

**HOUSE AND SENATE
JOINT JOURNAL SUPPLEMENT**

January 15, 2008

Tuesday

No. 10

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**State of the State and
State of the Budget Address
by
The Honorable Sarah Palin
Governor
State of Alaska
Before a Joint Session
of the
Second Session of the
Twenty-Fifth Alaska State Legislature**

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January 15, 2008

Juneau, Alaska

The following was submitted for publication:

Lieutenant Governor, members of the 25th Alaska State Legislature and all Alaskans, thank you for this opportunity to speak before you tonight.

To our Commissioners, thank you for being here and for serving for all the right reasons.

Todd and our girls, Bristol, Willow, and Piper, and our son Track who is proudly serving in the U.S. Army, thank you for your service.

Let us pay tribute to all our men and women in uniform, and their families, and those who've previously served our great nation. Their fight for freedom allows us to assemble tonight – with liberty and security! Because of their sacrifices we are free to do our jobs here. And we thank them.

Out of respect for the greatest country on earth, I would like to talk about what Alaska can do to contribute and help secure these United States.

Addressing you on the first day of a 90-day session shows our administration's commitment to help this Legislature carry out Alaska's will. There is a lot of work to do – only about 1,000 days left in our term – so let's get started.

Along with releasing our budget early, I will lay out my administration's goals and show how they fit into a clear, positive plan for a strong Alaska.

In our first year, we have seen positive change and restored trust. From ethics reform to AGIA to ACES, let's keep Alaska moving forward to the promise launched 50 years ago at statehood, founded on hope and trust, and rooted in our Constitution.

Together, let's provide the services that our Constitution requires, constitutional services such as education, public safety, and a solid infrastructure – and let's do them right.

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Let's commit to take responsibility for good stewardship when we're developing our natural resources.

Let's remember that Alaskans are capable and created to work. So when government provides education and job training, every able-bodied Alaskan is expected to work and not simply rely on government to provide.

Let's take personal responsibility in all areas of life – including health. What we consume and engage in impacts not just our personal health, but our communities too.

Let's reign in government growth so individual liberty and opportunity can expand.

And let's expect that every region contributes to our economy, to fulfill our promise to be a self-sufficient state made up of the hardest working, most grateful Americans in our nation.

It's in this spirit that I say to my fellow Alaskans – we have such great potential because the state of the state is great, and our potential even greater.

Challenges lie ahead, but let's look back at the last year and at some accomplishments.

In Education, we are shaping a three-year funding plan to finally shift the school debate from perpetual "money talk" to accountability and achievement! We are focusing on foundational skills needed in the "real-world" workplace and in college.

In Natural Resources, we've opened arms to welcome development – but only responsibly, or not at all. Thanks to those abundant resources we will be able to provide for the urgent needs of our citizens.

In Revenue, Alaskans ushered in a new era of stability with ACES, our new oil and gas appraisal system. It will provide protection even when oil prices aren't as high as they are now. Ronald Reagan warned, "Government always finds a need for whatever money it gets." I agree

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and that's why we must save our surplus. My administration is proposing \$7 billion dollars into the Permanent Fund, Constitutional Budget Reserve, the Education Fund and PERS/TRS debt relief.

In Fish and Game, we are managing our fisheries based on science, not special interests. Alaska's predator control program is showing results with greater wildlife populations so more Alaskans can hunt and feed their families the world's healthiest, cleanest protein on God's green earth.

In Environmental Conservation, our Climate Change Sub-Cabinet has begun working on ways to adapt to impacts and we're implementing the voter-mandated Ocean Rangers program.

In Administration, we redesigned technology for government efficiency and transparency, including our nearly-complete online checkbook, showing Alaskans where their money is spent. We've strengthened APOC and added a new investigator.

In Transportation, we added another \$100 million for a total of more than \$600 million for roads and airports to allow private sector growth and progress. Our "Transportation Endowment" will build a better, safer infrastructure and eliminate the threat of an increased gas tax at the pump.

In Labor, we've seen exciting, innovative efforts to grow private sector partnerships in mentoring programs and vocational-technical curriculums, and we're training more healthcare providers to meet huge workforce demands.

In Health and Social Services, we're changing the Office of Children's Services – we've so much work to do here. We are improving our assessment process and training to better protect Alaska's vulnerable children. We returned senior benefits to our deserving elders.

In Public Safety and Corrections, after years of positions left vacant, we've doubled academy recruits. I'd promised to separate wildlife brown shirts from law enforcement blues – so 96 brown shirts are finally getting to that stream near you. We're building public trust by

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demanding the highest standards of those in public safety. We're implementing realistic plans to deal with overcrowded prisons, including rehabilitation and work requirements for the 95 percent of inmates who will re-enter society instead of just "warehousing" them.

