

# 29<sup>th</sup> Alaska State Legislature

State Capitol  
Juneau, Alaska 99801



Mike Chenault, Speaker of the House  
Alaska State Legislature  
Capitol Building, Room 208  
Juneau, AK 99801

May 20, 2015

Dear Speaker Chenault,

On behalf of our constituents, we feel compelled to express to you our serious misgivings regarding a plan to transfer funds from the Permanent Fund Earnings Reserve as part of a mechanism to fund the Fiscal Year 2016 Operating Budget.

During the recent recess from the special session, we consulted with our constituents on many of the issues surrounding the current impasse over fully funding the budget. It is clear that average Alaskans are only just beginning to grasp the dimensions of the fiscal crisis the state faces. Most have not yet felt the full impacts of the significant cuts made to state programs and services during the regular session. Most also have not yet been given the opportunity to contemplate the sacrifices that may be asked of them in the future in order for healthy economies to be maintained in Alaska.

We feel that resorting to Permanent Fund earnings so suddenly as part of a solution to the impasse will sow grave confusion and mistrust among Alaskans. Furthermore, we strongly believe that major actions having to do with the Permanent Fund, such as this, should go before the voters.

We fear that the possible adverse impacts to Permanent Fund Dividends cannot be properly evaluated at so short a notice. We are also uneasy with utilizing part of the reserve balance at a time when many analysts feel that a historic bull market will soon face a significant correction. Additionally, we are concerned about how manipulating these funds now might impact the ability of the earnings reserve to play an effective long-term role in reaching sustainable, balanced budgets and financing a gas line.

We do not see this as a procedural vote; we see it as a policy change, and as such, we do not intend to vote in favor of it.

We respectfully urge you to continue negotiations with minority caucus legislators to attain the number of votes needed to access the Constitutional Budget Reserve. Like you, we are in favor of fully funding the Base Student Allocation in the Education Funding Formula, and we hope that our