



Senator Sean Parnell

1999 Legislative Newsletter & Survey

Senate District I - South Anchorage

Spring 1999

\$1.2 billion budget shortfall's challenge: How to create opportunity from adversity

The Twenty-First Alaska State Legislature faces one of Alaska's greatest challenges – historic low prices for North Slope oil and continuing production declines confront our state with a \$1.2 billion budget shortfall.

As the co-chair of the Senate Finance Committee, I am working for a long-range balanced budget, and I would like to hear your ideas on how to achieve this goal.

For me, and for many of you, the budget debate is much more than an academic exercise. It is about us, it is about our children and it is about the future we are building together for them.

At the current rate of spending, our state savings accounts (except the Permanent Fund and the Permanent Fund Earnings Reserve) will be depleted in just three years.

This year in the Senate Finance Committee I have focused our efforts on understanding the scope of the problem and analyzing the foundation of our state's budget system - volatile and declining oil revenues.

In March and April, the Finance Committee turns to public hearings on potential balanced budget solutions. These public hearings will inform and guide our development of a long-range, balanced budget plan.

On the revenue side, Alaska depends heavily on revenues from oil to fund state spending. The graphs on the next page illustrate the volatility of oil revenues and the implications for the state's fiscal health.

On the spending side, government spends too much, with sometimes questionable results. According to *Governing* magazine, Alaska ranks number



As co-chair of the Senate Finance Committee, Senator Sean Parnell has responsibilities for writing the state operating budget.

one in the nation in per capita spending (\$11,919 per person) and number one in per capita spending for K-12 education (\$1,880 per person). We are reducing government spending in the current budget year, and will significantly reduce next year's budget.

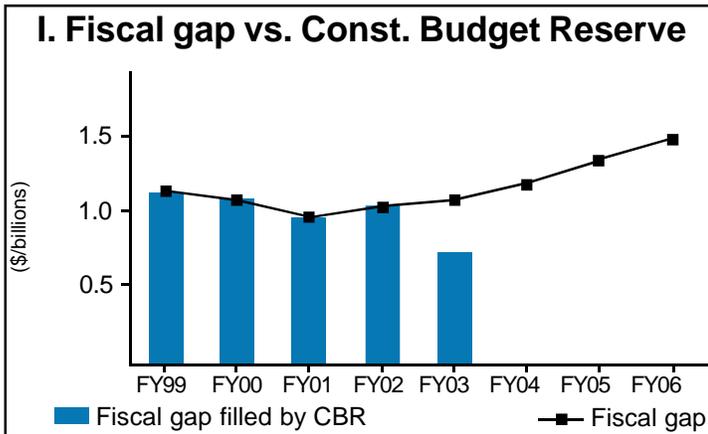
However, we have learned that we cannot cut our way out of a \$1.2 billion shortfall, and we cannot tax our way out. Trying immediately to cut \$1.2 billion from state spending would have dire long-term economic consequences, just as adding a \$1.2 billion tax burden on individuals or business would drive people and jobs from our state.

Along with the challenge comes an historic opportunity. This is a time when we can make

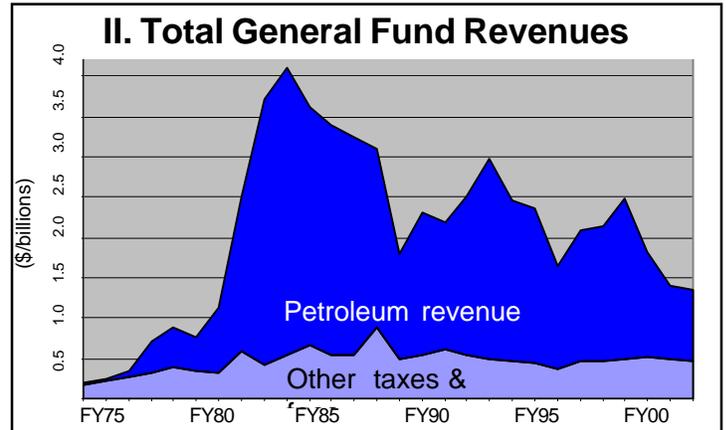
Continued on page 2

- Please take a moment to fill out and return Legislative Survey - page 3
- Contact Senator Parnell by phone, fax, mail, e-mail, public opinion message - page 4

