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The Need for a Constitutional Amendment

Ensure sustainable use of the Permanent Fund

1. Long recognized as the **cornerstone** of a Alaska's fiscal future
2. The **keystone** to unlocking Alaska's fiscal dilemma

Alaska's #1 Priority

Continued failure to resolve Alaska's budget imbalance remains the single greatest threat to Alaska's future.

Key Lessons

1. Grand bargain to close the gap has so far proved challenging
2. **So long as savings are accessible, savings will be used**

Alaska's Default Fiscal Plan

\$74 B

Spending down the Permanent Fund

Alaska IS Now an Endowment State

70%

Of General Fund revenue now come from the Permanent Fund

But we do not have protections in place to ensure the endowment functions the way it needs to

Problems with the Status Quo

1. Technical
2. Financial
3. Philosophical

Technical Challenges

50%

Risk of being unable to make POMV draw in one or more of the next 20 years

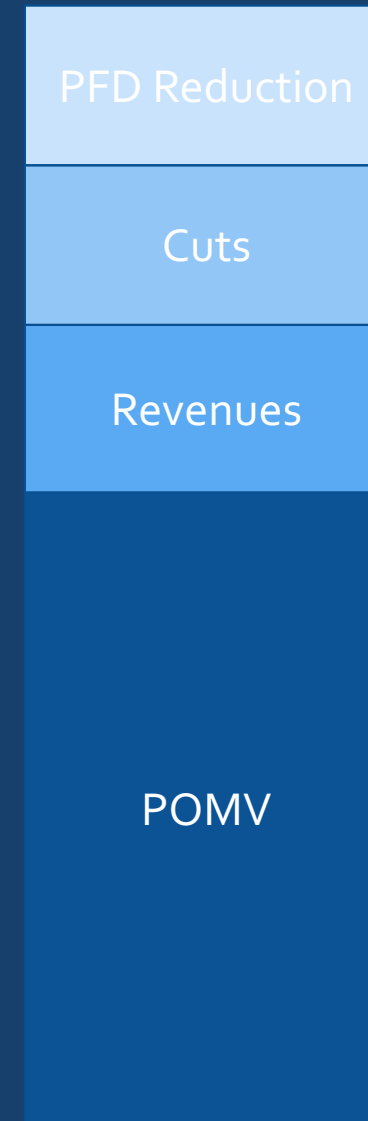
Fiscal Prudence

- Smaller Fund = Fewer earnings
- \$1 billion today = \$50 million/yr.
- \$17 billion in savings spent since 2013
 - Earnings could have paid the Dividend forever
- \$17 billion in ERA available for appropriation today

Small Fund =
Fewer Earnings



Today's Problem



Tomorrow's Problem

An Asset for ALL Generations

- **\$149 Billion:** Resource revenue since 1977
- **13.6%** Saved in the Permanent Fund
- Spending down the Permanent Fund is fundamentally unfair to future generations of Alaskans

Protecting the Permanent Fund

- Protects against higher taxes
- Protects Dividends
- Protects Services
- A duty to future generations

An Old Idea Whose Time Has Come

- '80 - Recommended by Trustee Malone (co-sponsor of PF legislation)
- '95 – Recommended by Long-Range Financial Planning Commission
- '96 – Recommended by PF Board of Trustees
- '99 – Approved by House of Representatives
- '00 – Trustees Resolution
- '03 – Trustees Resolution
- '04 – Trustees Resolution
- '20 – Trustees Resolution
- Resolutions of support from countless organizations

A Strategy for Resolving Alaska's Fiscal Challenge

- We will close the gap, one way or another
- Any deal now is better than any deal later
- Constitutional Amendment will act as a **deadline**, after which overdraws from ERA will no longer be allowed
- Deadline will drive negotiations
- Provides several years of runway for implementation

Timing

It will never get easier, only more necessary

Amending the Constitution

- Must seek a high bar of consensus
- What values constitute us all as Alaskans?
- Will we act to sustain the future of this state?