

**HOUSE AND SENATE
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March 3, 2014

Monday

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Address by

The Honorable Mark Begich

United States Senator

Before a Joint Session

of the

Second Session of the

Twenty-Eighth Alaska State Legislature

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March 3, 2014

Juneau, Alaska

The following was submitted for publication:

President Huggins, Speaker Chenault, members of the House and Senate and friends across Alaska. It's great to be back home. Over the weekend I got to join thousands of Alaskans at the start of the Iditarod in downtown Anchorage. I know for a couple of snowless months race officials were nervous about trail conditions, but Mother Nature came through again.

I was especially pleased to have a colleague up for the weekend, Senator Joe Manchin of West Virginia, for his first visit to Alaska. Senator Manchin is a pro-resource development Democrat. We don't agree on everything, but Joe is a strong ally in Washington. He is one of many allies for Alaska I've brought to our state in the past several years. Building these partnerships across party lines has helped us achieve many successes for our state over the past five years.

Today I want to discuss some of those successes, especially as they've improved our economy, created good-paying jobs and laid the foundation for a stronger economic future for Alaskans. I also want to detail some of the challenges Alaskans face in the future, especially in making sure young Alaskans are prepared to capitalize on the many opportunities in the 21st century economy.

On that subject, I am troubled by what's happened to state education funding over the past few years and the questionable direction for our public schools advocated by some in this legislative session. More on that in a few minutes.

Speaking of partnerships, let me first commend you for your work to complement what Lisa, Don and I are fighting for in Washington.

You'll remember two years ago in this forum I urged the Legislature to support a new initiative for Alaska – research and development of unmanned aerial vehicles, UAVs. You stepped up with \$5 million and the University of Alaska aggressively developed a program to capitalize on Alaska's wide open airspace.

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The result is Alaska was just named one of six sites in the entire country to test UAVs. This could be a promising new industry for our state, creating a thousand new high-tech jobs. Thanks for your support and especially to Senator Donny Olson and Representative Shelley Hughes for co-chairing an effective task force on regulating UAVs.

Another area where we're getting things done is in the Arctic. One of the first bills I introduced when arriving in the Senate established an Arctic ambassador to coordinate and represent America's interest at the highest international levels. For too long, America has been the only Arctic nation without such representation. Just two weeks ago, we persuaded Secretary of State John Kerry to change that. Now we're pushing him to make sure this nation's top representative for the Arctic comes from the state that makes America an Arctic nation – Alaska. And there is more good news for the Arctic. Last summer, the re-commissioned ice-breaker Polar Star came here to Juneau and then to the Arctic for sea trials. After four years of fighting the Obama administration to keep the Polar Star in service instead of the scrap heap, it's great to see America patrolling Arctic waters again. This summer, we're looking forward to the launch of the Arctic research vessel Sikuliaq out of Seward. Thanks to Senator Lesil McGuire and Representative Bob Herron for your great work on the Arctic Policy Commission and for declaring 2014 the Year of the Arctic in the Legislature. It couldn't be more appropriate.

Finally, I want to commend the Interior delegation, Fairbanks Borough Mayor Luke Hopkins and Tiger Team members like Jim Dodson for fighting the good fight on Eielson. Two years ago when the Air Force proposed transferring those F-16s out of the Interior, we put on the full court press like nobody's business. When I stood in the way of an Air Force general getting his fourth star, I never had so many Pentagon brass furious at me. But we got them to look at the facts and it worked. The Air Force retreated and now both Eielson and Joint Base Elmendorf-Richardson in Anchorage are candidates for America's newest cutting-edge fighter, the F-35. This is huge for our state. Each squadron of F-35 fighters comes with 24 aircraft and two squadrons are slated for the base finally selected. That means thousands of additional jobs both on base and in the community. As Mayor Hopkins

noted, we've got to keep up the pressure in Alaska's fight to land these aircraft in our state and fulfill our mission as America's Gateway to the Pacific.

One subject on which I know there is universal agreement is Alaska's support for our military. Alaskans have long known that Alaska's military forces are some of America's finest. Others are starting to figure out that, too. This past year the Army recognized Fort Wainwright military policeman Adam Christenson as the Best Warrior in the entire Army. He beat out the best in every one of the Army's 12 major commands representing more than 600,000 soldiers. Also in 2013, the 176th Operations Group of the Alaska Air National Guard was recognized twice for outstanding airmanship as the best Air National Guard flying unit in the country. And we just witnessed the passing of another great Alaskan and veteran, infantryman Roderick Bain, who parachuted into Normandy with the 101st Airborne and served with the unit for two more years through the end of World War II. Bain's service was immortalized in the TV series, *Band of Brothers*. Please join me in thanking all of Alaska's veterans and active duty military personnel for their service to our state and nation.

