

**SENATE AND HOUSE
JOINT JOURNAL SUPPLEMENT**

January 9, 1996

Tuesday

No. 13

**STATE OF THE STATE ADDRESS
BY
THE HONORABLE TONY KNOWLES
GOVERNOR
STATE OF ALASKA
BEFORE A JOINT SESSION
OF THE
SECOND SESSION OF THE
NINETEENTH ALASKA STATE LEGISLATURE**

January 9, 1996

Juneau, Alaska

**1996 State of the State Address
By Alaska Governor Tony Knowles
January 9, 1996**

President Drue Pearce, Speaker Gail Phillips, members of the 19th Alaska Legislature, Lt. Gov. Fran Ulmer, members of the cabinet, my wife Susan, my children Luke and Sara, and fellow Alaskans.

A year ago, I stood here before you with only six weeks on the job and talked about my vision for Alaska - a land and a people I hold dear to my heart, and a state I am honored to serve as we begin a five-year journey into the 21st century.

I have learned a great deal in my first year as governor. None of what I've learned has altered my vision, only widened it. I am convinced more than ever Alaskans are ready for this journey into the next century.

As elected leaders, we are honored with a special trust and responsibility for this journey. The trust is that we will understand and define our common needs and goals. The rungs in the ladder of opportunity every person climbs are built with all hands in the community and on this ladder there must be room for all.

Any person who has attended a public school, received a vaccination, been assisted by a fire fighter or police officer, visited a public library, drank a glass of clean water, fished a clear stream, ridden on a public ferry or landed at an airport, knows these rungs were built by the commitment and wisdom of those before us for our common needs.

Our responsibility is to make sure those who come next are not only able to make the same journey upward, but that our children have the opportunity to climb even higher.

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There are those who would take the ladder away. Who believe the journey is survival of the fittest and that those left behind deserve to be. Who think we have no obligation to one another and that the consequences will fall upon others. This is a tunnel vision that ignores our heritage and lowers our horizon for the future.

Alaska's story is one of challenging and successful journeys. The first Alaskans arrived here thousands of years ago by crossing a formidable land bridge into new territory. Since then, Alaskans have settled our great land by overcoming the greatest obstacles and fiercest elements of any frontier in human history.

With incredible determination, our pioneers explored the unknown, scaled the Chilkoot Pass, mushed the Iditarod Trail, built the Alaska Highway and Railroad and laid the oil pipeline. In a sense, the history of our state has been one incredible expedition after another.

Our aspirations in the coming years are no more daunting, yet no less attainable. As we prepare to embark on this new journey, all of us must work together.

For most Alaskans, our gear list for this Alaska Expedition is short: jobs, better schools, safe, healthy communities and budget discipline.

The first leg of our journey is ensuring that Alaskans have well-paying, meaningful jobs in an intensely competitive new global economy. On that front there is good news; Alaska's economy is sound.

This past year, Alaska marked its eighth straight year of growth, to 264,000 jobs - an all-time high. We also set a record for the lowest unemployment rates in five years.

Tourism's continued growth and a hard rock mining boom underline our message - Alaska is open and ready for business.

The value of Alaska's exports - fisheries, timber, petroleum products - accounting for more than 50,000 Alaska jobs, jumped 10 percent in just the first nine months of 1995. This trend is especially encouraging as Alaska journeys into the Age of the Pacific.

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There also are exciting new examples of adding value to our resources. In producing our oil for 30 years, we have seen hundreds of millions of dollars of facilities built elsewhere and barged to Alaska. That's changing.

In a new model development of the Kuparak field designed to enhance oil recovery, Alaska companies and Alaska workers are constructing oil modules to help increase production at this mature field.

Another success story worth bragging about is in the Southeast fishing village of Kake. With innovative technology and entrepreneurial leadership, the Kake Tribal Corporation is processing 35 cent-a-pound chum salmon into salmon ham and sausage. They are selling for \$11 a pound in the Williams-Sonoma gourmet food catalog.

Get your order in - buy Alaska. I can personally vouch for their quality.

