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STATE OF ALASKA
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January 7, 2009

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

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

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

Re: Economic Stimulus Legislation

Dear Members of the Alaska Congressional Delegation:

I am writing to communicate some additional thoughts concerning the economic stimulus package now under discussion in Congress.

This letter compliments our previous list of four infrastructure projects that would support construction of the Alaska natural gas pipeline. These bid-ready projects strongly reflect the goal of creating new jobs, both in construction and the operation of the pipeline, while also promoting sound national energy policy.

I strongly recommend that federal funds to states be allocated pursuant to formulas that are fair and equitable. As you know, formulas already exist in federal law for such programs as highways and bridges, aviation, and Medicaid. In those instances where there are no formulas—for example in the case of renewable energy projects and ports and harbors—formulas and grant programs could be devised and included in the economic stimulus package.

The use of formulas would help ensure fairness among the states and would avoid the unhealthy practices and results that often occur in the Congressional earmarking process. In this regard, it is my understanding that President-elect Obama and much of the Congressional Leadership, both Republicans and Democrats, support a formula approach.

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For transportation projects, federal funds should be allocated to the Federal Highway Administration's Surface Transportation and National Highway System programs. Likewise, funding for aviation should be put into the discretionary category of the Federal Aviation Administration's Airport Improvement Program. In our opinion, the minimum guarantee provisions that protect rural and less populous states like Alaska should continue to be used in these formulas.

We also believe that there are timing and other considerations that should be addressed through these formula programs. For instance, new transportation projects may require an amendment of each state's statewide transportation improvement program (STIP). STIP amendments can take as long as 90 days under current requirements. In addition, the stimulus package should recognize that, in the case of Alaska and the northern tier states, transportation construction does not start until well into the spring.

We further recommend that any increase in Medicaid-related programs should, at a minimum, be equitable to all states, meaning each state's benefit under a formula should be proportionately the same as to other states.

In addition to the four gas pipeline-related projects described earlier, I want to mention one other project of national significance for your consideration. The Kodiak Launch Facility conducts activities that contribute greatly to our national defense and knowledge of missile ballistics.

It is my understanding that you have received funding requests from local governments, non-profits, and other entities throughout Alaska. In large part, these requests reflect local concerns. It is not appropriate for the state to comment on each project that has come to our attention. Instead, we would prefer to focus on the rationale for our own recommendations to you.

Although it is beyond my purview as Governor, I also urge you to consider how the economic stimulus package will affect the national debt and the future economic health of the country. The need for economic stimulus should not become an excuse for the continuation of the unsound policies of the past. The nation's economy will never achieve long-term stability if we continue borrowing hundreds of billions of dollars from foreign countries, all the while simultaneously sending huge amounts of money

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overseas to OPEC countries for oil that could be produced domestically. In this regard, I am astounded by amounts of a trillion dollars and more that are currently being discussed in some quarters.

I believe our nation is truly at an economic crossroads. Properly constructed, the economic stimulus package will greatly assist in sending our country down the right road. Without question, you will be called upon to make very difficult decisions on behalf of Alaska and the nation, and I want to assure you of the cooperation of my administration in achieving the best possible result. Toward this end, I have asked my Washington, D.C. office to follow up with your respective staffs on our recommendations.

Thank you for considering my views.

Sincerely,

A handwritten signature in black ink, appearing to read "Sarah Palin". The signature is fluid and cursive, with a large loop at the end of the last name.

Sarah Palin
Governor

cc: John W. Katz, Special Counsel to the Governor