As we focus on turning our economy around, one of our biggest challenges is out of control federal spending. That's why I have successfully fought to cut spending, beginning with my own office. I refused a pay raise and blew the whistle when other senators tried to push one through. It's why I cut my own office budget and furloughed my staff during the unnecessary government shutdown. It's also why I voted against my own party's budget because it would have raised taxes by nearly a trillion dollars and didn't go far enough to cut spending. The good news is we're making progress. We've cut the annual deficit by more than half in five years, from \$1.4 trillion to about \$514 billion this year. We are on course for the largest sustained decline in the deficit as a percentage of GDP since World War II. Still, that's not enough. We must do more to get federal spending under control. That's why I'm co-sponsoring a constitutional amendment for a balanced federal budget. And I've introduced or co-sponsored numerous bills to cut billions in federal spending.

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Our job – yours and mine - is delivering essential services as cost-effectively as possible. So I feel your pain here at the state level. I was troubled to see the recent report by UAA economist Scott Goldsmith. He projects significantly reduced state oil revenue for Alaska for decades. I know that concerns each of you, as it should every Alaskan. Fortunately I was able to secure a seat on the powerful Senate Appropriations Committee to better guide future federal budgets. Alaska is one of just two states with both senators in such key positions of clout. Working together, Senator Murkowski and I are bringing the federal budget under control while making sure Alaska gets what we need to grow our economy and create jobs.

For example, in the just-passed appropriations bill, we were able to secure essential investments in our missile defense system at Fort Greely, support for JBER's combat rescue squadron and vital facilities at Alaska bases, including Wainwright, Greely and Clear. This appropriations bill is an indicator that bipartisanship is still possible in Washington. Another example is the farm bill. For the first time in six years, Congress passed a major farm bill which slashed nearly \$17 billion in wasteful spending. But I was able to keep alive the effort to provide water and wastewater systems to rural Alaska. In just three years, we've directed \$100 million for these basic facilities. And for the first time ever, I was able to insert a provision in the Farm Bill that allows subsistence foods to be served at federally funded hospitals, child care and long-term care facilities. This was welcome news, especially to Alaska's Native community.

I know a favorite buzz-word – especially in this building – is federal overreach. Those Alaska pioneers who fought for Statehood did so to break the yoke of federal oversight so Alaskans could control our own destiny. Like them, we can't let federal overreach be an excuse for inaction. Alaska is blessed with enormous resources and America's best and brightest citizens, so let's get on with determining our own future on our terms. I'm using my seniority and key positions in the Senate to do exactly that.

As chair of two subcommittees with jurisdiction over important Alaska issues – fisheries, Coast Guard, Arctic development, adaptation to climate change – we're getting results. When the Food and Drug

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Administration was on the verge of approving Frankenfish – genetically engineered salmon – we gutted this threat to our nation's food security and to Alaska salmon.

As melting ice in the Arctic opens that region for increased shipping and resource development, our Coast Guard needs more resources. As the senator who writes the Coast Guard budget, I delivered more fast response cutters and better housing for Guard personnel and their families. Three of these new cutters will be based here in Southeast, two in Ketchikan and one in Juneau. A \$27 million dock expansion has just started in Ketchikan, creating well-paying jobs to get ready for these new ships. When I came into office in 2009, bringing these cutters to Southeast was a priority. Now we have, improving the safety of fishermen, cruise lines, tour boats and shippers.

Thanks to my position overseeing the Postal Service, I convinced the postmaster general to roll back huge, unjustified rate increases for rural Alaskans. I also passed a provision that requires the postal service to respect state and local laws on shipping alcohol, so villages in Alaska which opt to be dry can stay that way. Most important in that bill, I protected Bypass Mail, a lifeline of goods and services to our most remote communities.

With the smallest delegation in Congress, I'll keep using my clout to fight for Alaska:

- To stop proposals to permanently lock up ANWR;

- To stand up to the EPA to secure permits for Alaska mines from Ketchikan to Kotzebue;

- To stand down the Obama administration to protect our Second Amendment rights;

- To lead the Senate in reversing cuts to pensions for our veterans.

