

**SENATE AND HOUSE  
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**Address by**

**The Honorable Ted Stevens**

**United States Senator**

**Before a Joint Session**

**of the**

**Second Session of the**

**Twenty-Third Alaska State Legislature**

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**February 16, 2004**

**Juneau, Alaska**



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**State Legislature Speech  
February 16, 2004  
Juneau, Alaska  
By Senator Ted Stevens**

This is my 35<sup>th</sup> annual speech to the Legislature. When I spoke with you last year, America was about to go to war. Since then, our troops have proven their dedication to the cause of freedom on battlefields throughout Iraq - as they did in Afghanistan. Their courage and sense of duty ended Saddam Hussein's brutal regime and will eventually bring true democracy throughout the Middle East.

There's been several milestones in my life this year: my 36<sup>th</sup> year in the Senate, my fifth year as Chairman of the Senate Appropriations Committee, and as the Senate's President Pro Tempore, I had the honor of signing many bills to signify they were ready to send to the President. These events have led some to publicly speculate about a time when I am no longer Chairman of Appropriations or no longer in the United States Senate.

Let me tell you now: I am not going anywhere. Some may think I have one foot in the grave; that's hard for me to visualize. I'm using both feet every day to stand up for Alaska and often use one to boot people who get in my way.

When my six-year term as Chairman of Appropriations is up in January 2005, under a Republican majority in the Senate, I will be Chairman Emeritus of Appropriations, Chair of the Defense Appropriations Subcommittee, and a member of the Appropriations Subcommittees on Commerce-Justice-State; Interior; and Labor, Health, Human Services and Education – all subcommittees very important to Alaska. And, assuming the re-election of a Republican majority in 2004, I retain my role in the Majority Leadership as the President Pro Tempore.

The other committees I serve on are also of vital importance to our state: The Governmental Affairs Committee's importance to Alaska was demonstrated in 2002 when it approved the Alaska by-pass mail

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bill. The Congress passed that measure in July of 2002. And thanks to the Rules Committee, the United States Senate restaurants are now serving wild Alaska salmon.

In 2005, as the senior Republican on the Senate Commerce, Science and Transportation Committee, I expect to chair the committee alongside a Senator who is so close I call him my brother, Alaska's great friend, Senator Dan Inouye of Hawaii. As co-chairman of that committee, we will have jurisdiction over aviation, communications, fisheries, transportation, and tourism, among other issues that impact our state.

I am aware other states suffered when their senators left the Senate having been Chairman of Appropriations. My circumstances are different. I am not leaving the Senate and my positions on other committees and within the Senate leadership ensure Alaska fair treatment in the distribution of federal funds.

That has been my fight since statehood. It will continue to be my fight for many years to come.

This is an exciting time for our state. Lisa Murkowski, Don Young and I are a unified delegation, working with a President who knows Alaska - President Bush actually lived here.

It is up to us – as Alaska's elected representatives – to seize this opportunity. In the months to come all of us face decisions that will write the next chapter in our state's history. The question we must now ask is: "Will we lay the foundation for a future worthy of our past?"

Over the last year, Congress made progress on several initiatives that will help us build that future. For a while, the future of the gas pipeline project was uncertain. Now, we are very close to passing a comprehensive energy bill.

Lisa, as Alaska's member on the Energy Committee, took the lead in the Senate in advancing the financial incentives needed to make the gas pipeline a reality. Her provisions passed the Senate and were included in the conference agreement with the House. Because of an unrelated provision on the gas additive MTBE, the conference report

is stalled. But Lisa and I are working closely with Pete Domenici, the Chairman of the Senate Energy Committee, and the Senate's bi-partisan leadership to secure the energy bill's passage.

Lisa was also able to secure authorization in the energy bill for additional funds for the Denali Commission. These funds will be used for rural energy projects and the Power Cost Equalization program.

As you know, high energy costs are an obstacle to long term sustainability and they hinder economic development in rural Alaska. Additionally, the lack of low cost and reliable energy sources makes it difficult to provide rural Alaskans with basic amenities like water and sewer systems.

The funds Lisa obtained will be used to develop alternative energy sources, construct energy transmission systems, replace faulty fuel tanks, and provide economic assistance to rural Alaskans for their electricity costs.

Lisa, Don, and I continue to urge our colleagues to come together in a bi-partisan way and pass the energy bill. While we don't know what the ultimate fate of the energy bill will be, we do know one thing for certain: we will work to make sure Congress passes a bill to authorize the Alaska gas pipeline.

In the past year, our state also benefited from Lisa's leadership on the Senate Environment and Public Works Committee and Don's work as Chairman of the House Transportation and Infrastructure Committee. Together, they are developing innovative projects for Alaska, ranging from the Knik Arm crossing to additional ferry funds to new upgrades for the Alaska Railroad. Those projects will generate thousands of new jobs throughout our state.

