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Senator Mark Begich Remarks
Legislative Address
March 5, 2012; Senate Chambers, Juneau

President Stevens, Speaker Chenault. Members of the House and Senate - and friends across Alaska.

It's good to be back home. Over the weekend, I got to celebrate the start of the "Last Great Race" with thousands of Alaskans. The Iditarod is always a great reminder of our state's rugged history and pioneering spirit.

It's so inspiring to see the great names of Iditarod history in the race – Redington, Swenson, Mackey, Buser, Jonrowe, Seavey – as well as new stars like John Baker and Hugh Neff.

I also try to make the most of the weekend doing a little "Alaskan outreach" at the Fur Rondy Poker Tournament. Being able to "read the table" is a useful skill to have these days in Washington. It helps me reach across the aisle and team up with senators from both political parties.

We've been successful partnering with many like-minded Democrats and Republicans on issues from gun rights and debt reduction, to housing reform and energy and resource development.

Although the pundits focus on the dysfunction in Congress – and there's plenty of that - there are many success stories that don't make the headlines.

Through my position on the Commerce Committee, we protected Essential Air Service for rural Alaska communities in the recent FAA reauthorization.

In the next few weeks, we'll ensure that bypass mail continues for Alaskans when we adopt postal reform.

And thanks to legislation I supported, Alaska is the top recipient per person among all the states for federal investment in construction, road and port maintenance and defense. In fact, a new State Department of Labor report shows federal funding to Alaska jumped four-billion-dollars in the last three years – an all-time high.

At the same time, Alaska faces numerous challenges. They start with the looming 15 trillion-dollar national debt, which keeps up the pressure to rein in federal spending.

This is already causing pain to Alaska as we find ourselves targeted for cuts at Eielson Air Force Base and talk of another round of BRAC base closings. I can tell you this: Senator Murkowski, Congressman Young and I are united with local officials in opposing this misguided effort.

Alaska's strategic location is a unique asset for deploying troops anywhere in the world. The 9,000 Alaska-based troops in Afghanistan today – men and women from the 1-25 and 4-25 Brigades and the National Guard Bravo Company – are proof of Alaska's ability to train and deploy exceptional soldiers and airmen to any battle ground anywhere.

In January, I was honored to visit Alaska troops in Afghanistan. I found their morale high and full of pride for a job well done. When I was visiting these soldiers, everyone they saw they reminded them they were from Alaska. So I gave them a little salmon jerky to remind them of home.

Please join me in saluting these Alaska heroes and their families for the sacrifice they make every day to protect our freedoms.

As a member of the Senate Armed Services and Veterans committees, I'll continue to remind President Obama and his military chiefs that our nation's future opportunities and threats are on our horizon, right here in the Pacific.

<u>New Era of Arctic Development</u>

Today I want to discuss Alaska's limitless opportunities, and the challenges we face in achieving our full potential. Nowhere do we enjoy new opportunity more than with Alaska's Arctic resources – oil and gas, minerals, fisheries, and transportation routes.

We can best seize these opportunities by working together to invest in our facilities, in education and in our workforce.

Last year in these chambers, I noted that Alaska was at a crossroads for oil and gas development in the Arctic. At that time, we faced numerous hurdles to exploration in the Chukchi and Beaufort Seas, in the National Petroleum Reserve and in ANWR.

Today, I believe we're at the cusp of new era of Arctic development – and poised for a renaissance in Alaska's oil and gas industry. For the first time in a generation, I believe we'll see exploration in the Arctic this summer. Let me repeat that: there will be oil development in Alaska's OCS this summer.

Getting here hasn't been easy. When I was elected to the Senate, Alaska had spent decades looking for the next big bonanza.

We all remember that old bumper sticker about just one more boom.

For 40 years, we focused our efforts almost exclusively on developing the Arctic National Wildlife Refuge.

The conventional wisdom – and many of you believed – that this new administration and my election meant Alaska would be locked up even tighter, with no new development on federal lands or waters.

You guys know me: I took this doubt over Alaska Arctic development as a personal challenge.

Today, just three years later, we have accomplished more than in the last 30 years to open federal lands and waters to development.

Starting with the new president on down and across political boundaries in Congress, I argued that Alaskans can develop these resources responsibly - just as we have for 40 years on the North Slope.

Within my first few months in office, I brought Interior Secretary Ken Salazar here to see first-hand how we do development right in Alaska. Secretary Salazar has been here every year since.

And we've also arranged visits by top officials from the Coast Guard, EPA, Army Corps, NOAA and Transportation – all key players in the emerging Arctic. We wanted them to see, touch and feel what is the Arctic is all about.

My goal has been getting them comfortable with offshore Arctic development by showcasing new technologies and investment in world-class science.

