

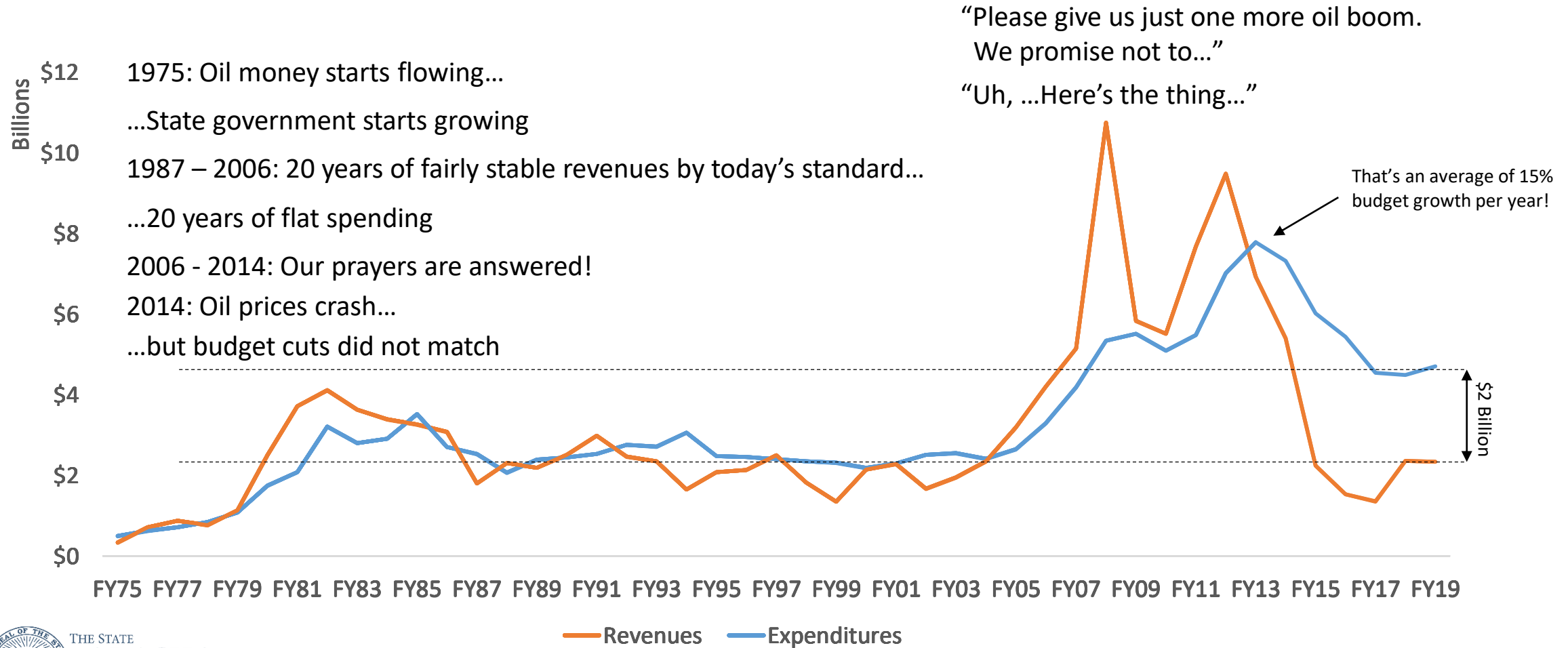
**State of Alaska**  
**Office of Management and Budget**  
**Department of Revenue**  
**Department of Law**

