

*Governor Bill Walker*  
*Before a Joint Session of the 30<sup>th</sup> Alaska State Legislature*  
*In Juneau Alaska on January 18, 2018*

## **THE STATE OF THE STATE ADDRESS**

### *Controlling Our Own Destiny: Building a Safer, Smarter, Stronger Alaska*

President Pete Kelly, Speaker Bryce Edgmon, Lieutenant Governor Byron Mallott, members of the Legislature, members of the Cabinet and fellow Alaskans. Good evening and thank you for this opportunity to address the second session of the 30th Alaska State Legislature and speak directly to the people of Alaska.

Lieutenant Governor Mallott, over the last three years you've been so much more than a lieutenant governor. You've been a friend, a brother and shoulder to the wheel. Your fierce devotion to this state, where we were both born, inspires me every day.

To my first lady of 40 years, Donna, and to Byron's first lady of 45 years, Toni, thank you both for all you do for the people of Alaska. Byron and I could not do our jobs without you.

I also want to acknowledge our daughter Tessa and son-in-law, Dennis, as well as all of the Walker and Mallott family members tuning in. Thank you all for your daily support and encouragement.

To my cabinet and staff, your diversity of thought, experience and background have collectively formed the backbone of this administration. I am proud of you and grateful for your dedicated service.

To our military men and women and first responders who run toward danger to protect and defend others, you are our everyday heroes. To the families of the three young Alaskans – Private First Class Hansen Kirkpatrick, Chief Warrant Officer Jacob Sims, and Staff Sergeant David Brabander – who lost their lives last year while in combat and in support of combat operations, we extend our deepest sympathies and enduring gratitude.

A debt of gratitude is also owed to our 70,000 Alaskan veterans. Thank you all

for your sacrifice, your service and your selfless dedication to this state and this nation.

Finally, to my fellow Alaskans watching or listening all over the state. Being informed is critical to being part of the solution. Thank you for your engagement tonight.

I don't have to tell you how richly blessed we all are to be Alaskans, to live in a land of unparalleled beauty with limitless potential. Of course, we have some challenges—some more difficult than others—but my optimism this evening comes directly from the state of our state, from the strength and resilience of our people, and from the steps we are taking to control our own destiny by building a safer, smarter, stronger Alaska.

### *Only in Alaska*

I'd like to start by sharing a story from the past year. Last October, Byron and I sat with Chris Apassingok, a 17-year-old from Gambell, as he delivered his keynote speech to the Elders and Youth Conference.

Chris told us how a simple Facebook post about a successful bowhead whale hunt provoked a thunderstorm of threats and hateful messages from outside Alaska.

This wasn't the first time that Chris had faced challenges. He told us about one hunt when the clamps on the boat motor broke and he helped keep the motor in place by gripping the steering shaft in his hands for the 100-mile ride home. He told us about running aground during a hunt and having to camp out in the cold for two nights until search and rescue could arrive from Savoonga.

I was inspired by Chris's story. While some 17-year-olds might be feeding their egos, Chris was feeding his village.

One reporter tweeted later that “Alaska’s a great place (because) the governor



will hold a mic to a teen in a polar bear hat for 20 minutes while he describes what's good (with) hunting.”

Chris had plenty of opportunities to give up or get discouraged. But instead, he is standing tall as a leader for his people. To that I say, Alaska is a great place because we are home to people like Chris; people who persevere and triumph in the face of adversity. If this young man can land a bowhead, survive the wilderness, and help hold a boat motor together for a 100-mile journey, the least I can do is hold his microphone so the world can hear his story.

At our best, Alaskans are tough, resourceful and independent. We harvest king crab in the Bering Sea in mid-January. We run dog teams 1,000 miles to Nome. We come back from hunting and share moose meat with our elders. We take pride in not doing things the way they do them in the lower 48. Some refer to Alaskans as imagineers. We don't have a 1-800 number for every problem. We are Alaskans, and we figure it out.

At some of the most pivotal moments in our history, our rugged independence has carried the day. We fought tooth and nail to become a state, and to make sure the Trans-Alaska Pipeline System was built, transforming our economy. Alaskan leaders like Nick Begich, Ted Stevens and Emil Notti worked for years alongside Alaska Federation of Natives to develop the groundbreaking Alaska Native Claims Settlement Act and our ANCSA corporations.

