executive order, and several agencies went as far as to disqualify any funding applicant if a registered lobbyist or a member of Congress had contacted the agency on the applicant's behalf.<sup>116</sup> The significance of this executive order for rural development funding is substantial.

First, who is a lobbyist? The House and Senate define a lobbyist as anyone (1) who is either employed or retained by a client for financial or other compensation, (2) whose services include more than one lobbying contact, and (3) whose lobbying activities constitute 20 percent or more of his or her time on behalf of that client during any three-

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<sup>115</sup> (U.S. Senate Committee on Indian Affairs, "The Indian Affairs Committee Submits 'Views and Estimates' Letter on the President's Budget," 1-2.)

<sup>116</sup> Eggen, Dan and Smith, R. Jeffrey, "Lobbying Rules Surpass Those of Previous Presidents, Experts Say," January 22, 2009. <http://www.washingtonpost.com/wp-dyn/content/article/2009/01/21/AR2009012103472.html> (accessed July 9, 2010).

month period.<sup>117</sup> Additionally, any individual who is employed by a lobbying client and makes more than one lobbying contact to covered official must disclose his or her lobbying activity on quarterly lobbying disclosure forms, and consequently becomes a registered lobbyist. Contacts to covered officials include any communication to congressional staff or the administration to influence legislation, policy or administrative outcomes outside of the Federal Register comment process or outside legal actions with the administration.<sup>118</sup> The definition of who is a lobbyist is very broad and does not take into consideration any assumptions regarding an individual's ability to influence administrative and congressional processes.

Many rural communities in Alaska do not have the funding available to hire full-time staff, much less hire staff dedicated to interactions with the federal government. When legislation like the Recovery Act is considered in Congress and funded by the administration, leaders of rural communities, much like rural development leaders of the lower 48 not engaged in federal government affairs, may not understand the implications of the legislation.

Rural Alaskans, unlike rural development leaders elsewhere, have additional barriers keeping them from contacting the administration or Congress on legislation and administrative policies. Although it may seem trivial, the four-hour time difference between Alaska and Washington, D.C. is significant. As Alaskans are getting into the office, congressional and administrative staffs are returning from lunch. Half the day is

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<sup>117</sup> The Secretary of the Senate and the Clerk of the House of Representatives, "Lobbying Disclosure Act Guidance," revised June 15, 2010. [http://lobbyingdisclosure.house.gov/ldaguidance\\_0610.pdf](http://lobbyingdisclosure.house.gov/ldaguidance_0610.pdf) (accessed July 10, 2010), 2.

<sup>118</sup> *Ibid.*, 5, et seq.

gone, and rural Alaskans experience difficulties in contacting congressional and administrative staff, which is especially burdensome when legislation or policy decisions are made quickly.

In addition, the distance between rural Alaska and Washington, D.C. is great, and travel is expensive. Much of the U.S. population is located within a three-hour flight time of Washington, D.C. Rural Alaskans may take as long as a week to reach Washington, D.C., if the weather is prohibitive. Additionally, the round-trip cost of travel to Washington, D.C. can be well over \$1,000.

Finally, many rural development leaders may not have the know-how to navigate the federal appropriations process in order to secure federal appropriations. While many rural development leaders have developed federal appropriations savvy, most are engaged in the day-to-day operations of rural development in their communities and choose to rely on a lobbyist to navigate federal appropriations. Prohibitions on lobbyists communicating with the administration greatly hinder efforts to secure rural development funding in Alaska.

So far, the Obama administration has had only limited interactions with agency staff and lobbyists with regard to the Recovery Act, but President Obama has suggested that additional limitations may be in order in the future. Such limitations will require already-overworked rural development leaders to learn administrative, congressional, and national politics; pay significantly to travel to Washington to advocate for their projects; and the end result will be that the rural development leader will either have to be unpaid,

register as a lobbyist for advocating on behalf of their rural project, or risk federal penalties for lobbying without registering and disclosing lobbying activities.

## Chapter 5 Conclusion

Federal funding for rural development drastically decreased after the 2008 election because of changes in the presidential administration and Alaska's congressional delegation, new political rules in Congress, and calls from the public for fewer earmarks.

