

# The Permanent Fund and Alaska's Citizen Dividend at 40

Presentation to the

**North American Basic Income Congress**

Hamilton, Ontario

by

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## HOW IT ALL BEGAN

- 1956 – Alaska Constitutional Convention

“The legislature shall provide for the utilization, development, and conservation of all natural resources belonging to the State, including land and waters, for the maximum benefit of its people.” [Emphasis added]

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  - 1959 – Alaska Statehood

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- 1968 – Prudhoe Bay oil discovery
- 1969 – Oil leases net \$16,900 per capita (2017 dollars)
- **1976 – Voters create a Permanent Fund**

# Why a Permanent Fund?

## First Reason:

A consensus developed that Alaska save a fraction of the oil money for the future, without specifying how those savings would be used.”

## **Second Reason:**

*Politicians dangled everything from dams, to day care centers, to cash payments, to residents as possible benefits that could flow from creating a Permanent Fund.*



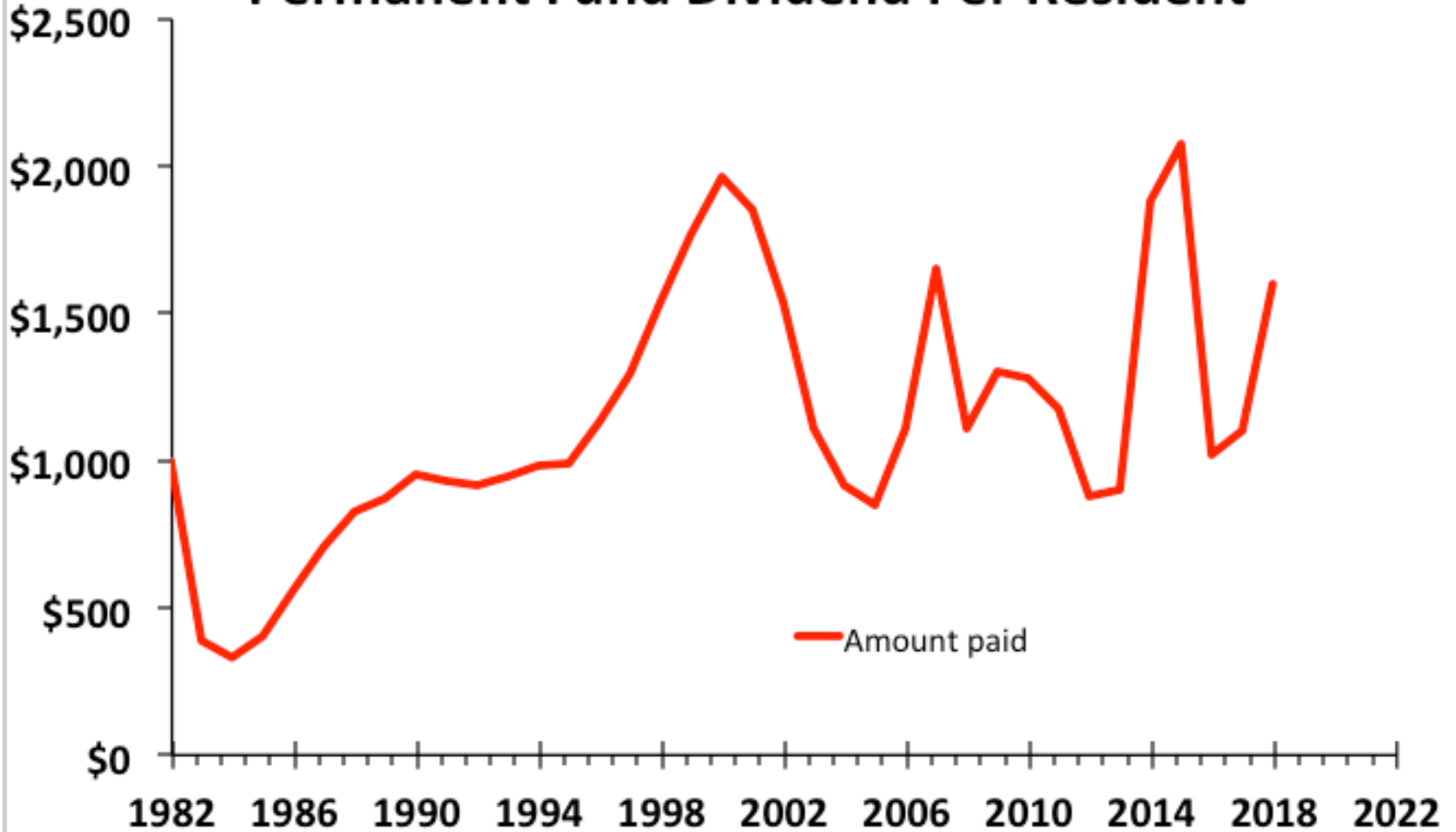
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- **1981 – Alaska per capita state spending tops nation**  
**(\$26,549 in real 2017 dollars)**