Too often, however, we have played a passive role. In the past, we have accepted the idea that tough negotiating is bad for resource development. We have assumed that addressing the reality of climate change would somehow be incompatible with building major infrastructure and improving our quality of life. We have conceded that our politics at home should look just like the dysfunctional partisanship we see in



Washington, D.C.

Byron and I ran for office because we believed this antiquated system sets us up for failure. Sure, it works out fine when there is plenty of money to spread around. But when you don't make tough decisions to plan for the future, you leave your destiny up to chance. That's exactly what we saw when the price of oil crashed to \$26 a barrel at the end of 2014.

Fortunately, we meet Alaskans who are making tough decisions and taking control of their future.

In Valdez, the Totem Inn suffered a devastating fire in late 2016. Some suggested the owners, Mike Williams and his sister Connie Ballow should take the insurance money and call it a day. Mike and Connie had a different plan. I saw Mike the day he signed a new construction loan and with deep emotion he told me, "Bill, I believe in Valdez. I believe in Alaska. Not only are we going to rebuild, we are going to rebuild with all Alaskan materials, Alaskan contractors and Alaskan labor." The new Totem Inn is on track to open in time for tourist season this year.

From new breweries in Girdwood and Talkeetna, to energy and small business startups, to larger companies making significant new investments on the North Slope, Alaskans are committed to this state. They are making tough decisions and fighting for their future. They deserve leaders who are willing to do the same.

Alaskans, we are turning a page in history as we move into position to control our destiny. Let me describe what controlling our own destiny looks like.

When Alaska became a state, the Alaska Statehood Compact established the conditions for our entry. Alaska was granted 103 million acres of public land and became the only state in America with exclusive ownership of the resources in the



ground. The message from Washington, D.C. to the new state was clear: Alaska was to develop our mineral resources to establish a viable economy and support the costs of self-government.

Therefore, controlling our own destiny requires taking aggressive measures to access and develop those resources responsibly. It means pursuing innovative measures to fill up the oil pipeline.

The model today is for the state to provide the infrastructure to develop our resources. This is the customary role of government.

We make nothing on oil discovered but left in the ground. Access and production are key. We are now working to develop toll roads so exploration can take place 12 months a year rather than just in the winter months.

We applaud the recent production activities which have resulted in two consecutive years of increased oil throughput in the pipeline. We also welcome all the new players out in the field working hard to increase production. This year, we saw the highest dollar bids on North Slope lease sales in over 20 years.

We also applaud the successful efforts of our congressional delegation to secure access for responsible exploration in the land set aside decades ago for development, the 10-02 slice of the Arctic National Wildlife Refuge (ANWR).

However, even with all this welcomed activity, oil alone is no longer the sole answer. We must diversify our portfolio.

*Alaskans must control our own destiny*

The most promising economic opportunity to emerge has been the accelerated momentum to develop our huge natural gas reserves.



It is fortunate that the legislature created the Alaska Gasline Development Corporation in 2010 and that the late Dan Fauske skillfully put the organizational structure together.

I am frequently asked how the joint development agreement we signed on November 9 in Beijing between Alaska and China is different from prior agreements. Let me briefly explain.

First: Alaska, at the request of the producers, has taken the lead in the gasline project.

And, for the first time in the project's history, we are working directly with the liquefied natural gas (LNG) markets.

Second: China's participants in the LNG project are among the largest companies and energy consumers in the world. They include the world's largest integrated oil and gas company, the world's fourth largest bank and the world's second largest sovereign wealth fund.

Third: China has long been Alaska's largest trade partner. With its 1.4 billion population, China wants Alaska's clean burning gas.

Fourth: The Alaska LNG project has the full support of the President of the United States and the President of China. Both leaders now have a vested interest in its success.

At the federal level, AGDC has been granted tax-exempt status, which significantly improves the project's economics. The White House has also granted fast-track status to the project to help expedite review and permitting.

Nothing on Alaska's horizon has a greater potential to fuel and propel our



prosperity than this opportunity. Jobs, low-cost energy for Alaskan homes and businesses, cleaner air and a healthy economy across the state are what is at stake. And with a strong project labor agreement, Alaskans will be first in line to work on a gasline.