After the Deepwater Horizon disaster in the Gulf of Mexico, we had to work double-time to gain lost ground with the administration and public.

As chair of the Senate Oceans Subcommittee, I worked to build the case for increased investment in Arctic science and the facilities to support development.

We're proud that former Lieutenant Governor Fran Ulmer is now at the helm of the U.S. Arctic Research Commission. She is strategically positioned to make key recommendations to federal agencies on how to build the world's best Arctic science program.

Already Interior's Bureau of Ocean Energy Management has invested half its national science budget in Alaska - more than 60 million-dollars - on Arctic oil and gas development.

Just last summer, Shell, Conoco and Stat Oil signed a ground-breaking agreement with NOAA to share baseline data in the Arctic.

As the first company in Alaska's Arctic, Shell has stepped up to enhance its operations to go far beyond what is required to ensure safe, responsible drilling.

As Coast Guard Admiral Tom Ostebo has said: this will be the most "environmentally sound, technologically advanced" drilling program anywhere in the world.

In recent months, Shell has secured permits for exploratory drilling in the Chukchi and Beaufort seas. This means thousands of jobs this summer – working on drill rigs and transporting workers, gear and supplies to rigs and 23 associated vessels.

After years of frustrating stalemate, we've also received the final permits for the CD-5 project, the first within the NPRA. ConocoPhillips plans to produce up to 18,000 barrels a day, creating hundreds of construction jobs and revenues for the State.

These developments are great news for Alaskans. Getting here has been frustrating with what I've called "regulatory whack-a-mole" by federal bureaucrats. You know this is where we knock one down and another pops up.

Last year from this podium, I announced legislation to cut through the federal maze to create a cross-agency coordinator for offshore development. A month later, the President took up the idea and ran with it.

Interior Deputy Secretary David Hayes was appointed to head a new federal coordinating work group for Alaska energy development. We're seeing the positive results right now of agencies working together.

He was just in Alaska, and the group is making the permitting road less bumpy for Conoco and Stat Oil.

A year ago, I also proposed moving air permitting for Arctic offshore development from EPA back to Interior. Check that off, too – done.

As we clear the way for Arctic development, we must build the critical facilities and equipment necessary to support it. This means Coast Guard vessels and icebreakers, a deepwater port, a communications backbone and support for Arctic shipping.

We're making progress. The Coast Guard recently briefed me about the helicopters, cutters and other assets they have assembled to monitor this summer's drilling - and respond if needed.

This marks a significant change in the Arctic. It's as if a new ocean has opened for the Coast Guard which, in fact, is just what's happening.

The nation must provide them the ships, aircraft, bases and the men and women to fulfill their responsibilities in the Arctic.

Despite dramatic budget cuts in every federal agency, the Coast Guard is slated for a modest increase in this year's budget to design a new sorely needed icebreaker.

We're years from that vessel doing its essential mission, so I'm working with the Coast Guard to reactivate Polar Star this year and prevent her sister ship, the Polar Sea, from being decommissioned. We estimated that with just a little bit of work, we can keep these ships active,

Along with a fleet of privately owned ice-capable vessels, this will put the United States back on track in the Arctic.

Still, our work is not done. We need to secure federal, state and private resources to support Arctic development for the long term.

That's why as chair of the Senate Oceans Subcommittee, just last week I introduced new Arctic Science Endowment legislation. My bills create and fund basic science in the Arctic Ocean, helping pave the way for responsible Arctic development.

As we develop our Arctic oil and gas resources, we must heed the wisdom of former North Slope Borough Mayor Edward Itta. He reminds us that as development in the Arctic comes and goes, it is the Inupiat people who remain, subsisting on the region's rich natural resources.

I believe we all have a role in educating the American public about our role as a nation in the new Arctic economy.

We can't cede our ground to Russia, Canada or China. Believe me: they're not waiting on us. They are moving forward at an aggressive pace.

These countries are investing right now – in deepwater ports, ships, resource mapping and more. China, which isn't even an Arctic nation, is seeking participation in the Arctic Council and is building new vessels to supplement its *Ice Dragon* icebreaker.

Meanwhile, the United States still has not ratified the Law of the Sea Treaty, which provides us the international framework to exercise our rights in the Arctic.

Let me commend the work of Representative Joule and Senator Stedman as chairs of the Northern Waters Task Force.

Your work clearly makes the case for a more active partnership between the State of Alaska and federal government to responsibly meet the challenges and opportunities in the changing Arctic.

Now is the time to invest Alaska resources to match federal and private funding to develop:

- **A deepwater port,**
- **Advanced marine navigational aids,**
- **High-speed broadband, and**
- **Affordable, reliable, alternative Arctic energy sources to power this economic growth.**

<u>Need to Fill the Jobs Pipeline with Alaskans</u>

Alaska must prepare now for the thousands of new jobs produced by this new Arctic development.