Without a doubt, the most significant decrease in federal funding for rural development can be attributed Senator Ted Stevens losing his Senate seat. Many will argue, and I agree, that Senator Ted Stevens' position in the Senate would have had to come to an end eventually, causing rural development funding for Alaska to decrease drastically. I believe, however, that rural development projects in Alaska will never again see the amount of funding that they did before 2008. This is because the loss of Senator Ted Stevens occurred in conjunction with additional restrictions on federal funding for rural development in Alaska. Increased emphasis on competitively-awarded funding and formula-based funding as opposed to earmarks, the decreased role of lobbyists, and the eventual replacement of Alaska's only congressman and the subsequent junior status of his successor will be hurdles for maintaining even a minimal level of federal funding for rural development in Alaska in the future.

Rural development leaders will need to become resourceful at capitalizing on the new political realities of Washington, D.C. to be successful in obtaining and fully utilizing federal funding in the future. Even in times of economic uncertainty, rural development leaders must build the case for continued funding for costly projects in Alaska where populations are low. They must vigilantly monitor the authorizations and appropriations process to advocate for the best outcomes for rural development funding

in Alaska. Additionally, they should look to non-traditional sources of funding such as foundation and loans. Finally, rural development leaders must become savvy in applying for competitively-awarded funding and capitalizing on formula-based funding that has previously been too costly to pursue.