Since that signing, I have held meetings here in Juneau with the chief executives of three of the North Slope producers. We had productive, in-depth discussions on securing gas supply and on the mutual benefits of this project for their companies and for Alaska. The companies are engaged and those high-level talks are continuing.

I know what this project will do for Alaskans, especially young Alaskans. I experienced something similar in the 1970s. I remember standing in line outside the Laborers' Local 341 dispatch trailer in Johnson Trailer Court in Valdez to receive a dispatch ticket to unload and stack the pipe coming from Japan to build the oil pipeline.

Now, while I can't remember the name of the person who handed me my law school diploma, I will always remember Jim Robinson, the laborers' business agent, who gave me that dispatch ticket. That first dispatch opened a world of opportunity for me. This led to further dispatches as a 1281 journeyman carpenter. That helped me pay for college, my first home, my first business and law school.

A project like the Alaska LNG project does not come together overnight, and there is still much work to do. But together, we are proving that when Alaska takes the lead, Alaskans get the job done.

It is time we as Alaskans define our future rather than hope someone else defines it for us. We must have a thriving economy and education system that can support the types of jobs and investment needed to improve our quality of life, one that provides more opportunities for all Alaskans – today's generation and tomorrow's.





Being such a majestic and resource rich state, we have more options than most.

We are welcoming a record-breaking number of tourists and our winter tourism continues to grow. We have world-class fisheries and are promoting new opportunities such as kelp and shellfish production. We will continue to prioritize healthy salmon habitats that benefit all users.

Alaska's large retailers are expanding efforts to market Alaska Grown agricultural products. This has prompted some farmers to significantly expand their production. We have an unlimited opportunity to meet the in-state demand for livestock and produce. With agriculture, I often say, "We don't need to look for the market; we are the market!"

Mining provides 8,600 high-paying jobs in Alaska and injects hundreds of millions of dollars into the state's economy through rents and royalties. New projects at Donlin, Livengood, the Upper Kobuk and Haines could add millions of dollars in new revenue and greater job opportunities for Alaskans.

A bright spot in our forest products sector is our ongoing effort to work collaboratively with all stakeholders to promote a viable and sustainable industry. This includes the recent use of the Good Neighbor Authority allowing the State to partner with the United States Forest Service to complete work on national forest lands.

It cannot be overstated that energy, mineral and timber development depend on access to our natural resources. The federal restrictions to access in southeast via the 2001 roadless rule have harmed our ability to develop our resources. Alaskans are the ones best positioned to determine responsible development. Today, my administration filed a petition with the U.S. Department of Agriculture to undertake a rule-making process to restore the roadless rule exemption to the region.

Over the past three years, the Alaska Industrial Development and Export





Authority (AIDEA), has invested over \$425 million in Alaskan businesses and projects. AIDEA has leveraged over a billion dollars in private investment and supported the creation or retention of over 3,200 permanent private sector jobs and over 3,000 construction jobs.

Almost every time I visited the late Governor Wally Hickel's office, he would show me on his globe how Asia, with its close proximity to Alaska, is where our unlimited opportunities lie. How right he was.

We are assembling a multi-industry trade mission to Asia this year to advance other opportunities with our largest trade partners. We are also working to begin direct flights from Asia to Alaska. This will help us attract more of the 100 million-plus Asian vacationers each year to further enhance our extraordinary tourism industry

Alaska is open for business, and we want the world to know it.

*We're all in this together*

In our efforts to create a safer, smarter, stronger Alaska, we are restoring confidence in our institutions, demanding accountability and rebuilding the public trust.

Government itself is now more efficient. While maintaining most public services, state spending, including capital spending, is down by over 40 percent and the number of state employees has dropped by nearly 3,000. We have closed over 40 state facilities and significantly reduced or eliminated state funding in more than 100 programs and services.

Public trust has been restored in our National Guard. Alaska's National Guard is now a beacon of honor and continues to deploy for wartime missions and disaster relief assistance to defend and protect our nation. Major General Laurie Hummel and her



team have assumed a leadership role in developing Arctic defense doctrine. We are also working not just to preserve Alaska's current military force structure, but to grow it.