# Understanding Alaska's Fiscal Situation

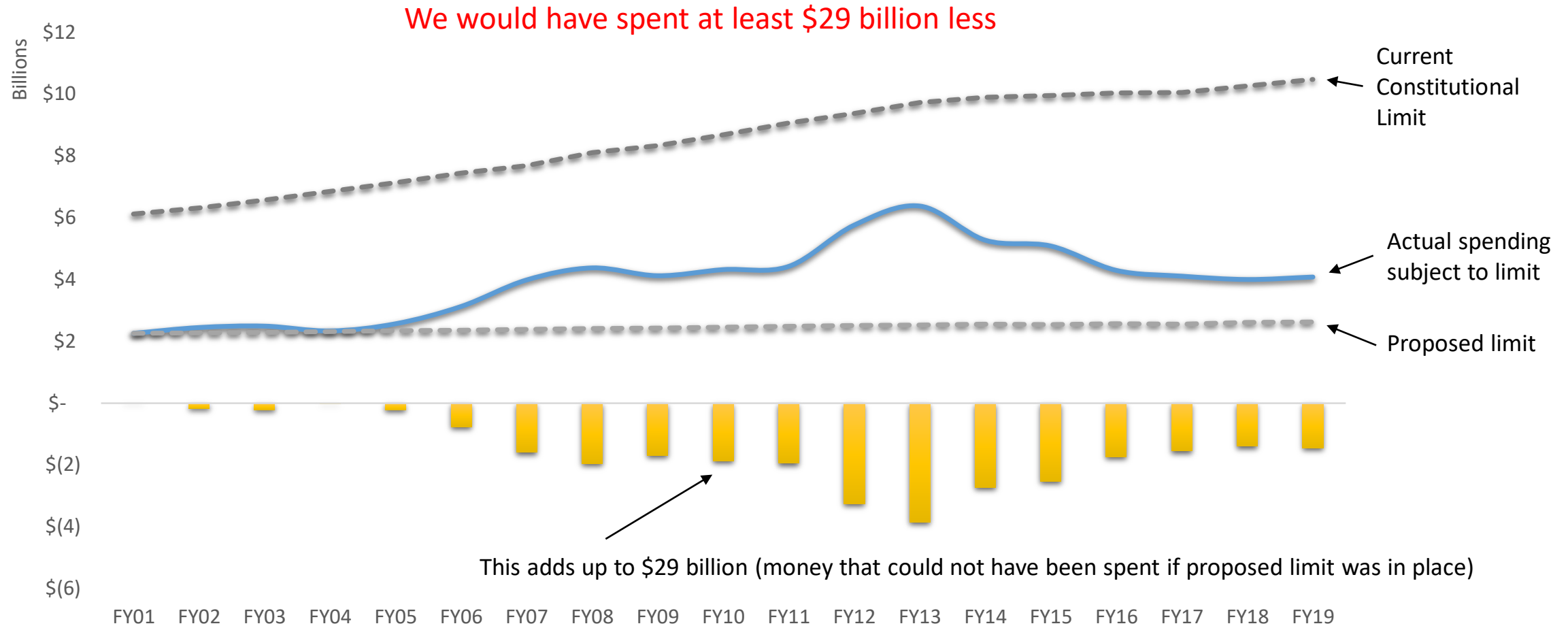


THE STATE  
of **ALASKA**  
GOVERNOR MICHAEL J. DUNLEAVY

# Alaska Revenue and Spending History



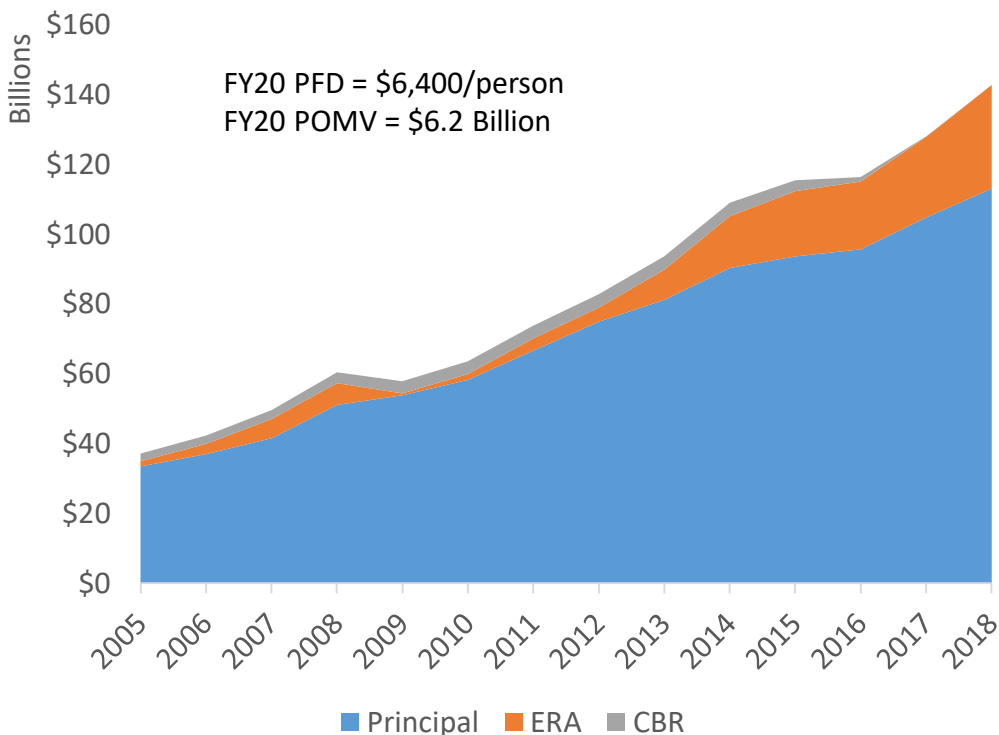
# What if the Proposed Spending Cap Passed 20 Years Ago?



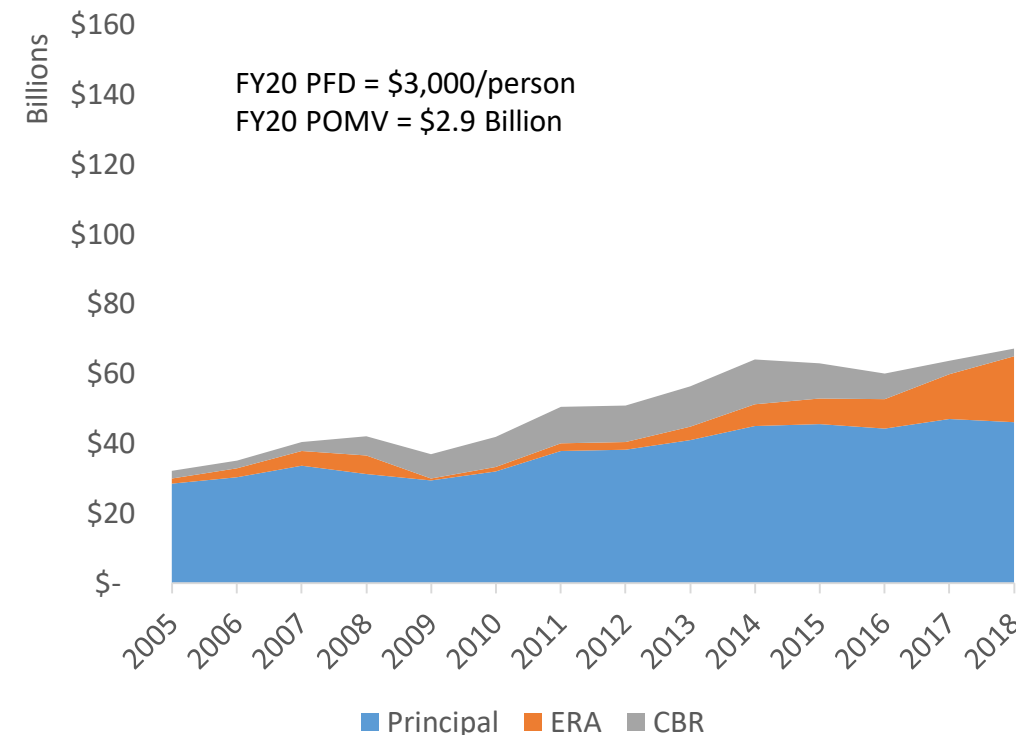
# What if the Proposed Spending Cap Passed 20 Years Ago?

