

Support a comprehensive, long-term sustainable fiscal plan for the State of Alaska

Position Statement

The Greater Fairbanks Chamber of Commerce encourages the Alaska State Legislature, the Administration and state leaders to ensure the effective use of state resources by delivering essential programs as efficiently as possible and to make strategic investments that promote long-term economic growth. Further, the Chamber encourages government leaders to build a fiscally responsible budget that aligns revenues with expenses. While reductions have already been made to the state capital and operating budgets, a consistent and predictable fiscal policy is integral to an overall plan and vision for business development and job growth in Alaska.

Action Required

State leaders must undergo a thorough review of all state-funded programs and services to continue to reduce overall spending – no state agency or program should be exempt from this review. A stringent cost/benefit analysis on cost drivers in an open and transparent process should ensure more efficient and effective delivery of programs and services. The state must closely examine the departments of Education & Early Development and Health & Social Services, which comprise nearly 60% of the overall state agency operating budget. This must include careful scrutiny of both formula and non-formula driven programs. Given the state's fiscal reality, the Administration and public employee unions should also re-open negotiations to identify savings in salary and other benefit costs. Additional increases in government efficiency may be accomplished through privatization and process improvement efforts. New revenue strategies to support economic growth and resource development that are aimed at diversifying the state economy and creating jobs for Alaskans must also be considered.

The Fairbanks Chamber recognizes that a long-term, sustainable fiscal plan cannot be accomplished without considering other revenue sources, such as the use of permanent fund earnings. In 1976, the permanent fund was created to support future state operations when oil, as a source of income, would not be sufficient to cover the costs of services provided. At today's oil prices and declining oil production, we believe the time has come where the use of permanent fund earnings aligns with the Fund's intended purpose.

A consistent and predictable fiscal policy is integral to the overall plan and vision for business development and job growth in Alaska. The state's fiscal policy should reflect the need for investment, which will create jobs and reduce Alaska's debt.

Approved by the Board of Directors on August 24, 2015