I've heard from many of you that it doesn't matter whether you live in Muldoon or Minto, there is no meaningful future without feeling safe and secure.

Last October, Attorney General Jahna Lindemuth, working with the Department of Public Safety, Department of Corrections, and Department of Health and Social Services, launched a 68-point Public Safety Action Plan. The plan increases efficiencies and partners with local and federal law enforcement to attack crime head-on.

My budget for fiscal year 2019 is in support of that plan, and adds \$34 million for public safety. We must have the resources required to keep Alaskans safe and secure.

A major focus of the Public Safety Action Plan is to stem the tide of illegal drugs by increasing prosecution of traffickers and holding them accountable with greater penalties.

The opioid crisis has devastated so many families and communities.

On February 14th of last year, I issued a declaration of emergency and established an incident command structure to coordinate responses. This has proven an extremely effective way to marshal available resources, and we're already seeing results.

One example is the increased use of drug dogs. In 2017 alone, our three K9 teams have confiscated thousands of grams of illicit drugs and hundreds of thousands of dollars in drug currency. One of our drug dogs, MOCAH, is featured in an ad in the Seattle airport. Beneath MOCAH's smiling photo, it warns: "If you are bringing drugs to Alaska, I look forward to meeting you."



Controlling our destiny depends upon our children receiving an excellent education that prepares them for good jobs, college, rewarding careers and for life.

The Department of Education and Early Development, working with the State Board of Education, has just completed a yearlong statewide outreach effort to develop practical approaches to improving our education system. Parents, teachers, school districts, legislators and other interested citizens united around three commitments which will drive meaningful changes in the coming months and years.

Building on the many instances of educational success in our state, we will work together to increase student success, cultivate safety and well-being and support responsible reflective learning.

An excellent education system also requires a strong university system. Faced with unprecedented budget challenges, the University of Alaska has made drastic cuts. But under the capable leadership of the University of Alaska Regents and administration, the university continues to produce well-prepared graduates and excellent programs.

We are strengthening relationships among our own people, particularly with Alaska Tribes and Alaska Native peoples. In years past, our governments did not work well together and resorted to litigation. But today, we are identifying barriers and developing policy to build a foundation of respect and collaboration.

The Governor's Tribal Advisory Council and our willingness to join forces for the good of Alaska have already yielded strong results. The historic compact between the Office of Children's Services and Tribes to benefit our children in foster care is one example of a giant leap forward. We will continue to find opportunities to work together, heal the divide, and celebrate the rich history and contributions of Alaska's First People.



*We must accept and confront the reality of climate change now*

Securing our future must also include addressing the fact that Alaska is ground zero for climate change. Retreating sea ice and glaciers and thawing permafrost are not partisan issues -- they are social, environmental and economic ones.

As Chris, the 17-year-old hunter from Gambell explained, climate change is creating new challenges for his people. Storms are more frequent and more intense. The ice is more fragile and takes longer to arrive each year. Hunters must now travel more than one hundred miles to find the whales and walrus they used to harvest just offshore.

The impacts of climate change are evident throughout Alaska and they must be addressed in the context of a healthy resource extraction economy. Last fall, I established the Alaska Climate Change Strategy and appointed 20 outstanding Alaskans to the leadership team. The team is charged with advising my administration on critical and timely actions to address climate change challenges that will safeguard Alaska now and for future generations.

A healthy future means a healthy Alaska. Nearly 40,000 additional Alaskans are now receiving healthcare since I accepted Medicaid expansion. Many lives have been saved or drastically improved and Medicaid expansion has brought over 500 million additional federal dollars and hundreds of jobs into our economy during a time of recession, all at minimal cost to the state.

However, healthcare continues to be one of our largest expenditures each year. We've been working internally, with other states and the federal government, to explore options to reduce overall healthcare costs for all Alaskans.

We've been successful in reducing health care insurance premiums in Alaska by



26 percent this year, establishing a reinsurance program that is now being modeled around the country.

We also are anticipating that after years of unified efforts by many Alaskans, the lifesaving Izembek road will finally be built. Despite many obstacles, Alaskans have persevered in their fight for access across federal lands to safely secure emergency medical treatment for the residents of King Cove. When we pull together for a common goal, Alaskans are mighty and victories are won.