We would be having very different conversations

## With Proposed Spending Limit\*



## Current Situation

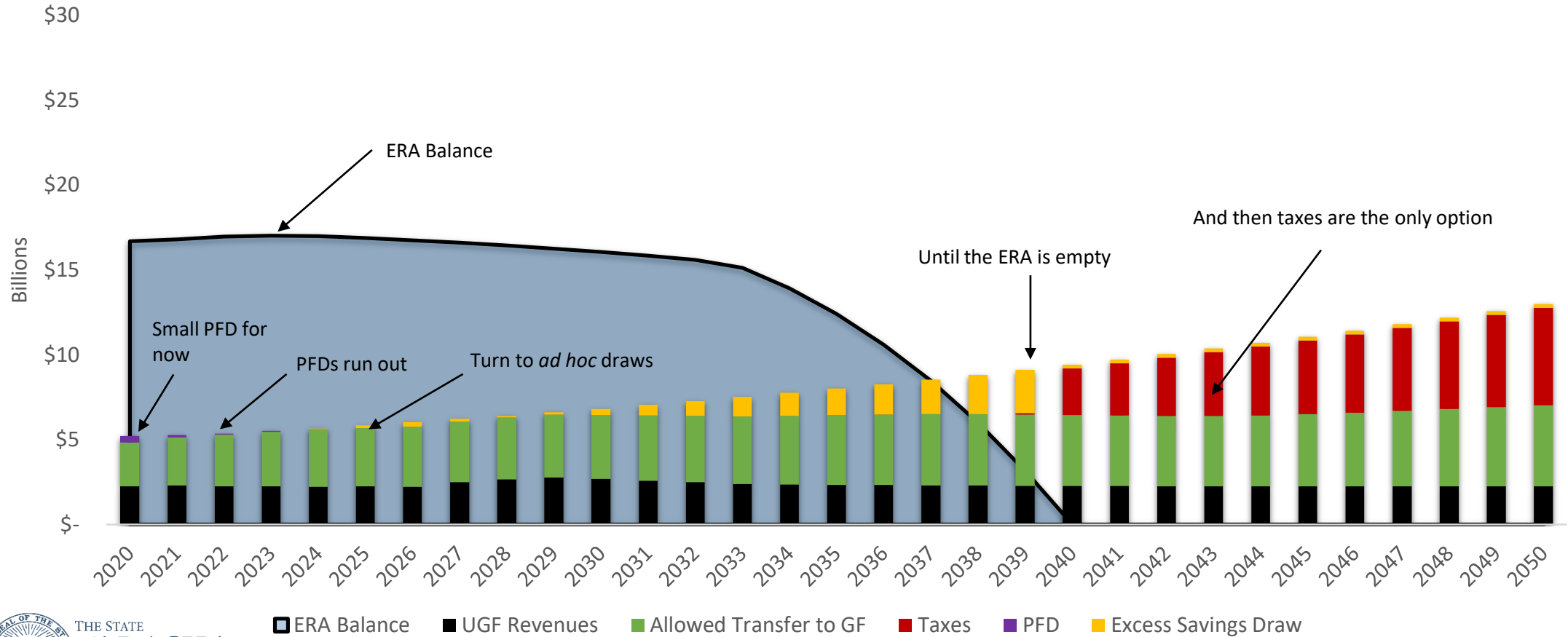


\*The amendment limits the Balance of the CBR to one year's spending