In Law, we are getting tough on criminals with tougher, defensible sentences. It was a clean sweep for convictions in the Cold Case Unit. Our Civil Division is managing hundreds of legal battles to protect Alaskans' interests. I commend Law for last year's needed, comprehensive ethics bill.

In Military and Veterans Affairs, we certified hundreds of territorial guardsmen, so those who served finally receive their benefits. We are proudly supporting our brave Alaska Guard as they provide daily search and rescue in our State, and support the War on Terror.

In Commerce, we beefed up consumer protection with changes in banking and securities. We pushed every agency hard to deliver results. They delivered by slashing the upward trajectory of budget increases from 14 percent down to 4 percent, despite rising healthcare, retirement, and energy costs. Thank you to our Commissioners and staff for their hard work!

Our economy is solid. We have a vigorous investment climate with ACES. For 20 consecutive years, the number of jobs in Alaska has grown and we expect 2,000 more new jobs this year.

We're trickling down state wealth to communities, through a 50 percent increase in municipal revenue sharing. This can provide local property tax relief and local priorities to be met – like filling potholes and police positions.

I will propose reducing or eliminating burdensome taxes on our citizens like business license fees and the tire tax.

After our citizens, our state treasure is our commonly-owned natural resources. Fifty years ago, our Constitution's founders established lofty goals and ironclad promises to be self-sufficient and self-determined wise use of resources.

A perfect example of our self-determination is our natural gas pipeline vehicle: AGIA. AGIA's competitive process is built on Alaska's "must-haves." Finally we will have an "open access" gasline so new explorers can produce new reserves, providing in-state use of our gas and careers for Alaskans. Without AGIA's requirements, we'd be leveraged by a small group of companies. We can't surrender revenue, judicial process and our sovereignty.

AGIA works! A respected pipeline construction company, TransCanada, submitted a proposal that meets all of Alaska's requirements. AGIA cleared the path for our gas to feed hungry local markets and to help secure the country with a safe, stable, and domestic supply of clean energy.

An AGIA license gets the ball rolling on our terms – and opens the door to innovative and strategic partnerships. We are reasonable and open to those partnerships that, at the end of the day, will get that long-awaited gas line built.

With this progress, it is with great confidence that I say our future is bright. Industry knows we want responsible development. Anadarko will drill Alaska's first-ever gas- targeted wells on the North Slope. Chevron, FEX, Renaissance – many others are exploring. That's ratification of AGIA's promise to make investments profitable for industrious explorers.

There's more we can do to help leaseholders, to ramp up development. Our new reservoir study can increase development and we will ensure better, publicly supported project coordination.

Besides oil, gas, and mining, we're advancing tourism, to show the world Alaska's majesty. We're supporting our tremendous fisheries – for 150 years they have been the economic and social heart of our coastal communities. They define and sustain us, and I will not let politics interfere with management-for-abundance of our largest private sector employer.

To cultivate timber and agriculture, we're encouraging responsible, economic efforts to revitalize our once-robust industries. We can and must continue to develop our economy, because we cannot and must

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not rely so heavily on federal government earmarks. Instead, let us power up and produce for Alaska and America. We can do this – we're 50 years old now, and it's time!

Time to take back our collective sense of responsibility and sovereignty: To honor constitutional principles and remind the Federal Government of our right to access and develop; to maximize development for the people of this Great Land.

Let's harness Alaskan ingenuity to deal with the double-edged sword of high oil prices. We will implement solutions to address outrageous energy costs for our citizens. While at the same time saving and investing the revenue generated by the record oil prices.

Let's not blow it, let's capitalize.

We will fully fund Power Cost Equalization – \$28 million to offset costs. We will match \$10 million for Denali Commission and Energy Authority conservation programs. But we need a comprehensive approach to long-term energy plans, not just fiscal "shots-in-the-arm."

I'm appointing an Energy Coordinator, to activate a statewide Energy Plan. We'll use earnings from a \$250 million "Renewable Energy Fund" for alternative projects, like hydro, wind, geothermal, and biomass. These projects cannot even flirt with snake-oil science – they will be real, doable, and economic. Alaska's plan can lead America toward energy security and a cleaner, safer world.

It is our energy development that pays for essential services, like education. Victor Hugo said, "He who opens a school door, closes a prison." It's a privileged obligation we have to "open education doors." Every child, of every ability, is to be cherished and loved and taught. Every child provides this world hope. They are the most beautiful ingredient in our sometimes muddied up world. I am committed to our children and their education.

Stepping through "the door" is about more than passing a standardized test. We need kids prepared to pass life's tests – like getting a job and valuing a strong work ethic.

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Our Three-year Education Plan invests more than a billion dollars each year. We must forward-fund education, letting schools plan ahead. We must stop pink-slipping teachers, and then struggle to recruit and retain them the next year.