*Embracing deficits is not fiscally conservative*

Even with all the good news, there's still one thing standing in the way of truly controlling our destiny, and that is our inability to get our own fiscal house in order. Credit rating agencies, investors, employers and the real estate markets are all waiting for a long-term sustainable fiscal solution. Without one, Alaska's economy will remain in jeopardy.

We celebrate that oil throughput and oil prices are up. But even with these positive developments, the fact remains that the pipeline currently is three-quarters empty. Oil revenues which once funded up to 90 percent of our state budget, now fund approximately 30 percent.

Controlling our own destiny requires accepting that our financial assets, such as the Permanent Fund, generate most of our current revenue. When combined with broad-based direct participation by individuals, Alaska can take charge of our own fiscal future.

Unfortunately, in recent years, Alaska has fallen behind the rest of the country—and the consequences are significant. We are the only state that does not have a financial connection between its economy and the government services provided, the



only state funding a huge deficit from savings, and the only state that does not have either a statewide income tax or sales tax or both. On the other hand, we are also the only state that pays its residents a dividend and that, we will continue to do.

We have the resources and we have the wealth. I ask each of you: Do we together have the courage to seize Alaska's destiny and pay a modest temporary tax, accept a \$1,200 and growing dividend, and use the permanent fund earnings in a manner that is fair to future generations?

Over the past three years, the failure to adopt a sustainable fiscal plan has caused the state to drain \$14 billion in one-time savings. Let's put \$14 billion in perspective. Last year, our municipalities identified their top three wish list infrastructure projects. For a combined total of \$2.5 billion dollars, three major infrastructure projects could have been built in many communities throughout Alaska.

Think of the jobs, the economic boom, the needed improvements across the state that could have been secured for \$2.5 billion. Instead, we have spent \$14 billion in savings with little to show for it.

And now we have run out of savings to cover the deficit.

Let me be clear. The longer we hold on to partisanship, the longer we hold on to the deficit.

When I ran for governor in 2014, the state had a \$1.6 billion deficit that was not being addressed. That deficit quickly escalated to \$3.7 billion in 2015.

Community and business leaders across Alaska recognized that no solution to our budget deficit was possible without a plan for using earnings from our Permanent Fund.



When no component of a sustainable fiscal plan passed in 2016, including the Permanent Fund Protection Act, I made the extremely difficult decision to reduce the dividend appropriation in order to save the dividend program itself.

*Thanks to the House for passing a complete fiscal plan*

This past session, the House did pass a complete fiscal plan. Thank you.

And, the Senate and House both passed legislation that reduced the permanent fund dividend to a sustainable level.

Nobody in this building wanted to reduce the PFD. I know how hard that decision was.

But I also know that the worst decision we can make at this time is no decision. Our fiscal problems will not be solved through inaction.

I also thank both bodies for bringing the small explorer oil tax credit program to an end. This was a necessary step in getting our fiscal house in order. Now that the program has terminated, I have introduced legislation to pay the credits owed to these companies at a discounted amount that results in no additional costs to the state.

*The Alaska Economic Recovery Act: expediting a new era for our economy*

It is time to put Alaskans back to work, and that's why I have introduced the Alaska Economic Recovery Act.

It doesn't take a team of economists to tell us what we already know: that our economy is in recession and Alaska has the highest unemployment in the nation. At the same time, lean capital budgets over the last few years have meant our schools, roads and infrastructure are way overdue for maintenance.





These projects are important and they benefit Alaskans across 60 communities, from our youth to our seniors.

For example, school roofs in Cantwell and Nome need replacement. Three schools in the Mat-Su Borough need water system replacement. Our Anchorage and Ketchikan Pioneer Homes need important upgrades.

And we know that the Port of Anchorage is in dire need of repairs and upgrades. This bill includes partial funding of phase one of that work, in conjunction with funding from the Municipality of Anchorage.

Passage of the Economic Recovery Act will reduce our huge and growing contingent liability of deferred maintenance throughout Alaska, provide a needed shot in the arm to the economy and create jobs, capture revenue from outside workers, and move us toward a balanced overall solution.

I have often said that one of the best cures for many of Alaska's social ills is a job. The Alaska Economic Recovery Act is an opportunity in the near term to put Alaskans to work in the very communities where they live.

