

Understanding Alaska State Finance: What Citizens Want to Know
and How to Convey that Information Effectively

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Introduction

Fiscal policy is a major dilemma for this state. State oil revenues have been declining since 1982. Despite cuts in the state's general fund spending--down from a high of \$2.9 billion in FY1982 to \$2.5 billion in FY2002--the state budget has been in deficit eight of the last ten years. The FY 2002 deficit constituted nearly one third of the state general fund budget.¹ At the current rate, the Constitutional Budget Reserve—the savings account which is being drawn down to cover the deficit—will be exhausted in about two years. Political opinion is so fragmented on the question of what to do that the legislature has been unable to forge a fiscal plan to address the issue. Indeed, the very nature of the problem is contested.

This fiscal uncertainty is a drag on the state economy. Businesses don't know whether the economy three years from now will crash from the effects of massive budget cuts, whether they will be faced with major new taxes, whether the public services on which they, their customers and employees depend will be impaired, or whether high oil prices and new development will save the day. Uncertainty increases the cost of doing business and dampens investment.²

Results from a state wide fiscal opinion survey last year (Moore, 2001) suggest that voter attitudes are a major factor in the current policy impasse. While 80 percent feel that some kind of fiscal plan is needed, only one third are very likely to support some kind of plan involving taxes and permanent fund earnings, another one third somewhat likely to support such a plan, and one third not very or not at all likely. Analysis of the data shows that more informed voters, with a more accurate understanding of some basic facts about Alaska's fiscal structure, are more likely to support a plan involving taxes and permanent fund earnings. But a large fraction of voters do not trust the government as a source for information on fiscal policy: 40 percent do not trust the legislature, and 30 percent do not trust the governor. Throughout the survey, pervasive mistrust appears as a major stumbling block to resolving the state's fiscal problem.

Research, information and analysis from trusted sources is key to breaking this policy impasse. Who do citizens trust for information on fiscal policy? The four most trusted sources, in rank order, are Governor Jay Hammond, the League of Women Voters, Arliss Sturgulewski, and university economists. (Moore, 2001) University research organizations such as ISER have a role to play in providing information and analysis to

¹ The total FY2002 budget, including the permanent fund, federal and other restricted funds, was \$7.4 billion. Unrestricted state general purpose funds comprised \$2.5 billion of the total. The deficit, funded with a draw from the Constitutional Budget Reserve, was \$0.74 billion.

² A company was evaluating Anchorage as a site for expanding its business operations, and ultimately decided against it. One of the deciding factors was the totally obscure future of either property taxes or sales taxes or income taxes. The CFO of the company said that they could not do a credible business plan with such potentially large unknown costs. They did not believe that Alaska would go on for ten or twenty years without some form of general tax. *Area Development Magazine*, December 1998, annual Survey of Manufacturers, provides national survey data addressing incentives to relocation and the effect of uncertainty on development decisions. --Patty DiMarco, formerly with the Anchorage Economic Development Corporation.

voters, citizens groups and media. University researchers have independence, analytic capacity, and the highest trust rating of any public entity. State agencies are the major sources for basic data about government activities.

The primary purposes of this research are to explore how citizens receive information and form their opinions on fiscal policy, to develop educational materials on fiscal policy that address citizens' desire for credible, understandable information, and to generate recommendations on how the university and state agencies can more effectively provide, present and distribute information and research.

Though the present research is focused on one field of policy, it illuminates a general dynamic that impairs policy making on a range of poorly understood, politically contentious issues. The implications of this research may apply as well to issues such as health care finance, subsistence, and economic development policy. The recommendations apply to a range of government agencies, as well as non profits and independent research entities such as ISER.

Our research included a random sample of Anchorage voters and two focus groups. The survey asked super-voters about their opinions on state fiscal policy and about the sources for their opinions. The focus groups targeted voters in the middle half of the opinion spectrum for whom information matters. We asked them to review and comment on a set of slides providing information about state finances and fiscal policy options. The products of the research include this report on our survey and focus group findings, and the finished set of downloadable slides, with narrative text, suitable for use by teachers, civic groups and policy makers making presentations. (See "Understanding Alaska State Finances" at <http://www.iser.uaa.alaska.edu/Home/ResearchAreas/FiscalPolicyAnalyses.htm>) These educational materials are now in use by the Anchorage School District, civic groups and legislative staff.