In January, with Lisa's leadership, the Senate Public Works Committee proposed a substantial funding increase for highway projects in Alaska. Right before I left Washington, the Senate passed the highway bill and included an important rural roads development initiative that Lisa spearheaded. The Denali Access System, which Lisa secured in the final hours before the bill passed, will provide \$30 million a year for six years to connect rural communities and upgrade

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existing road systems. This will amount to a total of \$180 million over the life of the bill, a giant investment in Alaska's rural road systems.

In addition, Lisa and I worked closely with the Washington delegation to secure additional funding for ferries and ferry terminals. This amendment to the highway bill will provide \$120 million a year nationwide over the life of the bill for ferry construction and facilities upgrades. Under this amendment, our state's projects will be given high priority.

While I'm pleased with the good work the Senate did on the highway bill, I believe this may be slimmed down and extended for 18 months to two years. If this happens, the next Congress should take steps to make gas taxes reflect the price of the product. This would substantially increase funds for Alaska.

Don Young is working very hard on the House side to secure these substantial increases for our state in the companion highway bill. His fantastic position as chairman of that committee gives me great hope that we will succeed.

Don and I worked closely on the FAA reauthorization bill. As you know, that legislation, which President Bush signed into law in December, includes a number of provisions to benefit Alaska. It reauthorized the Essential Air Service and created the statutory authority to transfer cargo between airlines at Alaska airports, a provision that will encourage more airlines to establish cargo hubs in Anchorage. The Anchorage Airport now supports one out of every ten Anchorage jobs, and under this legislation that number should grow.

This year our delegation also took steps to address the lack of adequate teacher housing. Rural schools, particularly those serving Alaska Natives, struggle with this issue. I was pleased when you allocated over \$2 million to address this problem. Lisa, Don, and I share your commitment to resolving this crisis, and Lisa, after she traveled with Secretary of Education Paige to several villages, requested and obtained \$10 million from the Fiscal Year 2004 federal budget for the development of teacher housing in rural Alaska.

Already your investment and federal dollars are paying off; with support from the Alaska Housing Finance Corporation, there is funding and development in place for 26 housing units in the Northwest Arctic Borough and Savoonga. It is my hope that this legislature will expand our efforts by approving the additional \$4.2 million that the Alaska Housing Finance Corporation has requested.

Late last month, Congress agreed to a provision Lisa and I developed that will expand the Denali Commission. The commission will now house an economic development committee that will include representatives from the State Chamber, the Alaska Bankers Association, and local government and industry. Together, they will help sharpen our long-term vision for rural economic development.

We've had some amazing successes:

- the restoration of urban fisheries in Fairbanks and Anchorage
- the most advanced and comprehensive telehealth network in the nation
- new crops from wild rice to pharmaceuticals to wild berries
- improved aviation weather reporting
- an enhanced seafood quality program, new and improved products, and the development of new species
- a new transportation research center at the University of Alaska
- new job training programs statewide
- mentoring programs for at-risk youth and after school programs from the YMCA and Boys and Girls Clubs, with new clubs serving our communities
- water-sewage facilities in the majority of our villages
- tourism facilities from Kotzebue to Seward to Fairbanks
- a network of federal research facilities from marine research in Homer to global climate change in Barrow

Despite these positive developments, our state has significant challenges.

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First among these challenges is coastal erosion. Flooding and erosion affects 184 Alaska Native villages. At my request, the Government Accounting Office studied this problem and recently issued a report that discussed their findings. I have brought a copy of that report for each of you. The GAO reviewed nine of our villages and found four to be in imminent danger from flooding and erosion.

I plan to hold hearings in Alaska on this report to explore how this crisis can be resolved while meeting the needs of all Alaskans. The cost of moving entire villages is enormous, and our state and federal agencies must listen to those affected and determine what can be done to help.

State and local advice is needed to develop solutions so I propose that a commission be formed with federal, state, and local representatives. Such a commission could identify solutions and make recommendations for how best to respond to the effects of coastal erosion.

I am currently drafting legislation to form such a commission. If this Legislature agrees to appoint commissioners, I will submit that legislation for consideration by the Congress. It will be similar to the Land Use Planning Commission created in the Alaska Native Claims Settlement Act.

Another issue deeply connected to the future of our state is the effort to reach an Alaskan consensus about law enforcement in rural communities. My relationship with the Alaska Native community began when I was Solicitor of the Department of the Interior in 1960. Throughout my tenure in the Senate, I have remained focused on their concerns.

Late last year, when I addressed the Alaska Federation of Natives conference, I discussed the sustainability of tribal justice funding.