We will enable schools to finally focus on innovation and accountability to see superior results.

We're asking lawmakers to pass a new K-12 funding plan early this year. This is a significant investment that is needed to increase the base student allocation, district cost factors and intensive needs students. It includes \$100 million in school construction and deferred maintenance.

There is awesome potential to improve education, respect good teachers, and embrace choice for parents. This potential will prime Alaska to compete in a global economy that is so competitive it will blow us away if we are not prepared.

Beyond high school, we will boost job training and University options. We are proposing more than \$10 million in new funding for apprenticeship programs, expansion of construction, engineering and health care degrees to meet demands.

But it must be about more than funds, it must be a change in philosophy. It is time to shift focus, from just dollars and cents to "caliyulriit," which is Yupik for "people who want to work." Work for pride in supporting our families, in and out of the home. Work for purpose and for action, and ultimately destiny fulfilled by being fruitful.

It's about results and getting kids excited about their future – whether it is college, trade school or military. The Lieutenant Governor and I are working on a plan to make attending Alaska's universities and trade schools a reality for more Alaskans through merit scholarships.

Our resources pay for other priorities, too, like transportation and infrastructure. Our budget totals \$1.6 billion to invest for these improvements – and there are still many more needs and future

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Federal Highway Funds are declining. I also propose a \$240 million General Obligation Bond for other transportation projects and a crime lab – letting Alaskans vote on these projects, it's their money.

We're addressing another big challenge: the availability and cost of health care. I established our Health Care Strategies Council and I appreciate the outstanding volunteers who served. We'll pursue many of their recommendations, starting with our Health Care Transparency Act, requiring that consumers get better information about prices and quality of their own care.

And we will allow competition. Under our present Certificate of Need process, costs and needs don't drive health care choices – bureaucracy does! Our system is broken and expensive. We propose, as many states have, eliminating the CON, to increase choice and to manage rising costs. Currently nine CON lawsuits are adversely affecting consumers. Alaskans want health care in the hands of doctors, not lobbyists and lawyers.

We are considering what other fiscally conservative states have done to incentivize employers to provide medical insurance for employees, based on the free market. But comprehensive reform must include not only government reform, but Alaskans choosing to take more personal responsibility. All Alaskans must do better to be better, and healthier.

Our choices often lead to heart disease, diabetes, underage drinking, drugs, violence, and abuse. Soaring health and public safety costs are sometimes unfairly passed on to others. But more importantly, by ignoring or accepting selfish choices that cause the abuse, children, families and entire communities are destroyed.

I visited the child sexual assault clinic at Providence last week with Senators Dyson and French, Representatives Gatto and Fairclough, and others. It was heart wrenching, especially hearing of one village where 85-90 percent of the innocent children there have seen abuse, including horrible sexual abuse. If that tragedy doesn't open our eyes to the need, nothing will. It is a human's natural defense mechanism to not want to think about it, but we will, we must.

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Because a few days after Providence, I was in Bethel, full of hope again, because I saw children so hopeful and blameless and trusting: we will not let them down.

With a bright "economic future" on the horizon, kids need sound minds and healthy bodies to prepare for that future. We will do our part as a government to help those who cannot help themselves. We are excited about our Youth Wellness Initiatives combating alcohol, abuse and suicide. And educating kids about healthy eating and physical activities.

But government cannot cure all ills. And don't assume more laws foisted on Alaskans are the only answer – most "bad activity" is already illegal. We have got to make wise, healthy personal choices, including choosing not to ignore child abuse. I'm counting on families, communities and faith-based groups to step up, together, to help passionately here, too.

Proverbs tell us there is no strength without unity. So, Alaska, let us be united to be strong. Let us serve selflessly, and disregard who gets the credit.

We are on the same team, if we have got the same goal. With so much opportunity in Alaska, let's look at challenges like we do in our own families: save money, spend wisely, and we will secure our tomorrow. Invest in solid foundations like education and deferred maintenance. Pull together, not tear down. Be positive. Respect our treasured past, but look forward now.

These are leadership characteristics expected by those who elect us to lead, to serve, to work for Alaskans. What a responsibility we have: to look beyond partisan and geographic differences; to slow government growth, so we don't tax hard working families and hand future generations a budget they can't afford; to restore trust in government; to develop our resources responsibly, including a gasline to meet our long-term energy needs; to equip our students for work and help them commit to personal responsibility and good character.

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United leadership to do the will of the people, with vigor, the Palin/Parnell administration stands ready to work with you to accomplish all this. By doing so we will realize the potential that our honored Native elders and our Constitution's founding mothers and fathers saw, providentially, years ago.

So with 1,055 days to go in our term, we are ready to get to work!

God bless you, and all Alaskans. And God Bless America.

Please report corrections to the Chief Clerk's office.