

ALASKA LEGISLATURE SPECIAL COMMITTEE / SUBJECT FILES 86/2

295 SCOMM 9: HOUSE SPEC. COMM. ON PERMANENT FUND 1977-78 295

ISSUED BY ALASKA AIRLINES, INC.		PASSENGER TICKET AND BAGGAGE CHECK		027:4400:101:526	
NAME OF PASSENGER <i>Arlo R. Tussing</i>		CHECKED BY <i>Arlo R. Tussing</i>		PASSENGER'S COUPON	
RESTRICTIONS/ENDORSEMENTS/TICKET NO.		REQUEST FOR EXCHANGE/FARE		CARRIER	
NOT VALID BEFORE 1 2 3 4		ORIGINAL ISSUE CARRIER		DATE	
NOT VALID AFTER 1 2 3 4		TICKET DESIGNATION		TOUR CODE	
NOT GOOD FOR PASSAGE		FARE BASIS		CARRIER	
FROM <i>2117 Anchorage</i>		F		11/24/77	
TO <i>Seattle</i>		F		11/24/77	
TO <i>11/24/77</i>		F		11/24/77	
TO <i>Seattle</i>		F		11/24/77	
TO <i>11/24/77</i>		F		11/24/77	
BAGGAGE		P.C.S.		UNCL. P.C.S.	
WEIGHT		WT.		WT.	
TICKET NUMBER		3728 203830 9100		03/77 THRU 02/78 69	
3728 203830 9100		DR ARLO R TUSSING		2472	

I ACKNOWLEDGE RECEIPT OF TICKET(S) AND/OR COUPONS FOR RELATED CHARGES DESCRIBED HEREON. PAYMENT IN FULL TO BE MADE WHEN BILLED OR IN EXTENDED PAYMENTS IN ACCORDANCE WITH STANDARD POLICY OF COMPANY ISSUING CARD AND AS REFLECTED IN APPLICABLE TARIFFS.		UNIVERSAL CREDIT CARD CHARGE FORM		DATE AND PLACE OF ISSUE	
NAME OF PASSENGER IF OTHER THAN CARDHOLDER <i>Arlo R. Tussing</i>		Alaska Airlines, Inc. (027)		1. CARDHOLDER COPY	
COMPLETE ROUTING		DATE OF ISSUE		IF EXTENDED PAYMENT DESIRED, CIRCLE NO. OF MONTHS 3 6 9 12	
FARE BASIS		CONNECTION OF PASSENGER WITH SUBSCRIBER		APPROVAL CODE	
CARRIER		TICKETS NOT TRANSFERABLE NO CASH REFUNDS		CREDIT CARD NAME/CODE	
AIRLINE		FORM		FORM OF CREDIT	
SERIAL NO.		027 4400 101 526		3728 203830 9100	
FARE		TOTAL		EXP. DATE	
624.60		34.76		03/77 THRU 02/78	
668.76		DR ARLO R TUSSING		2472	

I ACKNOWLEDGE RECEIPT OF TICKET(S) AND/OR COUPONS FOR RELATED CHARGES DESCRIBED HEREON. PAYMENT IN FULL TO BE MADE WHEN BILLED OR IN EXTENDED PAYMENTS IN ACCORDANCE WITH STANDARD POLICY OF COMPANY ISSUING CARD AND AS REFLECTED IN APPLICABLE TARIFFS.		UNIVERSAL CREDIT CARD CHARGE FORM		DATE AND PLACE OF ISSUE	
NAME OF PASSENGER IF OTHER THAN CARDHOLDER <i>Arlo R. Tussing</i>		Wing Air Alaska, Inc. 212		1. CARDHOLDER COPY	
COMPLETE ROUTING		DATE OF ISSUE		IF EXTENDED PAYMENT DESIRED, CIRCLE NO. OF MONTHS 3 6 9 12	
FARE BASIS		CONNECTION OF PASSENGER WITH SUBSCRIBER		APPROVAL CODE	
CARRIER		TICKETS NOT TRANSFERABLE NO CASH REFUNDS		CREDIT CARD NAME/CODE	
AIRLINE		FORM		FORM OF CREDIT	
SERIAL NO.		2124300109220		3728 203330 9100	
FARE		TOTAL		EXP. DATE	
624.60		34.76		03/77 THRU 02/78	
668.76		DR ARLO R TUSSING		2472	

I ACKNOWLEDGE RECEIPT OF TICKET(S) AND/OR COUPONS FOR RELATED CHARGES DESCRIBED HEREON. PAYMENT IN FULL TO BE MADE WHEN BILLED OR IN EXTENDED PAYMENTS IN ACCORDANCE WITH STANDARD POLICY OF COMPANY ISSUING CARD AND AS REFLECTED IN APPLICABLE TARIFFS.

UNIVERSAL CREDIT CARD CHARGE FORM

DATE AND PLACE OF ISSUE

Alaska Airlines, Inc. (027)

IF EXTENDED PAYMENT DESIRED, CIRCLE NO. OF MONTHS

3 6 9 12

DATE OF ISSUE

27
APPROVAL CODE

NAME OF PASSENGER IF OTHER THAN CARDHOLDER
COMPLETE ROUTING

OT TO NO

CONNECTION OF PASSENGER WITH SUBSCRIBER

FARE BASIS CARRIER

TICKETS NOT TRANSFERABLE
NO CASH REFUNDS

CREDIT CARD NAME/ CODE

FORM OF CREDIT

Anchorage
Juneau
Seattle
Washington (LAD)
Washington (OCA)
Chicago (ORD)
Seattle
Anchorage

AS
AS
UA
UA
AS

AIRLINE FORM SERIAL NO.

027 4300 183 197-3

3728 203830 91007
EXP. DATE

03/77 THRU 02/78 69 AX
DR ARLOH R TUSSING 2472

TAX
43.74 68.74
EQUIV.
AMT. PD.

ISSUED BY ALASKA AIRLINES, INC.

PASSENGER TICKET AND BAGGAGE CHECK

DESTINATION

NAME OF PASSENGER

CONNECTION/TICKET

AIRLINE FORM SERIAL NUMBER

027:4300:183:197

RESTRICTIONS/ENDORSEMENTS

ISSUED IN EXCHANGE FOR

PASSENGER'S COUPON

NOT VALID BEFORE
1 2 3
NOT VALID AFTER
1 2 3

ORIGINAL ISSUE CARRIER FORM & SERIAL NO. PLACE DATE AGENTS NUMBER EQUIV.
TICKET DESIGNATION TOUR CODE

CARRIER FARE CALCULATION

NOT GOOD FOR PASSAGE

FARE BASIS CARRIER FLIGHT/CLASS DATE TIME STATUS ALLOW

DATE AND PLACE OF ISSUE

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LAST NAME	FIRST	INITIAL	CHECKS	RATE	FOLIO NUMBER
					144985
OUT	CITY	STATE	From Folio		

STATEMENT

DATE	REFERENCE	CHARGES	CREDITS	BALANCE	PICK-UP
0120F	ROOM	0* 31.00			
0120F	TAX	0* 1.70		* 35.70	35.70
0121F	REST	1* 4.60		* 40.30	

Cardmember No. 3728 203830 91007

Cardmember 03/77 THRU 02/78

DR ARLOH R TUSSING 69 AX 2472

Service Establishment

HI ANCHORAGE DT

032 917 284 MC

700 907 909 BAC

265 011 1996 DN

550 050 0350 AX

Approval Code

Check or Bill No.

Any delayed charges are listed below

Merchandise/Services

Taxes

Tips/Misc.

Revised Total

Total 410.130

Amexco Use Only

Equivalent Amount

Record of Charges

Invoice Number 582953

Please Print Firmly

Cardmember Copy

Establishment agrees to transmit to American Express Company (Amexco) or Authorized Representative for payment Merchandise and/or service purchased on this card shall not be resold or cash refund

Cardmember

AMERICAN EXPRESS

ROC Form 20249-Rev. 4-76 Printed in USA - 7/76

ROOM 312 RATE 34.00 TAX 1.70 NO. PERSONS 1

Holiday Inn® of ANCHORAGE

239 West 4th Ave.

ANCHORAGE, ALASKA 99501

Tel.: 907/279-8671

67609

HOLIDAY INN'S BUSINESS FORMS

FORM 3-9
LITHO U.S.A.

735976532

790 0209326 3FS DI

STATE OF ALASKA
AK 99701 21

DATE: 7-22-76
TIME: 1:15 PM
MILEAGE: 20.00

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1-1-76

(3) BRIDGE	(6) CHECK-IN LOCATION	(10) RETURN TIME & DATE
(9) RETURN LOCATION NAME	(13) AUTHORIZATION NUMBER IN	

MILEAGE DETERMINED BY READING FACTORY INSTALLED ODOMETER		(20) TIME USED
(21) MILES IN	239	(22) TIME IN
(23) MILES OUT	2315	(24) TIME OUT
(25) MILES DRIVEN	74	
(26) HOURS	5:57	
(27) DAYS	1	
(28) WEEKS	1	

(29)	
(30)	
(31) ADJUSTMENTS	
(32) TOTAL LINES (25 THRU 31)	34

(33) YES	TA COM	(33A)
(34) TIME AND MILEAGE CHARGE		
(35) INTER-CITY FEE	(36) MISCELLANEOUS	

COLLISION DAMAGE WAIVER (CDW)		(37) GAS TO FILL (TAXABLE)
RENTER ACCEPTS DEDUCTIBLE EXCESS COV. AT A FEE AS SHOWN IN ADJOINING COLUMN		(38) PER DAY
ACCEPTS	DECLINES	
X	X	

ACCIDENT INSURANCE WITH MEDICAL		(39) SUB TOTAL
IF NO CLAIM, RENTER WAIVES ALL RIGHTS TO RECOVER FOR LOSS OF LIFE OR LIMB OR FOR OTHER BENEFITS UNDER ANY LIFE OR ACCIDENT INSURANCE POLICY		
ACCEPTS	DECLINES	
X	X	

19. PREPAYMENT		(40) TAX OR SURCHARGE
CASH	CHECK	
		(41) GAS TO FILL (NON-TAXABLE)

		(42) TOTAL CHARGE
		(43) LESS GAS ETC.
		(44) NET CHARGE

(45) CASH	CENT	CLUB	U-RENT	AMOUNT DUE (U.S. \$)
(47) CASH REFUND RECEIVED				REFUND FROM
X				HOTEL
				TRAVEL AGENCY

(48) OUT BY NUMBER	(49) IN BY NUMBER	(50) CHECK IN LOCATION
(51) INTERCITY SPLIT	RENTAL AGREEMENT NO.	
0 2 4	THIS 9 DIGIT NUMBER MUST APPEAR ON ALL CORRESPONDENCE AND REMITTANCES	

53-D-1		735976532
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SPECIAL DOCUMENT NUMBER	

CONTAIN RECEIPT FOR ALL REIMBURSABLE EXPENSES (GAS, etc.) AND PRESENT WITH THIS COPY AT CHECK IN.	
REPORT ACCIDENTS IMMEDIATELY TO LOCAL POLICE AND CALL RENTING AVIS STATION COLLECT.	
IF DELAYED IN RETURNING CAR PLEASE CALL RENTING AVIS STATION COLLECT.	

THIS IS NOT YOUR BILL	
PREPAYMENT/CUSTOMER'S MEMO	

University of Alaska
TRAVEL EXPENSE REPORT

T.A.# 08183
T.R.# _____
DEBIT MEMO# or CHECK# _____

Name of Traveler Arlon R. Tussing				Distribution (Cost Center) Code		Purpose of Trip (Please State Specifically, Not Just "Business") Permanent Fund Testimony							
Social Security No. 561-36-5666				2ISEGR									
Date	XX July	(year) 1977	(mo/day) 7/13	(mo/day) 7/14	(mo/day) 7/15-7/19	(mo/day) 7/20	(mo/day)	(mo/day)	(mo/day)	(mo/day)	(mo/day)	(mo/day)	Total
Depart From			SEA	FBKS		ANC							
Departure Time			14:00	07:00		1855							
Arrival At			FBKS	ANCH		SEA							
Arrival Time			16:40	07:40		23:55							
Travel Via			AS	AS		AS							
BASIC SUBSISTENCE	Lodging												
	Meals	B.		4.15									
		L.		5.00									
		D.		10.00									
Subtotal on Subsistence				19.15									19.15
Fare, Taxi, Mileage			81.05	1.33		7.00							89.38
Tele. and Teleg.													
Miscellaneous (Explain below)													
Total			82.38	19.15		7.00							108.53
Project Account#			Amount										

Explanations:

- prorated with other business
-
-
-
-
-

Arlon R. Tussing
Traveler's Signature

8/25/77
Date

[Signature]
Approved By

8/25/77
Date

108.53
Bal. Due

If air fare is utilized, passenger coupon must accompany expense report.