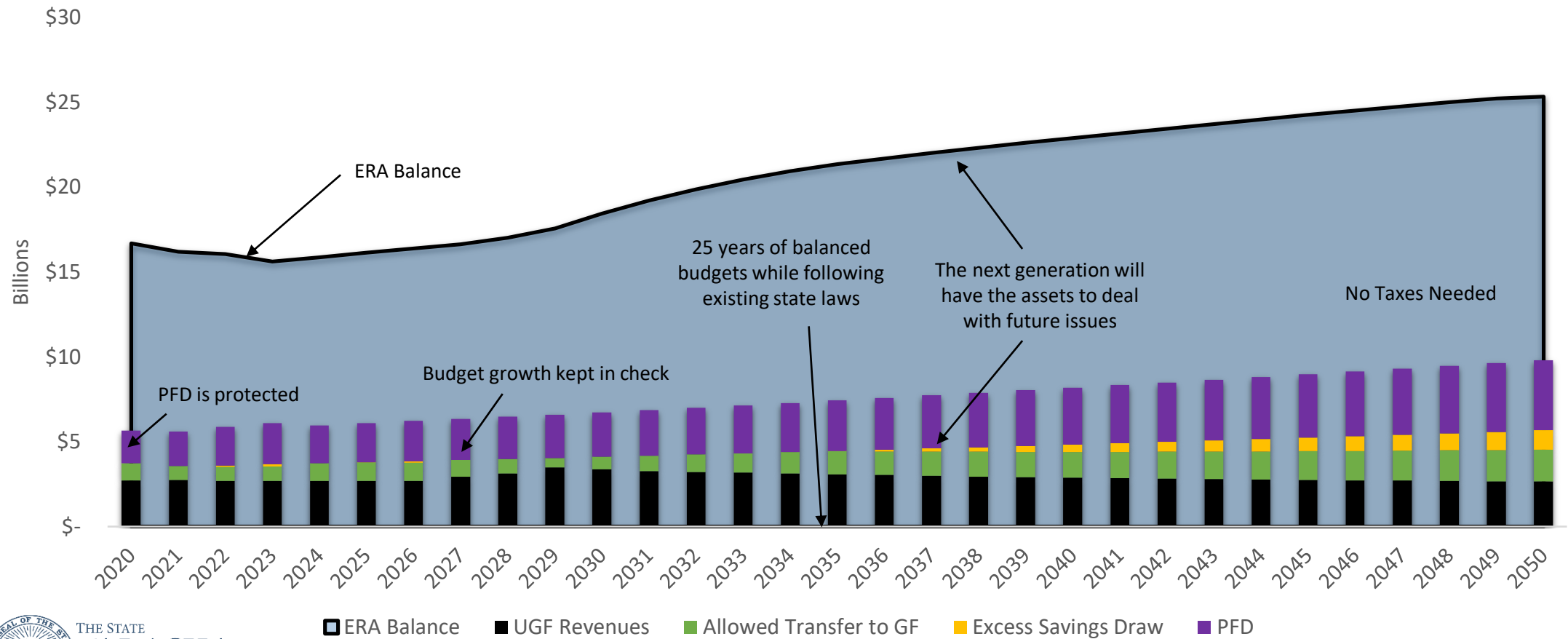
# Status Quo Budgeting

No PFD, No Savings, and No good options for future Alaskans



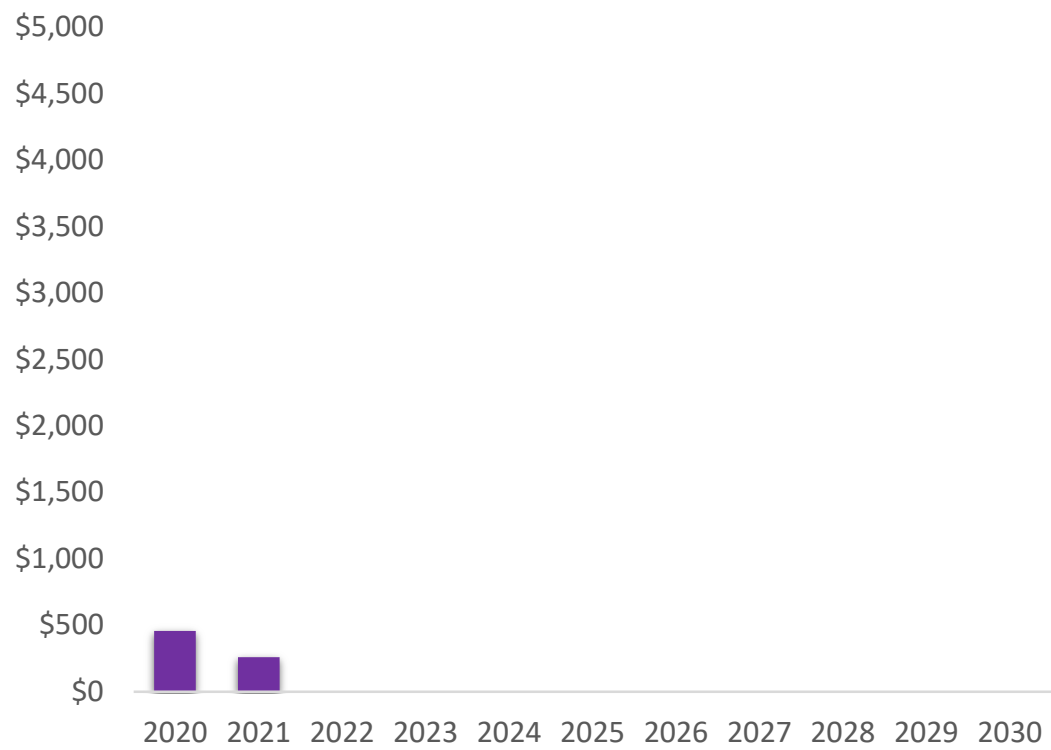
# Where does Governor Dunleavy's plan lead?

