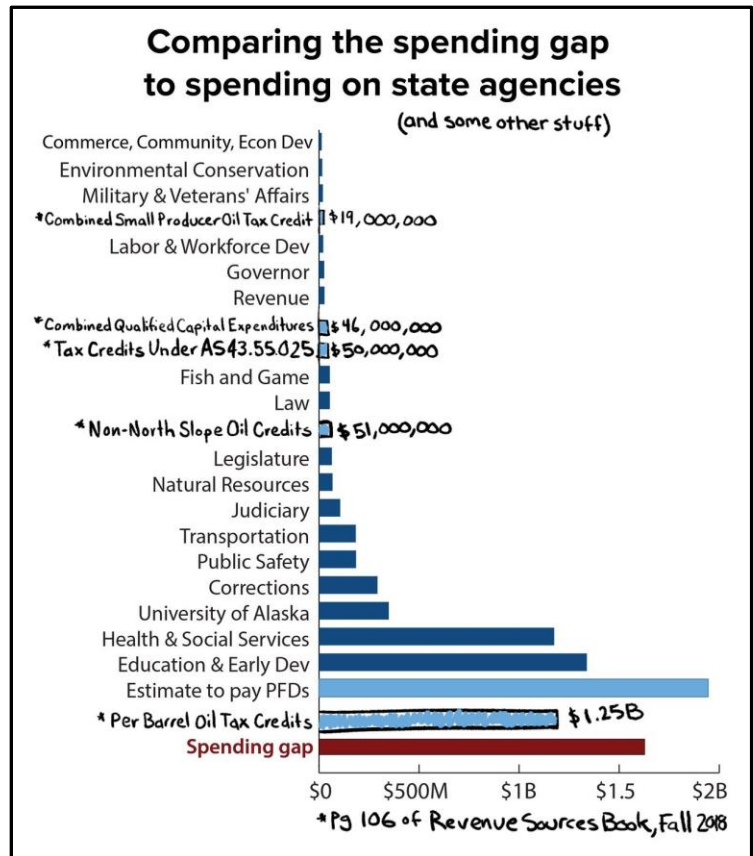


It's Time for a Fair Share for Education in Alaska

BACKGROUND: In January 2019, Governor Dunleavy lopped-off \$20 million in education funding in the state's supplemental budget – an amount approved through bipartisan negotiations in the Alaska House and Senate last year, and money school districts relied on in their budgets through the remainder of the fiscal year. But the real bombshell came on February 13, when the Governor released his FY2020 budget, which included a roughly 20% cut to the Department of Education, a 23% cut to the per-student funding formula, and a reversal on \$30 million slated to bolster the per student funding formula. Couple these cuts with the Governor's proposals to strip boroughs of their property tax revenues from oil and gas assets, and his effort to divert local fish taxes to the state, and you have a recipe for education disaster in Alaska.

WHAT THE GOVERNOR DIDN'T CUT: If you look at state expenses, there's one expense that dwarfs education and all the others: tax credits, deductions and other subsidies to the oil and gas industry. While these expenses are not typically shown in state budget charts, they should be, because they are real, tangible expenses to the state. Yet not only did Governor leave in place nearly \$2 billion a year in subsidies for the oil and gas industry, he actually used his discretionary authority to give them an extra \$225 million in refundable tax credits! These massive subsidies distort free markets, and leave Alaska's kids, schools and teachers on the chopping block.

SO, WHAT'S THE PROBLEM? Alaska does not have a revenue problem; instead, we have a problem with how we allocate our public resources. Former Governor Jay Hammond had the right idea. He knew the oil companies had a fiduciary duty to their investors to maximize profits. He also knew Alaska is an owner-state, and under the Alaska Constitution, every resident collectively owns our oil and gas resources. So, Hammond created a commonsense solution to share our oil wealth equitably: 1/3 to the state, 1/3 to the feds, and 1/3 to the oil companies. Today, however, that formula is badly skewed, and according to figures provided by ConocoPhillips, Alaska is the most profitable oil and gas province in the world today.



WHAT YOU CAN DO: Get Educated. Educate others. Organize. And Take Action! Budget issues can be opaque and difficult. But there's no need to understand all the many intricacies around our state budget. Just know this: Alaska is not getting a fair share of its oil wealth, and we're sacrificing our kids and teachers and education by giving away billions of dollars to the oil and gas companies every year.

Senate Bill 14 will eliminate one type of subsidy – called per barrel deductible tax credits – currently enjoyed by the oil and gas industry. At current forecasts, it would add more than \$1 billion in revenues to the state budget. That amount does not cover the entire shortfall we're seeing now, but it's a start down the road for Alaska to embrace a more equitable allocation of our public oil wealth. And it's a billion dollars we're not seeing now under the Governor's budget.

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ASK THEM:

- To come to your community and show you how much the state spends every year – and in coming years – for subsidies to oil and gas companies?
- If it's fair to give away our oil wealth in the form of subsidies at the same time we're proposing massive cuts to kids, teachers, schools and education?
- If they would support SB 14, and if not, why?

FOR MORE INFORMATION, CONTACT:

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