Any single cab fare in excess of \$10.00 should be documented with a receipt.

Experience indicates that the meal charges should be noted at time of meal to keep the figure correct.

[illegible]

September 29, 1977

Cary Lu
Personnel & Business Manager
Eighth Floor--Gruening
University of Alaska
Fairbanks, AK 99701

Dear Mr. Lu:

The Chairman, Clark Gruening, has asked me to seek clarification of your billings under the Committee's contract with the Institute. I refer specifically to the billing for time, transportation and subsistence for Dr. Arlon Tussing dated June 21, 1977.

It is the Chairman's understanding that all billings by Dr. Tussing and others are to be included under the contract (copy enclosed) which led to the production of Dr. Tussing's paper Economic Considerations in the Establishment of Alaska's Permanent Fund. You will note that the contract states that total compensation shall be \$6,000. The total billing from your office (June 21 and August 24) is \$8,318.43.

With regard to the June 21 billing, the Chairman has instructed me to say that the Committee is willing to pay for Dr. Tussing's time, travel and subsistence involved in traveling to Juneau to advise the Committee on the State Investment Advisory Committee's bill on the Permanent Fund. By our estimate that would include eight hours on April 21 and eight hours on April 22. It would also include Dr. Tussing's travel and subsistence, provided that the necessary documentation of these items (ticket copy, hotel bill, etc.) are provided. This would, according to our figures, bring the total billing to date under the contract to \$5,489.53.

Cary Lu

-2-

September 28, 1977

I would appreciate it if this matter could be clarified as soon as possible so that the Chairman can authorize payment to the Institute.

Sincerely,



Mike Doogan
Administrative Assistant

MD:LAD

Enclosure

cc: Lee Gorsuch
Dr. Arlon Tussing

CONTRACT BETWEEN
STATE OF ALASKA
LEGISLATIVE AFFAIRS AGENCY
AND
UNIVERSITY OF ALASKA
INSTITUTE OF SOCIAL AND ECONOMIC RESEARCH

The parties of this agreement are the LEGISLATIVE AFFAIRS AGENCY, on behalf of the House Special Committee on the Alaska Permanent Fund, hereinafter referred to as the "Agency", and the UNIVERSITY OF ALASKA INSTITUTE OF SOCIAL AND ECONOMIC RESEARCH, hereinafter referred to as the "Contractor".

THE PURPOSE OF THIS AGREEMENT is to provide the House Special Committee on the Alaska Permanent Fund with specialized economic consulting services.

IT IS THEREFORE, MUTUALLY AGREED THAT;

CLAUSE I. - STATEMENT OF WORK

- (A) The Institute of Social and Economic Research of the University of Alaska will conduct a study and produce a report under the direction and supervision of Arlon Tussing, Adjunct Professor of Economics, on the following topics:
1. How efficient are capital markets in Alaska today? What amount of substitution of permanent fund for private capital would there be under approaches being considered for the permanent fund?
 2. To what extent would permanent fund outlays have the ability to expand Alaska's tax base and diversify the Alaska economy?
 3. Under four or five alternative management approaches for the permanent fund, what would be the investment impacts? What are the growth implications?

4. How would impacts differ if the permanent fund investments are out-of-state instead of in-state? What are the implications of using the permanent fund for social purposes (a) directly through loans, etc. or (b) indirectly, by expanding the economy to create a greater tax base, which could be used for social purposes in the future?
5. Could the permanent fund be used to stabilize the Alaska economy, to smooth the boom/bust cycle, or even out the rate of growth?
6. Could the permanent fund be used to increase rural, employment through cottage industries, or dispersal of economic activity?
7. What analytical or policy issues (whether included in the foregoing list or not) should the committee investigate in depth?

It is understood that the study and report are to be in the nature of a general reconnaissance, and need not involve collection or processing of original quantitative data. The Contractor shall deliver one copy of the report to the Project Director and one photo ready original copy to the Agency.

- (B) Professor Tussing will be available to provide one day of testimony on briefings on the report during the 30 day period following its submission to the Project Director, at a time and place in Alaska to be designated by the Project Director.

CLAUSE II. - PERIOD OF PERFORMANCE

- (A) The report copies required under Clause I (A) shall be delivered to the Project Director and the Agency within 30 days of the date of the Contractor's signature on this contract, but in no case later than 30 June 1977. Availability of Dr. Tussing for testimony shall be as specified in Clause I (B).
- (B) Unless extended by written agreement, this contract expires on 31 July 1977.

CLAUSE III. - PROJECT DIRECTOR

The Project Director shall be Representative Clark Gruening, Chairman of the House Special Committee on the Alaska Permanent Fund, or his designee.

CLAUSE IV. - COMPENSATION AND METHOD OF PAYMENT

Contractor's total compensation for providing the services described in this agreement shall be six thousand dollars (\$6,000.00), which shall be inclusive of all expenses, including travel expenses.

CLAUSE V. - REPORTS

The Contractor shall keep the Project Director informed as to the progress of the work performed under this agreement and shall provide progress reports as specified by him.

CLAUSE VI. - ALL WRITINGS CONTAINED HEREIN

This agreement contains all the terms and conditions agreed upon by the parties. No other understandings, oral or otherwise, regarding the subject matter of this agreement shall be deemed to exist or to bind either of the parties of this agreement.

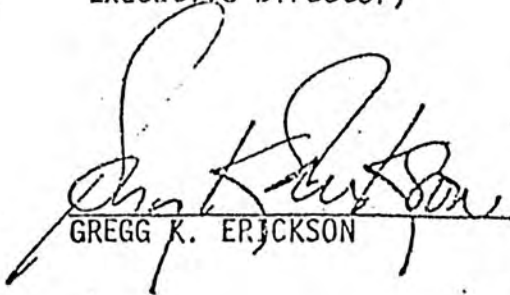
IN WITNESS WHEREOF, the parties have executed this agreement on the dates noted next to their signatures.

UNIVERSITY OF ALASKA
INSTITUTE OF SOCIAL AND
ECONOMIC RESEARCH

LEGISLATIVE AFFAIRS AGENCY
(By direction of the
Executive Director)

E. LEE GORSUCH, DIRECTOR

DATE

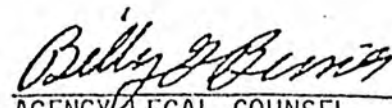


GREGG K. ERICKSON

5/20/1-

DATE

Approved as to form.



AGENCY LEGAL COUNSEL

TOTAL BILLING - \$8,318.43
AUTHORIZED - \$6,000.00
OVERRUN - 2,318.43

White Canyon Juu

2 days and travel
+ subsistence

SIAC proposal

at meeting 2 hrs.

prepared pay 16 hrs.



UNIVERSITY OF ALASKA

FAIRBANKS, ALASKA 99701

INSTITUTE OF SOCIAL & ECONOMIC RESEARCH

June 21, 1977

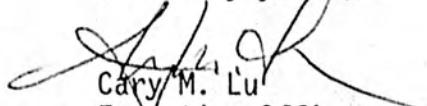
The Honorable Clark Gruening
118 East 6th Avenue
Anchorage, Alaska, 99501

Dear Mr. Gruening:

We have enclosed here an invoice covering Dr. Arlon Tussing's professional services rendered toward the Alaska Permanent Fund study. Also included in the invoice are the related expenses incurred in connection with the study.

Please review and approve the invoice and forward for disbursement.

Sincerely yours,


Cary M. Lu
Executive Officer

CML/cb
Enclosure

HK



UNIVERSITY OF ALASKA

FAIRBANKS, ALASKA 99701

INSTITUTE OF SOCIAL AND ECONOMIC RESEARCH

I N V O I C E

June 21, 1977

TO : State of Alaska
Legislative Affairs Agency
Pouch Y - State Capitol
Juneau, Alaska, 99811

Attention: The Honorable Clark Gruening

DESCRIPTION: Charges for Professional Services and Expenses by Dr. Arlon Tussing
incurred on behalf of the Alaska Permanent Fund:

Services - 81 hours @ \$43.50 \$3,523.50

<u>Date</u>	<u>Hours</u>
3/29/77	1.0
3/30/77	1.0
3/31/77	2.0
4/5/77	2.0
4/6/77	8.0
4/7/77	8.0
4/8/77	8.0
4/11/77	2.0
4/12/77	3.0
4/13/77	3.0
4/16/77	5.0
4/18/77	4.0
4/19/77	7.0
4/20/77	8.0
4/21/77	8.0
4/22/77	8.0
5/11/77	1.0
5/16/77	1.5
5/19/77	0.5
Total Hours	81.0

Communications: February 15, 1977 through March 15, 1977 1.40

UNIVERSITY OF ALASKA

INSTITUTE OF SOCIAL & ECONOMIC RESEARCH

I N V O I C E

Page 2

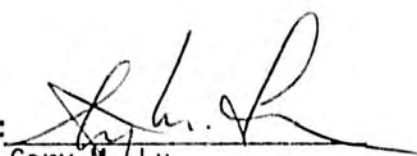
June 21, 1977

DESCRIPTION: (cont.)	- Balance Forwarded	\$3,524.90
Travel:	Transportation & Subsistence	<u>293.86</u>
TOTAL THIS INVOICE		\$3,818.76

PLEASE MAKE CHECK PAYABLE TO:

Institute of Social and Economic Research
University of Alaska
Fairbanks, Alaska, 99701

Certified Correct:


Cary M. Lu
Executive Officer

University of Alaska
TRAVEL EXPENSE REPORT

T.A.# _____
T.R.# _____
DEBIT MEMO# or CHECK# _____

Name of Traveler Arlon Tussing				Distribution (Cost Center) Code		Purpose of Trip (Please State Specifically, Not Just "Business")							
Social Security No. 561-36-5666				3AASEGR		Permanent Fund Committee							
Date	April	(year) 1977	(mo/day) 20	(mo/day) 21	(mo/day)	(mo/day)	(mo/day)	(mo/day)	(mo/day)	(mo/day)	(mo/day)	(mo/day)	Total
Depart From			Anch	Jnu									
Departure Time			0950	2030									
Arrival At			Jnu	Sea									
Arrival Time			1315	2230									
Travel Via			AS	AS									
BASIC SUBSISTENCE	Lodging		30.90										\$ 30.90
	Meals		B. 4.67	4.00									8.67
			L. 9.50	6.00								15.50	
			D. 7.00									7.00	
Subtotal on Subsistence			52.07	10.00									62.07
Fare, Taxi, Mileage b194.28			3.00	3.00^a									206.79
Tele. and Teleg.			9.28	15.72									25.00
Miscellaneous (Explain below)													
			64.35	35.23									\$293.86
Total \$194.28													\$293.86
Project Account# 4307-1-2099-0000			Amount \$293.86										

Explanations:

- a. 42 mi. @.155
b. Anch-Jnu-Anch. Coach Fare

c.
d.
e.


Traveler's Signature

Date

Approved By

Date

If air fare is utilized, please attach the ticket and baggage check.

Any single cab fare in excess of \$1.00 must be substantiated with a receipt.

Expenditures for meals and lodging must be substantiated with receipts.