You might be wondering how I can be so upbeat about the state of our state in light of the challenging fiscal circumstances in which we find ourselves. No question, our prosperity hinges on solving that problem.

But I have faith in Alaskans. We are hardworking and practical, and we will step up when needed.

Let me explain what I mean.

As I have mentioned before, I was born in Fairbanks and spent my earliest years there and in Delta Junction.



Following our move to Delta, my dad had to be hospitalized in Fairbanks for months after a serious forklift accident. This left my mom alone to care for four small children in our rustic home with no running water or electricity and only a fireplace for heat.

My oldest sibling, Bob, was 10 years old at the time and vividly recalls the hours before and after school helping Mom gather and chop firewood to keep the fire going during the waking hours. The nights were long and bitterly cold. We had one hot water bottle that Mom would rotate each night at bedtime between her four children. There was no income during this time. A collection jar was set up at Art Noffke's grocery store for our family.

A Delta resident, Hank Brewis, and his wife, Alys, learned of our dire situation. Hank came to our home and saw that we were barely making it and said, "Come on, you're all moving in with us."

The Brewises had four children of their own and yet they took us in until Dad was back on his feet again. Our families became lifelong friends.

Even after Dad was better, work was scarce, and we had to scrape together a living. One endeavor involved selling ads and publishing the *Walker's Weekly* local newspaper that my brother Bob and I would deliver throughout Delta on our bikes.

Additionally, for several years, we advertised in *Reader's Digest* and *Redbook* magazine. For one dollar, we would write letters from Santa that my dad would drive 90 miles to North Pole to mail. I remember feeling like I was a pretty big of Santa's operation.

So, standing before you tonight as your governor, I can say that I have known what it is to have plenty, and I have known what it is to have practically nothing.



In leading the state at this critical time, I often reflect upon my family's history that defines me. My family had to face its challenges with courage and determination. We would assess our options and come up with a plan. We would all do more than our fair share. We would conserve our resources, be creative, and pull together for the good of the family.

It is the capacity for empathy and generosity, like that of the Brewis family, and the experience of my own family's perseverance and adaptability, that form my opinion of what it means to be an Alaskan. And knowing that there are over 730,000 of us out there, I can't help but be optimistic that we can tackle any challenge.

Beyond these security and economic issues, what I've heard people long for the most is a renewed sense of public trust, and a respectful public discourse from their leaders. Frustration over divisive partisanship is evident, and Alaskans have had enough.

*Alaska State Troopers deserve praise, not pink slips*

Some folks find it politically useful to talk as if we could solve all our fiscal challenges by cutting state jobs. They suggest that we can balance the budget solely on the backs of the men and women who serve our state.

They won't identify where the cuts should come from, but they'll resort to cheap caricatures of state workers as nothing more than bureaucrats and paper pushers clocking in at 8 and clocking out at 4:30 without adding real value.

The cuts-only plan is no plan at all. If that wasn't clear before, the public safety crisis makes this fact obvious.

But I would ask those who continue to hide behind the façade of large,



unspecified cuts:

- Go spend some time with the men and women at Department of Transportation (DOT) who go out in some of the most extreme weather conditions on the planet to keep our planes flying, our highways open and our ferries taking Alaskans where they need to go.
- Go spend some time with Alaskans working in our overloaded and underfunded foster care system, and listen to their stories of service and sacrifice.
- Go spend some time with the Alaska State Troopers, who have seen a cut of 77 public safety positions and yet still go out day and night, often without backup, to keep Alaskans safe.

Then come back and be specific about who you would fire.

The simple truth is that the state is at its lowest staffing levels in 15 years and the harsher truth is that we are already feeling the effects.

While in Sitka for Alaska Day, I stopped by the Trooper Academy to express my gratitude to those dedicated Alaskans training to keep us safe. I asked if anyone had any questions. One hesitant hand went up.

A young recruit asked if the pink slips would be going out again this year. He explained that on the first day of training, he received an urgent call from his wife. She told him that in the mail that day he had received a 30-day notice of termination due to the state budget not being passed on time.

Here we have a young man, willing to put his own life at risk to help protect others, and we have to pink slip him on his first day of training because we the State



can't get our act together?

