

ALASKA FEDERATION OF NATIVES



MONTHLY PRESIDENT'S REPORT

FEBRUARY 2016

Dear Co-Chairs and Board Members:

As the Alaska Legislature's session reaches the half-way point, AFN continues to focus on the state's fiscal dilemma. While there are several relatively comprehensive plans on the table, none has emerged. The AFN Board's Fiscal Committee continues to examine them as well as the impacts of the various solutions.

As we urged in a recent letter to the board and membership, it's important for each of us to get informed on the facts of the fiscal crisis and the difficult choices that lie ahead. The definitive go-to source for an unbiased view of the the fiscal crisis and the choices are two studies by the Institute for Social and Economic Research (ISER): 1) "Introduction to Alaska Fiscal Facts and Choices." [Click here] for full version of the Power Point with audio commentary, or an abridged version filmed by Alaska Dispatch News, [click here](#); and 2) "Economic Impacts of Alaska Fiscal Options." [Click here] for a video of ISER's Gunner Knapp's second presentation. We owe Dr. Knapp and ISER our gratitude for taking the time to share their findings with us.

On February 11 AFN hosted the Leadership Retreat on the State Fiscal Crisis at the Walter Soboleff Center in Juneau. I want to thank the Sealaska Heritage Institute for providing the beautiful space of the Clan House for the meeting. A post retreat summary on the retreat follows on page 2.

The Fiscal Committee drafted a board resolution based on the discussion at the retreat. The Board passed AFN [Resolution 16-1](#) at the board meeting the following day. As with all resolutions, 16-1 sets the scope of our work on this issue and guides the staff going forward. AFN created a fiscal crisis tool kit, see page four, which was mailed to the board and membership.

On February 17 AFN briefed the Senate Indian Affairs Committee staff on the Indian programs impacted by President Obama's proposed 2017 budget. Staff also met with Department of the Interior Secretary Sally Jewell and Deputy Secretary Michael Connor.

Julie Kitka

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UPCOMING

CONVENTION COMMITTEE

MARCH 22

CO-MANAGEMENT ROUNDTABLE

THURSDAY, MARCH 24

CAAN MEETING

THURSDAY, MARCH 24

L & L COMMITTEE

APRIL 19

AFN BOARD MEETING

MAY 5-6



AFN LEADERSHIP RETREAT ON THE STATE FISCAL CRISIS

Executive Summary.

The Alaska Federation of Natives welcomed Native leaders and invited guests to the Clan House of the newly opened Walter Soboleff Building in Juneau last month for a daylong leadership retreat on the state's almost \$4 billion dollar fiscal deficit.



The February 11, 2016 meeting brought together representatives from Native for-profit

corporations, not-for-profit organizations and consortiums and tribes to discuss the plans to close the state's gap in revenue and spending, and to determine how the Native community would weigh in on those plans.

The more than 75 retreat participants and attendees ultimately provided the framework for a resolution unanimously passed by that the AFN board directors that recognized that—

- Natives peoples must become fully informed about the Alaska's fiscal state to understand and accept the imminent changes in state government and services;
- Native peoples must be engaged and considered in all decision-making;
- the Governor and the Alaska State Legislature must initiate efforts to address the fiscal uncertainty while maintaining the state's constitutional obligations and responsibilities to its citizens; and
- the Alaska Federation of Natives will support balanced measures to achieve a comprehensive solution that includes a sustainable budget, but resist outcomes that place an inequitable burden on Alaska Natives and rural communities.

The full post-retreat report is attached.

SUBSISTENCE

At their January meeting, the Subsistence Committee voted to send a letter of support for the appointment of Nick Jackson to the Alaska Big Game Commercial Services Board. AFN did so. Mr. Jackson was appointed by the governor to this board, and now awaits legislative confirmation.

Per the board's instruction, AFN staff sent a letter to the governor urging him to forward names of people who understand and prioritize subsistence for the open North Pacific Fisheries Management Council seats.

AFN submitted recommended changes to House Joint Resolution 20 to protect subsistence rights. HJR 20 urges the Congress to enact legislation to clarify and recognize each individual state's authority to manage the fish and wildlife within its borders.