UNIVERSITY OF ALASKA

FAIRBANKS, ALASKA 99701

INSTITUTE OF SOCIAL AND ECONOMIC RESEARCH

August 24, 1977

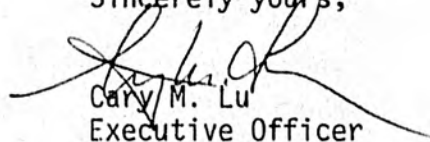
The Honorable Clark Gruening
Legislative Affairs Agency
118 East 6th Avenue
Anchorage, Alaska, 99501

Dear Mr. Gruening:

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Please review and approve the invoice and forward for disbursement.

Sincerely yours,


Cary M. Lu
Executive Officer

CML/cb
Enclosure



UNIVERSITY OF ALASKA

FAIRBANKS, ALASKA 99701

INSTITUTE OF SOCIAL AND ECONOMIC RESEARCH

I N V O I C E

August 24, 1977

TO : State of Alaska
Legislative Affairs Agency
Pouch Y - State Capitol
Juneau, Alaska, 99811

Attention: The Honorable Clark Gruening

DESCRIPTION: Charges for services and expenses incurred on behalf
of the Alaska Permanent Fund by the following
Professional staff:\$4,499.67

Dr. Arlon Tussing:

<u>Date</u>	<u>Hours</u>
5/23/77	.25
5/30/77	2.25
6/06/77	3.00
6/07/77	1.00
6/08/77	2.00
6/09/77	1.00
6/10/77	4.00
6/12/77	2.00
6/14/77	5.00
6/17/77	7.00
6/18/77	5.00
6/21/77	2.00

Total Hours - 34.50 @ \$43.50 = \$1,500.75

6/22/77	3.00
6/23/77	5.00
6/25/77	5.50
6/27/77	.50
6/28/77	2.00
7/01/77	1.50
7/04/77	5.00
7/05/77	6.25
7/06/77	1.75
7/07/77	2.25
7/08/77	.50
7/14/77	3.25
7/15/77	3.00
7/18/77	.50

Total Hours - 40.00 @ \$52.64 = \$2,105.60

PLEASE REPLY BY AIRMAIL

UNIVERSITY OF ALASKA

INSTITUTE OF SOCIAL AND ECONOMIC RESEARCH

INVOICE - August 24, 1977

Page 2

Dr. Arlon Tussing (Contd.):

Travel Expenses \$ 179.32

Scott Goldsmith:

<u>Date</u>	<u>Hours</u>
7/08/77	8.00
7/12/77	2.00
7/15/77	2.00

Total Hours - 12.00 @ \$29.59 = \$ 355.08

Marjorie Matlock:

<u>Date</u>	<u>Hours</u>
7/06/77	4.00
7/07/77	5.00
7/08/77	6.00

Total Hours - 15.00 @ \$12.40 = \$ 186.00

Michael Scott:

<u>Date</u>	<u>Hours</u>
7/07/77	3.00
7/18/77	1.00

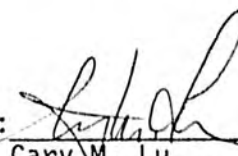
Total Hours - 4.00 @ \$29.59 = \$ 118.36

Darla Siver:

<u>Date</u>	<u>Hours</u>
7/08/77	4.00 @ \$13.64 = \$ 54.56

TOTAL COST THIS BILLING-----\$4,499.67

PLEASE MAKE CHECKS PAYABLE TO: Institute of Social and Economic Research
University of Alaska
Fairbanks, Alaska, 99701

Certified Correct by: 

Cary M. Lu
Executive Officer

University of Alaska
TRAVEL EXPENSE REPORT

TA # 07463

TR #

DEBIT MEMO# or CHECK#

Name of Traveler Arlon R. Tussing				Distribution (Cost Center) Code		Purpose of Trip (Please State Specifically, Not Just "Business")							
Social Security No. 561-36-5666				3AASEGR		June conferences on Permanent Fund project.							
Date	June	1977	6/6	6/7	6/8	imo/day	imo/day	imo/day	imo/day	imo/day	imo/day	imo/day	Total
Depart From			SEA	ANC/Kod.									
Departure Time			7:00a										
Arrival At			ANCH	Sea									
Arrival Time													
Travel Via			AA										
BASIC SUBSISTENCE	Lodging		B.										
	Meals		L.										
			D.										
Subtotal on Subsistence													
Fare, Taxi, Mileage		(Prorated air fare)	158.50	20.82	(a)								179.32
Tele. and Teleg.													
Miscellaneous (Explain below)													
Total													179.32
Project Account #		4307-1-2011-0000	Amount		179.32								

Explanations:

a. prorated car rental

b.
c.
d.
e.
f.

Arlon R. Tussing
Traveler's Signature

7/6/77
Date

[Signature]
Approved By

7/6/77
Date

If air fare is utilized, passenger coupon must accompany expense report.

Any single cab fare in excess of \$10.00 should be accompanied with a receipt.

Experience indicates that the meal charges should be noted in terms of meal to keep the report correct.

**UNIVERSITY OF ALASKA
REQUEST FOR PAYMENT
HAND PAY/DISTRIBUTION ADJ**

7/8/77

DATE

DEPT REQ. NO.

VENDOR
TYPE

VENDOR NO.

CHECK NO.

PAYMENT TYPE

ADDRESS:

Arlon Tussing

PURCHASE ORDER NO.	P/F IND	INVOICE NO/DATE	ORG.	Fund	ACCOUNT/ OBJECT	PROJECT	AMOUNT (CR)	
			4307	1	2011	00000	179	32
TOTAL							179	32

DESCRIPTION:

Reimbursement for travel expenses June Conferences on Permanent Fund Project.

DISBURSEMENT CERTIFICATION

I (WE) CERTIFY THAT THIS DISBURSEMENT OR EXPENDITURE(S) ARE TRUE AND CORRECT AND THAT THE REQUIRED SUPPORTING DOCUMENTATION IS ATTACHED

REQUESTED BY

Carolyn S. Berg

DATE

7/8/77

APPROVED BY

[Signature]
SIGNATURE

DATE

7/10/77

CHECK DISPOSITION

MAIL TO ABOVE ADDRESS

PICK UP AT CASHIER'S WINDOW XXXXX P.H.# 7439

OTHER

BUDGET APPROVAL

GENERAL

GRANT

VENDOR TYPE

P/F INDICATOR

PAYMENT TYPE

V - Vendor

E - EMPLOYEE

S - STUDENT

T - TEMPORARY/ONE TIME

P - PARTIAL PAYMENT OF P.O.

F - FINAL PAYMENT OF P.O.

I - Issue

V - VOID

C - CANCEL

D - DISTRIBUTION ADJ.

UA 03-122

(1)

AVIS RENT A CAR

58-01-L

4900 AIRCRAFT DRIVE
ANCHORAGE, ALASKA 99503
907-243-4900MINIMUM CHARGE - ONE DAY PLUS MILEAGE
TAX NOT INCLUDED IN RATES
RATES TO: 4900 AIRCRAFT DR., ANCHORAGE, AK 99503

795999352

(5) DOWNTIME

(6) CHECK IN LOCATION

(56)

(2) R/A NUMBER

A

(3) CHECK OUT LOC

02

(4) CAR NUMBER

574

(7) VEHICLE DESCRIPTION

(8) LICENSE PLATE NUMBER

H3A 101

(9) RETURN LOCATION NAME

00

(10) RETURN TIME & DATE

07/7

(11)

(32) AUTHORIZATION NUMBER OUT

(33) AUTHORIZATION NUMBER IN

740 0209326 315 DAVIS

A R TUSSING
UNIVERSITY OF ALASKA
COLLEGE
AK 99701 21

RATE CODE

FREE MILES

DISC

HOURLY

DAILY

WEEKLY

ADD'L DAYS

MILEAGE

R

S

MILEAGE DETERMINED BY
READING FACTORY INSTALLED
ODOMETER

(20) TIME USED

(21) MILES IN

1614

(22) TIME IN

JUN -7 PM 3 11

(23) MILES OUT

25

(24) TIME OUT

JUN -6 AM 8 00

(25) MILES DRIVEN

29

(26) HOURS

S

11

(27) DAYS

2

(28) WEEKS

S

100.00

(29)

(30)

(31) ADJUSTMENTS

(32)

(33) YES

(34) COM

(35)

(36) INTER-CITY FEE

(37) COLLISION DAMAGE WAIVER (CDW)

(38) GAS TO FILL (TAXABLE)

(39) SUB TOTAL

(40) TAX ON SURCHARGE

(41) GAS TO FILL (NON-TAXABLE)

(42)

(43) TOTAL CHARGE

(44) LESS CASH TENDERS

FAILURE TO COMPLY WITH ALL PROVISIONS OF ANY SPECIAL RATE DESCRIBED HEREIN MAY RESULT IN CHARGES BEING COMPUTED AT STANDARD TIME AND MILEAGE RATES.

(13) DRIVER'S LICENSE NUMBER

(14) LOCAL CONTACT/ADDITIONAL INFORMATION

(15) AID #

(16) REMAINS

CUSTOMER IS LIABLE FOR ALL PARKING AND TRAFFIC VIOLATIONS

(17) RENTAL

(18) WITH

(19) PAID

(20) BY

DR. ARLEN K. TUSSING
4100 UNIVERSITY AVE
ANCHORAGE, AK 99501

GAS OUT

E

1/8

1/4

3/8

1/2

5/8

3/4

7/8

F

GAS IN

E

1/8

1/4

3/8

1/2

5/8

3/4

7/8

F

BENEFICIARY (IF NONE STATED, PAY ESTATE OF INSURED)

RELATIONSHIP

(12) SIGNATURE

(13) DATE

(14) SIGNATURE

(15) DATE

(16) SIGNATURE

(17) DATE

(18) SIGNATURE

(19) DATE

(20) SIGNATURE

(21) DATE

(22) SIGNATURE

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(95) DATE

(96) SIGNATURE

(97) DATE

(98) SIGNATURE

(99) DATE

(100) SIGNATURE

ISSUED BY **ALASKA AIRLINES, INC.**
COMPANY SUBJECT TO CONDITIONS OF CONTRACT AND PASSENGER'S COUPON
 NAME OF PASSENGER *ARLON R TUSSING*

PASSENGER TICKET
 AND BAGGAGE CHECK

ORIGIN

DESTINATION

AIRLINE FORM SERIAL NUMBER
027:4300:181:896

RESTRICTIONS/ENDORSEMENTS

ISSUED IN EXCHANGE FOR

DATE OF ISSUE

PASSENGER'S COUPON

CARRIER FARE CALCULATION

NOT VALID BEFORE
 1 2 3
 NOT VALID AFTER
 1 2 3

ORIGINAL ISSUE CARRIER FORM & SERIAL NO. PLACE DATE AGENTS NUMERIC CODE
 TICKET ORIGINATOR TOUR CODE

X/O	NOT GOOD FOR PASSPORT	FARE BASIS	CARRIER	DIKERS/CLASS	DATE	TIME	STATUS	ALLOW
FROM		F						
TO								
TO								
TO								

BAGGAGE	PCB	UNCK PCB	UNCK PCB	UNCK PCB	UNCK PCB
CHECKED	WT.	WT.	WT.	WT.	WT.
UNCHECKED					

AGENCY DATE AND PLACE OF ISSUE

FORM OF PAYMENT **3.128 203830 9100**

FARE
 EQUITY
 AMT
 PD
 TOTAL

CPN TICKET NUMBER

03/77 THRU 02/78 69 AX
 DR ARLOW R TUSSING 2472

IT IS UNLAWFUL TO PURCHASE OR RESSELL THIS
 TICKET FROM ANY ENTITY OTHER THAN
 ALASKA AIRLINES OR ITS AUTHORIZED AGENTS.

