

# Panelists suggests cuts, tapping permanent fund earnings to solve Alaska's fiscal crisis

Alex DeMarban, October 5, 2014, Alaska Dispatch News

With Alaska's annual budget deficit at more than \$1 billion and growing, and the state's income dwindling, fiscal sages and scholars gathered at an all-day forum Saturday to explore ideas for balancing the budget and staving off a brutal economic crash.

Solutions included ideas that would reduce the annual Permanent Fund dividend to help pay for state services, two days after this year's \$1,884 checks appeared in Alaskans' bank accounts.

Alaska still has plenty of money, thanks to years of healthy oil production, but it's disappearing quickly as oil production continues its recent decline. For the fiscal fix that will one day be needed, the state's \$50 billion Alaska Permanent Fund – used mainly to cut those annual checks – presents an obvious income source. Alaska can also count more than \$10 billion in savings accounts beyond the Permanent Fund.

But a big question is how to draw from the constitutionally protected Permanent Fund when families rely on the popular dividend checks to pay the bills.

"We don't have a financial problem, we have a political problem," said Larry Persily, a former deputy commissioner of the state Department of Revenue and one of the panelists at "Alaska's Fiscal Future," a forum organized by Alaska Common

Ground and the Institute of Social and Economic Research.

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