Full PFDs, Balanced Budgets, and a Bright Future

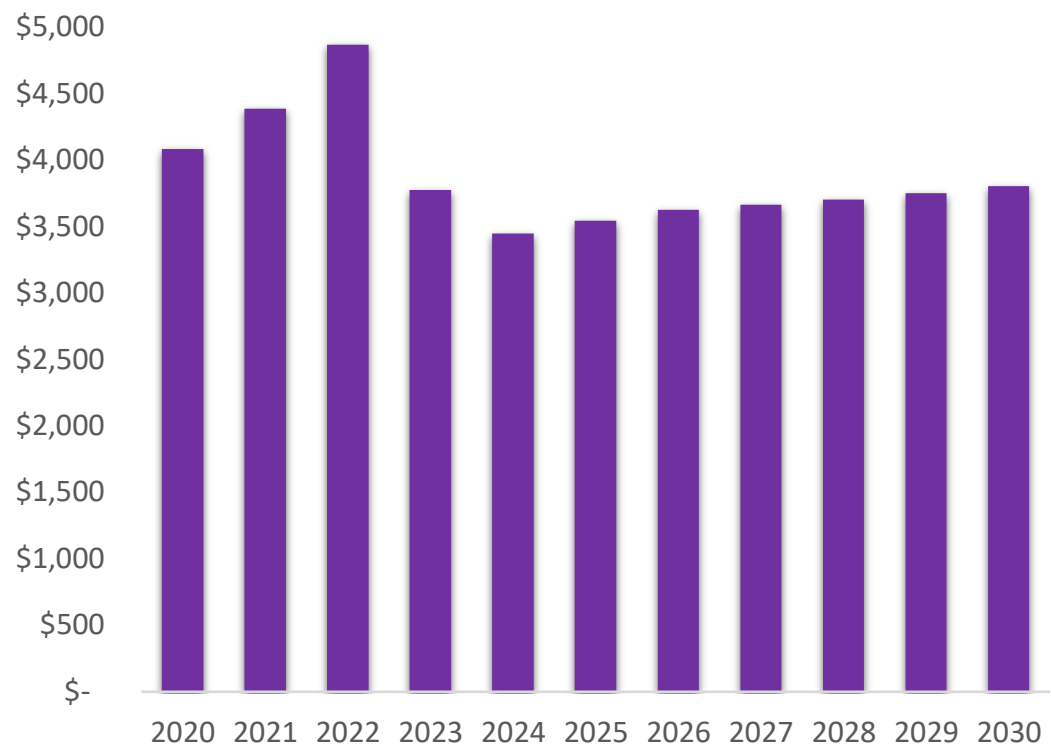


# PFD Amounts Under Alternative Plans

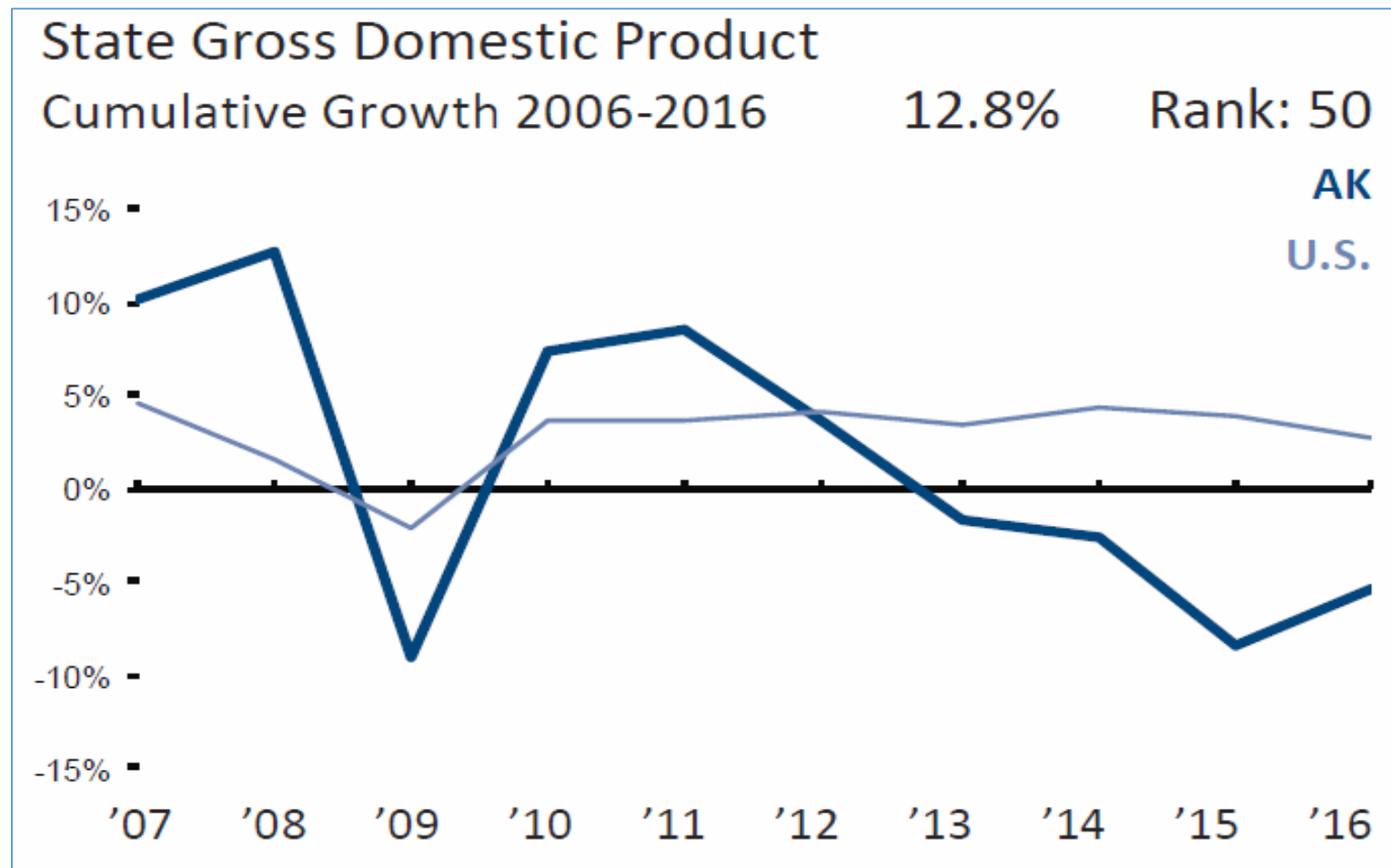
## Use PFDs to Balance



## Governor's Plan

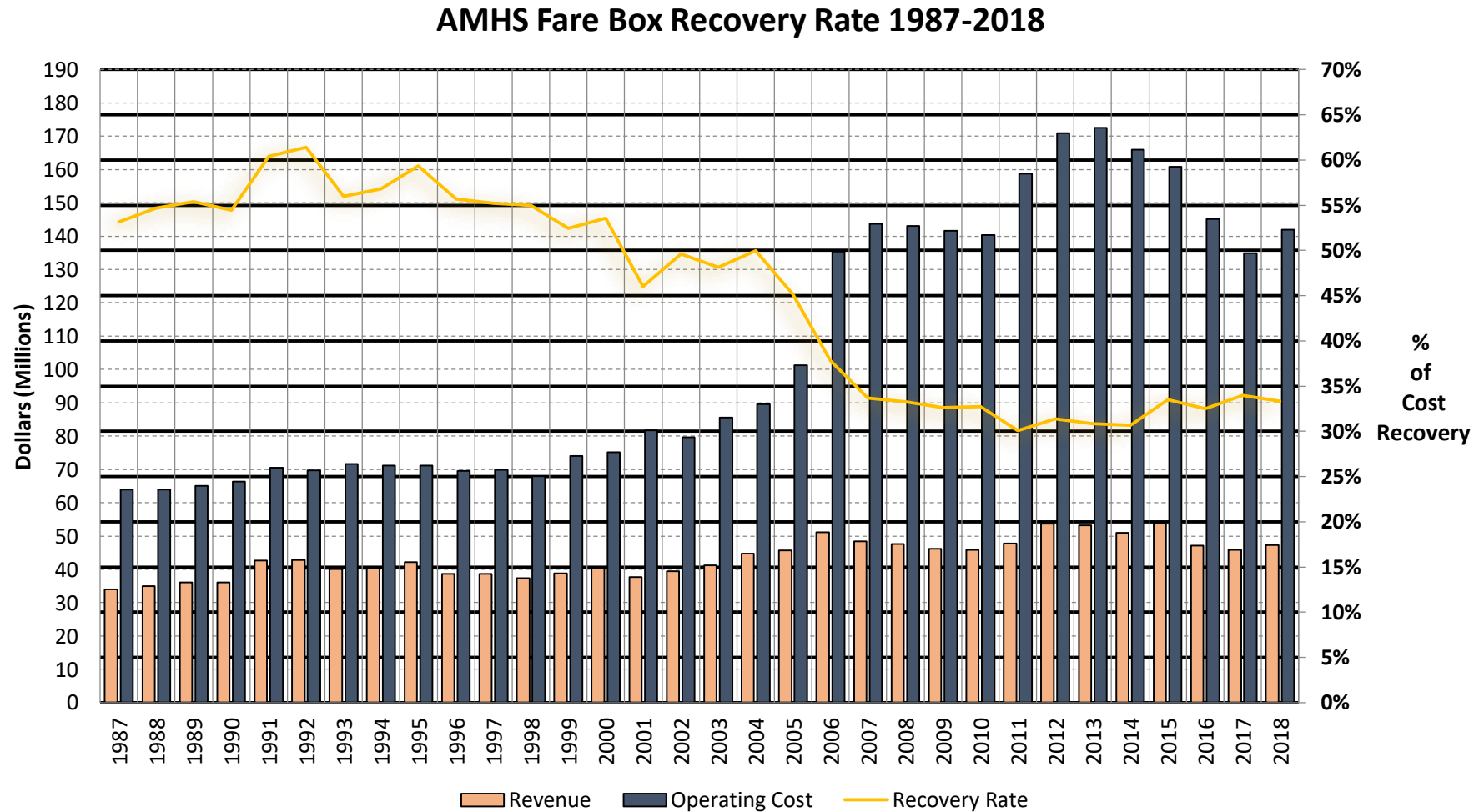


# Alaska Economic Trends: GDP



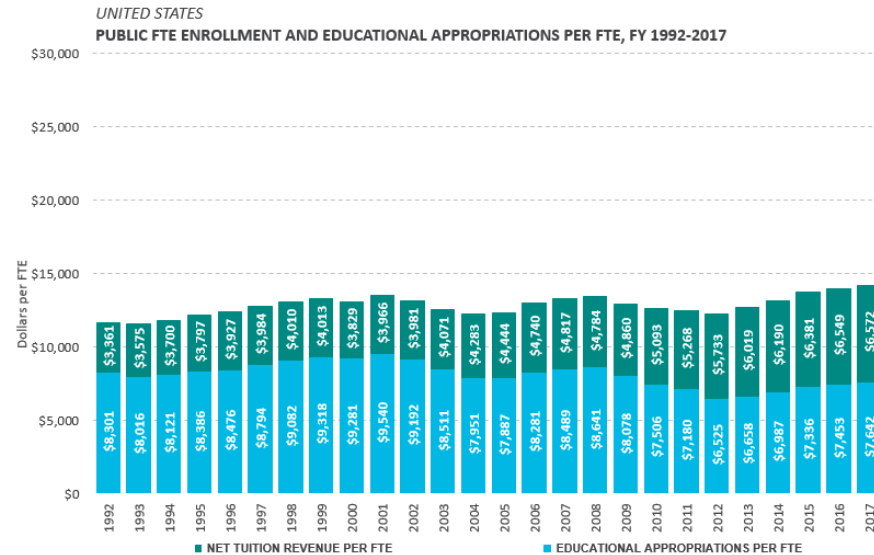


