

# Perspectives

COMMENTARY

## Alaska’s ‘misery index’ could help find least painful way to solve budget deficit

John Davies

Alaska faces an unprecedented budgetary challenge with a potential deficit of \$4 billion for the next fiscal year. The good news is that we have many options that are available to us to meet this challenge and the bad news is that they are all miserable in one way or another. The best we can do is to pick the least harmful set of choices.

A report by the University of Alaska Institute of Social and Economic Research presented to the Legislature recently is a big help in making these choices. I commend this report to anyone who wants to help craft the best solution to our budgetary challenge. It does not have all the answers nor does it offer a silver bullet, but it does give some very useful data in finding a solution that will have the least short-term negative impact on our economy, that will keep the most jobs here in Alaska, and will position us for a faster recovery to a



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more robust long-term economy.

This report, Economic Impacts of Alaska Fiscal Options, was commissioned by the Alaska Department of Revenue and its Office of Management and Budget, and was written by ISER professors Gunnar Knapp, Matt Berman and Mouhcine Guettabi. Because the report covers many options and combinations of those options, it is quite complex and contains many tables with lots of numbers that can be hard to digest. To simplify and make the results a little more clear, I focused on the

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For job losses I divided the numbers by 5,000 and for income reduction I divided by 1 million so that each impact is represented as a number between 1 and 4. The sum of the job loss index and the income loss index is the “misery index.” The smaller the index, the lower the misery associated with that choice. So for example, if we filled \$2 billion

of the budget deficit using an income tax and by saving less, the misery index associated with that particular choice is 2.6; whereas, the index for filling that deficit using spending cuts and dividend cuts is 6.2 — over twice as much misery!

As the report authors note, there are other significant factors to consider, so by themselves these job and economic impact estimates are not sufficient to make the choice about how to balance the budget. However, they do point out that not all of the choices are equally miserable and, in particular, one of the least miserable is the income tax. Another interesting result is that some choices, like the cut-only ones, take almost three times as many jobs out of the economy compared to the income tax/save-less combination. Finally, the authors point out that the only option that has no short-term impact on jobs or income is the “save less” option; however, it does have impact

on future generations. An example of “save less” would be to cease inflation proofing the Permanent Fund.

To fill the massive budget hole facing us, it is clear that we need to use all of the major options: some use of the earnings of the Permanent Fund (save less), some broad-based tax (income or sales) and some careful cuts (dividend and services). The ISER report should help inform finding the best solution that is balanced, sustainable, predictable and the least miserable.

Dr. John Davies is a former student and faculty member at the UAF Geophysical Institute, state seismologist at the Division of Geological and Geophysical Surveys, member of the Alaska House of Representatives, and research director at the Cold Climate Housing Research Center. He currently serves as the presiding officer of the Fairbanks North Star Borough Assembly and treasurer of the University of Alaska Board of Regents. This commentary is his personal statement and does not necessarily represent anyone else.

## Letters to the Editor

### Please show veterans respect

March 29 — Vietnam Veterans Day — marks a day of remembrance, a day for people across the state to honor those who served in Vietnam.

Throughout the span of the Vietnam War, nearly 3 million military personnel served with distinction, roughly 1,300 were kept as prisoners of war or went missing in action, and over 58,000 died, including 57 fellow Alaskans.

While members of the armed forces suffered from physical injuries and mental trauma, they were also disrespected by civilians who did not, could not, understand the hardships they had endured.

Veterans of Vietnam should know that we honor their service, and pay tribute to those who sacrificed their lives serving. Today, March 29, please show our veterans all across the state our utmost respect, gratitude and support by saying, “Welcome home.”

— Sen. Charlie Huggins, R-Wasilla  
Rep. Steve Thompson, R-Fairbanks  
Joint Veterans Caucus  
Juneau

### Bravery needed this session

Those legislators in Juneau sanguine about the enormous structural deficits and looming economic crisis facing Alaskans might want to consider this scene from “Star Wars, Episode V.”

Luke Skywalker: I won’t fail you. I am not afraid.