One of my administration's jobs initiatives is our partnership with the business that serves as a key part of Alaska's economic engine - the oil and gas industry. That partnership has already paid dividends to Alaskans.

On the national front, Alaskans worked together to persuade Congress and the President to end the two-decades-old discriminatory ban on exporting Alaska oil.

Lifting the ban is expected to translate into new North Slope development and perhaps \$40 million to the state treasury next year. Right now, we are partnering with industry to sell Alaska oil and natural gas to thirsty Pacific Rim markets.

I'm working with the federal government to make construction of a natural gas pipeline a national priority.

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We've made more progress than ever to open the Arctic National Wildlife Refuge to environmentally responsible oil and gas development. Both houses of Congress have approved oil development for the first time. This is a tribute to the dedication and cooperation of hundreds of Alaskans, Alaska companies, our congressional delegation and the bipartisan efforts of many of you in the Legislature.

Yet, as I speak tonight, Washington politicians remain in a dangerous game of constitutional chicken. Regardless of what happens with the Arctic Refuge in the next few weeks, my administration will keep up our full court press to convince Congress, the President and America that development can be done right.

In Alaska, we are working to provide the tools necessary to keep healthy the oil industry and the jobs of thousands of Alaskans who depend on it. Last year, I established an Oil and Gas Policy Council to look at ways to make Alaska more competitive.

Most in this chamber supported our legislation to provide incentives for the development of new marginal oil fields. This measure can also lengthen the life of Cook Inlet fields and could encourage production of billions of barrels of undeveloped "heavy oil" on the North Slope.

In our continuing effort to make government responsive from the customer-side of the counter, we will ask the Legislature to join us in an innovative experiment to encourage more oil development more quickly. Our proposal for "area-wide leasing" on the North Slope will provide industry the certainty of annual lease sales and regulatory efficiency, and provide the state the benefits of jobs and more development.

The success of any partnership requires give and take by both sides. This year, it is incumbent on the oil industry to do better in two areas: First, increase Alaska hire and use of Alaska companies. Second, expand the use of the best technology available to ensure the safe transportation of oil.

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As the state encourages the development of marginal oil fields and prepares for ANWR, it must be done with Alaska workers and Alaska companies. The facilities required for that development, such as oil field modules, should be assembled - not in Canada or Louisiana - but by the highly qualified workers who live here - in Alaska.

As we begin to market our oil abroad, it's vital Alaska have the safest transportation system available. An old sourdough, who was not aging as gracefully as he would have liked, once remarked: "If I'd known I was going to live this long, I would have taken better care of myself."

Unlike that sourdough, it's our responsibility to take care of the air, land and water we call home. In fact, as I mentioned last year, if we treat our fish, wildlife and wild lands as another permanent fund, we can live off the dividends forever.

Alaska's goal this year is to fix any loopholes that prevent us from having the world's finest oil transportation delivery and spill prevention system in Prince William Sound. We will fulfill our commitment to America that in Alaska, we do development right.

A key to Alaska's successful journey is a healthy private sector which provides the bulk of jobs for Alaskans. Our Marketing Alaska initiative convened more than 100 business leaders from all industries to develop an aggressive plan for Alaska's long-term economic health. In the next few weeks, we will unveil that plan to grow Alaska's economy and expand our horizons far into the next century.

Two other tools vital to building our economy are the Alaska Housing Finance Corporation and the Alaska Industrial Development and Export Authority.

By resisting raids on their reserves, AHFC has been removed from Wall Street's credit watch and AIDEA is a stronger job-creating partner, particularly in areas of highest unemployment.

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Also on our jobs agenda is welfare reform. We have worked hard using bipartisan consensus points from last session to reform welfare in a way that puts Alaskans to work and helps Alaska's truly needy. It also corrects the harsh and unintended consequences of last year's bill on Alaska's children.

Alaskans' passion for hard work, coupled with our compassion for those in need, will guide us on our way to fair-minded welfare reform.

Management of Alaska's vast fish and game resources is one of our most important tools for economic development and for defining who we are. Yet that opportunity is threatened by the pending federal takeover of fish and game management because of our refusal to resolve the subsistence issue.

