

# EVERYONE HELPS A LITTLE: A FIVE-YEAR FISCAL PLAN

Gary Wilken

PREPARED FOR FORUM ON ALASKA'S FISCAL AND ECONOMIC FUTURE • SEPTEMBER 19, 2015

The *Everyone Helps a Little* plan sets a challenging goal of a 2¾% reduction in General Fund spending each year, starting in FY 2017. The result is maintaining basic state services while reducing GF spending to \$4.5 billion by June 30, 2021 (FY21).

## Foundation of the Plan: Eight Concepts

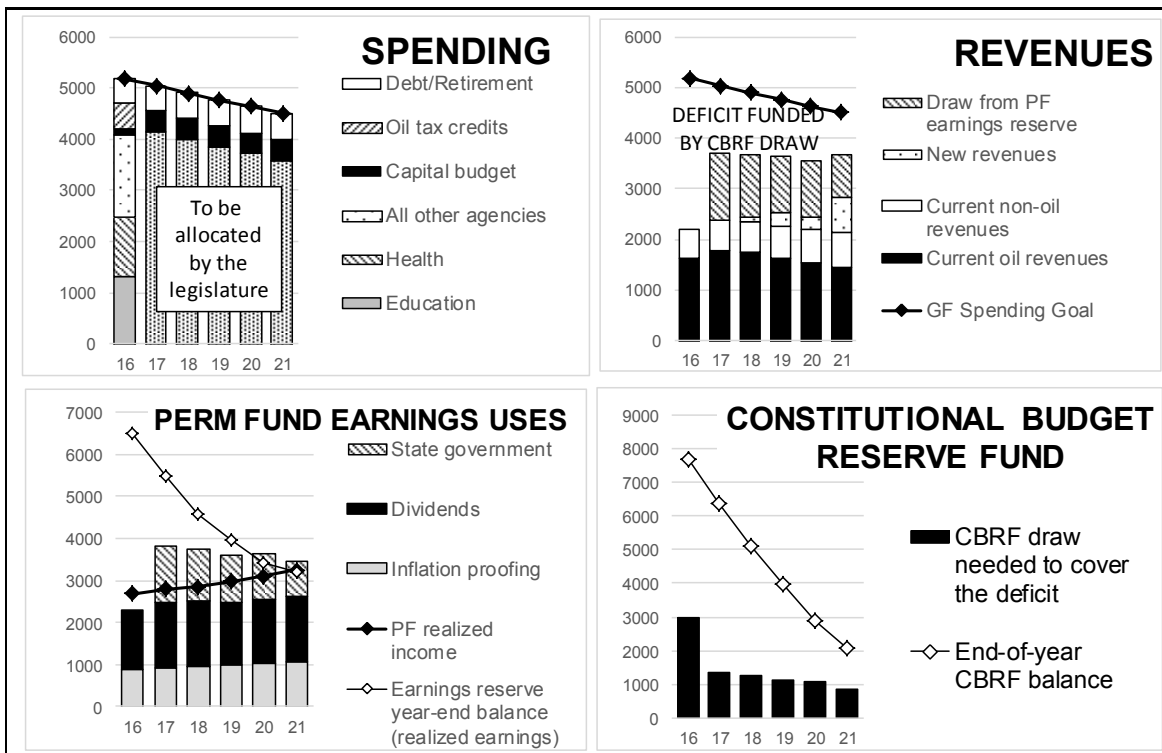
- 1) There is no avoiding the fiscal difficulties the state of Alaska faces: it's real this time.
- 2) It is a rolling five-year budget plan with the flexibility to adjust each year.
- 3) Revenue sources have a throttle and a brake controlled by the legislature and based on need.
- 4) It functions by recognizing basic legislative math: 21 + 11 + 1 = 33 success.
- 5) It is the broadest-based revenue generator possible. Everyone pays a little so working families of Alaska don't pay a lot.
- 6) It recognizes that each Alaskan today possesses a \$73,000 Permanent Fund investment portfolio.
- 7) It requires no new government bureaucracy until perhaps FY21.
- 8) It has very little impact on Alaskans' annual Permanent Fund dividend check.

## Funds Available for Appropriation

If there is a deficit in any fiscal year, the Constitutional Budget Reserve and the Permanent Fund Earnings accounts are called on equally to fund the deficit. *The availability and use of these funds is the centerpiece of this fiscal plan.*

## Results

- 1) The life span of the Constitutional Budget Reserve fund is doubled.
- 2) The effect on each Alaskan's PFD check of an annual \$1 billion transfer, from the Earnings Reserve account to the General Fund, is \$172 over 5 years.
- 3) "New" money is injected into the economy. Economic multiplier starts at 1.
- 4) It establishes accountability to the people of Alaska for an Earnings Reserve withdrawal.
- 5) It establishes budget tension for the efficient use of the CBR ¾ vote.



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