Yoda: Oh, you will be. You will be.

Difficult decisions are going to have to be made this session so as to put the state budget on a sustainable course. Time is running out. Cuts and tax hikes will only put a dent in the deficit. The Permanent Fund is part of the solution. It is going to take courage.

And remember Benjamin Franklin’s famous admonition to fellow delegates in 1776. He said, “If we don’t hang together, we most certainly will hang separately.” Gridlock is



not an outcome that voters will tolerate this time around. The future of the state is at stake. Be brave.

— Jeff Pantages  
Anchorage

### Take ownership of your offspring

If you choose to parent a child take responsibility for that child until they are 18. If a child commits a crime, as a community let’s hold their parents as well as the individual legally and financially responsible. Let’s publish the names of minors accused of their illegal behavior. Let’s change our Alaska laws and Anchorage ordinances and hold both the parents and the minor, no matter their age, equally financially and legally responsible for the illegal behavior. If you choose to conceive and give birth to a child it’s your responsibility until they turn 18! Your choice today should live with you for 18 years and 9 months. Think about that today!

— Chuck Lund  
Anchorage

### PFD not ‘earned’ by anyone

Legislators, do your job and fix the revenue problem NOW even if it requires taking the Permanent Fund dividend.

The Permanent Fund money handed out every year has not been “earned” by any of us; we think we deserve this money because of our “entitlement” mentality. We don’t deserve anything we haven’t earned! Our politicians need to show some courageous leadership and use all reasonable options to raise revenue and pay for state government. If that means taking or reducing the PFD “entitlement,” so be it.

You were elected to make smart, necessary and difficult decisions. Do your job.

— Elliott T. Dennis  
Anchorage

### Show us your guts, Juneau

Alaska needs a hero. In fact, we need 60 heroes who will no longer be in the “majority” nor the “minority.” We need 60 men and

women to stand up and be an honest reflection of each of their elected districts. You were elected by the people, for the people.

We need these men and women not to worry about their re-election campaign but instead have the integrity to do what must be done today for Alaska to survive and prosper. We need our courageous leaders to mush into lay-forgotten territory and make the tough calls for what they know is right for our great state!

In his State of the State speech, Gov. Walker pointed out that, “Governor Wally Hickel used to say, ‘Before we had money, we had guts.’”

Show me your guts, #akleg!

— Evelynnn Trefon  
Newhalen

### Is Bill Sheffield involved?

Anchorage has been attempting to modernize their data systems using the SAP software system, which has been around since 1972 originating in Germany. Many U.S. businesses use it including IBM and ConocoPhillips. Our team of “experts” from Outside have been at it for four years at an average cost of \$300 per hour and have still failed to complete it, wasting millions. Now we’ve hired another “expert” out of Pennsylvania for \$650,000 to manage the “experts.”

Don’t we have any smart people here? A rhetorical question.

What is it about large projects and Alaska anyhow? Do we add this one to the Mat-Su ferry, the Anchorage port, Knik bridge, Mat Maid and all the other boondoggles and failures? Bill Sheffield isn’t involved is he?

— William Ahrens  
Eagle River

### Join the conversation:

Send opinions or comments of less than 200 words to letters@alaskadispatch.com or enter them at [www.adn.com/content/submit-letter-editor](http://www.adn.com/content/submit-letter-editor). Letters may be edited for clarity, accuracy and brevity. Send items longer than 200 words to [commentary@alaskadispatch.com](mailto:commentary@alaskadispatch.com). With submissions, please include your town of residence and a daytime phone number for confirmation. For longer pieces, please also include a short author’s bio.