Last year I urged Alaskans to begin a resolution, based on two consensus points: First, a recognition of the essential role of subsistence in the culture and economy of rural Alaska.

And second, a recognition that the state - not the federal government - is best able to manage Alaska's fish and game resources.

I asked Lt. Gov. Ulmer to undertake a mission of quiet diplomacy to try to reach agreement among Alaskans. We are moving forward to achieve a resolution that calls for a constitutional amendment and state and federal statutory changes. The lieutenant governor deserves our thanks for a courageous and productive effort.

I believe a wide majority of Alaskans across this state support finding a solution to subsistence and they want an opportunity to vote on it. Once and for all, let's agree to a just resolution and regain control of Alaska's resources.

In three other areas last year, Alaskans made progress by working together to find consensus: adopting new clean water quality regulations, mediating differences between sport and commercial fishing interests in Cook Inlet, and standing up to Canada over Alaska's salmon rights.

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Alaskans win by resolving resource disputes over a conference table, not a judicial bench. I urge Alaskans on all of these controversies to show the courage to take advantage of our historic opportunity to resolve these issues ourselves on our own terms.

The most important survival tool Alaskans have along on their journey into the coming century is education. If you really want to see Alaska's future, look into our childrens' eyes.

Alaska's public education system, from kindergarten through higher education at the University of Alaska, is the ticket to an enlightened and well-trained workforce. My concern is for many Alaskan children who increasingly find themselves unprepared to compete.

President Kennedy said: "Our progress as a nation can be no swifter than our progress in education."

This year, my administration will continue our initiatives designed to prepare Alaska's children for the challenges of the global economy.

First is our family-based "Healthy Start" program to help Alaska's children get a better start early in life and enter school healthy, nourished and ready to learn.

Second is raising the academic standards for our public education students. We already have elevated those standards in key study areas - math, reading, writing, science and citizenship. Now, we need to make sure those standards have teeth.

To do that, I will ask the state Board of Education to establish an accreditation process to require schools to make sure our students achieve at the highest academic levels.

That leads right into my third education effort, consensus over one of last session's more divisive issues - professional teaching standards. Since last May, a coalition of teachers, parents, school board members and school administrators hammered out a consensus that

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provides for excellence in the education profession based on our newly adopted state teacher standards. This consensus bill deserves your quick approval.

The devastating effect of crime on our neighborhoods and on our communities is a major obstacle threatening the successful completion of Alaska's journey.

We must give law enforcement the tools to crack down on crime. We must impose serious consequences on serious criminals. We must commit ourselves to preventing crime before it occurs.

I urge the Legislature to devote its attention to several crime bills we introduced last year but which have not yet been addressed. They include making parents accountable for the criminal acts of their children, stronger laws against gang activity and zero tolerance for kids drinking and driving. You also have before you our tough new auto theft bill to take the joy out of joy-riding.

To combat the dangerous growth in crime committed by Alaska's children and to address our seriously overcrowded prisons, we are developing a statewide criminal justice plan.

Prompted by last fall's youth justice conference, we are reviewing the entire juvenile justice system to improve both how we prevent crime and punish those who commit it.

While crimes committed in our streets receive widespread public attention, there's another insidious crime often committed behind closed doors - domestic violence against Alaska's women and children.

Shamefully, Alaska leads the nation in the rate of child sexual and physical abuse. Alaska women are killed at an appalling rate, one and a half times the national average. Native women in our state are especially vulnerable, murdered at a rate four and a half times the national average. Eighty percent of all homicides investigated by Alaska Troopers last year were related to domestic violence.

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There is one incident which I believe dramatically illustrates Alaska's domestic violence problem and why combatting it will be our top crime priority this year.

It was 30 degrees below zero last February 17th when state Troopers Rose Edgren and Steve Bear responded to a plea for help outside Delta Junction. A woman had been assaulted by her husband; she and her three children feared for their lives.

In fading light and falling temperatures, the troopers searched the grounds in futility, snow crunching under their boots. Suddenly, Trooper Edgren caught the movement of a man silhouetted in the window of a nearby house, a high-powered rifle in his hands.