REQUEST FOR TRAVEL AUTHORIZATION

I HEREBY REQUEST AUTHORIZATION TO PERFORM TRAVEL AS STATED BELOW:

1. Name: Arlon R. Tussing Title: _____
2. To: Anchorage and return
3. From: Seattle
4. Reason for Travel (be explicit): June conferences on Permanent Fund project
5. Date of Departure: 6/6 Date of Return: open
6. Will any vacation be taken?: no On What Dates?: _____
7. Mode of Travel: air Reason: best way
8. Account number under which travel is to be performed (if more than one is involved state and indicate what proportion is chargeable in each instance):
4307-1-1011-00000
9. Estimated Cost of Transportation: \$ 200.00
10. Estimated Other Costs: \$ 100.00
11. Total: \$ 300.00
12. I request a travel expense advance of \$ _____ with the understanding that final adjustment and clearance of said advance must be made within thirty days of return from travel or the above will be withheld from my pay check.
13. Traveler's Signature Arlon R. Tussing 561-36-5656 Date: 7/8/77
Soc. Sec. No.
14. Recommended: _____ Date: _____
Signature of Traveler's Immediate Supervisor or Department Head
15. Approved: _____ Date: 7/11/77
Signature of Dean or Designee Director

If for any reason the dates of travel as requested above are changed, a revised request should be submitted immediately. No travel is to be performed until an approved authorization for specific dates is returned to the individual requesting it.

White—Submit with Expense Report Copy
Yellow—Encumbrance Copy
Pink—Departmental Copy
Goldenrod—Cashier Copy

CONTRACT BETWEEN
STATE OF ALASKA
LEGISLATIVE AFFAIRS AGENCY
AND
UNIVERSITY OF ALASKA
INSTITUTE OF SOCIAL AND ECONOMIC RESEARCH

The parties of this agreement are the LEGISLATIVE AFFAIRS AGENCY, on behalf of the House Special Committee on the Alaska Permanent Fund, hereinafter referred to as the "Agency", and the UNIVERSITY OF ALASKA INSTITUTE OF SOCIAL AND ECONOMIC RESEARCH, hereinafter referred to as the "Contractor".

THE PURPOSE OF THIS AGREEMENT is to provide the House Special Committee on the Alaska Permanent Fund with specialized economic consulting services.

IT IS THEREFORE, MUTUALLY AGREED THAT;

CLAUSE I. - STATEMENT OF WORK

- (A) The Institute of Social and Economic Research of the University of Alaska will conduct a study and produce a report under the direction and supervision of Arlon Tussing, Adjunct Professor of Economics, on the following topics:
1. How efficient are capital markets in Alaska today? What amount of substitution of permanent fund for private capital would there be under approaches being considered for the permanent fund?
 2. To what extent would permanent fund outlays have the ability to expand Alaska's tax base and diversify the Alaska economy?
 3. Under four or five alternative management approaches for the permanent fund, what would be the investment impacts? What are the growth implications?

4. How would impacts differ if the permanent fund investments are out-of-state instead of in-state? What are the implications of using the permanent fund for social purposes (a) directly through loans, etc. or (b) indirectly, by expanding the economy to create a greater tax base, which could be used for social purposes in the future?
5. Could the permanent fund be used to stabilize the Alaska economy, to smooth the boom/bust cycle, or even out the rate of growth?
6. Could the permanent fund be used to increase rural, employment through cottage industries, or dispersal of economic activity?
7. What analytical or policy issues (whether included in the foregoing list or not) should the committee investigate in depth?

It is understood that the study and report are to be in the nature of a general reconnaissance, and need not involve collection or processing or original quantitative data. The Contractor shall deliver one copy of the report to the Project Director and one photo ready original copy to the Agency.

- (B) Professor Tussing will be available to provide one day of testimony on briefings on the report during the 30 day period following its submission to the Project Director, at a time and place in Alaska to be designated by the Project Director.

CLAUSE II. - PERIOD OF PERFORMANCE

- (A) The report copies required under Clause I (A) shall be delivered to the Project Director and the Agency within 30 days of the date of the Contractor's signature on this contract, but in no case later than 30 June 1977. Availability of Dr. Tussing for testimony shall be as specified in Clause I (B).
- (B) Unless extended by written agreement, this contract expires on 31 July 1977.

CLAUSE III. - PROJECT DIRECTOR

The Project Director shall be Representative Clark Gruening, Chairman of the House Special Committee on the Alaska Permanent Fund, or his designee.

CLAUSE IV. - COMPENSATION AND METHOD OF PAYMENT

Contractor's total compensation for providing the services described in this agreement shall be six thousand dollars (\$6,000.00), which shall be inclusive of all expenses, including travel expenses.

CLAUSE V. - REPORTS

The Contractor shall keep the Project Director informed as to the progress of the work performed under this agreement and shall provide progress reports as specified by him.

CLAUSE VI. - ALL WRITINGS CONTAINED HEREIN

This agreement contains all the terms and conditions agreed upon by the parties. No other understandings, oral or otherwise, regarding the subject matter of this agreement shall be deemed to exist or to bind either of the parties of this agreement.

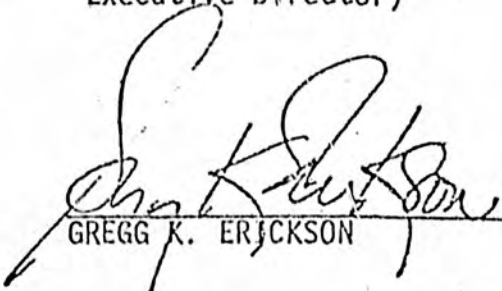
IN WITNESS WHEREOF, the parties have executed this agreement on the dates noted next to their signatures.

UNIVERSITY OF ALASKA
INSTITUTE OF SOCIAL AND
ECONOMIC RESEARCH

LEGISLATIVE AFFAIRS AGENCY
(By direction of the
Executive Director)

E. LEE GORSUCH, DIRECTOR

DATE

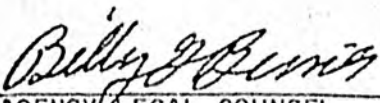


GREGG K. ERICKSON

5/20/77

DATE

Approved as to form.



AGENCY LEGAL COUNSEL

TO: The Honorable Clark Gruening August 22, 1977
Chairman
House Special Committee on the Permanent Fund

FROM: Mike Doogan
Committee Administrative Assistant

RE: Proposed Committee Contract with ISER (attached)

The following are changes I recommend after discussions with Jim Edenso, Jim Rhode, Gregg Erickson, and Lee Gorsuch.

That either: Clause I (A) be dropped from the contract
 Clause I (A) (1) be amended to read: The Contractor shall review the investment of that part of the 1970 general fund balance placed with Alaska banks with the purpose of determining the policies which guided that investment and the extent to which those policies were directed at influencing the rate and direction of growth in the Alaska economy or sectors thereof.

The amendment is recommended because all concerned agree that there is insufficient data to trace any money other than that placed with the banks, the loan money and capital expenditures voted by the legislature being virtually untracable.

Dropping the clause is recommended because simply studying the \$118 million placed with Alaska banks does not tell us anything, unless we need the information in considering whether the investment portion of the fund in HB 300 be placed through local banks.

That Clause (B) and Clause (C) be switched.

My reading of the contract makes the work in the current Clause (C) necessary before the work in the current Clause (B) is done.

That the rearranged Clause (B)--the current Clause (C)--be amended to include a formula for contribution, such as the one you have been considering.

Jim Rhode points out, and I agree, that the formula would make all revenue (not just the revenue called for in the constitutional amendment) subject to contribution to the Permanent Fund after, of course, the budget rate of growth had been set.

That the rearranged Clause (C)--the current Clause (B)--be amended to include inflation as a (4) and the current (4)--any other regional economic indicators that the Contractor may consider relevant--be made (5).

That (this is at the end of the current Clause (B)) a (4) be added measuring the effects of the earnings being used in both hard and soft loan programs in the state. This might also be accomplished by changing the wording in (1).

These additions are considered necessary to plan for all possible contingencies.

That Clause (D) be amended to read: For each of the projects, the Contractor will trace the impacts of the investment in terms of gross and net changes in employment levels, personal income, state and local taxes, and population.

Only by attempting to determine gross and net changes will we be able to discover the impact on current Alaskans of these projects.

CONTRACT BETWEEN
STATE OF ALASKA
DEPARTMENT OF REVENUE
AND
UNIVERSITY OF ALASKA
INSTITUTE OF SOCIAL AND ECONOMIC RESEARCH

The parties of this agreement are the STATE OF ALASKA, DEPARTMENT OF REVENUE, on behalf of the Legislative Committees on the Permanent Fund, hereinafter referred to as the "Department", and the UNIVERSITY OF ALASKA, INSTITUTE OF SOCIAL AND ECONOMIC RESEARCH, hereinafter referred to as the "Contractor."

THE PURPOSE OF THIS AGREEMENT is to provide the Legislature and the State with expert economic information on the expected effects of selected permanent fund management strategies.

IT IS THEREFORE MUTUALLY AGREED THAT:

CLAUSE I. - STATEMENT OF WORK

- (A) The Contractor shall prepare a written report assessing the long-term economic and fiscal impacts of varying the amount of contributions paid into the permanent fund. Included in the report shall be an examination of minimum, maximum and intermediate levels of contribution to the fund. Also included shall be an examination of contribution to the fund under a formula to be provided by the Project Director. Assuming state expenditures consume the revenues remaining after permanent fund contributions, the report shall include estimated impacts on (1) personal income; (2) population growth; (3) employment levels; and (4) permanent fund and general fund balances. In addition, the Contractor will devise a means for estimating contribution levels which would, by adjustment of appropriate co-efficients, leave sufficient general fund revenues to meet any legislatively pre-established level of real expenditure growth. Correspondingly, the Contractor will also devise a means for estimating contribution levels that would generate sufficient earnings to accommodate predetermined proportions of the state's forecasted revenue requirements.
- (B) The Contractor shall review the "Alaska Inc." proposal embodied in HB 525-SB 384 (Tenth Legislature) and provide written estimates over a twenty-year period of the effects the proposal would have on (1) personal income; (2) levels of employment; (3) population; and (4) any other regional economic indicators that the Contractor may consider relevant. In making these estimates, it is recognized that assumptions will need to be made concerning, inter alia, future personal consumption and saving patterns. It is recognized that qualitative judgment will be the source of many of these assumptions;

however, each assumption shall be made explicit, as shall the reasons for making it. In addition, the Contractor shall estimate and report in writing on comparable effects of (1) retaining earnings in the permanent fund; (2) using fund earnings to lower personal income taxes; (3) spending fund earnings as supplemental general fund revenues; and (4) using earnings in either market rate or below market rate loan programs.

- (C) The Contractor shall prepare and submit a written analysis of the economic and fiscal impacts of permanent fund investments in two hypothetical projects from distinct sectors of the Alaska economy. One project would be state investments in hatcheries and stream enhancement, directed at increasing salmon harvests as outlined in the report, The Economic Feasibility of Private Non-Profit Hatcheries by F. L. Orth. The second project would involve an investment in a petrochemical facility. The details of the petrochemical facility will be prepared by the Contractor in consultation with the Project Director. For each of the projects, the Contractor will trace the impacts of the investment in terms of changes in employment levels, personal income, state and local taxes, and population.
- (D) The Contractor shall prepare a written report reviewing the investment of that part of the 1970 general fund balance placed with Alaska banks and identifying the extent to which investment policies were directed at influencing the rate and direction of growth in the Alaska economy or sectors thereof. Reference should be made to (a) the stated or recollected intentions of policy makers; and (b) the actual fiscal strategies pursued. The Contractor shall estimate, to the extent banking statistics and other economic data permits, the actual impact of these actions, identifying the possible sources and degree of uncertainty associated with this estimate. Included with this estimate shall be (a) a discussion of any capital substitution effects inferred from the data; (b) an assessment of any income redistributions resulting from the investment policies; and (c) calculations of the state's opportunity costs as measured by the actual returns on "outside" investments earned during comparable periods.

CLAUSE II. - PERIOD OF PERFORMANCE

- (A) Work under this contract shall be performed between 15 August 1977 and 15 December 1977, and shall be completed in order of task listing, with all tasks to be completed by 15 December 1977.
- (B) This contract may be terminated by written notice of either party to the other. In the event of termination by the Department, the Contractor shall receive a lump sum payment determined by multiplying the contract price (\$30,000) times the proportion of the total work completed by the Contractor. In the event of termination by the Contractor, this amount shall be reduced by one-half.