Two Alaska think tanks – the Institute of Social and Economic Research and Northern Economics - estimate more than 50,000 jobs nationwide just from Arctic offshore oil and gas development.

This doesn't account for the thousands of additional jobs created by mineral development, shipping and tourism.

In Alaska alone, we'll see thousands of jobs for engineers, welders, carpenters, mariners, pilots, roustabouts, roughnecks, drillers, mechanics, electricians, and laborers for decades.

We need to fill this jobs pipeline with our workers – Alaska-grown, Alaska-trained. We should start with Alaskans from Arctic communities like Wainwright, Nome, Kotzebue, Barrow, Kaktovik, Wales, Nuiqsut (New-ick-sit) and from across the state.

We need to get started now. After exploratory drilling this summer, it will take 10 to 12 years to begin production. That may seem like a long time, but it's not.

Alaska schools, universities, training programs have a joint responsibility to prepare Alaskans for these jobs.

Let's fill the jobs pipeline by investing now in three critical areas: good health and early education, an emphasis on science and math, and career and technical education programs.

First, we must ensure Alaska kids get off to a strong and healthy start through programs like Denali KidCare.

Shamefully, today Alaska ranks 49th worst among the states when it comes to eligibility for this nationally accepted program. Helping women and kids afford to see a doctor is another form of respect and improving our economy for the long term.

The next step just should be a commitment to effective early education programs. We all want Alaska kids who are ready to learn and ready to succeed when they enter school.

Just think: the Alaskan applying for a job working in the Arctic in 2025, when production starts, is a kindergartener today.

To get these Alaskans graduating from our schools, we need to invest early. All the data shows early education is one of the strongest predictors of graduation.

Of the 40 states with any sort of public pre-K program, Alaska ranks 38th – with less than 2 percent of our kids enrolled. We can and should do better.

I commend Senators French and Davis and others for your efforts to make pre-K funding available in Alaska.

The payoff is clear: every dollar invested in early ed programs returns 16-dollars. You can't find a better investment and the payoff is very clear when you see and talk to the kids who have gone through Head Start.

One snowy night about a month ago, I met with about 50 strongly committed Alaska educators to talk about how to improve our schools and prepare our students for the competitive 21st century economy.

From that conversation came the idea for three bills I will introduce soon to address access, quality and affordability in early education programs.

First, we will increase the child care tax credit so more parents can afford to put their children in quality early child development programs.

Right now, a family pays more than $1,400 a month for two young children. For most working families, that's not only a hardship, that's out of reach. Because employees of early childhood programs tend to earn low wages, we also will offer them a tax credit of up to $3,000.

Second, we will create a new student loan forgiveness program for graduates of associate's or bachelor's programs in early education. Well-trained educators providing quality early education to our children makes all the difference in a child's success.

Third, we need to reward companies offering onsite or near-site childcare with a company cost-share. We know it works for the company and for the employee – just look around our state.

BP, Credit Union One and Fairbanks Memorial Hospital all offer quality onsite centers. They know it makes more productive employees.

Through new tax incentives for small and medium companies, we can help more Alaska companies do the same.

Next, we need to target today's students – elementary, middle and high school - with expanded and more rigorous science and math education opportunities.

These are the Alaskans who will fill the engineering, construction, science, accounting and management jobs created by opening Alaska's Arctic.

Just this morning I visited with Lorrie Heagy's kids at Glacier Valley Elementary. There they have added an "A" to STEM to integrate art into science, technology, engineering and math teaching.

Lorrie has demonstrated that even kindergarteners can start to integrate basic math and engineering with music to expand their learning. I'm so pleased Lorrie was able to join us here today – please help me thank her for her ground-breaking work.

Once these kids get to middle school, we need to show students first-hand how doing well in STEM courses pays off when they graduate.

UAA's ANSEP summer academy is a great example we should replicate around the state. Last summer I watched the kids there taking apart and rebuilding computers.

Oil and gas companies are investing in the program because they see the reward in jobs skills when the kids graduate.

Ensuring Alaska schools offer strong STEM programs means we have to get out from under the rigid rules of No Child Left Behind. From day one, I have criticized this education law because it doesn't work for urban or rural schools in Alaska.

That's why I have encouraged the governor to apply for a waiver to No Child Left Behind. Thirty-seven states with Republican and Democratic governors already have done so. Let's get federal bureaucrats out of our schools!

Thanks to many of you for your resolution supporting the waiver.

Finally, we need to invest in job training and apprenticeship programs so Alaska high school graduates have multiple choices when they consider careers in the high demand trades jobs created by Arctic development.