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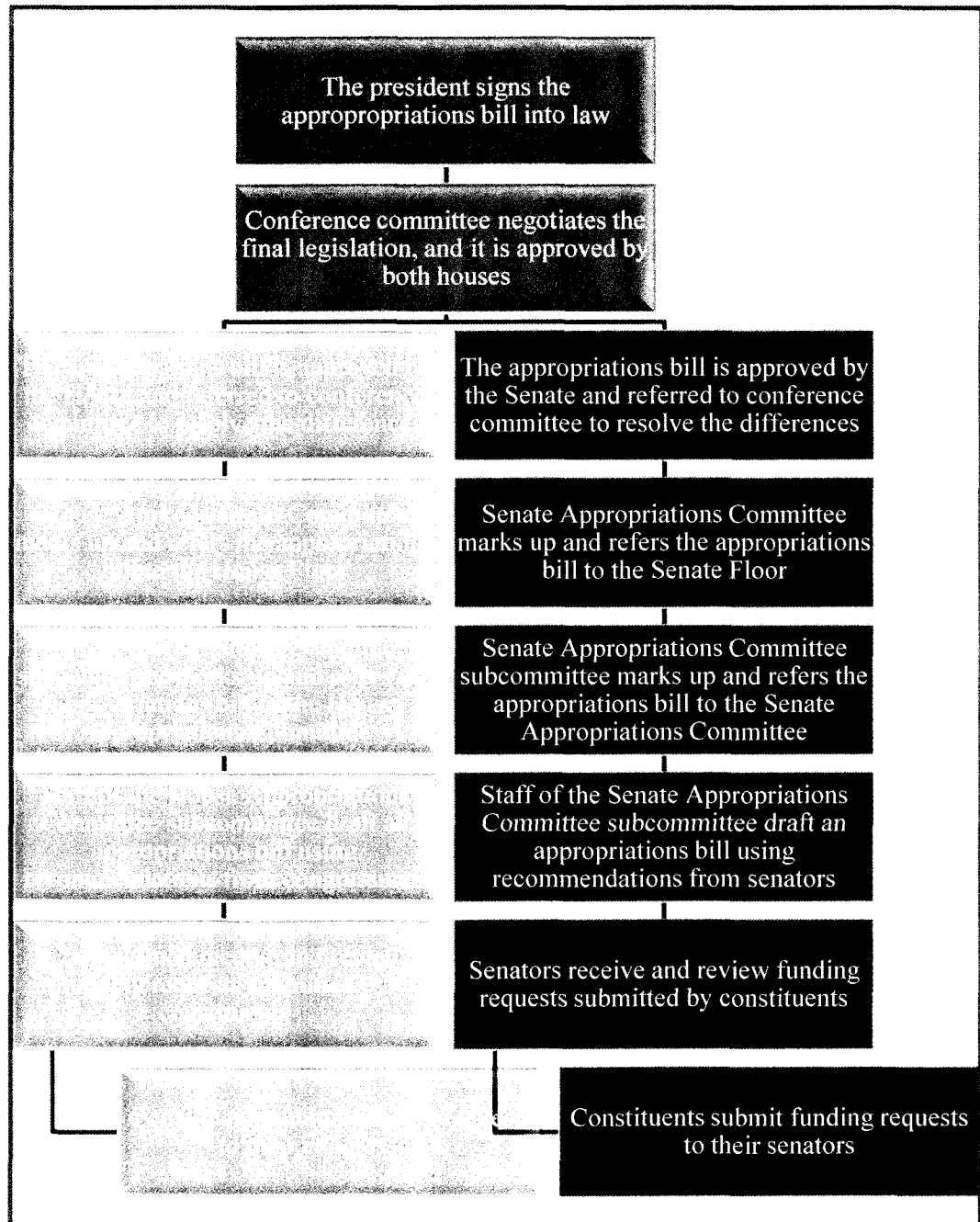
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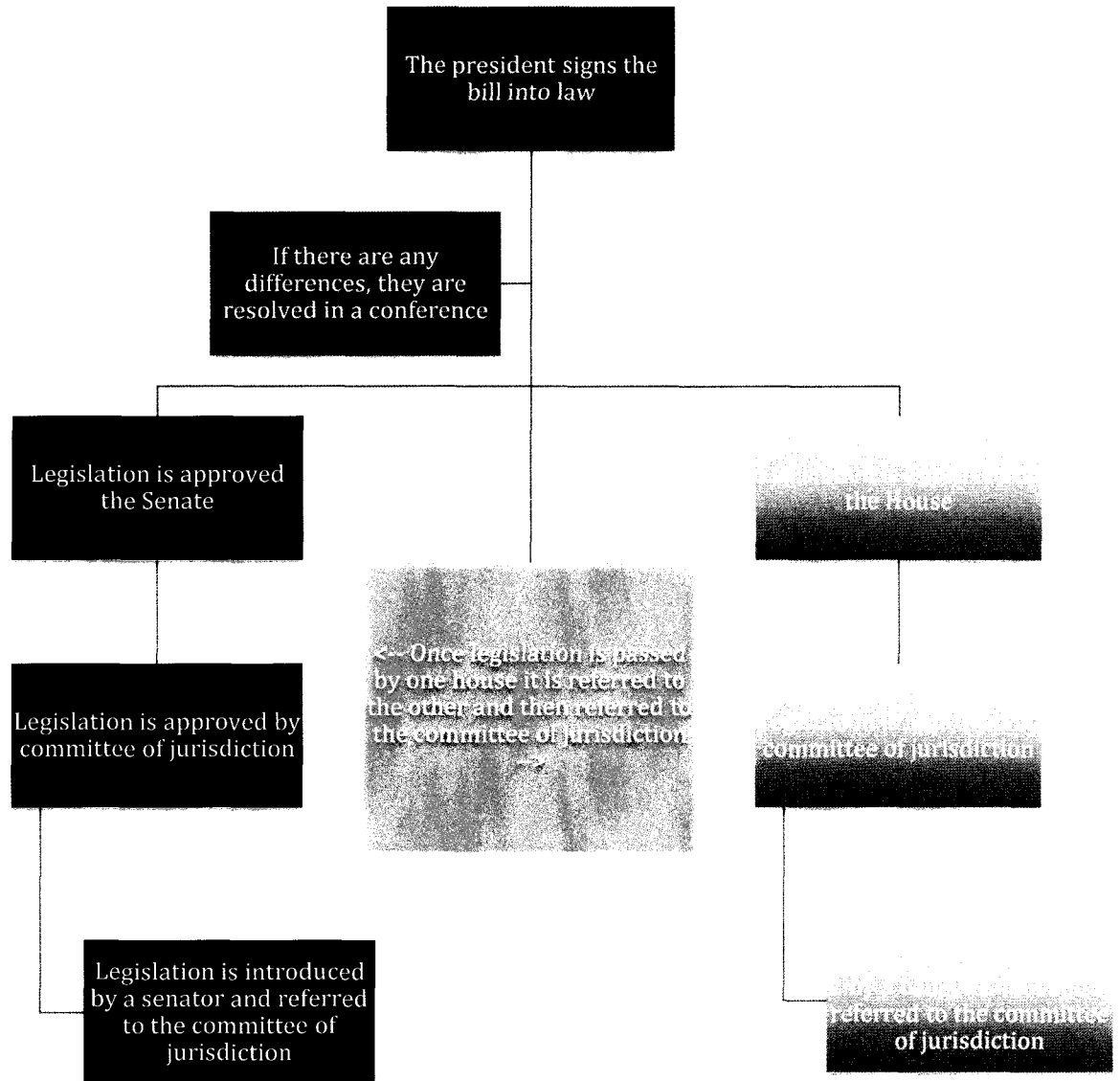
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### Appendix A: Authorization Flow Chart



