

PROGRESS WILL COME BY INVESTING IN OUR OWN

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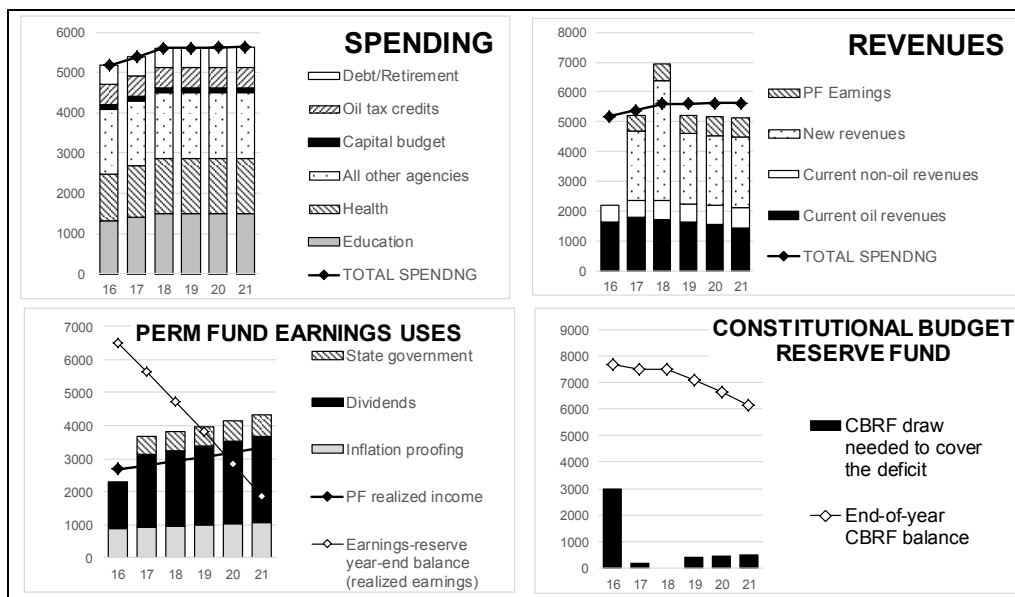
To solve the state's fiscal predicament, we need to expand our thinking by bringing more diversity to the table and add new tools to our toolbox. We need to 1) invest in our people, 2) make long-term commitments, and 3) ensure that we get on a fiscally secure path in an equitable and inclusive manner. Investing in our youth and future generations of Alaskans must be a top priority, and by focusing on our societal progress and well-being, we will increase our fiscal balance over the long term. Alaska's first peoples are a model for best practices on how to live and thrive in our beautiful homelands for another 10,000 years: this is an asset to be respectfully used.

Our state government needs a vision and a plan to build a budget that moves us out of deficits to fiscal certainty in a way that will solidify a shared understanding of *what* it is we're aiming for, *who is* going to be around for the changing horizon, and *how* we are going to get there. And, in the absence of a state vision, we propose the following as a draft to think about: "Alaska—It's for our Children." This human-centered proposal offers a fresh approach to create a stronger, more resilient Alaska for generations to come. The basic thesis is that "Respectful, government-to-government relationships between the state and Alaska's tribes produce better, more sustainable social and fiscal environments for everyone." We cannot drive off a social and cultural cliff trying to avoid this fiscal speed bump. By using our existing human resources and by sustaining a lasting government-to-government relationship, we can reshape Alaska's social, political and economic landscape. There are tangible cost savings associated with equity and inclusivity.

We must also balance new sources of revenue with new investments. We need to pursue economic drivers we're not currently pursuing, or not leveraging enough, in ways that don't disproportionately hurt villages and rural Alaskans or other marginalized groups. We also need to seek ways to build in preventative equity strategies to address systemic and institutional racism, gender wage-imbances, and inclusivity barriers that prohibit both social growth and business prosperity. For example, building from respectful relationships between the three sovereigns—tribes, state, feds—we can strengthen our tax policy so it doesn't burden our citizens; pursue state, local, and tribal government revenue sharing for activities that profit off of Alaska; institute policies to keep revenue and profits in-state; invest in energy distribution that builds equity for rural Alaska; and maximize tribal compacting for education, justice, and social services, as we have in health care. Gunalcheesh, Haw.aa, Thank you for this opportunity to add new ideas and dimension to the conversation, learn from each other, and be part of thinking together about Alaska's future, where our children come first.

High-Level Breakdown of First Alaskans Proposal

- Invest in Alaskans: Increase funding for education (inclusive of early learning, Native language immersion schools, higher education) and health/wellness by at least \$100 million over the next two years, then hold harmless.
- New revenue: Increases in resource development/extraction taxes, such as natural gas reserves tax \$501 million, PERS/TERS net arbitrage bonds \$148 million, sales tax 4%.
- Use of Permanent Fund Earnings: 5% of market value, allocation 80% dividends, 20% general fund.



Graphs prepared by Gunnar Knapp to compare state finances for FY16 (this year) with projections under the proposal for FY17-FY21, if oil prices average \$70/barrel.