

**SENATE AND HOUSE
JOINT JOURNAL SUPPLEMENT**

February 21, 2006

Tuesday

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Address by

The Honorable Lisa Murkowski

United States Senator

Before a Joint Session

of the

Second Session of the

Twenty-Fourth Alaska State Legislature

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February 21, 2006

Juneau, Alaska

The following was submitted for publication:

Thank you Mr. President, Mr. Speaker, for inviting me to be with you today.

Since just the start of this year, I have flown over 25,000 miles, visited four world capitals, met with the Presidents of two nations and numerous foreign ministers. But let me assure you, nothing beats being in a state where things are “flippin’ sweet.”

In my address to the State Legislature a couple of years ago, I mentioned that there are three legs to developing Alaska’s economy:

- reliable, affordable energy;
- access through transportation systems;
- and a healthy, educated workforce that can exploit those resources.

It took us a little longer than planned, but last year Congress passed both a comprehensive Energy Bill and a Highway Reauthorization Bill that will help us attain those first two goals. There were some real accomplishments achieved at the federal level for Alaska last year.

On the energy front, while we were unsuccessful in our efforts to open ANWR last year, I can promise you ANWR will be reconsidered again this year. As Senator Stevens has said, it’s not over until we win. America needs Alaska’s oil. And, just as importantly, America needs Alaska’s gas.

At an Energy Committee hearing last week on energy forecasts by the EIA, Guy Caruso outlined the supply/demand picture in the short term & long term. These forecasts are predicated on 4.2 bcf/day of Alaska natural gas coming on line to the US market by 2015. I asked him what happens to the forecast for pricing and availability if Alaska gas is delayed, or worse, doesn’t happen. The picture changes dramatically – price increases, shortages and a turn to additional imports of foreign LNG, taking us in the same direction we are currently with oil – where we are fast approaching 60% dependency on foreign sources for our oil.

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Let me say it again ... America needs our gas. The Congress passed the enabling legislation in 2004 with incentives provided for the American taxpayers. The farmers who need it for fertilizer. The chemical manufacturers. The consumer who is looking at ever increasing utility bills. My colleagues in the Senate, representing these constituencies, are asking what the status of Alaska gas is. A recent letter, signed by 17 Senators, asks for Senate hearings on the status of the gas line.

I understand that there is good news to be announced today regarding the gas line – that the producers have agreed to the terms on gas and oil as presented by the state. This has been a long, arduous process and it is now time for the legislature to weigh in. I would encourage you to act quickly, but in a thorough and comprehensive manner, to ensure that the proposal benefits us as Alaskans and Americans. The eyes of the country are upon you.

Oil, gas, mining, fisheries, timber – these have been the resources that have sustained us as a state. But we also have to recognize the role of the federal government in our lives.

I recall past conversations I had with members of the Legislature, where we discussed funding for various programs in the State budget. The reality was we counted on the federal government to supply close to one-third of our budget. There was, and still is, a considerable amount of reliance on federal funding.

My question is, how sustainable is this reliance?

As Senator Stevens has said on a number of occasions, the budget for each fiscal year is getting tighter and tighter, and with the State holding a \$1.2 billion budget surplus and \$30+ billion in the Permanent Fund, the ability to justify non-matching federal expenditures for Alaska to my colleagues in the Senate is not an easy task.

Make no mistake about it; your congressional delegation will continue to fight for Alaska – to ensure that the needs of Alaska are addressed. But as leaders in the State, you need to be aware that times are changing in Washington.

It is an educational challenge explaining Alaska's needs to our colleagues in Congress. We all need to work together to help promote our state and provide a better understanding of who Alaskans are.

This afternoon, I would like to shift everyone's focus from the topic of the day – gas – to the third leg of Alaska's economy: a healthy, educated workforce.

A new study on the outsourcing of jobs was unveiled last Thursday to the National Academies, the nation's leading advisory groups on science and technology. The report found that multinational corporations were "global shoppers for talent." As one technology officer noted, "there is no monopoly on brains, and none on education either" - no monopoly on brains or education. There is no reason that does not apply to Alaska.

Alaska could build a workforce that is attractive to global shoppers of talent.

- a workforce that is educated in Alaska,
- that remains in Alaska,
- and that benefits Alaska.

A workforce that has access to healthcare and the resources to provide health care to their families. After all, healthy families make healthy communities. And healthy communities make a healthy state.

Let's start with the basics – access to clean water. According to the Centers for Disease Control, in villages that lack water service and homes without plumbing, the rates for Respiratory Virus - and pneumonia among infants and children – are greatly enhanced.

In villages where less than ten percent of the homes have water service, infants and children are eleven times more likely to be hospitalized for pneumonia and five times more likely to be hospitalized for Lower Respiratory Tract infections. Twenty of Alaska's villages in the Yukon-Kuskokwim Region alone fall into this category.