COMMENTARY

## How to fatten Alaska’s wallet by way of its stomach

Patrick Cunningham

The Greek physician Hippocrates, the founding father of natural medicine, considered illness a natural phenomenon that forces people to discover the imbalances in their health. He stressed, “Let food be your medicine and medicine be your food.” This is in stark contrast to the majority of health care providers who depend on synthetic drugs to treat illness, and particularly the “diseases of affluence:” cardiovascular diseases, cancer and Type 2 diabetes. These diseases result in an early death for many Alaskans, who with a proper diet, need not die from these chronic illnesses. The western diet rich in saturated fat, sugar, red/processed meat, dairy and refined grains, including alcohol, are highly responsible for early death. Replacing this diet with one rich in vegetables, fruits, whole grains, legumes and fish will virtually eliminate these diseases and others related to them, such as Alzheimer’s disease. Recent videos “Forks over Knives,” “PlantPure Nation” and “That Sugar Film” attest to this.

Alaska’s 2015 budget includes \$1.6 billion to pay for health-related costs. Health expenditures are averaging \$9,128 per year in Alaska for every man, woman and child, according to the Kaiser Family Foundation. Alaska is facing billion-dollar



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deficits and the Legislature reacts by “reforming” the major program that merely perpetuates the problem and states that Medicaid cannot be sustained because of its mushrooming costs each year.

A solution available, but yet to be implemented, is concentrating upon improving the health of Alaskans. Needed are public education programs promoting major nutritional changes in what many Alaskans eat resulting in the obesity epidemic that reaches down to include young children. Obesity is directly related to the diseases of affluence and early death rates. Rep. Paul Seaton has long been an advocate for the use of Vitamin D3 to improve Alaskans’ health. Needed is a more holistic approach that not only includes the use of vitamins but also major diet change. The film “PlantPure Nation” demonstrates in dramatic fashion how people at risk for cardiovascular disease were able to lower biometric

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indicators by eating plant-based whole foods for only 10 days.

The creation of public policy and programs that would effectively change the artery-clogging, inflammatory, high-sugar foods diet to one that is primarily whole plant-based foods, would not only result in a healthier population but also save the state from spending billions of dollars on health care costs. Existing health care programs would then be sustainable.

We need to take the politics out of the food industry by informing the public of the health risks of too much sugar, animal protein and dairy, and pressure this industry to create healthier food and avoid food processing. School lunch programs that are heavily influenced by the food industry will require dramatic changes and removing all fast-food products from school vending machines. Mexico has gone as far as forbidding any fast-food advertising

on television. Charging tax on food products where the sugar content is higher than the government daily recommended amount of 12 teaspoons, which is found in one can of soda, is a good start for the Legislature to consider. This would be more effective than New York Mayor Bloomberg’s proposal banning jumbo soda, which was ruled unconstitutional. Smoking tobacco products declined substantially due to public health education and the high taxing of the product.

Doing the same for harmful processed foods will be necessary. The government has finally succeeded in getting trans fat removed from food products despite pushback from the food industry. In the late-1970s government was effective in removing high-fat content and the creation of low-fat foods. Manufacturers found, however, that when fat was removed the product tasted awful and thus sugar was used as a substitute. If these products were removed from grocery store shelves, very few products would remain. Also with an abundance of milk fat, the dairy industry created an onslaught of cheese and ice cream products for the consumer. This was pointed out in the video, “That Sugar Film.”

The use of synthetic drugs by pharmaceutical companies and the

high cost associated with them is another area for health care reform. Drug companies cannot become as rich as they are accustomed by using organic whole plant-based food to treat illness. Instead of using food that contains ingredients to treat illness with no side effects, they create a synthetic substitute with the accompanying side effects and which is often not as effective. Blueberries and coconut are being identified as being able to attenuate cognitive decline and drug companies are working on creating a synthetic drug in order to raise their profit margins. Current drugs for the treatment of Alzheimer’s disease slow down the progression. Eating less expensive egg yolks will have the same effect on the brain, with no side effects.

Often the answers to our problems are found by looking to history and, in this situation, it was Hippocrates who stated, “Let food be your medicine and medicine be your food,” which points the way to better health, cost savings and direction for a Legislature wishing for a balanced budget.

Patrick M. Cunningham is an associate professor in the College of Health at the University of Alaska Anchorage. He recently earned a certificate in plant-based nutrition from T. Colin Campbell Center for Nutritional Studies, Cornell University.