CLAUSE III. - PROJECT DIRECTOR

The Project Director shall be Representative Clark Gruening, Chairman, Subcommittee on the Alaska Permanent Fund (House).

CLAUSE IV. - COMPENSATION AND METHOD OF PAYMENT

- (A) Contractor's compensation for the work specified in Clause I shall be \$30,000, payable on completion of project (all four tasks), except that this amount shall be reduced by 10% if the work specified in Clause I is not delivered by the date specified in Clause II (15 December 1977), and by a further 1% of the contract price for each day of further delay.
- (B) Expenses incurred by the Contractor in the completion of the work set forth in Clause I shall be borne by the Contractor.

CLAUSE V. - RECORDS, DOCUMENTS, AUDIT

- (A) The Contractor shall maintain accurate records as may be required by the Project Director. The records are subject to inspection by the Department or the Project Director at all reasonable times.
- (B) All documents, reports and writings generated as a consequence of work done under this contract shall become the property of the State of Alaska, and on completion of the work or at the termination of this contract duplicate copies shall be delivered to the Project Director and to the Department.

CLAUSE VI. - REPORTS

The Contractor shall keep the Project Director informed as to the progress of the work performed under this agreement and shall provide progress reports as specified by him. A copy of each report shall be delivered to the Project Director, the Deputy Commissioner of Revenue (Treasury) and to the Chairman of the Subcommittee on the Alaska Permanent Fund (Senate).

CLAUSE VII. - ALL WRITINGS CONTAINED HEREIN

This agreement contains all the terms and conditions agreed upon by the parties. No other understandings, oral or otherwise, regarding the subject matter of this agreement shall be deemed to exist or to bind either of the parties of this agreement.

IN WITNESS WHEREOF, the parties have executed this agreement on the dates noted.

UNIVERSITY OF ALASKA, INSTITUTE OF
SOCIAL AND ECONOMIC RESEARCH

STATE OF ALASKA
DEPARTMENT OF REVENUE

E. Lee Gorsuch 8/23/77
E. LEE GORSUCH Date

James Edenso 8/25/77
JAMES EDENSO Date
JIM

Accepted: **UNIVERSITY OF ALASKA**

Deputy Commissioner
Adrian Noble 8/30/77
ADMINISTRATION

Howard A. Cutlep 8/24/77
HOWARD A. CUTLEP Date

CONTRACT BETWEEN
STATE OF ALASKA
LEGISLATIVE AFFAIRS AGENCY
AND
UNIVERSITY OF ALASKA
INSTITUTE OF SOCIAL AND ECONOMIC RESEARCH

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6. Could the permanent fund be used to increase rural, employment through cottage industries, or dispersal of economic activity?
7. What analytical or policy issues (whether included in the foregoing list or not) should the committee investigate in depth?

It is understood that the study and report are to be in the nature of a general reconnaissance, and need not involve collection or processing of original quantitative data. The Contractor shall deliver one copy of the report to the Project Director and one photo ready original copy to the Agency.

- (B) Professor Tussing will be available to provide one day of testimony on briefings on the report during the 30 day period following its submission to the Project Director, at a time and place in Alaska to be designated by the Project Director.

CLAUSE II. - PERIOD OF PERFORMANCE

- (A) The report copies required under Clause I (A) shall be delivered to the Project Director and the Agency within 30 days of the date of the Contractor's signature on this contract, but in no case later than 30 June 1977. Availability of Dr. Tussing for testimony shall be as specified in Clause I (B).
- (B) Unless extended by written agreement, this contract expires on 31 July 1977.

CLAUSE III. - PROJECT DIRECTOR

The Project Director shall be Representative Clark Gruening, Chairman of the House Special Committee on the Alaska Permanent Fund, or his designee.

CLAUSE IV. - COMPENSATION AND METHOD OF PAYMENT

Contractor's total compensation for providing the services described in this agreement shall be six thousand dollars (\$6,000.00), which shall be inclusive of all expenses, including travel expenses.

CLAUSE V. - REPORTS

The Contractor shall keep the Project Director informed as to the progress of the work performed under this agreement and shall provide progress reports as specified by him.

CLAUSE VI. - ALL WRITINGS CONTAINED HEREIN

This agreement contains all the terms and conditions agreed upon by the parties. No other understandings, oral or otherwise, regarding the subject matter of this agreement shall be deemed to exist or to bind either of the parties of this agreement.

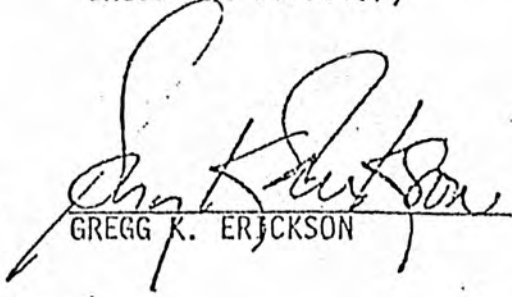
IN WITNESS WHEREOF, the parties have executed this agreement on the dates noted next to their signatures.

UNIVERSITY OF ALASKA
INSTITUTE OF SOCIAL AND
ECONOMIC RESEARCH

LEGISLATIVE AFFAIRS AGENCY
(By direction of the
Executive Director)

E. LEE GORSUCH, DIRECTOR

DATE

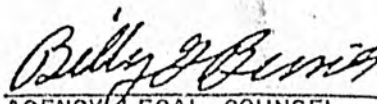


GREGG K. ERICKSON

5/20/77

DATE

Approved as to form.



AGENCY LEGAL COUNSEL

SCOMM

#9: 197

Alaska State Legislature

SPECIAL COMMITTEE ON
THE ALASKA PERMANENT FUND
(907) 276-3433

528 W. 5TH, SUITE 270
ANCHORAGE, AK. 99501

[POUCH V, JUNEAU, AK. 99811]
(907) 465-3873



MEMBERS

REP. CLARK GRUENING, CHMN.
REP. TERRY GARDINER, V. CHMN.
REP. E. J. HAUGEN
REP. RUSS MEEKINS
REP. BILL MILES
REP. LEO SCHAEFFER
REP. RICK URION

House of Representatives

August 8, 1977

Dear

Committee members, working with representatives of the Alaska Public Forum, have drafted the enclosed questions on the Permanent Fund. The questions are intended for use by the Forum during its program of public meetings and information gathering.

I would appreciate any comments on or changes in these questions that you may have before these questions are made final and included in the Forum's questionnaire.

Sincerely,

Mike Doogan
Administrative Assistant

Enclosure

PERMANENT FUND GOALS QUESTION

In order to refine last year's Public Forum results regarding the use of Permanent Fund money, please indicate the area you would like to see emphasized for investment of part of the Permanent Fund.

1. Inside the state:

- A. Fisheries
- B. Alternative energy development
 - _____ large scale (industrial)
 - _____ small scale (residential)
- C. Agriculture
- D. Mineral extraction
- E. Tourism
- F. Timber
- G. Other industry

2. Outside the state

Now that you have indicated your preferred area, please tell us why you chose this area.

- 1. It would create more jobs.
- 2. It would give me an opportunity to make more money.
- 3. It would give the state the best return to be used to help pay for the operation of government.
- 4. It would not encourage more people to come to Alaska.
- 5. It would not harm the environment.
- 6. It would increase the availability of Alaska resources for in-state use.
- 7. It would promote more Alaskan ownership and control of business.
- 8. It would not encourage government to compete with business.
- 9. Other _____.

PERMANENT FUND CONTROL QUESTION

In order to assist the legislature in creating a Permanent Fund structure responsive to your wishes, please indicate the Permanent Fund organization you prefer. For this question you should know the policy board would set broad guidelines for investment of Permanent Fund money but would not make specific investment decisions.

1. A board appointed by the governor and serving at his pleasure.
2. A board appointed by the governor for a specified length of service.
3. A board appointed by the governor and confirmed by the legislature.
4. A board chosen from various segments of the political spectrum (an example would be two members from the administration, two from the legislature, three from the general public).
5. A board directly elected by the public.
6. Other _____.

Now that you have indicated your preference, please tell us why you chose it.

1. I trust the governor to choose wisely.
2. I trust the legislature to choose wisely.
3. I trust the governor and legislature working together to choose wisely.
4. I want broad representation.
5. I think direct representation of political interests is good.
6. I want maximum opportunity to choose the board.
7. I want the board insulated from politics.
8. Other _____.

BPQ PERMANENT FUND QUESTIONS

*1/4 state
out of state*

1. What percentage of the oil revenues do you feel should be dedicated to the Permanent Fund?

- ☐ ~~the legal minimum~~ 25%
- ☐ between 25% and 50%
- ☐ between 50% and 75%
- ☐ over 75%

B section

~~c A formula in which only 50%~~

2. In last year's Public Forum renewable resources was identified as the priority for investment of the Permanent Fund. Which aspect of renewable resources would you support?

- ☐ Fisheries
- ☐ Timber
- ☐ Agriculture
- ☐ Tourism/Recreation
- ☐ Community scale alternative energy sources
- ☐ Regional or state scale alternative energy sources

Now that you have indicated your preference please tell us why.

- ☐ to create more jobs.
- ☐ to give me an opportunity to make more money.
- ☐ to give the State the highest return to help pay for operating state government.
- ☐ to not encourage more people to come to Alaska.
- ☐ to maintain environmental quality.
- ☐ to make more Alaskan products available in state.
- ☐ to promote more Alaskan ownership of business.

3. After supporting renewable resource industries saving the Permanent Fund was what most Alaskans favored. Which means of saving the Permanent Fund do you prefer?

- o saving in Alaskan banks.
- o saving by creating a state bank.
- o saving by investing in in-state, low risk securities.
- o saving by investing in out-of-state, low risk securities.

PERMANENT FUND QUESTIONS

I. In order to refine last year's Public Forum results regarding the use of Permanent Fund monies, please indicate one area that you would like to see emphasized for investment of part of the Permanent Fund.

A. Inside the State:

1. fisheries;
2. alternative energy development -
 - large scale;
 - small scale;
3. agriculture;
4. mineral extraction;
5. tourism;
6. other industry (please specify) _____;
7. timber; and
8. other _____.

B. Invest Outside

1. If it would produce a higher rate of return on the money *invested*
2. Other _____

II. Now that you have indicated your preferred area, will you please tell us why you chose this area?

- A. It would create more jobs;
- B. It would give me an opportunity to make more money;

- ↓
on the Permanent Fund investment;
- C. It would give the State the highest return ~~to be used to help pay~~
~~for the operation of our government;~~
 - D. It would not encourage more people to come to Alaska;
 - E. It would not harm the environment;
 - F. It would increase the availability of Alaskan resources for
in-state use;
 - G. It would promote more Alaskan ownership and control of business;
 - H. It would lessen government intervention in business; and/or
 - I. Other _____.

III. How should the State go about using the Permanent Fund (or other State loan programs) to intervene in the economy to achieve the objectives determined for it ~~by the legislature?~~

- A. Market interest rate loans to any enterprise which can pay back the loan plus interest *(first come, first served)*
- B. Market interest rate loans to a certain set of enterprises *specified in statute by the legislature by an independent authority*
- C. Lower than market interest rate loans to a certain set of enterprises *specified by statute chosen by the legislature by an independent authority*
- D. State organizations to assist certain sectors collectively, on a fee for service basis, to provide such services as marketing, organization, information, technical aid, research efforts, etc.;
- E. Joint ventures with private enterprise for the State to share

OK

Because the Permanent Fund is public money, those who set policy must be accountable to the public. With which of the following alternatives would you feel most comfortable?

- ~~E. The Legislature~~

∈ Other 5?

Comments!

1. Should the State government, through its policies and programs, attempt to manage the amount, rate, or distribution of population growth in Alaska?

