

**State of Alaska Legislature
House Economic Development, Tourism and Arctic Policy Hearing**

**December 9, 2015 (Wednesday)
9:30 AM**

Testimony

by

**Martin Cary, Vice President and General Manager, Managed Broadband Services
General Communication, Inc. (GCI)**

Securing Alaska's Fiscal Future and Arctic Opportunity

Good afternoon, Representative Herron and other members of the committee.

My name is Martin Cary. I am the Vice President and General Manager of Managed Broadband Services for General Communication, Inc. (GCI). Previously, I worked for the North Slope Borough School District for 9 years, before becoming a small business owner in Barrow and Anchorage. My comments come from my perspective of over 30 years' experience working to provide opportunity to those living and working in rural Alaska.

Thank you for the opportunity to testify and discuss the most significant issue for the state's future – and one that we all face – Alaska's pressing fiscal challenge. I know each of you is in the midst of many important decisions, making tough choices about how best to create a sustainable budget for Alaska.

GCI is committed to Alaska, and our interests in responsibly addressing this issue, and ensuring shared opportunity to flourish and grow, are totally aligned. Alaska's future is GCI's future.

GCI has made an unparalleled commitment among service providers to the state, with the understanding that robust communications services are critical for full participation in the modern economy and helps bind individuals together socially and culturally. We have invested well over \$2 billion in capital in Alaska since 1979. And since 2008, GCI has invested over \$800 million in modern communications infrastructure in rural Alaska alone, serving over 200 locations in rural Alaska.

Along the way, we've become the leading Arctic telecommunications provider in the country, serving over 110 locations in the U.S. Arctic. Our services provide tangible benefits, increasing opportunity and providing jobs to Alaskans throughout the state.

We continually build, expand, and innovate. Based on my prior experience in rural Alaska, living and working for many years in Barrow, I have been the primary advocate within GCI to bring better connectivity to rural Alaska. GCI has worked to connect school districts, health

corporations, businesses and the people of Alaska to the outside world through telecommunications.

For example, GCI works directly with the school districts as they continue to use distance education. One of the nation's leaders in this area is right here in Alaska, Mr. Dan Walker, Superintendent of the Lower Kuskokwim School District.

Another area that has experienced significant innovation is rural health care. We continue to see advancements that are beneficial to patients. Medivac expenses have decreased, patient evaluations without travel have increased, and record storage and electronic patient records are being constantly upgraded.

All these, plus a host of other initiatives undertaken by rural school districts and health corporations, have led to lowering costs and allowing them to use their limited resources in other critically needed areas.

With all of this potential for advancement through technology, now is the time for us to analyze our resources with a critical eye, searching for ways to put us back on a sustainable path. Arctic development is an important component of the future economy of Alaska.

As the only Arctic state in our country, we are uniquely positioned. To best serve Alaskans, we must invest in critical Arctic infrastructure necessary to support the long-term needs of all residents and businesses of Alaska's arctic communities.

GCI's commitment to Alaska has never been stronger. And that's the very reason why we are incredibly focused on the state's path to fiscal security. We plan to spend \$70 million expanding our TERRA network in Northwest Alaska over the next two years. I can't in good faith continue to advocate for these investments if the State does not have a stable fiscal plan.

As you're all well aware, Alaska is facing a more than \$3 billion yearly budget deficit. We are currently outspending revenues at a rate of \$250 million per month. With no reasonable expectation for a miracle revenue infusion, the Constitutional Budget Reserve will be depleted in less than three years. At that point, we will have exhausted that valuable resource and on a quick path to fund directly from the Permanent Fund or shut down the government.

There's no debate that Alaska's economic health is in decline and there is no magic cure for the problem. As we look ahead, we must enable and promote the new economic and research opportunities presented by the changing Arctic. As Alaskans, we must identify how we can ensure an environment for growth, jobs, and investment.

There is some good news, though. While there's clear and present risk of adversity, there's also opportunity for our state's leaders to chart a stable path forward. We should use this moment to implement responsible solutions to address our budget challenges and build a solid financial foundation for the future, including a reconsideration of how we use Permanent Fund earnings. This is a necessary component of any solution that will deliver economic security for all Alaskans.

Make no mistake; the status quo will put many rural villages and communities at risk of disappearing, and adoption of proposals that would more readily eliminate key anchor institutions in rural communities make it worse.

A stable, sustainable budget is key to economic growth in the Arctic region of Alaska and the State as a whole. Knowing that we have communities that will survive into the future is critical for GCI to continue its incomparable record of investment in sustainable infrastructure throughout Alaska.

We appreciate the work ahead of you to develop and implement a responsible, commonsense solution to address these significant fiscal challenges. It's undoubtedly hard work, but it's deeply critical that it happens, and that it happen soon.

We look forward to working with you to securing Alaska's long-term sustainable fiscal future.

I would be happy to answer any questions you may have.