

How does Alaska's Spending Compare?

Alaskans have been arguing for years about how much the state government should be spending, ever since low oil prices gouged a big hole in the budget—and the state has been using up its savings to pay the bills. We don't know how much the state should spend: that answer depends on what things Alaskans want to keep, and what they'll pay for them. But we can throw some light on the debate.

[Read the full article by Mouhcine Guettabi, Trang Tan, and Linda Leask of UAA's Institute of Social and Economic Research.](#)

Language of Ballot Measure 1

Summary language:

An act providing for the protection of wild salmon and fish and wildlife habitat.

This act would amend Alaska's fish habitat permitting law. The act would require the Department of Fish and Game (ADF&G) to apply new standards to permitting activities and development projects that have the potential to harm fish habitat. The act would exempt existing projects, operations, or facilities that have received all state and federal permits until a new permit is needed. The act would create fish and wildlife habitat-protection standards. The standards would address water

quality, temperature, streamflow, and more. The act defines “anadromous fish habitat.” The act would allow ADF&G to apply the law to all habitat in Alaska that directly or indirectly supports salmon or other anadromous fish. The act would provide for three types of permits for development in anadromous fish habitat. ADF&G could issue a general permit—a single permit that applies to many people—for certain activities. For other activities that require a permit, the act would establish a two-track permitting system. Minor permits would be issued for activities that have little impact on fish habitat. Major permits would be issued for projects that have the potential to cause significant adverse effects on fish habitat. The act defines “significant adverse effects.” The act would require ADF&G to avoid or minimize adverse effects through mitigation measures and permit conditions. It would provide public notice on all permits and a chance to comment on major permits. The act would create criteria, timeframes, and an appeals process for the permits by interested persons. The act would allow ADF&G to respond to specified conduct with tickets, civil fines, or criminal penalties. The act would repeal two current statutes. One is regarding mitigation from a dam. The other is regarding criminal penalties that are addressed elsewhere.

Interested in reading the actual language of ballot measure 1? This includes the edits based on the Supreme Court decision in August. [Please visit the Division of Elections page with the language here.](#)

Draft STIP released for

2018-2021

The Alaska Statewide Transportation Improvement Program (STIP) is the state's four-year program for transportation system preservation and development. It includes interstate, state and some local highways, bridges, ferries and public transportation, but does not include airports or non-ferry-related ports and harbors. It covers all system improvements for which partial or full federal funding is approved and that are expected to take place during the four-year duration of the STIP.

[More information on their website.](#)

[Read the STIP.](#)

Climate Action Leadership Team releases draft climate change policy

Alaska takes first step toward a state-level climate policy. Plan calls for 30 percent less emissions, 50 percent electricity from renewable resources by 2025.

[Link to the draft Climate Change Policy.](#)

[Link to Juneau Empire article.](#)

Effects of PFDs on Poverty Among Rural Alaska Natives

UAA ISER Publications

April 10th, 2018

A recent article in the journal *World Development*, by Matthew Berman, professor of economics at ISER, examines how the Permanent Fund dividend (PFD) has reduced poverty among the 60,000 or so Alaska Natives living in small, isolated communities far off the road system. PFDs are cash payments the state government makes to virtually all Alaska residents every year.

Rural Alaska Natives are much more likely than other Alaskans to be poor, mostly because jobs are scarce in remote areas. The author found:

Without PFDs, more than 28% of rural Alaska Natives would have fallen below the poverty line from 2011-2015, compared with about 11% among all Alaskans. With PFDs, poverty during that period dropped to about 22% among rural Alaska Natives and 9% among all Alaskans.

But those recent rates are higher than in 2000, when PFDs reduced poverty to 14% among rural Alaska Natives and about 6.5% among all Alaskans. PFDs have become less effective at reducing poverty, partly because PFDs didn't grow as fast as inflation. But also, more Alaskans now have incomes that fall further below the poverty line—so it takes more to lift them out of poverty.

This article is open access. Download "[Resource rents, universal basic income, and poverty among Alaska's Indigenous peoples](#)," by Matthew Berman, in *World Development*, Volume 106. If you have questions, contact the author at matthew.berman@uaa.alaska.edu.

What do we know to date about the Alaska recession and the fiscal crunch?