# Historical Revenue & Operating Cost: Alaska Marine Highway System

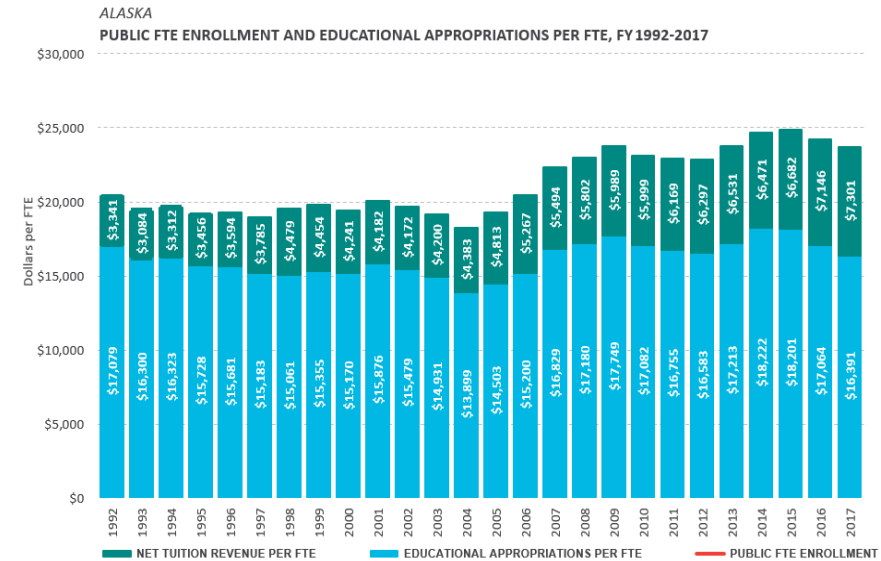


# University of Alaska Spending and Outcomes

U.S.--\$7,642/student



Alaska--\$16,391/student

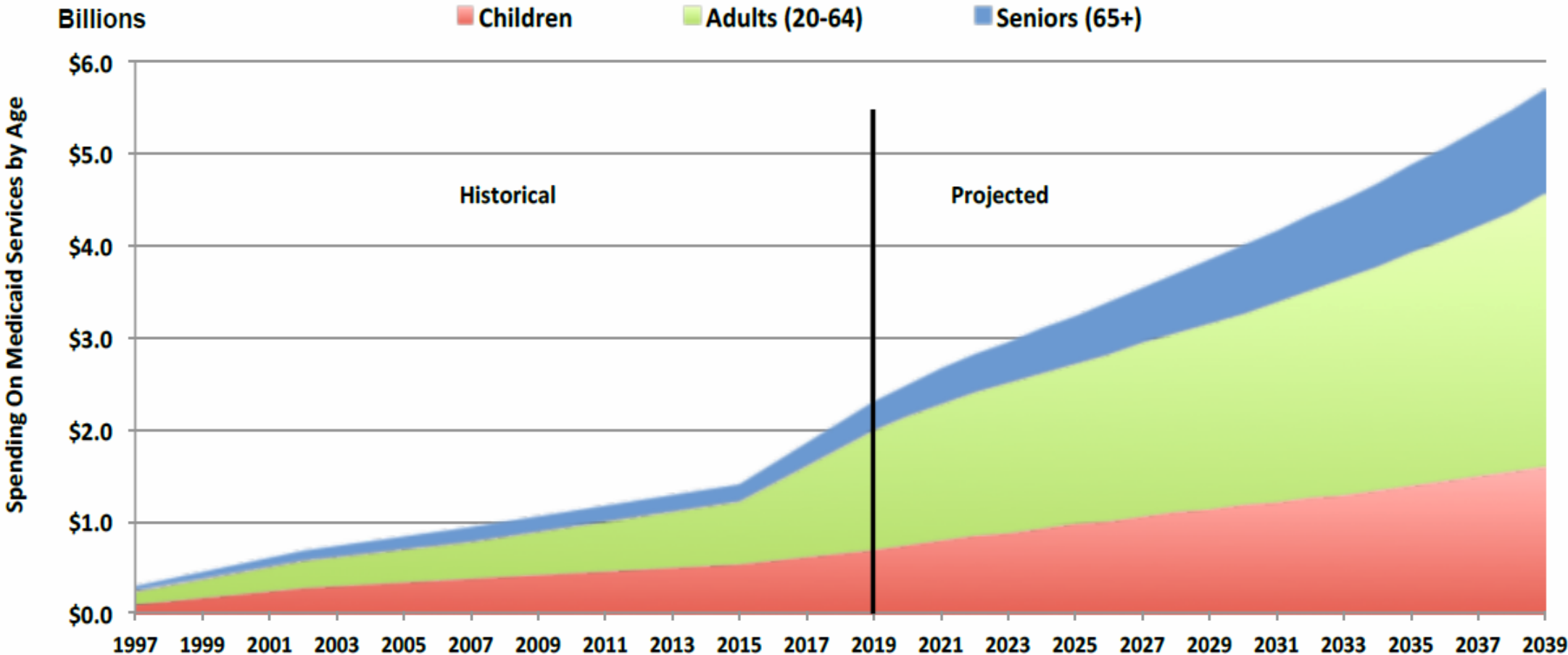


Outcomes:

	1st year retention	Graduation Rates		
		4 yr	5 yr	6 yr
University of Alaska - Fairbanks	75%	15.3%	30.5%	39.2%