Let me turn to an issue that's been dominating the headlines and the halls of the Capitol here: school funding and school choice. I understand the ambition of parents and families who want every opportunity for their children to succeed. It's part of what makes America a great country. We want to do right for our kids. We want them to be better off than we are. I'll be blunt. I don't agree with what's

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happened in this building on education funding in recent years. It's like you've built a fire in the woodstove but refused to add enough wood. Now some are complaining the stove doesn't work and we need a brand-new heating system. I know, some of you will say there's been enough wood for the fire. That the state education budget has actually increased. The question is: Has it kept pace enough to allow school districts to keep up, to actually do their jobs? I believe strongly we should never amend the Alaska Constitution as a fix for education. Public dollars are for public schools, period. There already is plenty of school choice in our public system, from home schools to charters to alternative programs. There are examples of excellence everywhere.

A few weeks ago Fairbanks had a "School of Choice Fair." Seven alternative schools were featured: four charters, plus the Fairbanks Correspondence School, Hutchison High School and Barnette Magnet School. All of them are public schools. All offer unique choices for students and families beyond the traditional three Rs, and all require parent involvement and accountability.

In the Mat-Su, Principal Mark Okeson and his 430 full-time students at Wasilla's Career Technical High School have lots of choice – and lots of reasons to be proud. In addition to the basics, students are able to explore and then choose different career pathways. These pathways aren't an elective – like shop class in the old days. They are a complete four-year educational plan tailored to the needs of each student. They can steep themselves in architecture, construction and engineering – each year students actually design and build a house. Other students can enter the fields of hospitality and culinary arts, where they graduate fully qualified to run a commercial kitchen. Or the health profession, which graduates high school students as certified nursing assistants. They can even complete flight ground school on the path to becoming licensed pilots.

As I've said before in this chamber, the formula for school success is not complicated. Children need to start school healthy and ready to learn. They need great teachers, caring principals and other adult mentors like counselors and coaches. They need committed parents

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and occasional tough love to keep them on track. As they get older, our students need even more choice: College and university degree programs or career tech to prepare them for good jobs right after high school.

The bottom line is the decisions we make as elected officials also play a big role in student success. It's our job to give school districts the resources and tools they need. The Alaska we love shouldn't be backpedaling when it comes to funding our schools. But that's what happening.

Anchorage faces the real possibility of cutting 200 classroom positions next school year to help overcome a \$23 million shortfall. Fairbanks could lose as many as 75 teachers. Right here in Juneau, the district has cut staff by nearly one-fifth in recent years to deal with shortfalls, and now another 30 positions are on the chopping block for next school year. We can do better than this. I'm working hard to make a difference. I'm pushing to get rid of *No Child Left Behind* because those top-down federal policies just don't work for Alaska.

I have bills to boost early childhood education programs: Tax credits for parents who enroll their kids in quality pre-K programs. Grants to businesses offering child care. Loan forgiveness for preschool teachers. My career-readiness package makes sure educators have the resources and facilities they need to guide students into good careers. My focus is on STEM – science, technology, engineering and math. And let's not forget the arts, which turns STEM into STEAM.

We need to better prepare teachers and counselors in these fields. And we need to make sure our classrooms and training sites are properly equipped. As for federal education funding, I can report good news from Washington. We passed a major bipartisan appropriations bill with a strong commitment to early education – including a \$1 billion boost for Head Start. This will help re-enroll Alaska students and pay for increased staffing, transportation and maintenance at Head Starts throughout Alaska. Head Start and many other school programs received my strong support from my seat on the Appropriations Committee. The Child Care Block Grant is up \$150 million in the new federal budget. Basic federal education funding for K-12 schools is up

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by 5 percent. In addition to making Alaska's schools the best they can be, let's keep working together to prepare for the jobs of the future and keep our economy strong.

I'm pushing everywhere possible to capitalize on opportunities to get more oil in our pipeline from federal lands and waters. In the NPRA, we've convinced the Obama administration to finally do the right thing and this winter, ConocoPhillips is driving piles for the bridges across the Colville River for their CD-5 project, the first in the reserve. Next up is development in the Greater Moose's Tooth Units 1 and 2. The hang up is an 8-mile road connecting these satellite developments with Alpine. A simple one-lane gravel road in a designated oil reserve. The bureaucratic hoops are endless – one study after another. But I'll tell you one thing: this is one road we're going to build. I've been in the face of every administration bureaucrat involved in this and won't stop until the bulldozers start up. CD-5 and GMT 1 and 2 combined will produce about 55,000 barrels of oil a day at peak production, oil we need to keep our pipeline flowing. Like you, I was disappointed by the judicial overreach of the 9th Circuit Court in throwing yet another roadblock in front of Shell's plans to drill in Alaska's Arctic offshore waters.

