

# Plan Outline

- 50 / 50 Plan (Dunleavy 2017)
  - This approach contemplates:
    - **A Plan which does not require the imposition of new taxes**
    - **Looking out on a 5 year and 10 year horizon**
      - Balance within 5 years, remain balanced in 10
    - **(SB 1 & SB 2) Paying out the fully budgeted & legislated 2016 PFD amount**
      - Making whole every Alaskan dividend recipient
    - **Full payment of the existing statutorily calculated PFD going forward**
      - This amount would be over \$2,200 today, and would increase with the fund's performance-- to \$2,800 by FY24 under existing conditions.
      - Continues the direct tie of the dividend to the health of the fund, not to the health of the state bureaucracy.
      - Does not tinker with the existing PFD formula – Requires no legislation
    - **Carries out 50/50 PF concept as envisioned by Gov. Hammond**
      - 50% of annual ERA draw is relied upon to reach a balanced, sustainable budget; the same amount goes to the dividend fund to pay PFDs.
      - Government operation relies on a smaller ERA draw than the Governor's plan (17% less)
        - Roughly \$1.54 bn vs. Governor's \$1.87 bn in FY18
    - **Gradual but meaningful level of reductions in the budget (\$1.1bn over 4 years)**
      - Spreading out over four years allows the economy to absorb, and the State to step down, as opposed to steep reductions in one or two years.
      - Reductions equate to 7% per year of UGF, or 3% of All Funds
        - \$300 Million in FY2018
        - \$300 Million in FY2019
        - \$300 Million in FY2020
        - \$200 Million in FY2021
    - **(SJR 2) Constitutional Protection** against runaway government spending again
      - Repairs the existing Constitutional Appropriation limit (Art. IX, Sect. 16)
    - **Judicious use of existing savings to bridge to sustainable budget within 4 years**
      - Maintains at least one year of reserves in the CBR as a cushion
    - **Consider A More Efficient Budgeting Process – Explore Biennial Budgeting**
      - Beginning early in the fiscal year, the Governor and Legislature would begin the budget process in tandem, cooperating to ensure that a well-constructed budget is presented to the next Legislative session, rather than trying to accomplish the entire process in roughly 3 busy months.