The Subsistence and Co-Management Roundtable with Senator Murkowski was held on Thursday, March 24 from 9 to 11 a.m. in Anchorage. More on this in the next President's Report.

AFN FEBRUARY 12 BOARD MEETING

In addition to regular reports, the AFN Board passed [Resolution 16-1](#) addressing the state's fiscal crisis and Resolution 16-2 in support of Mt Edgecumbe High School maintaining its current form.

BOARD MEETING SPECIAL GUESTS

Alaska Statewide Suicide Prevention Council, William “Bill” Martin, briefed the board on the statistics of suicide in Alaska, offering phrases to use if/when anyone is in a position to help someone contemplating suicide. His staff also passed out magnets, pens and information on who to call if someone is suicidal and wants help. Mr. Martin also requested that the 2016 AFN Annual Convention open with a healing and drum ceremony for those affected by suicide.



Alaska Innocence Project – Bill Oberly, the single staff person and operator of the Alaska Innocence Project, reported on the five and a half week hearing for the “Fairbanks Four.” He gave special thanks to the law firm of Dorsey & Whitney for the four attorneys they provided to AIP and to his family for their support while working grueling hours to help the Fairbanks Four. Mr. Oberly updated the board on how the Fairbanks Four are adjusting to life after prison, particularly after giving up their right to sue the State of Alaska (after serving 18 years) to be released early rather than remain in prison for another eight months to a year awaiting the outcome of the hearing. He noted that during this hearing “non-experts” were allowed to testify. No services or assistance for exonerated innocent people exist, he added, and people who are guilty are offered more services than someone innocent/exonerated. He reported that HB 55 would give those wrongfully convicted an opportunity to pursue compensation. It is unclear whether that would apply to the Fairbanks



AFN FISCAL TOOLKIT

The toolkit was emailed to the AFN board and membership.

Alaska faces a period of fiscal uncertainty unrivaled in state history. In the current fiscal year, unrestricted general fund revenue will cover only 40% of the state's operating budget, leaving a \$4 billion disparity between revenue and spending.

The state has already implemented a 35% reduction in spending; however, cuts alone cannot balance the budget. Moreover, neither North Slope oil production nor global oil prices are expected to increase sufficiently over the next decade to cover the state's large revenue shortfalls.

The state is paying for this deficit by drawing down on its savings, but this is not a long-term solution. State lawmakers need to act now to close the gap between spending and revenue. Effective action will require lawmakers to make some very big changes in how the state spends money.

WHAT AFN HAS DONE

The Alaska Federation of Natives is watching the situation very closely. A Fiscal Committee was formed last December to better understand how the state got here, and how the Governor and the Alaska State Legislature plan to get Alaskans out of this dilemma.

AFN convened a Winter Leadership Retreat in Juneau on the fiscal situation last month, and the Board of Directors passed a resolution

urging the Governor and Alaska State Legislature to assume their leadership duties and responsibilities and find a solution in 2016.

We will continue to advocate for fair and equitable cuts to the state's budget and identify opportunities for expanded tribal contracting/ compacting of services. However, for AFN to continue to adequately support our efforts we need our members and the Alaska Native community to be informed on our fiscal situation and actively engaged. AFN has put together this "Fiscal Toolkit" to help inform you of the realities of the fiscal situation and how to start a dialog with your organization, community, and elected representatives.

LEGISLATIVE PROPOSALS

The Alaska Legislature is actively considering a number of solutions to bridge the gap in state spending and revenue. Attached is a matrix we created, outlining the many proposals that are being considered in Juneau.

Governor Walker has a comprehensive plan that includes a "re-plumbing" of Alaska's Permanent Fund, essentially transforming it into a sovereign wealth fund, while leveraging federal resources, implementing new/increased taxes and others.

Additionally, Senator McGuire and Representative Hawker have similar bills that use the Permanent Fund to bridge the gap in state revenue and spending. However, even if the Legislature adopts some version of these bills or ideas, a significant fiscal gap will remain without additional revenue. Below are links and information to both bills:

HB 224 seeks to make 4.5% of the value of PF-ER available to the state annually, and to cap the PFD at \$250 to \$2,000 or eliminate it altogether in the years the amount required to balance the budget exceeds the corresponding year's earnings.