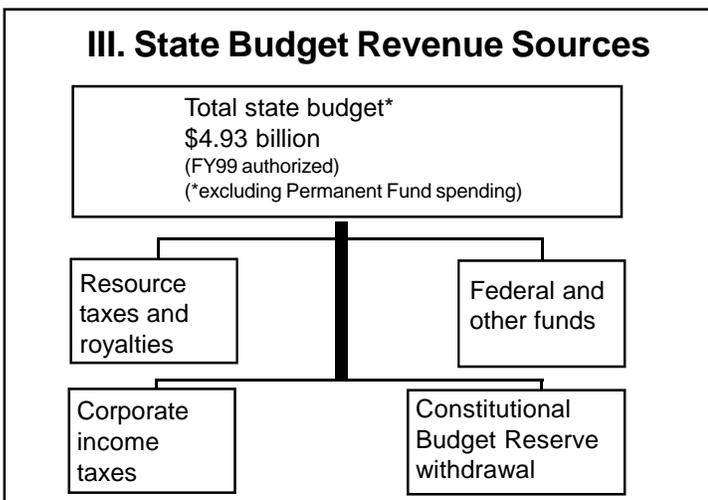
Alaska's Fiscal Gap - by the numbers



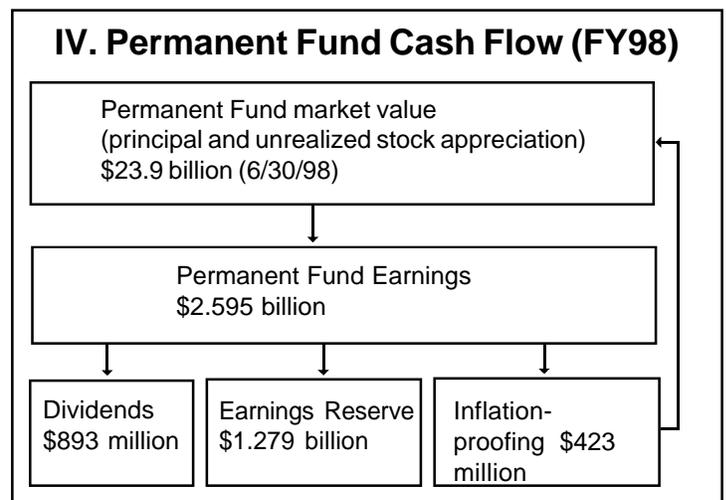
Alaska's savings account can't fill the gap for long.



Alaska depends on wildly fluctuating oil revenues.



Alaska depends on a variety of revenue sources.



After funding dividends and inflation-proofing, the Permanent Fund banks excess earnings annually.

\$1.2 billion fiscal gap creates challenge

Continued from Page 1

meaningful reductions and integrate departments, making state government more efficient. It is also a time when Alaskans can choose a more stable, sustainable revenue stream, so that five years from now the next governor is not proposing an even larger income tax.

I very much want to hear your ideas for what kind of Alaska you want over the next 20 years, and how you would like to see your vision become a reality. Please take a few minutes to complete the legislative survey on the opposite page and mail it back to me.

I firmly believe that we can put Alaska's budget house in order, but only with all of us working together.

Budget discipline begins at home; Senator Sean Parnell reduces pay

Senator Sean Parnell reduced his state income by 8 percent in 1998, and staff expenses by more than 6 percent in the first two years of his Senate term.

"I feel a responsibility to lead by example, and to implement the level of spending cuts we expect from state agencies," Parnell said.

Parnell's legislative staff also accepted unpaid leave without pay, resulting in cost savings of up to 6 percent in 1997, and 2 percent in 1998.

The short-term staff layoff measure saved the state \$7,800 in 1997, and \$3,100 in 1998.

Senator Sean Parnell - Legislative Survey - Spring 1999 - Page 3

It's important for me to know your priorities. Please take a moment to fill out and return this survey, and note your return address information on the bottom. Feel free to share any additional comments, or contact me at my office in the Capitol.

		Yes	No	Unsure		
1) As part of a long-term, balanced budget plan, do you support reducing state spending by at least \$40 million this session?	Resident 1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
	Resident 2	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
2) After paying dividends at the current level and inflation-proofing the Permanent Fund, should excess Permanent Fund earnings be used to fund state government and close the fiscal gap? (see graph IV, page 2)	Resident 1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
	Resident 2	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
3) Would you support lowering Permanent Fund dividends if the amount decreased was used to balance the budget?	Resident 1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
	Resident 2	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
4) As part of a long-term, balanced budget plan, do you support limiting Longevity Bonuses to those making less than \$50,000 a year?	Resident 1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
	Resident 2	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
5) The state currently owns about 100 million acres of land. Should the state sell or lease its land more aggressively to generate annual revenues of about \$20 million as part of a balanced budget plan?	Resident 1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
	Resident 2	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
6) Do you support a broad-based tax as a means of obtaining additional funds for state government? If so, rank your preference (1 is top priority).	Resident 1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
	Resident 2	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
Resident 1 _____ Gas tax _____ Income tax _____ Sales tax _____ Other						
Resident 2 _____ Gas tax _____ Income tax _____ Sales tax _____ Other						
7) Please rank your priorities for state spending (1 is top priority).						
Resident 1 _____ K-12 schools _____ University _____ Roads _____ Courts/prisons _____ Resource Dev.						
Resident 1 _____ Police _____ Fish & Game _____ Health Care _____ Welfare _____ Other						
Resident 2 _____ K-12 schools _____ University _____ Roads _____ Courts/prisons _____ Resource Dev.						
Resident 2 _____ Police _____ Fish & Game _____ Health Care _____ Welfare _____ Other						
8) What do you consider to be the biggest challenge facing our district today?	Resident 1	Budget	Schools	Roads	Crime	Other _____
	Resident 2	Budget	Schools	Roads	Crime	Other _____

9) Please use this space to convey any concerns you have about any other issue.

10) Please let me know the best way to contact you.

Resident 1: _____	Resident 2: _____
Address: _____	Address: _____
Home phone: _____	Home phone: _____
E-Mail: _____	E-Mail: _____

(Fold this flap in and tape closed before mailing)

SENATOR SEAN PARNELL
STATE CAPITOL
JUNEAU, AK 99801-1182

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PLEASE KEEP IN TOUCH!

I am *always* glad to hear from you.
Please contact me at any time:

	January - May	June - December
Phone:	(907) 465-2995	(907) 269-0250
Fax:	(907) 465-6592	(907) 269-0249
Toll-free:	(800) 365-2995	(800) 365-2995
Mail:	State Capitol Juneau, AK 99801-1182	716 W. 4th Ave. #530 Anchorage, AK 99501-2133

E-mail: Senator_Sean_Parnell@legis.state.ak.us
Internet: www.akrepublicans.org/Parnell.htm
www.legis.state.ak.us/home/SENATE/sparnell.htm
Public opinion messages: Call 269-0111



Senator Parnell's 1999 session staff: the friendly faces behind the voices! (L-R) Debbie Grundman, Renee Howell, Dave Blaisdell, Michael Morter, Dan Saddler.

Apply 33-cent stamp & mail today!

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