ALASKA'S BIGGEST FISCAL HURDLE

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Commonwealth North
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THESIS

Alaska will not achieve a durable & stable fiscal plan until we figure out what to do with the Permanent Fund Dividend.

ALASKA'S CONSTITUTION

- Permanent Fund itself is in the Constitution & is indispensable, created by the people in 1976
  - **Article 9, Section 15: two sentences, 73 words – none of which are "dividend"**
- Other constitutional obligations: public education, University of Alaska, public health & public welfare; functioning government

ALASKA'S CONSTITUTION

- Alaska Supreme Court decision, Wielechowski v State of Alaska found, "absent another constitutional amendment," the dividend program must compete for annual legislative appropriation, just like any other program.
- **Building a budget with the dividend as the priority could be interpreted as going against Constitutional intent** and neglecting the Oath of Office

THE DIVIDEND IS NOT A RIGHT

- Rights are shielded in the Constitution.
- The dividend is secondary to the Constitution. It's in statute; created by the Legislature in 1982.
- **The dividend is not a right.**
- If it was a right, it wouldn't be up for debate every year nor subject to legislative appropriation.

THE DIVIDEND'S VALUE FOR LOWER INCOME ALASKANS

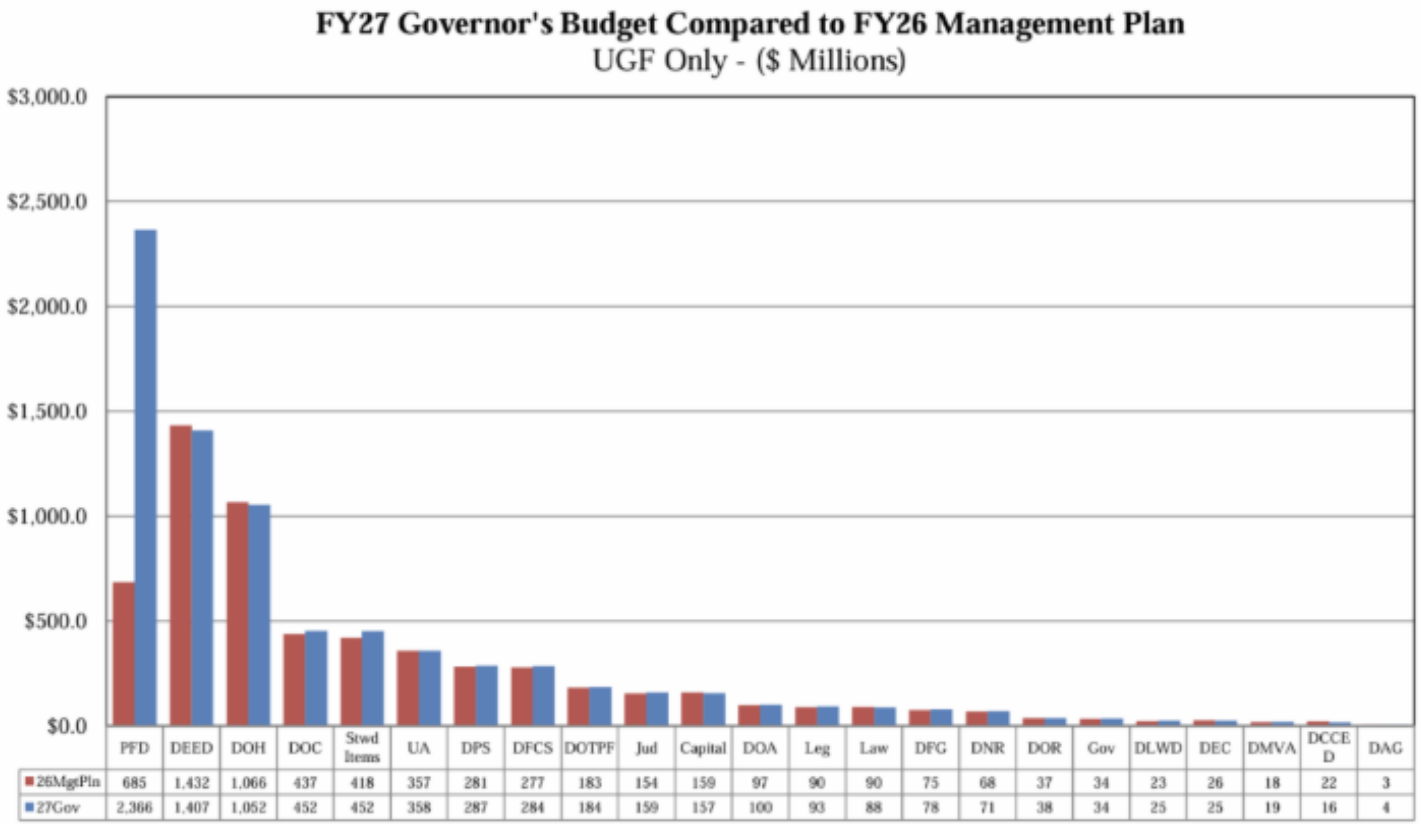
- Reduces poverty by 20%
- The dividend is a lifeline that conventional safety net programs cannot replicate for lower income Alaskans – especially in rural Alaska.
- Eliminating the dividend without compensating measures would cause harm.

WHAT KIND OF AN ALASKA DO WE WANT TO LIVE IN?

- Tradeoffs between a larger dividend and state services
- Larger dividends make it more difficult to pay existing and future state obligations
- $2.4B in deferred maintenance backlog
- Current FY27 operating budget = nearly $1B for dividends
- FY26 dividends = $685M
- FY26 capital budget = $180M

If we prioritized spending the "full dividend" it would mean zero funding for most state services & departments

Governor's FY27 Budget (Cont.)



	PFD	DEED	DOH	DOC	Stwd Items	UA	DPS	DFCS	DOTPF	Jud	Capital	DOA	Leg	Law	DFG	DNR	DOR	Gov	DLWD	DEC	DMVA	DCCED	DAG
26MgtPln	685	1,432	1,066	437	418	357	281	277	183	154	159	97	90	90	75	68	37	34	23	26	18	22	3
27Gov	2,366	1,407	1,052	452	452	358	287	284	184	159	157	100	93	88	78	71	38	34	25	25	19	16	4

CLOSING THOUGHTS

- We are a state in decline.
- The dividend asphyxiates our ability to provide meaningful public services Alaskans want and need
- Being financially prudent carries big political risks

BOTTOM LINE

- Do two things:
  1. Pause the dividend until we can reasonably afford it
  2. Focus spending on meeting constitutional obligations & on $2.4B deferred maintenance backlog

THANK YOU

QUESTIONS?

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