SB 114 aims to alter the way natural resources royalties are utilized by distributing 74.5% of the monies directly as PFDs through a new fund – thus precluding the income from ever being deposited into the PF – and stipulating that dividends would be a minimum of \$1,000. The Unrestricted Government fund would similarly cease receiving natural resources royalties, and instead utilize a portion of the PF equal to 5% of the value of the fund based on a (5) year rolling average.

You can contact your elected representative to urge them to take action by clicking [here](#).

RESOLUTION AND TALKING POINTS FOR YOU TO GET ENGAGED

AFN asks for your help to continue educating those around you and in your organization and community about your role in Alaska's future.

To this end, we have put together a sample resolution you can download for your community, tribe or organization to consider urging our elected officials to take action and make a meaningful impact in 2016. We have also assembled some key talking points and takeaways from AFN leadership retreat and fiscal committee.

Our ultimate goal is a stable and sustainable economic future that is fair and equitable to all Alaskans.

KEY TAKEAWAYS FROM THE FEBRUARY 11 AFN LEADERSHIP RETREAT

Natives peoples must become fully informed and engaged in the state's fiscal crisis to understand the imminent changes in state government and services.

Native peoples must be engaged and considered in all decision-making.

The Governor and the Alaska State Legislature must initiate efforts to address the fiscal uncertainty while maintaining the state's constitutional obligations and responsibilities to its citizens.

The Alaska Federation of Natives will support balanced measures to achieve a comprehensive solution that includes a sustainable budget, but will resist outcomes that place an inequitable burden on Alaska Natives and rural communities.

THE CURRENT SITUATION

The crisis is real. The situation is serious. Poorly informed public policy will damage the successes we worked so hard to achieve such as the tribal health care system, village public safety officer program, headstart, etc.

This is a new era: Alaska is going from a government funded 90% by oil to 40% – The Permanent Fund is earning more than state oil revenues.

The proposed changes to state revenue and spending (i.e., budget cuts) WILL impact every Alaskan, in every part of the state—particularly rural Alaska and Alaska Natives.

NATIVE LEADERSHIP

We don't want to live with someone else's solution – it is up to us to get involved in the process.

Maintaining the status quo is not an option – we have the ability to affect the outcome.

We are not willing to go back in time or be marginalized by society.

We are organized and we vote! We can tell the legislature to take action this year or risk losing office.

It's about balance on many levels, including protecting and creating more opportunities to advance our education, standard of living, and quality of life.

If you are not educated about our state's fiscal situation, get educated and inform those around you.

There are opportunities for the Native community to engage in greater tribal contracting/ compacting and to assume services and programs traditionally administered by State of Alaska.

Any Native fiscal plan should address sustainable communities and that includes food security for our traditional ways of life.

PLANS, ACTIONS AND OUTCOMES

If we let the Alaska Legislature do nothing but continue down the path it's already on, we will deplete our savings and permanent fund earnings reserve in four years. There will no longer be a PFD.

The Alaska Legislature must act fairly and equitably when cutting programs and services in urban and

rural Alaska. There needs to be balance.

The Alaska Legislature needs to do the right thing for ALL Alaskans, not worry about their election.

If a solution, especially cuts only, is done wrong, it will be devastating and likely disproportionately impact rural Alaska. "Smart cutting" or the resizing the state government, needs more time than what is left in the 90-day session.

Budget votes will require three-quarter votes of each legislative chamber if they intend to tap the Constitutional Budget Reserve (CBR). This makes it harder to pass a "grand plan." The Native community has to be organized and smart to actively engage in the process.

A lower bond rating impacts everyone. Alaska's rating will continue to fall if the Legislature does nothing to address the gap in state revenue and spending. This means less potential investment in Alaska and economic activity.

Food security is a major concern in rural Alaska. With the state budget in decline, opportunities for co-management with Native tribal organizations should be actively pursued.