To try to resolve the issues I raised in that speech and meet the needs of rural communities, Congress established the new Alaska Rural Justice and Law Enforcement Commission in January. I know there's some concern about this approach, but this panel was not developed with the intention of taking sides on the question of sovereignty for

tribes in Alaska. It will take years to settle the legal issue of tribal sovereignty. The panel's primary objectives will be stronger law enforcement and a swift, fair system of justice for all. It is my hope that all Alaskans will let the panel do its work and try to achieve practical solutions.

In the last several years, an onslaught of lawsuits and the preparation of uneconomic timber sales devastated our timber industry. The Tongass once helped support 4,000 timber jobs. Today, nearly two-thirds of those jobs have disappeared. In the last ten years, all of our pulp mills have closed, taking some of southeast Alaska's highest paying jobs with them.

Last year, new steps were taken to revitalize our timber industry. The Congress created deadlines for the filing of lawsuits and allowed the Forest Service to mutually cancel uneconomic timber sales. The judicial review provision will ensure stability in our timber supply by quickly resolving timber disputes. Already there have been benefits from contract termination; the Forest Service, working with our timber producers, recently cancelled 20 uneconomic timber sales. These sales will be reconfigured and reoffered as economically viable sales.

On the fisheries front, Americans are looking for alternative sources of protein in the wake of the mad cow scare and fear over PCB levels in farmed salmon. The Alaska Fisheries Marketing Board is currently developing a national advertising campaign that will promote wild Alaska salmon to fill that void.

In January, our national government acted to rationalize the Bering Sea/Aleutian Islands crab fisheries. Our efforts protected the resource, made the crab fisheries safer, and ensured that vital seafood industry jobs remained in Alaska's coastal communities.

Some opponents criticized this plan; they argued that it was agreed to without public input and violated industry practices and anti-trust laws. They were wrong.

This action was based on a report from the North Pacific Fisheries Management Council. Their plan was the product of an open process that spanned five years – three years of meetings and discussion

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followed by two years of development and analysis by the council. The council unanimously approved the plan, which will help us conserve and manage our crab resource and end the deadly and inefficient race for crab.

Nearly 30 years ago, when, with Senator Magnuson's help, I set out to address the issue of sustainability in Alaska's fisheries, Congress recognized that a "one size fits all" approach just wouldn't work. Each area along our nation's shoreline should determine what policies will protect the reproductive capabilities of their fisheries.

When Congress enacted our bill in 1976, it set in motion the most successful federal-state management program ever devised. The regional concept has worked and the Bering Sea crab rationalization plan is proof of that.

Unfortunately, I was told as I left Washington that Senator McCain, the current Chair of the Commerce Committee, will hold more hearings on this issue, seeking to establish that this plan violates the anti-trust laws. This will be a very serious hearing.

Recent recommendations from the Pew Oceans Commission also threaten to have serious consequences for our state's fisheries. Those recommendations would effectively federalize ocean policy and take control away from coastal states like Alaska. Pew's approach would add bureaucratic layers to our ocean policy, grow government, and cost more money.

Alaskans are better served by the regional council system in place today. Our time is better spent working to make sure current ocean policy laws and administrative structures are functioning properly and fulfilling our conservation and management goals. Our tax dollars are better spent on fisheries research, conservation, and regional management.

I oppose the recommendations in the Pew report and urge you to voice your objections to that report as well. I expect the congressionally-chartered National Commission on Ocean Policy will confirm the success of the North Pacific Council when it releases its report later this year.

If I am the next chairman of the Commerce Committee, reauthorizing the Magnuson-Stevens Act and the Marine Mammal Protection Act will be among my first priorities. These acts are vital to our fisherman, Alaska Natives, and others in Alaska's resource-based industries. Without further clarification of critical terms within these acts, the massive corporate environmental complex will continue to bring lawsuits designed to shut down utilization of our marine resources. The best ocean policies are not determined by environmental special interest groups; they are the result of regional consensus and innovation.

Over the past year, seven Cabinet Secretaries visited Alaska. Their trips are evidence of this administration's dedication to helping Alaska succeed.

Take Secretary Paige, for example. His visit was a real success. Lisa and I invited him to come up and he immediately took a personal interest in Alaska's schools. The secretary now understands some of the unique challenges facing our schools.

I am certain we all agree there is no higher priority than educating our children; they are our future and must have the best educational opportunities we can offer. The No Child Left Behind Act lays the foundation for those opportunities.

Some provisions of that act pose problems for our state. Much of Alaska is remote and sparsely populated; those factors, in and of themselves, are barriers to complying with No Child Left Behind. For example, the Alaska Gateway School district is larger than the state of West Virginia and serves less than 500 children. Some districts don't have enough teachers; in many rural districts only a few teachers handle the entire curriculum and teach several subjects. Districts with these kinds of problems can not furnish teachers who have a major or master's degree in each subject they teach.