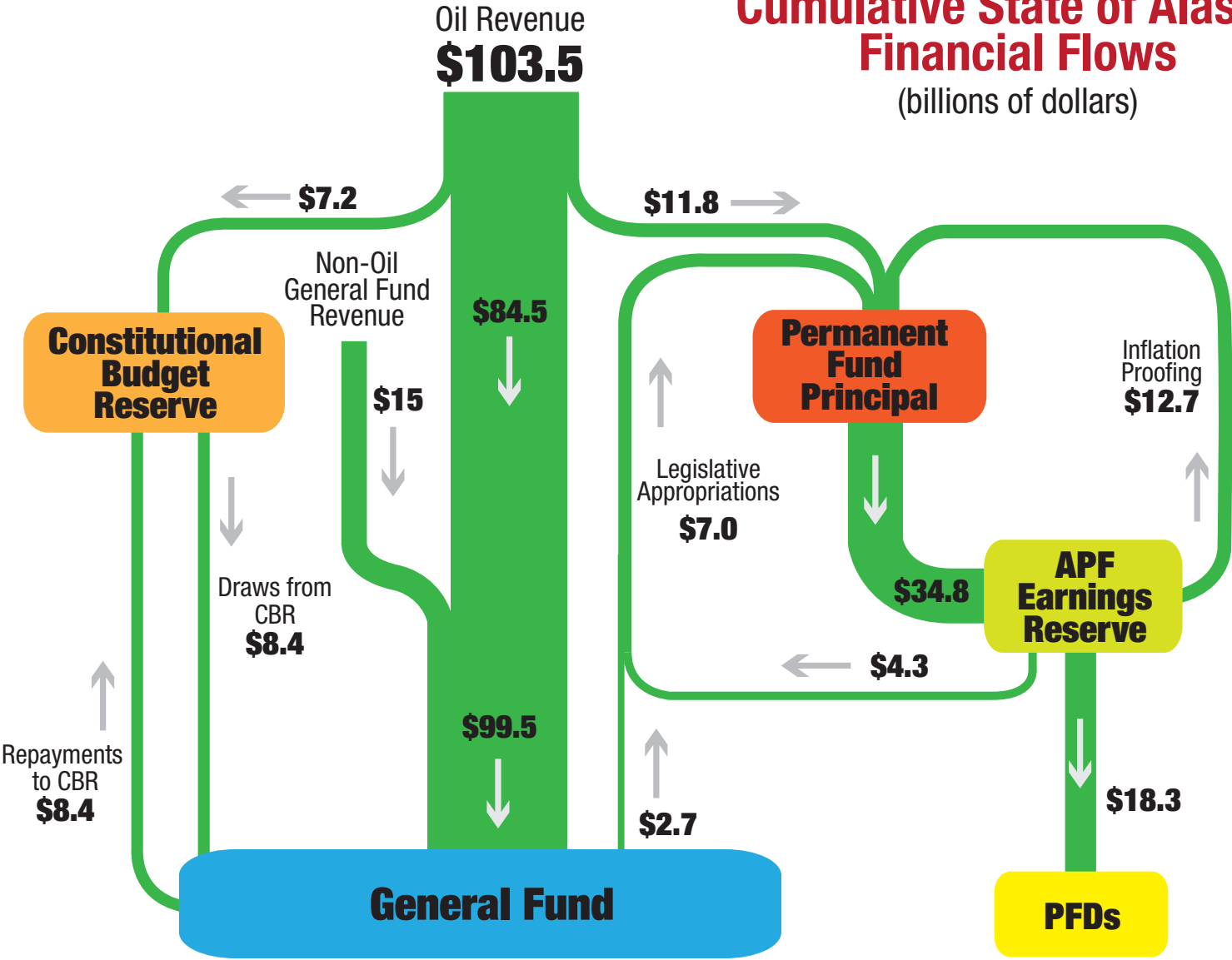
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- 1981 – Alaska per capita state spending tops nation
- **1982 – Permanent Fund Dividend created**

# Permanent Fund Dividend Per Resident



What did Alaska do with the rest of its oil revenue?