- a. Yes
- b. No

2. What are the reasons for your answer above?

- a. Managed growth will mean more recreation and wilderness opportunity for me.
- b. Managed growth will slow economic growth and limit my job opportunities or my ability to increase my income.
- c. Managed growth will minimize any disruptions to my community.
- d. Managed growth will limit the in-state availability of Alaskan products at a lower price.
- e. Managed growth will lead to lower taxes in the long run.
- f. Managed growth will slow the growth of my community's tax base.
- g. Managed growth will limit my freedom.
- h. Managed growth will conserve the benefits of growth for current Alaskans.
- i. Managed growth means less demand for public services and lower government costs.
- j. Other

3. Population growth is directly tied to economic growth, and government attempts to manage population growth will undoubtedly influence economic development policies, such as with the Permanent Fund. If you answered "Yes" to Question 1, should growth management be achieved through:

- a. Land use planning
- b. Tax incentives
- c. Public investment (i.e., roads, schools, power projects, hospitals, etc.)
- d. Overall reductions in State spending
- e. Subsidized grants or loans to:
- 1. business
 - 2. communities
 - 3. individuals
- f. Whatever State officials deem most effective, or
- g. Other

PROPOSED LAND DISPOSAL QUESTION

1. What relative emphasis should the State place on making land available for individual needs? Please select your top three choices.

- . land for homes near existing communities.
- . land for second homes.
- . land for homes away from existing communities.
- . land for farms.
- . land for businesses.
- . land for any purpose people desire.
- . keep as state owned for public use.
- . other.

2. How should this land be made available?

- . lease it based on current market value.
- . lease it for less than current market value.
- . sell it for current market value.
- . sell it for less than market value.
- . sell only the rights for specific use.
- . pass it on to municipalities for dispersal.
- . deed it to individuals for the cost of the survey.

TENTATIVE GROWTH MANAGEMENT QUESTIONS

1. Should the State government, through its policies and programs, attempt to manage the amount, rate, or distribution of population growth in Alaska?
 - a. Yes _____
 - b. No _____

2. What are the reasons for your above answer?
 - a. Managed growth will slow economic growth and limit my job opportunities or my ability to increase my income.
 - b. Managed growth will minimize negative impacts on my community.
 - c. Managed growth will slow the growth of my community's tax base.
 - d. Managed growth means less demand for public services.
 - e. Managed growth will mean more recreation and wilderness opportunity for me.
 - f. Other _____

3. If you answered "Yes" to Question #1, should growth management be achieved through:
 - a. Land use planning (zoning)
 - b. Tax policies (property taxes)
 - c. Capital improvements (roads, schools, etc.)
 - d. Overall reductions in State spending
 - e. Other _____

RECEIVED
8/18/77

DRAFT - INCOMPLETE

This background paper provides an overview of growth in Alaska, including past patterns and future projections, and discusses some emerging growth policy issues that must be dealt with by State government in the next few years. The other side of the economic growth issue, as discussed in the Permanent Fund questions, is the growth of the State's population and the problems and opportunities this growth presents. The entire question of the State's role regarding population growth is the subject of this year's Public Forum questions on Growth Management.

Growth can be defined, for the purposes of this discussion, as the rate, type, and location of population changes and economic development. Economic development is treated within the framework of the Permanent Fund and will only be implicit in this discussion. Population growth presents the State with several fundamental policy choices which relate to: the magnitude of population growth, the rate of this growth, the pattern of population growth, and the distribution of population within the State.

The various tools available to State government to affect the magnitude, rate, pattern, and distribution of population growth suggests that government could be very influential in managing growth and distributing the corresponding burdens. These tools include financial "carrots and sticks", such as different taxes or loan programs, and regulatory powers, such as licensing, standards, land use controls, etc. Other less direct tools include resource allocation policies such as land disposal, capital improvement projects, leasing, etc., and the powers of persuasion, either through the dissemination of information or through political pressure.

In addition to these more traditional State powers, the State of Alaska

In addition to the above, the State of Alaska is also a major owner of in-state natural resources and the great wealth they represent. Therefore, the State should be able to effectively negotiate if not independently chart its future course of

growth and capture its fair share of the benefits. How fast the state develops its petroleum ~~and other~~ resources, and how it chooses to use the conditions it imposes on private interests who produce the wealth they produce will have a very large impact on the shape of Alaska's future. these res.

~~However,~~
~~the~~ the implications of State actions to guide this growth are only marginally predictable. Most policy actions only induce behavior, and cannot be relied upon to guarantee specific, predetermined results. Incentives and discouragements ^{created by the state influences} ~~are~~ the immigrant or potential developer, but they do not wholly determine their decision. Actually, outside influences will have a tremendous impact on Alaska's population growth. Such ~~possibilities~~ ^{possibilities} as OCS leasing and development, VPR-4 development, 1(2) lands, ~~with~~ is well as international and national market conditions, ~~might~~ ^{might} easily ~~overwhelm~~ ^{overwhelm} state ~~policy~~ policies on economic or population growth.

17415
~~But~~ it ~~also~~ must be recognized that the state is not
the sole, or even the dominant resource owner, nor can Alaska be in-
sulated from national and world forces which ^{will likely} ~~determine~~ ^{the progress of Alaska's economy} develop-
ment, ~~policies~~. The federal government, now as in the past, is the
biggest landlord and resource manager in Alaska and likely will re-
main pre-eminent in the future. Native corporations created under
the Alaska Native Claims Settlement Act are also establishing their
places in the development process. And as federal and state govern-
ments and Native corporations look toward development of the resources
they own, they are bringing the international petroleum industry
into the process. It is not clear what Alaska will look like in
the future, what kind of place it will be to live. What does seem
clear is that the scale of development will be much larger and the
consequences for Alaskans at least as far-reaching as any previously
experienced.

Petroleum development, like the larger growth cycle it has set
in motion, is also self-reinforcing. Prudhoe Bay and the pipeline
have "opened up" the North Slope, the adjacent seas, and lands along
the pipeline corridor to new federal, state, and Native corporation
leasing and exploration activity. NPR-Alaska activities are similarly
likely to encourage further developments on northwestern and
western Alaska lands and seas, since it is generally easier and
cheaper to extend development from existing areas, and to share or
expand transportation facilities than to open new and isolated areas.
And the geologically promising oil lands of Alaska are widespread.
In the future, this "opening up" of Alaska lands may also help make
possible large-scale development of other mineral resources such as
coal, copper, tin, lead, and other commodities that are now unec-
onomic to develop.

(2)

What does all of this economic activity mean? ~~Is~~ It does not simply bring more jobs and higher incomes. It also brings a lot more people, and a variety of ~~benefits~~ blessings and ills which increased concentrations of people seem inevitably to produce. Before we explore these pros and cons of increasing population, let's look at ~~the~~ some relevant statistics and projections to get a feel for just what has happened in Alaska in the recent past, and what we can expect for the future.

During the 1960's, Alaska's population and economy grew at a relatively rapid pace:

- (3)
- The population increased from 237 thousand in 1961 to 302 thousand in 1970, an increase of 28 percent.
 - Civilian employment rose even faster, from 68 thousand to 105 thousand, for a 55 percent increase.
 - The total market value of all goods and services produced in the state (Gross State Product) doubled, rising from \$681 million in 1961 to \$1.4 billion in 1970.
 - Total state government revenues amounted to only \$46 million in 1961; they were almost six times higher, \$260 million, in 1970 (not counting the one-shot \$900 million sale of Prudhoe Bay leases in that fiscal year).
 - Recurring state government revenues from oil and gas production at Kenai-Cook Inlet rose from \$4 million in 1961 to \$39 million in 1970.

(Looking at the)

Indicators used to summarize 1960's growth in Alaska, bringing them up to 1975, and projecting them out to 1990, we see the following:

(4)

NOTE

CSC
SHOULD
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UPDATED

- A total population of 384,400 in 1975, an increase of 27 percent over 1970, almost doubling to over 700,000 by 1990.
- Total civilian employment of 164,500 in 1975, an increase of 57 percent over 1970, doubling to almost 330,000 by 1990.
- A Gross State Product of \$1.8 billion in 1975, a relatively small increase over 1970, more than tripling to \$5.7 billion by 1990.
- State oil and gas revenues of \$62 million in 1975, again a relatively small increase over 1970, skyrocketing to \$2.3 billion by 1990--an amount approaching forty times the total oil and gas revenues in 1975!
- And total state revenues of \$506 million in 1975, almost double those of 1970, increasing by another ten times to \$4.8 billion by 1990! (~~See Table 4.~~)

The fast growth in population and employment between 1970 and 1975 can be attributed almost fully to pipeline construction and anticipation of it, with a large part of this growth occurring in 1974 and 1975.*

*A word of explanation about the statistics presented above: The numbers for 1970 and 1975 are, of course, reasonably firm ones. The projections to 1980, 1985, and 1990 can only be characterized as good guesses. They are based not only on what is now in sight (e.g., Prudhoe Bay oil and new state revenues from it) but also on assumptions about additional developments (e.g., federal OCS leasing) and key factors (e.g., the future price of oil). There will always be room for argument and disagreement about such projections. Some may come out with lower figures and others with higher ones. The above projections are considered to be within the range of likely based on generally conservative assumptions.

More interesting stat:

miles of roads

of housing units

of fishing licenses bought

people on welfare

instead of

GROSS state product

govt revenues

from oil

Emerging Policy Issues

It should by now be clear that the central issue for public policy making in Alaska is not whether the state should grow or should remain as it is. Alaska is already growing rapidly and it is inevitable that it will continue to grow in the future. Even if nothing else happened, events already underway -- most importantly ^{the} ~~the developments at Prudhoe Bay with all their~~ ^{Alaska's energy resources and its} consequences -- are sufficient to guarantee a high rate of growth for at least the next ten to twenty years. The crucial policy issue facing Alaskans today is: to what extent and how should Alaska's growth be moderated and directed to serve social objectives and the broad public interest.

6

While growth is inevitable, its rate, level, and quality are not. The effects of growth on individuals, families, and communities, on the countryside and on fish and wildlife habitats and resources, are not foreordained. Growth can be a blessing or a curse, or it can be some varying mixture of both. And whether we see it and experience it as good, bad, or indifferent depends on what we want in life for ourselves and for our children, on what we give priority to, and on what we value. In other words, choosing the kind of future we want to see is possible -- recognizing that there are some basic "inevitabilities" and "realities" -- and the act of choosing is above all a value judgement.

This means that there are few "right" or "wrong" answers. Rather, there are better or worse choices we can make, with "better" or "worse" being dependent on what it is we value or want. The notions of right or wrong, or correct or incorrect, come in mainly after we have decided where it is we want to go. It is then that we try to select the "right" or "most effective" means that will get us there.

For example, if you place high value on the personal relationships and experiences of small community life, you will not move to downtown Anchorage, and you probably will not favor locating a major industrial complex in or near your town or village. On the other hand, if you place high value on having a wide choice of goods and services and of different job opportunities, and you like the faster pace of urban life, you will not move to a small

rural community and you may favor an expansion of the industrial and commercial base of your city and growth in its population.

In reality, we often want contradictory or inconsistent things-- for example, both urban economic opportunities and rural wilderness and recreational experiences. In such cases, "trade-offs" often have to be made: you would give up just as much of one -- and no more -- to get a certain amount of the other. For example, from your small town or village you might move temporarily to the city to make more money and to enjoy the city's entertainments, but you would stay only part of the year and return home to live the rest of the year. Or, you might live permanently in the city and put up with driving ten miles in moderate traffic to reach a favorite rural recreational spot. But if you had to drive fifty miles in heavy traffic on weekends to compete for a spot on a stream bank, you might reconsider whether the benefits of urban life and the growth of the city were compensating adequately for the "bads."

These examples also point to decisions that can be made by government that may be supportive or not of our personal preferences and choices. Government can influence the rate, directions, and types of community growth and the availability and quality of rural recreational experiences through planning and zoning and other land use controls. It can promote new industrial and commercial development and jobs through tax breaks and loans and through expenditures on basic facilities such as ports, roads, and utilities.

The Permanent Fund may be used to stimulate economic ^{growth} and ^{hence} population growth, ~~in keeping with~~ ^{in keeping with} last year's Public Forum response favoring development of renewable resource industries.