The day that decision came out I got Interior Secretary Sally Jewell on the phone to demand she direct her agency to move quickly to address the court's concerns to get OCS development back on track. I also reintroduced my legislation imposing a judicial endgame for Arctic developers when they have invested billions to develop our resources. As Shell said, this court decision is a temporary delay and the prospects for Arctic development remain strong.

As offshore production gets closer to reality, we'll make sure Alaska receives its fair share of the revenues. That's why Louisiana Senator Mary Landrieu's elevation to chair the Senate Energy Committee is good news for us. She's visited Alaska at my invitation and supports our development projects as well as Alaska receiving revenue sharing, as her state does now.

I commend the Legislature and state administration for progress on getting Alaska's enormous natural gas reserves to Alaskans and to

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market. We're doing our part in Washington, making sure any necessary federal permits are streamlined. We're also working to extend the benefits of the federal gasoline coordinator's office to any Alaska gas project, not just to a line through Canada to the Lower 48 as envisioned in the original 2004 law.

Alaska natural gas is the solution to both the high cost of energy and, in places like Fairbanks, the pollution that is a real health risk – especially during cold snaps and ice fog. By investing in infrastructure, we can help fix this problem at its root and provide clean, low-cost energy for years to come. That's why I just introduced two bills aimed especially at high energy costs areas like Fairbanks. The first provides low-cost loans for utilities working to expand their natural gas grids in communities with high energy costs. My second bill offers tax credits to homeowners who convert to natural gas or efficient biomass furnaces.

We're also making good progress cutting through federal red tape to permit and expand Alaska mines from Greens Creek and Kensington in Southeast to Fairbanks' Fort Knox to Red Dog in the Kotzebue region. Alaska's mines are thriving, providing a record number of good-paying jobs, many of them in regions where few others are available.

Before closing to take your questions, let me address what's going on in rural Alaska. I know many of you were outraged, like I was, to read a national report late last year documenting horrific conditions in many of our rural communities: skyrocketing rates of sexual assault and abuse, increased crime, some of the highest unemployment in the country and inadequate attention from the State of Alaska. Then a few weeks ago, I participated in a special AFN Subsistence Summit where our fellow Alaskans who depend on the lands and waters to put food on their tables are justifiably frustrated with poor subsistence management.

And I know we all share Senator Murkowski's frustration with federal mistreatment of Alaskans over the King Cove road. It's just another case of federal bureaucrats listening to national environmental groups instead of Alaskans who have taken good care of our state for

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hundreds of years. That's why I've introduced legislation mandating construction of the King Cove road and we're exploring other options to address the legitimate public safety needs of these Alaskans. When it comes to rural Alaska, we can't tolerate any more excuses - we must act.

Instead of fearing greater partnerships with tribes, let's give them more tools to tackle local problems. That's exactly what my *Safe Families and Villages Act* does, and I'm happy to have Senator Murkowski on board as a co-sponsor. Instead of fighting the rights of rural Alaskans to subsistence hunt and fish as the Parnell-Treadwell administration is doing in federal court, let's improve subsistence management and explore innovative solutions. Instead of erecting roadblocks to Alaska Native voting, let's honor and celebrate our state's rich cultural diversity. Thank you, Representative Kreiss-Tomkins, for your bill designating Alaska's Native languages, along with English, the official languages of the state.

Four days ago at his memorial service in Fairbanks, our state bid farewell to a great Alaskan, Governor Mike Stepovich, who served as territorial governor in the two years preceding statehood. The son of a Gold Rush miner, Mike was a fierce advocate for Alaska's independence. Testifying before a congressional committee in the mid-1950s when he only had five children – he and Matilda eventually had 13 – he said, quote: "By giving statehood, I will bet anybody here that inside of 50 years the State of Alaska will be as great as any state in the Union is today, and probably greater, because we have the pioneer spirit."

In this 55th year of Statehood, Governor Stepovich was clearly a man ahead of his time. Let us live up to his prophecy by applying our pioneering spirit to build the greatest state in America.

Thank you and may God bless Alaska.

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