

AK Common Ground letter to State Legislators



January 24, 2017

Dear Legislator,

As you know, the State of Alaska has financed its budget by spending savings for five years in a row, and the savings are running out. The deficit this fiscal year will be more than two-thirds the size of the budget.

This session is the turning point. If the Legislature again balances the budget by relying on savings, there will be no ability to balance the budget in 2018 without spending a substantial amount of the Permanent Fund Earnings Reserve Account. Under current law this would drastically slash Permanent Fund Dividends.

As former Alaska House Speaker Mike Bradner has pointed out, **if the Legislature fails to take big steps in 2017, we will be out of money and out of time in 2018.** Ignoring the revenue side of the equation in 2017 is a recipe for drastic cuts to services, a heavy reduction in Permanent Fund Dividends, and a significant loss of jobs in both the public and private sectors. The "wait and see" approach constitutes a direct threat to our economy and our way of life. Adjusted for inflation and population, the budget this fiscal year is the lowest it has been in 10 years. All State of Alaska employees

could be laid off, and the State of Alaska would still have a deficit. **Already the signs of a recession are all around us.**

Global and state realities demand that in 2017 the Legislature adopt a broad-based fiscal plan. To make the scale of the plan match the scale of the problem, both revenue and cost-reduction measures must be included. Timing is critical. The opportunity for an effective solution will be gone next year.

Now is the time for bold leadership, galvanized by the needs of the next generation of Alaskans. We look forward to courageous action on behalf of all Alaskans.

Cliff Groh

Chair, Alaska Common Ground

On behalf of the Alaska Common Ground Board of Directors