Trooper Edgren pushed her partner to safety just as the suspect emerged from the house, his 30-aught-6 leveled at the two only 14 feet away. Trooper Edgren squeezed off a shot, a fraction of a second before a bullet from the man's rifle slammed into the building near her.

Until an ambulance arrived 15 minutes later, the two troopers coolly administered first aid to the perpetrator's chest injuries, inflicted by Trooper Edgren's shot. This abuser is now in prison, convicted of attempted murder.

For her quick thinking and seven years of dedicated public service, Trooper Edgren is one of four finalists for national Trooper of the Year. She's here tonight, so on behalf of all Alaskans, I am recognizing her as an exemplary public employee and presenting her the State Medal for Heroism. Please join me in honoring a true Alaska heroine, Alaska State Trooper Rose Edgren.

While we honor Trooper Edgren's outstanding performance, let it also underscore for us the tragedy of that and similar events. To break the vicious cycle of domestic violence that haunts Alaska, I am introducing a major revision of our domestic violence laws.

This package will better safeguard its victims and stiffen the prosecution of those who commit it. We must act now to shed light on Alaska's darkest and most shameful secret.

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Remembering that many of today's criminals are yesterday's victims, we must do all we can to prevent crime before it occurs. In that vein, a forward-thinking Alaska Legislature eight years ago created a children's trust whose earnings were to be used to prevent the abuse and neglect of Alaska's children.

I salute many of you in this chamber who were at the forefront of that effort - Senator Johnny Ellis, Representatives Kay Brown, Mike Navarre, Ramona Barnes, Bettye Davis and then Representative Fran Ulmer, now Alaska's lieutenant governor.

Unfortunately, the trust never received a dime. Together, we're going to change that.

I will reconstitute the Alaska's Childrens' Trust and work with the Legislature on a public-private partnership to address the special needs of our troubled children who are falling through the cracks. This capitalized endowment will give Alaska's most vulnerable a ray of hope.

Tonight, I have charted a journey for Alaska's great expedition. Yet, we need a final element to make it to our destination - budget discipline.

The early pioneers, struggling with careful steps over the Chilkoot Pass, had to decide what they could afford to leave behind to make it through the Pass and on to their destinies.

Like the pioneers, we must muster the courage to say "no" to some of our wants today if we are to say "yes" to our children's needs tomorrow.

On Thursday evening, during my budget address, I will detail the careful steps we must take to balance Alaska's budget. To accomplish everything before us, there is no more important task than balancing Alaska's budget. I believe any long-term budget plan must provide a safe landing for Alaskan families and be based on five principles:

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- * One, we must close the budget gap and balance our budget.
- * Two, we must continue to cut the budget.
- * Three, we must protect and enlarge the Permanent Fund.
- * Four, any plan to raise taxes and fees to pay for essential services must be fair.
- * Five, there will be no tinkering with the Permanent Fund without a vote of the people.

Business investment and growth in our economy and the jobs they produce for Alaskans, will not be possible unless we balance the budget.

The unity we show in these coming four months will set the tone for our journey. The so-called political pundits are all predicting, indeed promoting and anticipating, an acrimonious, partisan session of business as usual. That doesn't have to happen. Let's rise above that and use our diversity as a strength to forge a new relationship that puts Alaskans first.

We all have witnessed recently how partisanship in Washington, D.C., has paralyzed our nation. This year we should dedicate ourselves to rewriting that old bumper sticker so it now reads: We won't do it the way they do it Outside.

As your governor, I am honored to chart this journey of Alaska's Family and offer my vision of where Alaska is heading. Into a new century bright with opportunities. Into an era of change we should not fear, but welcome.

To arrive safe and sound will require discipline and courage, but above all unity. A unified vision of jobs, better schools, safe, healthy communities and budget discipline.

This is not an extravagant vision. When you think about it, it's plain and simple - just as it should be. It's about a future Alaska our children and our grandchildren will feel just as proud and just as lucky to call home as all of us do right now. That's where we're going together.

Thank you.