I've toured many of these around the state – including the new mining program at UAS just yesterday.

We need to make a bigger investment now to ensure we have the capacity in five years when Arctic construction projects get underway.

It means expanding current programs but also developing new marine training programs to produce our own deck hands, engineers and captains.

This requires a new partnership and new funding. The ISER-Northern Economics study estimates more than 15 billion-dollars in state and local government revenues from Arctic offshore development. And this is a conservative number based on a 65-dollar price of oil.

I challenge the state to work with local governments now to create a new Arctic Workforce Investment Partnership and Fund.

The goal is building a network of job training, apprenticeship, technical education centers to ensure Alaskans from across the state have the skills to fill the jobs pipeline.

We already have a great start with the Fairbanks Pipeline Training Center, Yuut Learning Center in Bethel, Northwestern Alaska Career and Technical Center in Nome, and, of course, AVTEC in Seward.

<u>All Alaskans Must Share in the New Development</u>

Just as the jobs from Arctic development should be filled by Alaskans, so should the financial benefits of Arctic development flow to Alaska.

That is why one of the first bills I introduced as a senator was to provide Alaska revenue sharing - the same deal Gulf of Mexico states get from offshore drilling. This 37.5 percent of the bonus bids, royalty payments and rental payments could mean hundreds of millions of dollars as new lease sales occur in the Arctic.

My bill shares these new revenues with all Alaskans and all communities.

At the same time, we need to share the small business opportunities with Alaskans across the state.

Thousands of secondary jobs will be created around the small business opportunities of Arctic development - from shipbuilding in Ketchikan, fuel and goods commerce in Dutch Harbor and Barrow, drilling supplies from Anchorage and Fairbanks, helicopter and aircraft charters, and much more.

Arctic development will bring federal resources north from the Coast Guard, Interior and NOAA. Already this summer, the Coast Guard plans to deploy two cutters and two helicopters to the Arctic and bring back the Healy.

As Shell, Conoco, and Stat Oil move forward on exploration and production, the federal presence will expand. As chair of the Senate Oceans Subcommittee, I will be grilling both NOAA and the Coast Guard when they come before my committee this week on the long-term investments needed in the Arctic.

Of course, we are all awaiting the launch this fall of UAF's research vessel Sikuliaq (SIK-UL-E-ACK).

The new ice-capable ship will be home-ported in Seward and create dozens of new research and support jobs.

I was proud to have supported the legislation that made this project a reality after 36 years.

Just as we fill the jobs pipeline with Alaskans, we need to fill this Arctic commerce pipeline with Alaska small businesses and entrepreneurs.

That's why I have championed federal support for small business development through:

- **Passage of the Small Business Jobs Act, that seeded Anchorage's 13 million-dollar 49th State Angel Fund,**
- **By extending the payroll tax cut which will help 20,000 Alaska small businesses and put $300 million into the pockets of Alaskans,**
- **With tax reform to lower tax rates for small businesses, and**
- **Streamlined access to capital for small businesses.**

Through a state-federal partnership, we can help spark new industries. Just one example is the exciting opportunities for research, development and manufacturing of Unmanned Aerial Vehicles.

In the next four months, the FAA and Defense Department will designate six test centers for UAVs. The University of Alaska Fairbanks should be one. It already has significant experience developing and testing UAVs.

And, thanks to my provision in the recently passed FAA reauthorization bill, the FAA soon will designate airspace in the Arctic for the safe integration of UAVs for research and commercial purposes. Here's a little known fact: in the past three years the Department of Defense has purchased more unmanned aircraft than manned.

Right now, Airborne Technologies in Wasilla is utilizing Alaska-built, Alaska-tested UAVs for fisheries research.

UAVs also were crucial to the Nome refueling mission and will be used extensively in Arctic research and development. I challenge the Legislature to meet the federal commitment and help position UAF to be the premier UAV test center. My challenge to the Legislature is to step up to the plate in a significant way and put $5 million on the table for this initiative.

Closing

It's been an enormous honor serving Alaskans as your senator the past three years. Whether in Washington or back home here, my job is simple: put Alaska first.

We can put Alaska first with a new era of development in the Arctic, which will serve as the backbone of our new economy. This development will sustain the Trans-Alaska Pipeline, create a new jobs pipeline for Alaskans, and spark additional businesses and industries for our state.

The ingenuity and tenacity of Alaskans will create new economic opportunities for our state.

Our challenge is putting together the partnership necessary to break the new ground for Arctic development. The federal treasury cannot be the only source of support for this development. Our state is one of the wealthiest in the country.

Together, we need to invest in educating and training Alaskans and fostering new businesses to capitalize on the coming era of Arctic development. Together, let's put Alaska first.

Thank you, and may God bless Alaska and our nation.