I promised that young man, then and there, that I would do everything I could to make sure that he, and the thousands of other families impacted, would never have to experience that fear and anxiety again.

When we don't pass a budget on schedule, the fishing industry openers are interrupted, the Alaska Marine Highway System can't publish a schedule, teachers get pink slips, and our entire economy is held back by this annual uncertainty.

*Lawmakers can and must pass a budget on the timeline established by voters*

Any system that cannot deliver a budget within 90 legislative days is broken, and anyone who can't see that, or who refuses to address it, is complicit in that failure.

Passing a budget on time is not complicated. Other states do it on time. So can we.

The California legislature, for instance, was late passing the budget 25 out of 30 years. The citizens, fed up with the politics, demanded more. In 2010, they voted to stop legislators' pay if the budget was not passed on time. Since then, with one exception, the California budget has passed on time each year.

Following statehood, the first Alaska legislature was in session a total of 146 days over the two-year session. During those two years, they organized the new government, passed a budget, created 12 executive departments, the court system, the retirement system, numerous professional licensing boards, and passed 387 bills.

This week we began our second year of the 30<sup>th</sup> legislative session. During the first year, 2017, we were in session 211 days and passed 32 bills.



I am filing legislation that would move us to a more efficient, effective biennial budget process. It also would mandate that if the governor does not produce the next fiscal year's budget by the statutory deadline of December 15, the governor's pay stops.

If the legislature doesn't pass a budget by the 90<sup>th</sup> day of the legislative session, their pay stops.

Let's pink-slip ourselves before we pink-slip our fellow Alaskans.

Bottom line: we need improved public safety, we need budget reform, we need a real fiscal plan and we need to energize our economy. These aren't wants; they are needs, and it's our responsibility to make it happen. Now.

*We have the tools to fix our problems*

Here's the good news.

We can fund our essential government services and get our economy growing again if we muster the courage to take action. If we accept cooperation and compromise as a necessary part of the governing process, we can work together and pass a sustainable budget on time.

I'm not suggesting that anyone stop fighting for what they believe in. But at the end of the day, following the good fight, we have to be committed to the greater good.

Compromise is not capitulation. Rather, it is a necessary process in representative government. While some are focused on making a point, let us focus on making a difference.

I mentioned earlier that the source of my optimism springs from the state of our state, and a new sense of self determination. For Lt. Governor Mallott and myself,



having a unity approach to governing has contributed to that self-determination. In my travels across the state, I'm frequently told how refreshing it is that everyone's ideas are welcomed because real solutions have no partisan label.

It's been an amazing three years. To serve as Alaska's governor has been the greatest honor of my life.

It has certainly also been a tough three years. People ask me if I ever get discouraged, if I ever lose faith in the hope that started this administration.

Ultimately, it is my faith in what it means to be Alaskan; in the knowledge that Alaska is positioned to control its destiny; and in understanding the limitless potential that awaits us that secures my great hope in our great state.

Do I still believe that Alaskans can overcome our political differences and deliver a fiscal plan this session that gives certainty to our businesses and investors and brings jobs back to our communities? I do.

Do I still believe that Alaskans - tribes and state, oil companies and conservationists, urban and rural, coastal and interior, workers and CEOs, elders and youth can build an economy as large and diverse as the state we call home? I do.

Do I still believe that we will bring our massive natural gas reserves to Alaskans and the world market, securing low cost energy and putting thousands of Alaskans to work? I do.

And after all of this, do I still believe that a fisherman from Yakutat and a carpenter from Valdez can come together around the simple idea that our home and our future matter more than our ideology; that in our unity and our independence, Alaska could show the rest of the country a path forward?





Absolutely, I do.

Some seasoned politicians have proclaimed that nothing can be accomplished this session due to upcoming elections. I could not disagree more. We were hired to work the entire shift, not just the first part of it.

I am taking the field this session and will stay on the field until the session is done. I ask that none of us remain in the locker room trying to keep our uniforms clean in hopes of being in next year's team picture.

Let's end the session on the field with the sweat and mud on our uniforms that come from working hard every day for Alaskans. That's what Alaskans hired us to do and they deserve nothing less.

God bless you all, and may God bless Alaska!