### Appendix B: Appropriations Flow Chart



## Appendix C: “Hill Dictionary:”

### Understanding the Terms of National Politics

Airdropped: “The term ‘airdropped’ is used to describe an earmark that is not included in the original legislation as approved by either the House or Senate but is later mysteriously inserted into the conference committee reports, which combine both chambers’ versions of the bill.”<sup>119</sup>

Authorization: “An authorization measure can establish, continue, or modify an agency or program for a fixed or indefinite period of time. It also may set forth the duties and functions of an agency or program, its organizational structure, and responsibilities of agency or program officials.”<sup>120</sup>

Begich, Mark: Senator Mark Begich (D-Alaska) was elected in 2008. In 2008, he ran against incumbent Senator Ted Stevens (R-Alaska). He is up for election in 2014.

Conference: “Congress relies on two formal means of resolving differences on House and Senate versions of legislation: conference committee and amendment exchange. Historically, conference committees have been used to resolve difference on major bills, where policy issues are complex and differences between the chambers are likely to be greater. Amendment exchange is more likely to be used when differences between the chambers are comparatively small, although from time to time the chambers use it to resolve their differences on major legislation as well. In recent congresses, the use of the conference committee to resolve differences has decreased, and during the 110<sup>th</sup> Congress (2007-2008) the use of complicated amendment exchanges to resolve differences increased.”<sup>121</sup>

Committee of Jurisdiction: The committees of jurisdiction are the policy, non-budget and non-appropriations committees.

Floor: (Used as in “House floor” or “Senate floor”) The House and Senate floors are the general debating chambers where all senators or congressional representatives debate legislation.

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<sup>119</sup> Legistorm, “Congressional Earmarks FAQ.” [http://www.legistorm.com/earmarks/earmarks-faqs.html#What\\_is\\_an\\_airdropped\\_earmark](http://www.legistorm.com/earmarks/earmarks-faqs.html#What_is_an_airdropped_earmark) (accessed July 10, 2010).

<sup>120</sup> U.S. Congressional Research Service. *Overview of the Authorization-Appropriations Process* (RS20371, June 17, 2008) by Bill Heniff, Jr. <http://www.senate.gov/reference/resources/pdf/RS20371.pdf> (accessed July 8, 2010), 2.

<sup>121</sup> (U.S. Congressional Research Service. January 4, 2010.1)

Manager's Package: A manager's package is technically one amendment, but the amendment incorporates a "package" of amendments to change various sections of a bill. As a bill is referred to the floor, the bill's manager may package amendments presented to him or her so that the amended package may be considered on the bill.

Member: Member is often used instead of "member of Congress" or congressman/congresswoman.

Power of the Purse: Congress's constitutional authority to raise and spend money.<sup>122</sup>

Stevens, Ted: Senator Ted Stevens (R-Alaska) was appointed to replace the late-Senator Bob Bartlett upon Bartlett's death in 1968. Senator Stevens served through 2008, whereupon he lost his re-election bid to Mark Begich. Senator Ted Stevens is the longest-serving Republican senator in history.<sup>123</sup>

Murkowski, Lisa: Senator Lisa Murkowski (R-Alaska) was appointed to her position in December 2002. She won election in 2004 and is up for re-election in 2010.

Young, Don: Congressman Don Young (R-Alaska) began serving in his current position as Alaska's only House representative in 1973. He is up for re-election in 2010.

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<sup>122</sup> *C-SPAN*, "C-SPAN Congressional Glossary." <http://www.c-span.org/guide/congress/glossary/powerpur.htm> (accessed July 1, 2010).

<sup>123</sup> *Anchorage Daily News*, "Stevens Biographical Timeline," November 4, 2009. <http://www.adn.com/2008/07/29/478874/stevens-biographical-timeline.html> (accessed July 10, 2010).