

## Senate Fiscal Solution Fact Sheet

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- The Senate Majority's top priority is to stabilize Alaska's fiscal foundation by:
  - reducing government spending;
  - limiting future budget growth; and
  - strategically managing our reserves to help fund a smaller, smarter government while paying a dividend to this and future generations.
  
- SB 26 is the cornerstone of our fiscal solution.
  - Spending cap of \$4.1 billion to limit future budget growth
    - The spending cap is adjusted annually to allow reasonable budget growth with inflation.
    - Not included under the spending cap are dividend payments; debt payments; and future capital projects.
  - Adopt a percent of market value approach to Permanent Fund management to protect the main fund, or corpus, for future generations while paying dividends and drawing a percentage of the fund's earnings to help pay for government
    - The annual draw will be based on 5.25% of the five-year rolling average of Permanent Fund earnings for the first three years; then, on 5%.
    - Of this draw, 25% will fund dividends for eligible Alaskans, and 75% will help fund the state budget.
    - If oil revenue rises above \$1.2 billion, the remaining 75% of the POMV payout is subject to a dollar for dollar reduction.
    - The dividend will be fixed at a guaranteed \$1,000 per Alaskan for the next three years; then, the dividend will be calculated based on the draw, enabling modest dividend growth.
  
- Stabilization work continues:
  - In the state's operating budget (movement this week)
    - Senate Majority target is a \$750 million reduction in undesignated general fund spending over the next three years
      - That starts with a goal of \$300 million in reductions this year
  - With prudent use of the Constitutional Budget Reserve as the third-in-line state funding source, after oil revenue and after the Permanent Fund earnings draw
    - Senate Majority solution would maintain a \$5 billion balance in the CBR
    - Under this plan, the CBR would start to grow again within five years
  - Structural reforms will change the way Alaska does business
    - For example, Medicaid reform last year, anticipated savings of \$400 million over 6 years
    - Discussions now in committees (education, HSS) on policy-based reforms
  
- The Senate's solution stabilizes Alaska's fiscal foundation without burdening a struggling economy with new broad-based taxes or with higher oil taxes.