(8)

State Government
(also)
It can moderate or discourage such developments by using the same means in lesser or opposite ways. It can increase the amount and improve the quality of education, health care, and recreational opportunities through expenditures on those programs and through reforms in how they are administered. And much more.

It is as often the case with government as with individuals that trade-offs will need to be made between competing "goods" as well as between "goods" and "bads." Further, for government it gets more complicated because it must not only try to accommodate the sometimes conflicting wants of individuals, but also to meet and reconcile the competing values of different population groups. And it must try to accomplish this in the context of forces, some of them national and international in scope, that it may have little or no control over.

We have already seen some of the changes and the prospects for growth that the national energy crisis and the discovery at Prudhoe Bay have brought to Alaska. But the basic point remains that Alaskans generally are still in a position to make some very important choices about what they want and what the future will bring. And state government, with the resources it controls and the wealth it will have, can be a powerful tool that Alaskans can use to shape the future they want.

Alaska is undoubtedly going to be called upon to contribute a large share of the energy resources required to meet national

(9)

policy goals. But Alaskans (as well as other U. S. citizens) also place high values on outdoor recreation, wilderness, subsistence life-styles, and protection of wildlife. Programs of land use planning and management, resource conservation, and environmental protection will be required in the face of pressures for a rapid rate of resource extraction and increasing demands on air, water, and land resources. The need for adequate fish and wildlife and other environmental protection is particularly critical because of the limited biological carrying capacity of Alaska's arctic and sub-arctic climes.

Exhaustion of the state's petroleum resources and wealth is possible within the period of one or two generations. To what extent can or should state policy makers attempt to slow the rate of oil and gas extraction? How much of the public revenue generated by that extraction should be invested in renewable resource industries, such as fisheries, forestry, and agriculture? in small business? in industrial development? How much revenue should be saved and invested for use by future generations? How much should be expended on education, health, housing, transportation and other community facilities and services?

The needs and interests of both current and the growing number of new inhabitants of Alaska have to be accommodated. As employment opportunities and incomes increase, larger numbers of migrants are attracted to the state. The result is that the jobs and economic

(10)

benefits are spread thinner, unemployment persists, and the average individual realizes a smaller gain. Some people experience many of the costs of growth and few of the benefits. They may directly experience the congestion and crowding, the higher prices, the increased crime, the family crises and breakdowns, and other problems that typically accompany economic booms. Others may find themselves in a position to take direct advantage of boom and growth conditions by increasing their incomes, avoiding many of the social costs, and enjoying a wider range of choice in commercial goods, services, and recreation.

Demands for public goods and services also grow with the population that is attracted by the economic opportunities based on resource development. At the same time, and often with a lag as has occurred in Alaska (the "fiscal gap" problem), the resource development generates the public revenues necessary to meet the expanded demand. Expenditure of these revenues then not only increases the level of services but also yields increases in economic activity (through creation of new jobs and incomes), which attracts additional population and, hence, stimulates additional public expenditures. With resource development generating both the growth and the revenues necessary to meet the new needs and demands accompany that growth, government size, complexity, and expenditures also increase.

STATE OF ALASKA

MEMORANDUM

TO: Commissioners
Governor's Office Staff

DATE: August 10, 1977 .

FROM: *Fran* Fran Ulmer Director
Policy Development and Planning
Office of the Governor

SUBJECT: Public Forum Questions

Attached is a first draft of the Public Forum's presentation of the Permanent Fund: a background paper explaining the Fund and the questions which could be presented by the Forum.

On Monday, August 15 at 3:00 p.m., the Permanent Fund Public Participation Working Group will meet to discuss proposed changes in the issue paper and questions. Your participation by attendance or written comment would be appreciated.

Thank you.

FAU/ljs

Attachment

I. INTRODUCTION

The intent of this background paper is to further inform Forum participants about the Alaska Permanent Fund - how it evolved, present management, possible future roles, and investment and management options for its principal and earnings. This paper also describes in greater detail the main issues to be resolved for drafting the legislation to implement the constitutional amendment. These issues form the basis for the questions which are being asked in this year's Forum.

An overwhelming majority of Alaska voters approved an amendment to the State constitution last November which provides that at least 25 percent of certain State non-renewable resource revenues be placed in a permanent fund. The amendment requires that the fund's "principal shall be used only for those income-producing investments" the Legislature designates as eligible for Permanent Fund money. The amendment also provides that income from the investments will go into the State's General Fund (where all other revenues and taxes are deposited) unless the Legislature designates that income for other purposes.

In 1978 the Tenth Alaska Legislature will consider several different proposals for management and organization of the Fund and use of the Fund's earnings. A great deal of work has already been accomplished

by the Administration and the Legislature in developing background information for these proposals. The Administration, through the Department of Revenue, has already consolidated their efforts into a "discussion bill," HB 298, described later in this paper. Research and analysis continues as policy makers prepare for the debate which will take place during the 1978 session.

The Public Forum will play a large role in this debate. In addition to research on technical questions, policy makers also seek information on how the public views the issues pertaining to the Permanent Fund. They must find out where the public wants to go before they can devise institutions and policies which get us there. Thus the Public Forum will be used as a major vehicle to uncover public opinion, and people's ideas, on how to make the Permanent Fund work toward our common visions for Alaska.

II. THE PUBLIC FORUM

Before we explore the details of the Permanent Fund, some information about the Public Forum and last year's results will help put this year's questions and discussion into perspective. Who participated in the Public Forum last year? What did they have to say about our oil wealth, and the Permanent Fund?

To paint a visual image of the 3,714 Alaskans from Metlakatla to

Barrow who addressed the current issues facing their State through the Public Forum workshops or questionnaire would be nearly impossible.

They were as diverse as the spectrum. The youngest was 13 years old. The oldest was 94. They were whalers, doctors, teachers, school children, government workers, homesteaders, bookkeepers, fishermen, and waitresses. The responses were weighted most heavily in the professional-technical category. And twice as many men as women participated.

Length of residency seemed a strong indicator of commitment to the State and its future. Nearly two-thirds of the Public Forum participants have been residents of the State for ten years or more. And at least a third have lived in Alaska for over 20 years. Overwhelmingly, it was this segment of the population who chose to speak, and desired to be heard by the men and women who have some influence in the decision-making process. What did they have to say?

Throughout Alaska there was resounding concern for renewable resource industries. They were ranked, by a wide margin, as the highest priority for Permanent Fund money and the second highest priority for all additional oil and gas wealth.

This concern for renewable resource industries transcended community, regional and professional boundaries. However, the definition of those industries was colored by regional perspectives, ranging from

aquaculture and experimental farms to utilization of solar and tidal energy.

Alaskans participating in the Public Forum also wanted to preserve the integrity of the Permanent Fund. They wanted to insure that it indeed remains a "permanent" fund. Their second choice of "save it" reflects the desire for secure investments - those with guaranteed earnings and high returns. (Furthermore, there was considerable support in the second half of this question for increasing the size of the Permanent Fund by increasing the percentage of revenues flowing into it.)

Each of the five regions expressed differing degrees of concern for the options listed under the Permanent Fund question. (Table 1.)

While loans to renewable resource industries drew substantially high votes across the board, it was clearly the coastal respondents who out-distanced all others in their support for this option.

Considering their economic base, that interest is probably equated with fishing and possibly forestry activities.

The Southwest had a higher percentage of people who marked "Loans to Communities" as their first choice. This option had healthy encouragement state-wide. However, while some communities in the State desired this option, many may not have sufficient tax base to repay such a loan.

Like hand in glove, Interior and Southcentral followed each other closely in the degree of importance they attached to each choice for

the Permanent Fund monies. On the whole, they tended to be more supportive of industrialization which was not a large vote getter state-wide.

While Alaskans were eager to use the Permanent Fund to support what many described as a potentially "risky" business with long-term benefits - i.e., making loans to renewable resource industries - some also wanted immediate, tangible proof of our new wealth. (Table 2.)

They favored tax cuts. Under the question of use of surplus oil and gas revenues which are not included in the Permanent Fund, this was the only option which exceeded "Loans to Renewable Resource Industries" in popularity.

Interestingly, tax cuts received the highest bid from those who did not attend the Public Forum workshops but merely filled out a Forum questionnaire.

This seems to indicate that when people gathered to bounce ideas back and forth, they tended to relinquish personal desires for communal benefits. The wide discrepancy in percentages on tax cut votes between questionnaire respondents and meeting-goers was made up in the workshops by stronger support for loans to communities, community revenue sharing, community grants and loans to renewable resource industries.

There was significant concern expressed for community assistance through community loans, community revenue sharing, and grants and

State services. Communities seemed to desire greater control over local services.

Industrial loans (i.e., loans to non-renewable resource industries) did not accrue substantial support. Loans to individuals, which lies at the bottom of the list of options percentage-wise, appeared to the majority of participants the least desirable investment.

This year's Public Forum will explore further the many questions about the Permanent Fund by building on these results. What did Alaskans mean by renewable resources? What goals and objectives lie behind Alaskans' support for such industries? The Forum will also address a number of other questions critical to the upcoming effort to draft legislation, including the problem of management of the Fund, accountability of the Fund's managers, whether the highest possible rate of return should be the investment objective, and whether or not the Fund should be used to subsidize certain industries or projects. The following brief history of the Fund should provide background useful for the consideration of these questions.

III. EVOLUTION OF THE PERMANENT FUND

The Permanent Fund idea in Alaska gained popularity only after the \$920 million North Slope lease sale in 1969. Following this sale, the Brookings Institute conducted a series of seminars concerning "The

Future of Alaska." More than 100 Alaskans were invited to attend, explore some of the major emerging policy issues, and set future goals and a practical policy plan for Alaska's future. The participants agreed that the "Alaskan way of life" should be preserved. They defined this life-style as one which combines the conveniences of technology innovation with the opportunity and values of living as close to nature as possible.

After the Brookings seminars, several bills were introduced in the 1970 legislative session to establish some sort of "permanent fund" with the \$900 million. However, other more immediate uses for the money were judged to be more important, and no permanent fund was established.

The 1974 Legislature passed a bill creating the Alaska Renewable Resources Development Fund. This legislation provides that not less than five percent of non-renewable resources income will be deposited in a separate fund beginning July 1, 1976. Monies can be appropriated from the Fund only for capital and operating expenditures for the rehabilitation, enhancement, and development of renewable resource programs.

Another bill, which would have created a permanent fund by statute, passed the Legislature in 1975. However, because the creation of such a fund by statute instead of by constitutional amendment would never be truly "permanent," the Governor vetoed it and introduced House Joint Resolution 39, requiring a vote by the people to adopt a

constitutional amendment to establish the Alaska Permanent Fund. The voters approved that amendment in November 1976 by a margin of nearly nine to one.

The amendment lifted the prohibition against special dedicated funds to allow a minimum of 25 percent of all mineral lease rentals, royalty sale proceeds, Federal mineral revenue-sharing payments, and bonuses to accumulate in a special fund separate from the General Fund.

Understanding the difference between Permanent Fund principal and the income the investment of principal earns is important. The principal represents Alaska's mineral wealth transformed into dollars through the sale of natural resources to private developers. The only restriction on the use of the principal of the Fund is that it must be for "income-producing investments" and, therefore, not for the general operating costs of government. The major task of the Administration and the Legislature is to determine to what specific uses (i.e., investments) these dollars should be put, and how to accomplish it. Last year's Public Forum response was to use the Fund for renewable resources. This year we seek to clarify this response, and ask some additional questions on how to achieve your objectives.

If the Fund is invested wisely, the income produced by the investment will yield a fairly certain recurring return on Fund investments. The income from these investments will be deposited in the State's General Fund unless otherwise provided for by law. Government decision makers must determine where and how to use the Fund's earnings which, unlike

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use of the principle, need not produce income.

As with the \$900 million North Slope lease sales, many pressing needs exist for the billions of dollars which the State will receive in revenues from North Slope oil production and from future sales, leases, royalties and taxes from other areas. Nevertheless, these riches present a serious dilemma as well as a momentous opportunity for your government and the future of Alaska.

