

December 18, 2015

### **Resolution**

FEDC Board of Directors asks Alaska's Political Leaders to work together to resolve Alaska's fiscal challenge. With Alaska State expenditures exceeding revenues by more than \$3 Billion dollars, there is no easy solution to balancing the State budget. Achieving long-term fiscal stability, affordability and sustainability for the State of Alaska will require a mix of continued cuts to government spending and increased revenues including use of State investment earnings.

Regarding spending: achieving a smaller, more efficient, more sustainably affordable State Government is critical to Alaska's future fiscal health. Therefore, the Board believes reductions in the cost and, likely, scope of government are necessary to redress Alaska's systemic budgetary imbalance.

Regarding revenue: providing the State revenues sufficient for it to operate and invest effectively in and for the public interest is critical to Alaska's future fiscal health. Therefore, the Board believes that, in addition to increases in user fees, implementing some type of broad-based statewide taxation and the use of some portion of the Permanent Fund earnings to fund State government must to be considered.

We also believe that inaction will, with certainty, lead to Alaska's failure and failure is not an option. Therefore, the Board of FEDC encourages Alaska's policymakers to move forward without delay on a solution.