For a state that is so rich in resources, too many of our communities continue to have third-world water and sewer infrastructures; too many of our residents continue to use honeybuckets.

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When the President's budget came out just a few weeks ago, it proposed a 75% reduction in funding to the State of Alaska's Village Safe Water Program. But under the Village Safe Water Program, the percentage of rural homes with running water and sewer has increased from 51% in 1995 to 77% in 2004. Making cuts to this program does not make sense and I will be fighting to ensure those funds continue to be provided. I ask for the State Legislature's continued involvement in this program.

Another health basic is maintaining a healthy heart. Heart disease, stroke, and other cardiovascular diseases are the leading causes of death in Alaska – nearly 800 deaths each year. Many women believe that heart disease is a man's disease and do not view it as a serious health threat. Yet, in every year since 1984, cardiovascular disease has claimed the lives of more women than men.

Last week, I introduced the HEART Act, to improve the prevention, diagnosis, and treatment of heart disease and stroke in women. The legislation will expand two demonstration projects in Alaska which provide free screening for early detection of heart disease for low-income Alaskan women.

I am also fighting to end fetal alcohol syndrome. As you know, Alaska has the highest rate of Fetal Alcohol Syndrome Disorders in the nation, yet it is 100% preventable. Approximately 163 Alaskan babies are born each year affected by maternal alcohol use during pregnancy. Among our Native communities, the rate of FASD is *15 times higher* than non-Native areas in the state.

I have introduced legislation to develop outreach programs, improve coordination among Federal agencies involved in FASD treatment and research and increase support services for families who are living with FASD. We must begin to improve the statistics – and the lives of children - with FASD.

As part of the effort to provide more Americans and more Alaskans with needed health coverage, in the 108th Congress and again last year I introduced legislation to help working-class Americans afford health insurance and to help small businesses afford to provide health insurance for their employees.

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122,000 people in Alaska do not have health insurance – nearly 20% of our population. Over one-third of Alaska’s uninsured reported that they did not seek medical care for themselves or their family when it was needed because they could not afford it. 8 in 10 of the uninsured are working families.

Right now, we spend between \$65 billion and \$135 billion of public health dollars annually to treat acute patients – much of this could be saved if those patients had received preventative care. Making health insurance more affordable will make a real difference to the Nation’s, and Alaska’s, physical and economic health.

Now I recognize that my legislation faces long odds of being enacted during an election year – and let’s face it, there is a significant price tag to providing this assistance. It has not been officially scored yet, but I expect it will not come back with a deminimus determination. I maintain, however, that it is more costly to do nothing at all and I will be working with Senate leadership to move all or parts of this legislation.

Of course, being able to afford health care means nothing if you do not have access to it. According to the most recent Alaska 20/20 report, approximately 75% of Alaska communities are not connected by road to another community with a hospital. Alaska has the sixth lowest ratio of physicians per patients in the nation – and in a state as large as Alaska with our limited transportation infrastructure, accessing a physician is that much more difficult.

We must work together to prevent this crisis. Your Congressional Delegation was able to retain Alaska’s higher FMAP funding as part of the budget reconciliation package. The extension maintains Alaska’s funding formula at 57% for another two years, saving the State \$130 million. In a year when federal Medicaid dollars were being cut across the board, this is a major victory for Alaska.

You took a bold step recently to address our state’s physician shortage crisis by enacting medical liability reform recently. Escalating jury awards are causing medical liability premiums to skyrocket across the nation, forcing some physicians to leave the practice of medicine entirely. I applaud your efforts in the state. We must enact similar medical liability reform at the federal level.

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I plan on introducing legislation to allow primary health service providers a tax credit of \$1,000 for each month those providers provide primary health services in health professional shortage areas – an area that covers most of Alaska. The goal is to recruit physicians to the areas that are most in need of their services.

I am also looking to expand the Alaska Physician Family Residency Program to train more physicians in Alaska's rural settings. Training future physicians in rural Alaska is the most effective way to encourage them to maintain a practice in rural Alaska.

But even if each of these efforts is successful on the federal level, the State still needs to be taking an active role in recruiting physicians and other health care providers to address our shortages and ensure health care access for our communities and families.

On the Medicare front, for the first time since the program's inception in 1965, seniors who receive Medicare benefits are receiving a significant new benefit - - prescription drug coverage. Many seniors who struggled with the high costs of drugs will now be able to afford life-saving medications.

Unfortunately, like many well-intentioned Federal programs, the new benefit is complex and was not implemented without problems here in Alaska.

I've sat down with several frustrated Alaskan pharmacists and I'm sure many of you have heard what I have heard: beneficiaries were incorrectly charged; computer systems failed, and "help" lines were hopelessly clogged. Some Alaskan pharmacists, who didn't want to turn a senior away without providing some of his or her medications, are out several thousands of dollars.

