

# **Bond Case Briefs**

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## **Alaska Endowment Double-Check.**

Alaska Gov. Bill Walker is moving forward with a rescue plan for the state's finances that would convert the state's Permanent Fund into an endowment that absorbs oil income and generates billions of dollars in annual revenue for the state's treasury. The state's \$52 billion Permanent Fund was created via a constitutional amendment in the 1970s and automatically receives about one-quarter of the state's oil revenue each year. It's used solely to pay out annual dividends to residents and payments have averaged \$1,400 for the past decade. The shift into one large endowment that the state government can access would reduce the resident payments to about \$1,000, the governor's office estimates.

More than any other state, Alaska's budget has been hammered by the drop in oil prices. The state relies on oil revenues to fund nearly all of its operations. Last year it withdrew \$2.7 billion out of its savings to close a budget gap and for this year's budget Walker relied on a similarly large withdrawal. His staff estimates that by moving all oil revenues into an interest-bearing endowment fund and withdrawing annually from that fund, the state would become less reliant on oil. His office estimates the fund would earn about \$3 billion in annual interest — a little larger than the amount the state withdrew from savings in the past two budgets.

But it doesn't hurt to double check. This week the administration said it had [issued an RFP](#) asking financial consultants to vet Walker's plan. It seems the governor's office wants as solid backing as it can get on a proposal that would overhaul the state's financial structure. Jerry Burnett, deputy revenue commissioner, told the Alaska Dispatch consultants would "vet our models, look at what we've done and what our assumptions are, and assuming that we go forward with this and that everything works out, be available to explain to the legislature that the Walker administration is telling you the truth."

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BY LIZ FARMER | NOVEMBER 20, 2015