

# We wanted to believe we were different

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- We're bigger and tougher and more resilient, able to withstand deep cold, long winters, large mosquitoes, cracked windshields
- But we stuck our heads in the permafrost for years, hoping to find more money in an oil well while our fiscal future turned mushy
- We've been overspending and undertaxing for most of the past three decades, ignoring the math we expect students to learn
- **But math works the same in Alaska as anywhere else in the world**

# Palin was right, but she didn't know it

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- In 2010, former vice presidential candidate Sarah Palin was criticizing President Obama in her own unique, demeaning tone of voice: 'How's that hopey, changey stuff working out?'
- If she had paid attention in Alaska as a mayor, or as governor, she would have realized that the 'hopey, changey stuff' is exactly what Alaskans had been banking on to pay for public services
- **We hoped the math was wrong and the free ride would never end**

# That 'changey stuff' is going to be hard

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- Alaskans have lived two generations without an income tax
- Never been a state sales tax; more than half of Alaskans don't pay a local sales tax; our motor fuel tax is unchanged in 50 years
- All the while, we've grown older by two generations while handing out \$25 billion in sacred Permanent Fund dividends
- **Changing two generations of politics isn't easy, but it's necessary**

# We're an investment state, not an oil state

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- FY 2019 oil royalty deposits to the Permanent Fund = \$385 million
- FY 2019 investment earnings of the Permanent Fund = \$4 billion
- FY2019 first year the fund's earnings helped pay for public services — the day we knew was coming but had long wanted to avoid
- FY2019 budget: \$2.8 billion in Permanent Fund earnings vs. \$2.5 billion in general fund revenues (mostly oil dollars)
- **The math works — the political fight is how to use the earnings**