And, sadly, it was our most vulnerable populations - - the dual eligibles (those who receive both Medicaid and Medicare) - - who face the gravest problems. It is unacceptable that some of the poorest, sickest beneficiaries are having the most trouble - - that is not what Congress intended.

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I am proud that you in the Legislature and the Governor's office are working to provide relief to the pharmacists. Congress must now make sure that Alaska, and other states that have provided this relief, be fully compensated. I will work to make sure that happens.

On the education front, I commend the Legislature and the Governor for your commitment to investing part of the budget surplus on our schools and our children's education. Ensuring that our children have the tools they need to compete in what has become a global marketplace is important not just for their future, but the future of the State as well.

I know the No Child Left Behind Act has frustrated many at times, including myself. I applaud the hard work, commitment, and positive attitudes of thousands of Alaskan educators, students, parents, and community leaders since the law was passed in 2001. While we still have work to do to make sure the achievement gap is closed, it is beginning to close. Students are more proficient on grade level assessments. More schools are making Adequate Yearly Progress, even though the bar was raised last year. Parents have better information about the progress their children are making in school. Teachers are better armed with data to ensure that each child receives the targeted remediation he or she needs.

To those who believe that isolated, rural schools with many challenges cannot succeed, I say take a look at White Mountain, Shaktoolik, Chefornak, Goodnews Bay, Marshall, Pilot Station, St. Mary's and Russian Mission. I was thrilled to send my congratulations to these eight schools that, for the first time, made Adequate Yearly Progress.

Still, Alaska needs flexibility and in some areas the law needs to be changed to reflect Alaska's unique circumstances. I spoke with the Secretary of Education, Margaret Spellings last summer about a few of the most important issues that concern Alaska's educators.

Alaska needs flexibility to calculate students' growth as part of Adequate Yearly Progress calculations. At the time of our conversation, Secretary Spellings was putting together a task force to study Growth Models. Since then, she has announced that ten states will be chosen to be Growth Model pilot states. I have been working

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closely with the U.S. Department of Education to support Alaska's strong application, which was submitted to Secretary Spellings this past Friday. I am hopeful that Alaska will be one of the states selected and ask for the State Legislature's support on this important venture.

I also spoke with Secretary Spellings about the effects of the Highly Qualified Teacher and paraprofessional requirements contained in No Child Left Behind. The Secretary has granted small, rural school districts an extra year to make sure teachers are highly qualified. But some districts have moved ahead and made remarkable progress in this area. Bering Straits School District just informed me that of 137 paraprofessionals, only 7 will not meet the deadline set by the District for proficiency.

While No Child Left Behind focuses on elementary and secondary education, we must also be looking to invest in those who have already graduated and have chosen to make Alaska their home.

When – and I do stress when – the Alaska Natural Gas pipeline is built, shouldn't it be built and operated by Alaska labor? But Alyeska reports that just over half of its workforce on the Trans-Alaska oil pipeline is over the age of 50 and will be eligible to retire within the next five years. According to the State Department of Labor, one-quarter of all workers in Alaska's oil patch are over 50, with an average age of 42.

At an oil industry conference last month in Anchorage, a construction industry representative said America will need 250,000 trained construction workers per year for the next two decades to offset retirements. Alaska will need 1,000 skilled construction and pipeline workers a year to meet existing demand – even without a natural gas pipeline or ANWR.

The ability to attract, educate, and train the next generation of oil patch workers, and other natural resource-based industries must be a priority for Alaska. And we should be ensuring that Alaskans have every opportunity to obtain the needed education for these positions.

I have joined with 61 of my colleagues in the Senate in pushing legislation to increase our nation's investment in math and science proficiency. To ensure that our workers have the skills they need to

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compete on a global stage. For Alaska, that means having the workers with the high-tech know-how to build and run pipelines, oil fields, and other natural resource-based operations. To be the world leaders in cold-weather research and Arctic science. To be attractive to global shoppers of talent. Again, there is no country that has a monopoly on brains or education.

As the President noted in his State of the Union address, “our greatest advantage in the world has always been our educated, hard-working, ambitious people, and we are going to keep that edge.”

The world market has been very beneficial to Alaska’s economy. Ted, Don, and I will continue to work our hardest to promote Alaska’s interests in Washington. But ultimately, the direction of Alaska’s future lies with Alaska’s children - who find hope and opportunity within their community.

Before I end my remarks, I want to take a moment to acknowledge all those who are serving this country, and to honor and remember those men and women who have given their lives serving our nation. Their sacrifices, and the sacrifices of their families and loved-ones, will not be forgotten.

Please report corrections to the Senate Secretary's office.