The problem is that our mineral sale revenues have recently been financing about 60 percent of State expenditures. Since oil and gas deposits are finite, this source of money is ultimately limited. This situation is of great concern to the Governor. The State is presently deliberating how to move from a dependence on this single unreplaceable source of funding to sources based exclusively on continuing State economic activity, without substantially reducing services, disrupting the growth of the Alaskan economy, or saddling the populace with a large tax burden in the short run. Although substantial oil revenue seems assured for at least ten years (with possible interruptions), how will we pay for government if revenue from mineral sources ultimately declines?

The opportunity presented by these oil revenues lies with how much oil revenue is used for State expenditures and how much is placed in the Permanent Fund. The constitutional amendment provides that at least 25 percent of these oil revenues be placed in the Permanent Fund, which leaves up to 75 percent for the General Fund (from which State

expenditures are made). It will be up to the Legislature to decide, by either fixing in the enabling legislation or on a year to year basis, whether more than 25 percent should go into the Fund. This will depend on the need for State expenditures, the amount of oil revenues coming in relative to that need, and on the uses to which the Permanent Fund will be put. If we use most of our oil wealth to finance ongoing State Government, it will meet public needs but it will also serve to increase our financial dependence on oil. Thus, part of the future role of the Permanent Fund will undoubtedly be to either supplement the General Fund with earnings from Fund investments or to help create a tax base to provide new State revenue sources or some mix of the two.

The role of the Permanent Fund in this context is the focus of this part of this year's Public Forum.

The Governor anticipated voter approval of the Permanent Fund amendment, and in August of 1976, he temporarily expanded the membership and duties of the State Investment Advisory Committee. The Committee is charged by statute to advise the Commissioner of the Department of Revenue on investment policy for the State. He appointed additional members from the general public and the legislative and executive branches and directed the entire body to study and report on the estimated size, investment goals, management, organization, and public interest in the Permanent Fund.

The State Investment Advisory Committee identified several key issues

which required resolution, conferred with consultants, and produced a draft bill proposing a structure for the Permanent Fund. To arrive at its findings, the Committee examined consultants' reports on many of the resource-based monetary funds and development banks throughout the world.

In March of 1977, this proposal was introduced in the State House to begin debate on the structure of the Permanent Fund. The bill (HB 298) would structure the Permanent Fund essentially as a development bank. Such a structure is premised on the belief that enough money will accumulate in the Permanent Fund, and that this money can be successfully applied, to ~~allow~~^{assist} diversification of the Alaskan economy. The development bank as proposed by the SIAC would have a two-tiered management system, a policy board with overall policy-making power, and a committee under the policy board to approve specific investment proposals. The bill gives the president of the Fund's corporation strong executive power and principal responsibility for presenting investment proposals of at least 40 percent of the Permanent Fund in high-grade securities, up to 30 percent in Alaska development loans, and up to 30 percent in community projects and private dwellings.

A second proposal was developed from the original SIAC proposal which differs in level of funding and provision for confirmation of policy board members. House Bill 298 calls for deposits of 50 percent of proceeds from bonuses, mineral lease rentals, royalties, and Federal mineral revenue-sharing payments, while House Bill 300 includes 100

percent of bonus payments and the same percentage from other sources. Except for the policy board appointment power of the Governor (which is subject to legislative confirmation only under the provisions of H.B. 300), either proposal would operate the Fund rather independently from the executive or legislative branches of State Government.

In 1977, the Legislature passed an interim Permanent Fund management bill that will stay in effect until specific investment objectives and management structure have been thoroughly examined and agreed upon. It directs the Commissioner of the Department of Revenue to invest Permanent Fund money into various "money-market instruments," such as U.S. treasury notes, certificates of deposit, and high-grade securities (not stock), all of which are relatively liquid and secure. By July 1, 1977, more than \$3.9 million had accrued to the Permanent Fund and been invested.

During the 1977 legislative session, the Speaker of the House and the President of the Senate appointed special committees to consider alternative proposals for the Permanent Fund during the legislative interim. The committees, like the Administration, will gather and distribute information, listen to public opinion, seek expert advice, consider how the Fund should be administered, establish major goals for the Fund, and present their recommendations to the full Legislature in January of 1978. Both the Administration and the committees are making efforts in the areas of public education and participation to learn what Alaskans want their Permanent Fund to be. The Public Forum is a

major part of this effort.

IV. THE FUND'S RELATIONSHIP TO THE CONSTITUTION AND OTHER STATE FUNDS

Oil and minerals are a removable portion of Alaska's statehood entitlement of its citizens - past, present, and future. This non-renewable wealth is now being extracted and transformed into another form of wealth - money. The decision to keep a portion of that wealth in a renewable status through dedication to the Permanent Fund provides an opportunity to protect that wealth from being spent and lost to future generations.

The form of the wealth is changing, yet the State still stands in the role of trustee, holding this resource wealth in trust for the benefit of the people of Alaska. Any objectives established for the Permanent Fund must be consistent with the same legislative obligations required for resource management. The Legislature must decide into what income-producing assets Permanent Fund money should be placed. It is important to clearly define the obligations of the State before setting fund objectives.

The income earned from fund investments provides another source of wealth. As discussed above, a significant portion of State expenditures presently relies upon oil wealth. The Legislature has

already stated that one objective of the Fund is to diversify the State economy. As oil wealth declines, the Permanent Fund may bear the responsibility of supplementing the General Fund through income from Fund investment, creation of an expanded tax base, or some combination of the two.

The Permanent Fund is one of several tools policy makers can use to achieve public objectives. Each year the Legislature appropriates money from the General Fund to finance State activities. As required by the constitution, the General Fund is the sole repository (with the exceptions of the Alaska Permanent Fund and the Renewable Resources Development Fund) of all State revenues from all sources. The Legislature is the only body empowered by the constitution to make appropriations (subject to veto by the Governor) from the General Fund for whatever purposes the Legislature deems proper.

The objectives of some of these activities may be similar to certain proposed uses of the Permanent Fund. For example, the State currently maintains loan programs to meet a variety of public needs, ranging from businesses to senior citizens housing and home loans. (See Appendix 1.) Careful coordination with existing loan activities will help avoid duplication and conflict of programs.

The State also possesses extensive bonding powers and can pursue major projects by issuing general obligations or revenue bonds. Special purpose agencies, such as the Alaska Power Authority, can (with legislative approval) provide for the financing of specific facilities.

The State additionally has mechanisms, such as the Municipal Bond Bank, to assist local governments borrowing money to achieve their objectives.

These various tools should be considered as we ponder alternative Fund uses so that we can best match tools with objectives. Provisions for coordinating the Permanent Fund and other government activities will be a crucial element in developing the enabling legislation.

V. OBJECTIVES FOR PERMANENT FUND INVESTMENT

The people of Alaska should establish the overall objectives for their Permanent Fund. State Government can only achieve this through public meetings like the Public Forum and other public participation, information and participation programs. We need to know your priorities to write Permanent Fund enabling legislation.

The response to last year's Public Forum tells us that Alaskan's most desire an expansion of the State's renewable resource industries. This year we seek to clarify both what people meant by renewable resource industries and to uncover what objectives, or visions for Alaska, lie behind this desire. Renewable resource industries mean many things to many people, and each industry can imply different goals to different people. If you can not tell us what it is about resource industries that you find attractive and important, we will

try to design the enabling legislation to reflect your wishes.

As you think about your objectives and prepare to answer the questions on the Permanent Fund, consider the following:

Many of the proposals for in-state investment may involve an interest subsidy; that is, the money is loaned at lower interest, in greater quantities or at "easier" terms than borrowers can obtain from private lenders. If this occurs, the Fund would probably earn a lower return than the market rate, unless the General Fund made up the difference (which has been proposed).

Subsidies may only make sense if the loan or guarantee launches an in-state enterprise that not only repays the loan, but also creates new individual tax sources to cover the original subsidy as well as the cost of additional State and local government services and environmental and social costs generated. If no such in-state opportunities exist, the Permanent Fund cannot create them. In-state investments must be thoroughly evaluated to separate the winners from the losers.

Another point to ponder is that objectives often conflict. Although different strategies may pursue the same objectives, each lends itself to the achievement of some more than others and even some to the exclusion of others. For example, a strategy which seeks to distribute Fund benefits directly to individuals, such as consumer loans, will fail to provide public facilities, such as through loans

to municipalities. Likewise, strategies which seek to guide the State's economy through economic diversification, for example, may not maximize the income from Fund investment.

Some other possible "tradeoffs" are:

employment vs. immigration

economic diversification vs. environmental degradation

size of state government vs. quantity and quality of
public services

Tradeoffs are inevitable. As you think about your objectives for the Permanent Fund, think about the tradeoffs involved.

VI. OBJECTIVES FOR THE CONTROL AND MANAGEMENT OF THE PERMANENT FUND

A common concern of many Alaskans after realizing the potential dollar magnitude of their Permanent Fund is who will control this wealth. The only other fund of similar or larger size in State Government is the General Fund. As discussed earlier, the constitution requires that all appropriations from the General Fund be made by the Legislature and be subject to gubernatorial veto. After appropriation by the Legislature, some agency of the executive branch usually administers General Fund money. (The court system, University of

Alaska, and Alaska Housing Finance Corporation are examples of some of the exceptions.)

The State constitution requires that the Legislature determine what kind of investments are eligible for Permanent Fund money. However, the day-to-day management of the money may be delegated to an agency in the executive branch (as it is presently) or to an organization or organizations outside the legislative and executive branches.

The two critical management questions are: How much control over policy should be delegated by the Legislature to another agency or agencies? To what extent will the managers in those agencies be accountable to the people of Alaska, either directly or through their elected officials?

If the Legislature simply directs the managing agency to diversify the Alaskan economy by making sound investments in Alaska's renewable and non-renewable resources (one of the investment guidelines in HB 298), a great deal of discretion is left to the managing agency as to what is a sound investment, what resources to invest in, and which individuals or corporations will receive financing. For example, Fund managers may decide to invest in a multimillion dollar hydroelectric project, or they could use the same money for home loans to individual Alaskans.

Permanent Fund managers must be accountable to elected officials and the public, but at the same time, they should not be vulnerable to

political and special interest pressures. If the loan-making process is to be shielded from political influences by insulating Fund managers from policy directives of elected officials, a large degree of both responsiveness and accountability to the public will be lost.

Current proposals call for appointment of managers by the Governor (one adds confirmation by the Legislature) with removal only for cause. The State Investment Advisory Committee discussed the possibility of elected members, but a brief look at Alaska's highly centralized government (with only the Governor, legislators, and Lieutenant Governor being elected) indicates why this probably would not be consistent with the State Constitution.

"Politics" will not necessarily be kept out of loan decisions by placing experts on a board which is not accountable to the executive branch or the Legislature. Clear and widespread notice to the public about the types of loans that qualify, how loans are applied for and granted, disclosure requirements for decision makers, publishing list of loans or guarantees made, and regular auditing by the executive and legislative branches of government might provide at least a partial remedy to the control and accountability problems.

An alternative to the highly centralized management structure proposed in HB 298 would be for the Legislature to provide for the administration of the Permanent Fund under the existing constitutional power of appropriation: The Legislature, with approval of the Governor, would designate eligible investments by law. The

Legislature annually would pass an investment bill for the Permanent Fund, much like the budget bill for the General Fund. The Permanent Fund investment bill would apportion available Permanent Fund money among the eligible investments.

Funds deposited in the Permanent Fund would temporarily be invested in liquid and secure money-market instruments pending each year's investment bill, as is now being done with Permanent Fund receipts. The Legislature might choose to create new types of financial intermediaries and designate them as eligible for loans or loan guarantees in order to meet Alaska's changing capital needs. For example, the development bank corporation proposed in HB 298 could be one of the new financial intermediaries designated as an appropriate recipient of Fund money. The organization of the Fund may profoundly affect how the Fund performs, but the organization should reflect - not determine - the goals of the Fund. Goals established today may not be those held by tomorrow's Alaskans. There must be built into any Permanent Fund structure both the ability to protect the principal of the Fund and responsiveness to meet changing goals.