I understand the difficulties posed by some provisions of the No Child Left Behind Act, but opting out is not the answer.

Our rural communities need to reach out to this Legislature and Alaska's Congressional Delegation, and in turn, you and I must push the federal government for flexibility. But keep in mind: in the end, education is still a local and state responsibility. It is up to all of us to educate the national administration about our challenges and seek viable solutions.

Recently, the Bush Administration's commitment to our seniors led to the Medicare reforms approved by Congress. The President provided valuable leadership in those efforts and my colleagues in the Congress came together in a bi-partisan way to improve Medicare.

Some people have said: "That bill only made it worse." Nothing is further from the truth; the bill will help Alaska's seniors.

Lisa, Don, and I worked closely on a provision to increase Medicare payments to Alaskan doctors who treat Medicare patients by 50 percent. For several years I heard from Alaskan doctors who could not afford to see Medicare patients because the payments covered less than 40 percent of their costs. The new payment rate gives Alaska the highest Medicare payments in the nation – higher than even New York City – at 167% of the national average. Additionally, the provisions benefiting rural health providers will boost payments to all Alaskan hospitals.

This is a two year test. I hope this provision successfully opens Alaska's doctors' offices to our seniors once again.

Alaska's seniors also stand to gain significant prescription drug benefits as part of the Medicare reforms. Soon they can choose to voluntarily enroll in a private prescription drug plan that would provide them with drug coverage as part of Medicare. Or they can choose to enroll in a Medicare Advantage plan that offers drug coverage in addition to all other Medicare benefits. Or they can keep their traditional Medicare coverage. No one will be forced to change, but every Alaskan senior will have a choice.

In the meantime, our legislation will reduce the burden of rising prescription drug costs by introducing a new drug discount card in June. Nearly 25% of Medicare beneficiaries last year did not have any

form of coverage for medication. When the new drug discount card becomes available, Alaska's seniors will see savings of 10 to 25 percent on their prescription drug bills.

The news on the economy is also encouraging. The recession was the result of poor financial circumstances. The high-tech bubble of the late 1990s burst, the economies of our trading partners collapsed, and we were trading on a low value dollar.

The terrorist attacks of 9/11 had a significant impact on the economy as well; jobless claims reached 500,000 in the aftermath of those attacks.

But recent reports estimate that in the second half of 2003 our nation experienced the fastest economic growth since the early 1980s. This growth was caused by a jump in consumer spending fueled by increased income from tax cuts and a larger child tax credit.

In 2004, this growth will intensify as taxpayers receive higher refunds. Ultimately, it will translate into greater investment and job creation.

On the state level, Alaskans need to closely evaluate policies that impact our economic conditions. I applaud Governor Murkowski for assembling the Conference of Alaskans to discuss the role of the Permanent Fund in our state's fiscal situation. I was pleased when Frank reached out to Alaskans from all walks of life and sought their counsel, and I appreciate the efforts of the fifty-five Alaskans who participated in that conference.

Lisa, Don, and I will ensure that our colleagues in Congress understand the role Alaskans play in our nation's prosperity. Over the course of my time in the Senate, the root of many conflicts between our state and outsiders has been a lack of knowledge about our past, our culture, and our way of life. I have tried to educate those in the Lower 48 about the unique challenges Alaskans face and the opportunities we offer. That's why I've made it a point to bring federal officials and others up here for fishing trips and other visits – so they can see our state for themselves and appreciate the Alaskan perspective.

I believe that this approach can work within our state as well. Alaskans can bridge differences of opinion by establishing a common understanding of our past.

One path is to preserve our state's unique history. Alaska Native culture and traditions, our fight for statehood, the Alaska National Interest Lands Conservation Act, and the Alaska Native Claims Settlement Act are all important parts of our heritage as Alaskans and that history must be understood to move Alaska forward.

The Alaska Humanities Forum is making efforts to develop a statewide mandatory curriculum in Alaskan history. It is my hope that this curriculum will enable future generations to grasp and preserve what it means to be "Alaskan."

Alaska and the nation have a new frontier: the new century. The North Star is rising, thanks largely to the leadership and will of many in this room.

As I consider what lies ahead, I recall the advice my grandmother passed on to me when I was young. She was raising my sister, two brothers, and me in a small house in Indianapolis at the time, and she told us: "You can argue and fight with each other as much as you want at home. But, when you are up against the world you must act together and speak alike because there are so few of us."

In my judgment, all of us could learn a lot from my grandmother's advice; there will be times when Alaskans disagree, but in the end, we must work together and speak with one voice.

You and I, as Alaska's elected representatives, can help write the next chapter in Alaska's proud history. Lisa, Don, and I seek your insight and guidance to meet the challenges and opportunities that will define our state's new frontier.

**Please report corrections to the Senate Secretary's office.**