University of Alaska - Anchorage	71%	7.3%	17.3%	24.9%
University of Alaska - Southeast	64%	11.6%	15.7%	19.0%
Source: CollegeResults.Org, 2016 data				



# Projected Spending on Medicaid Claims FY2019-2039

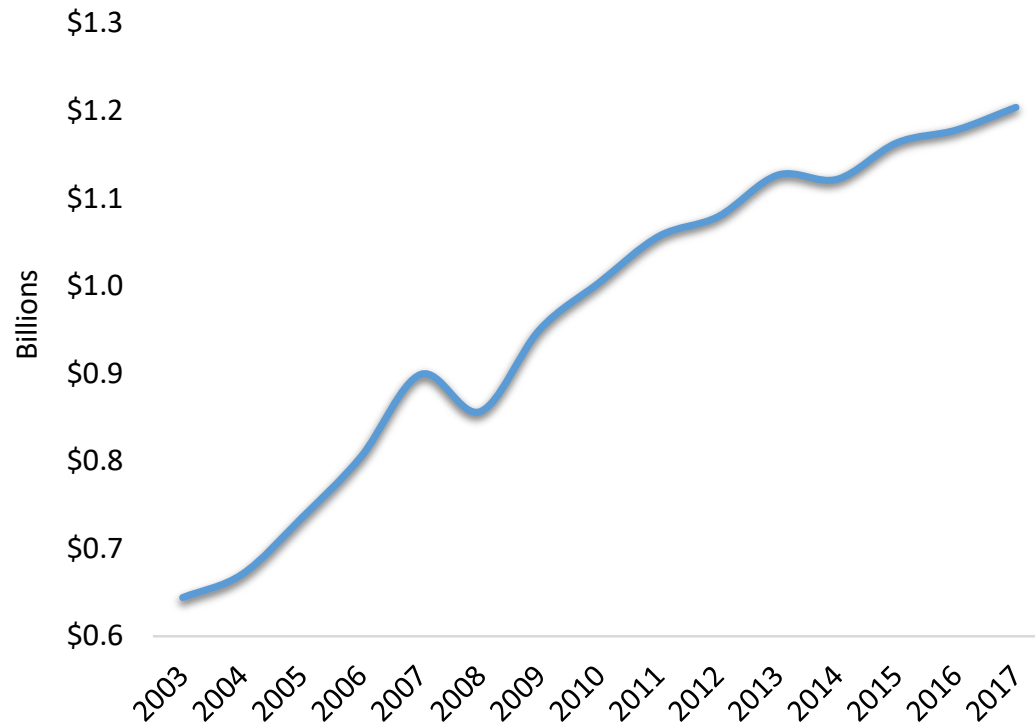


Source: Analysis by Evergreen Economics of data provided by the Medicaid Budget Group.