Mouhcine Guettabi, Assistant Professor of Economics, Institute of Social and Economic Research, UAA
February 12th, 2018

Abstract:

We provide a broad overview of the state's economic and fiscal conditions. We show how the economic contraction has spread away from natural resource and mining and state government to household spending dependent sectors. We also show that while the rate at which jobs are being lost has slowed, it is inaccurate to think about that as a sign of a recovery. That is because the engine of growth that is O&G employment as of June 2017 was only 75% of what it was in 2014. Additionally, the softness in spending activity may linger for an extended period of time. We also assess the regional effects of the recession and show the significant heterogeneity in experience. Unsurprisingly, areas with economic bases not associated with Oil and Gas and with relatively little dependence on state government spending are holding up best. After establishing an understanding of the economic conditions, we offer a back of the envelope calculation of the capital investment losses associated with the fiscal uncertainty. Then, we provide a comparison of Alaska's taxes relative to the rest of the US, and a simulation of the effects of different withdrawal amounts on the permanent fund balance and the earnings reserve.

[Read the full study here.](#)

Here's the true economic cost of the uncertainty created by the Alaska Legislature

[Author: Charles Wohlforth | Opinion Published February 18 Anchorage Daily News](#)

Posturing and rigidity by members of the Alaska Legislature has cost the private economy perhaps half a billion dollars a year in investment that could have sped recovery from the recession, according to a new report.

Business people have said for two years that political uncertainty is holding back the state economy by discouraging investment. Without knowing what to expect in taxes, spending cuts or other economic shocks, businesses held back on capital expenditures for expansion or new ventures.

But that concern always seemed vague and unmeasurable, allowing legislators to behave as if delay had no cost.

Read the full article [here](#).

Alaska's Non-Profit Sector – Generating Economic Impact

The Foraker Group released a study which found that Alaska's nonprofit sector is a major driver in the state's economy. Foraker's research shows that the sector directly employs more than 44,000 people with a payroll of \$2.68 billion and generates close to \$7 billion in revenue. In 2015, nonprofits accounted for 17% of all employment in Alaska compared to 10% nationwide. [Read the full report here.](#)

Series exploring Alaska's health care costs

Charles Wohlforth has written many columns in the Anchorage Daily News on this topic, starting in August, 2016. Click on the link below to go to the ADN site to explore these.

[Charles Wohlforth's full series exploring Alaska's health care costs.](#)

Wohlforth Swings and Misses with Column on Health Care

Costs

Author: Dr. Robert Hall | Opinion in the Anchorage Daily News, December 12, 2017

[Read the full opinion piece here.](#)

Recently the ADN printed an [opinion column with an interview with Dr. Alan Gross](#) that contained some remarkable statements. Remarkable enough that an opinion column was put on the front page instead of its usual spot back in the local news section. The claims about Dr. Gross' compensation as an orthopedic surgeon in Juneau back in 2013 were certainly interesting reading. Dr. Gross said he was making \$2.5 million a year, about half from the practice of orthopedic surgery and about half from his group's investment in an MRI and X-rays. He stated he was making that level of income while doing five to six surgical cases a week. The reader was left with the impression that Dr. Gross' compensation is typical of orthopedic surgeons in Alaska. That article was part of opinion columnist Charles Wohlforth's [continuing series](#) about his views on Alaska health care.

As an orthopedic surgeon who has been practicing in Anchorage for the last 22 years, I think it is important to let Alaskans know that my experience, and that of my Anchorage colleagues, has been far different from that of Dr. Gross. I have no way of verifying Dr Gross' compensation claims, but I can compare them to data from my own practice, Orthopedic Physicians Alaska (OPA) , that contains 24 orthopedic surgeons. I have talked to people who were familiar with Dr. Gross' practice in Juneau so I have some idea of the types of surgical cases he was doing. Using our overhead, our fee schedule, our payer mix, and Dr. Gross' stated surgical volume, if he had been working at OPA in 2013, a generous estimate is that he would have taken home \$400,000 a year. In 2018 that amount would be significantly less. This is a very good living by any standard

but far short of \$1.25 million. I have talked to some other orthopedic practices in Anchorage and their experience is more in line with ours at OPA than with Dr. Gross'.

[\[Alaska faces the nation's highest health-care costs. Why?\]](#)