Fiscal Years 1977-2010  
**Cumulative State of Alaska  
 Financial Flows**  
 (billions of dollars)

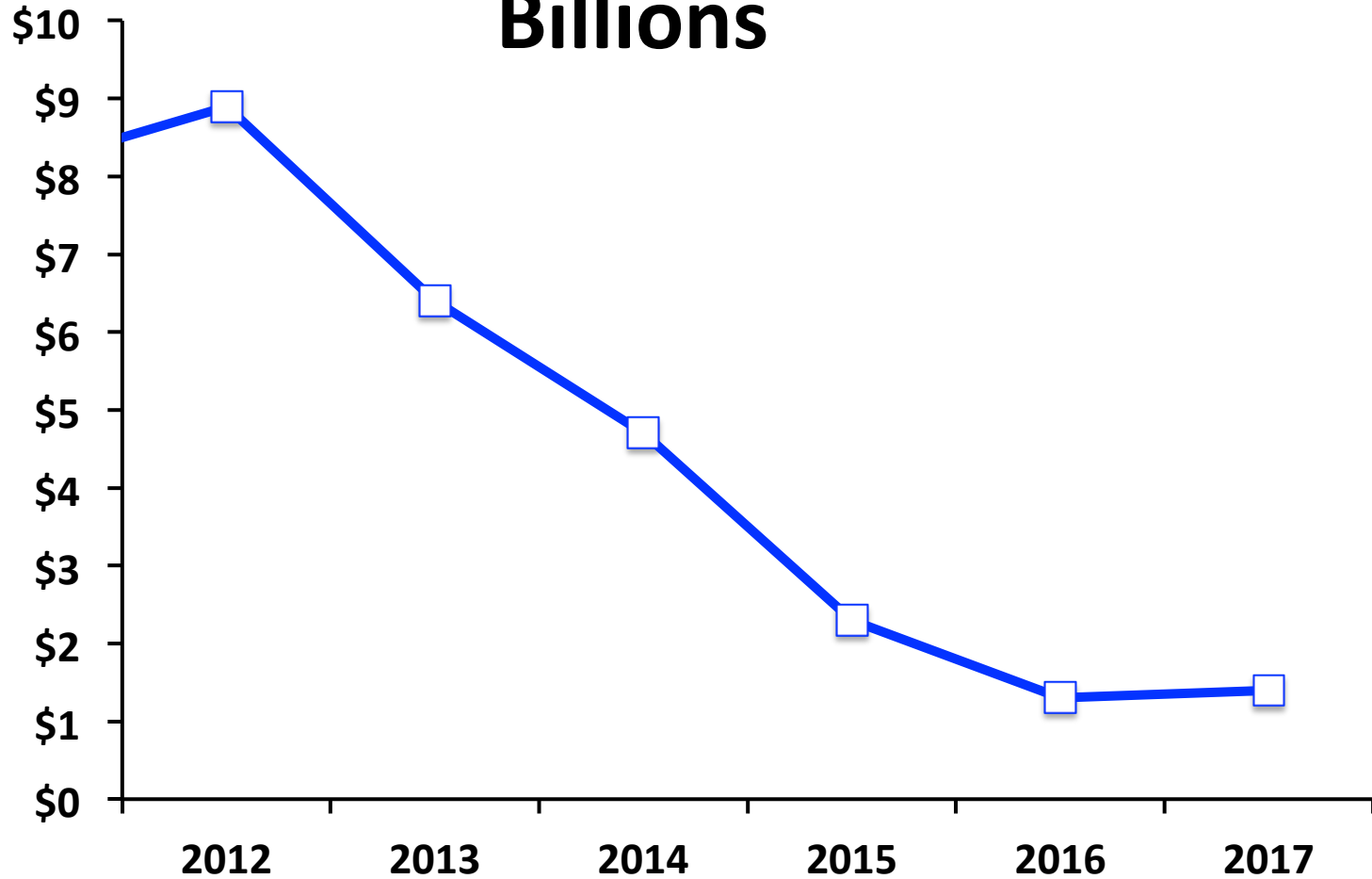


- **2014 – State petroleum revenue collapses**



# *Alaska Petroleum Revenue*

## Billions

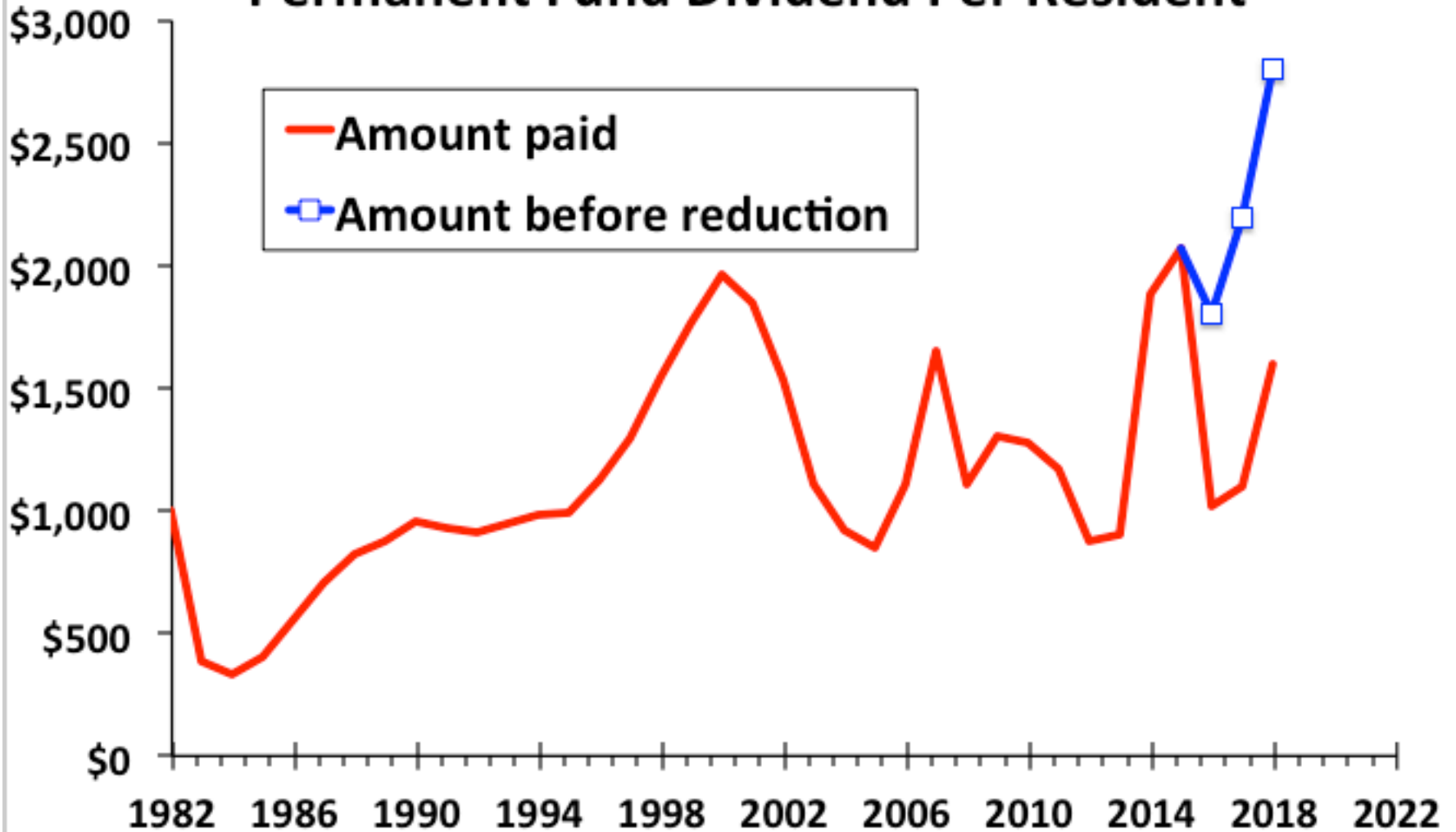


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  - **2015 - 2018 – Cash reserves near exhaustion**

# State looks to Permanent Fund for salvation

## Permanent Fund Dividend Per Resident



# Three Lessons from 40 years:

- Permanent Fund was an improbable success
- Alaska Dividend was a success
- Success is not permanent

# Where does Alaska go from here?

# Ideal solution

- Send all Permanent Fund income to households
- Finance state government with taxes (like other 49 U.S. states)



## More Likely:

- Increased use of Permanent Fund to finance state budget
- Shrinking citizens dividend
- Shrinking Permanent Fund

Many of us are not giving up.  
Many Alaskans are working for  
better solutions.

Please wish us luck. We will  
need it.

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