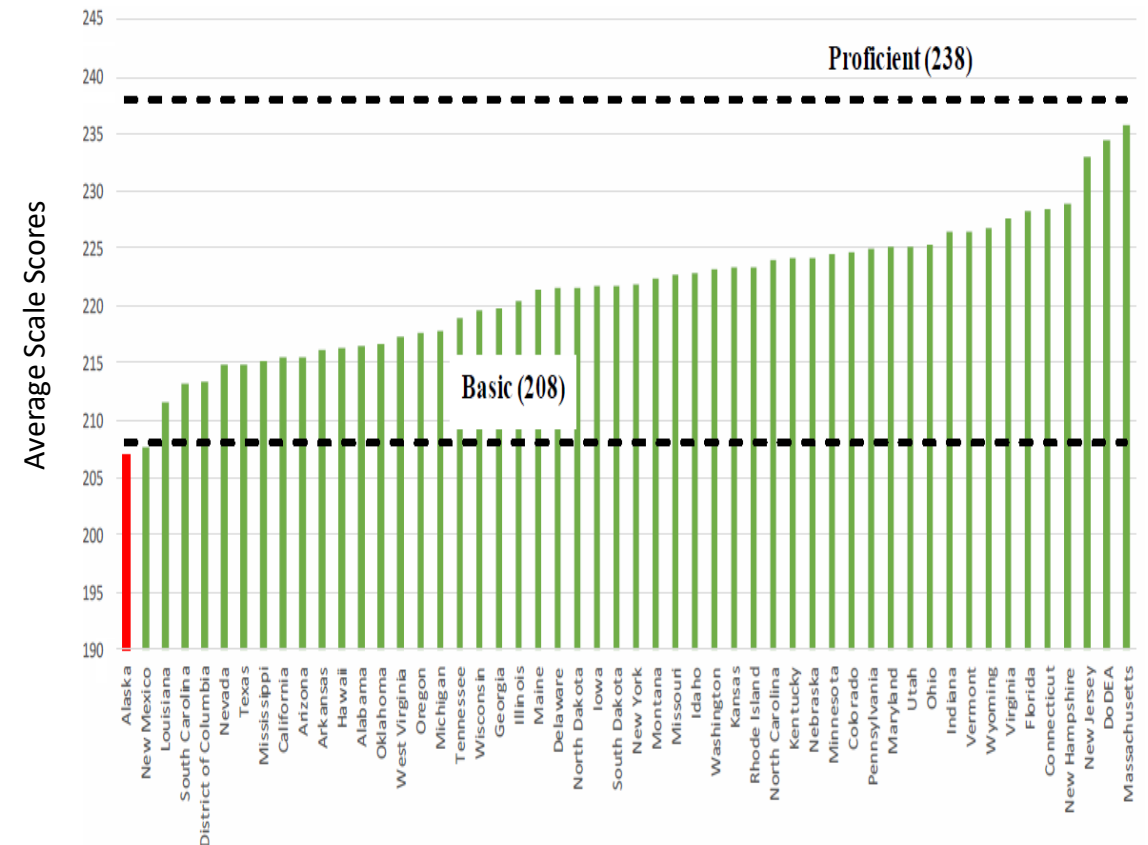


# Education Spending and Outcomes

## Alaska Inflation Adjusted State Aid



## Alaska Grade 4 Reading Proficiency



# Why Governor Dunleavy's Plan?

- The cost of doing nothing is too high
- Without controls, the government always grows
- Without protection, the PFD will go away
- Without a seat at the table, taxes are coming
- How do we accomplish these goals?
  - **Constitutional Amendments!**

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# Constitutional Amendments



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GOVERNOR MICHAEL J. DUNLEAVY

## Governor's Constitutional Amendments

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Three constitutional amendments were introduced to provide sustainability, predictability, and affordability for Alaska:

1. Set an annual spending and savings rule to keep expenditures in line and not allow spending to increase when revenues are high
2. Require a vote of the people before broad-based taxes can be implemented
3. Constitutionally enshrine the PFD – Alaska is an owner state

# 1) Appropriation Limit (SJR6/HJR5): Caps Spending at a Sustainable Level

- The current constitutional spending limit has grown to \$10 Billion – clearly ineffective (Article 9, Section 16)
- Caps spending at a sustainable level and allows for growth based on population and inflation
  - Some exceptions to the limit including PFDs, disasters, G.O. bonds
  - Capital spending is not an exception
- Excess revenues above the limit are automatically saved for future generations



## 2) Check & Balance on Taxes (SJR 4/HJR 5)

- If the legislature increases a tax or passes a new tax, the voters must approve
- If the people by initiative increase a tax or pass a new tax, the legislature must approve

### 3) Permanent Fund Dividend (SJR 5/HJR 6)

- “Absent another constitutional amendment, the Permanent Fund dividend program must compete for annual legislative funding just as other state programs.” *Wielechowski v. State*, 403 P.3d 1141, 1152 (Alaska 2017)
- Establishes in the Constitution the right of Alaskans to receive a PFD
- No Appropriation Necessary to Transfer Money to Pay the PFD
- No Veto of the PFD is Possible
- Any change in the PFD must be approved by the voters

# Text

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# PLAN to 888111