

April 09, 2010

Representative Kurt Olson  
Chair  
House Labor and Commerce Committee  
Alaska State Legislature  
State Capitol  
Juneau, AK 99801



ALASKA STATE  
CHAMBER  
OF COMMERCE

Chair Olson and Members of the House Labor and Commerce Committee,

“The State Chamber urges the State to develop a strategic economic development plan for Alaska”. This is the title of one of our top legislative positions. A simple statement, but a complex challenge for both Alaska and Alaskans. A challenge that I believe has received too little attention by Alaska’s leadership. It is a challenge that the Alaska State Chamber of Commerce can and should provide leadership for as we seek solutions and direction forward.

We all know that oil production drives the economy of the state. We know that daily oil production is down from its peak of 2.1 million barrels per day to below 700,000 barrels per day. We know that projections show this decline to continue into the future. We know that a gas line will not begin to transport gas for at least 12-15 years. We know that revenue from taxes and royalties on oil production provides for the majority of the state’s annual expenditures. We know that the General Fund expenditures of the State of Alaska have been increasing yearly. We know that the volatility of oil prices can change the fortunes of the State’s revenue stream in short order. We know that with production declines, increased demand for state services and lower oil prices, at some point in the future, we will not be able to afford all the services and programs that we now receive from the State.

So given all that we know, what are we going to do with the information? Ignore it and hope oil prices stay high and continue to mask the decline in production, cut state spending levels to live within our means, or perhaps develop a plan to get us from here to the future? Given the dependency of our state government on revenue from oil production, what is our plan as we look forward from today to that time in the future when gas will begin to flow to the marketplace? What is our transition plan for the next 10-15 years?

We believe the time to act is now. As one of the Alaska State Chamber Legislative positions, we have spent many hours this past two years discussing the need, the concept, the challenges and the process of developing strategic economic development plan. We have met with members of the Administration, the Speaker and Senate President, economic development organizations, business leaders and organizations around the Pacific Northwest who have developed successful strategic plans for their areas. As we concluded discussions with these many interested individuals and groups, we are more convinced than ever that we must embark on a clear path for future growth.

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The Washington Business Plan, the Oregon Business Plan, enterpriseSeattle and the Prosperity Partnership of the Puget Sound Regional Council all offer successful models as we look to create a plan for Alaska's future.

It is our strong belief that we must proceed with the development of a strategic economic development plan for Alaska. The Plan must focus resources on deliberate and effective programs and projects that promote resource development, a healthy statewide business climate and create a national and global competitive advantage for Alaska. The Strategic Economic Development Plan should provide the strategic framework for Alaska's business and elected leaders, to work together, to build a stronger, more competitive state economy.

The Plan should encompass four strategic components:

- Fiscal Predictability and Stability
- Workforce Development
  - Identify deficits in essential services
  - Education for those skills and recruitment
- Foundation for Economic Success – leadership ensuring policies and investments in transportation, energy, communications, and other infrastructure that supports economic development.
- Open for Business – make it easier, less expensive and more streamlined to operate a business in Alaska.

There are many well-qualified economic development organizations operating across Alaska. Community and regional economic development organizations have each developed plans for their individual communities and regions. What is lacking is a mechanism to weave all of these plans into a single shared vision for economic development in Alaska. A single vision for economic development, will help business, community and elected leadership create a plan for Alaska's future. The plan needs the participation and support of all three sectors to develop a shared vision for Alaska's economic future. A shared vision will enable us to work together to build a sustainable economy, to build a stronger, more competitive state economy.

This unique collaboration of business, community leaders and government from across Alaska can strengthen our economy by bringing together these many different groups to develop and implement a common economic development strategy. In many states and regions across our country, this model of working together has shown remarkable consistency in repeatedly focusing on coordination, collaboration and sustainability. This process sets the stage for a new kind of strategic planning. It will integrate new sources of ideas and energy from across Alaska to form a new widely shared economic vision and economic development rationale not previously seen in Alaska.

It is a simple concept, but a complex challenge for both Alaska and Alaskans. The choice is ours. Will Alaska rise to the challenge?

Yours in economic prosperity,

  
Wayne A. Stevens  
President/CEO