Methodology

The research focused on super-voters in Anchorage. Super-voters were defined as registered voters who voted in three out of the five most recent elections.³ Super-voters were the chosen target on the premise that they are the key opinion leaders both for elected policy makers and for other, less involved citizens they associate with. An additional advantage was that by using a comparable sample frame, our survey results could build on the earlier survey work by Moore. A third rationale was that the survey was used as a screening tool to recruit focus group participants: for these we wanted concerned, involved citizens. The survey was limited to Anchorage both to contain costs--resources for the study were tight--and to target persons within driving distance to our focus group site.

Two data collection instruments were used for this inquiry: a telephone survey of super-voters, and a series of focus groups. These instruments appear in appendices A and B.

The survey was a random sample of super-voters. The focus group participants were a subset of the survey respondents. We targeted super-voters, in the middle half of the

³ The September 1999 special election; the August 2000 primary; the November 2000 general; the 2001 local; and the April 2002 local election.

opinion spectrum, for whom information matters, on the premise that they are the pivotal audience for research and information on state finance and fiscal policy. Middle voters were defined as those without strong opinions on fiscal policy: specifically, those who answered questions one and two with intermediate scores. (see Box 1.) Information matters was defined as ranking research and information sources as their first or second most important sources used in forming an opinion about state fiscal policy. (See Box 1.) Forty-seven percent of our respondents passed the screen.

Box 1. Definition of Median Voters for Whom Information Matters

Q1. ...On a scale from 1 to 10, where 1 means “no problem at all” and 10 means “a really serious problem,” how serious do you believe the fiscal gap is?

Q2. “...how likely is it that you would support efforts to enact such a [fiscal] plan? Is it extremely likely (1), very likely (2), somewhat likely (3), not very likely, or not at all likely (4)?” Don’t know / Not sure (8)

If Q1 response = 3 – 8 and Q2 response = 2 – 4, or 8 → “Median Voter”

Q4. ...I’m going to read you a list of four different sources you may use in forming your opinion. Please rank them in order of importance to you....
c. Information you receive from university research, web sites, media, or other sources...

If Q4c response = 1 or 2 → “Information Matters”

In the two focus groups we presented and discussed slides of information on Alaska finances and fiscal policy options. After each group of slides we broke to discuss them. Did the slides address what they wanted to know? What additional information would they like to have? Were the slides easy to understand? Was the information credible? What could be done to make it more understandable and more credible?

Response Rates and Non-response Bias

As of August, 2002, there were 185,175 registered voters in the Anchorage Municipality; 50,192 qualified as super-voters; 35,134 had listed telephone numbers; Motznick Computer Services provided us with a random sample of 1000. We worked this list until we had filled our focus groups. In the course of this we completed 190 screening interviews. We had 69 refusals and one person we were unable to interview due to language barriers. Another 198 individuals were called one or more times, but were never reached by the time our interviews were suspended. Counting these but excluding the invalid numbers, our response rate was 42%. Table 1 shows the disposition of all our interview attempts.

The profile for our 190 respondents by gender and party registration matches well the profile for the 1000 random super-voters in the sample frame. (Table 2) Although the response rate is low, there is no evidence of non-response bias.

Table 1. Disposition of Interviews

Study disposition	Frequency	Percent
Complete	190	39.3%
Refused	69	14.3%
Unable to be interviewed / language	1	0.2%
Not contacted	198	40.9%
,Invalid number/name	26	5.4%
Total attempted	484	100.0%

Table 2. Demographic Comparisons

	<u>SAMPLE FRAME</u>		<u>RESPONDENTS</u>		<u>MOORE, 2001</u>	
	Count	Percent	Count	Percent	Count	Percent
Party Registration						
Republican	297	29.7%	63	33.2%	43	26.2%
Democrat	151	15.1%	27	14.2%	35	21.3%
Independent, Undeclared & Other	552	55.2%	100	52.6%	86	52.4%
Total	1000	100.0%	190	100.0%	164	100.0%
Gender						
Male	543	54.5%	111	58.4%	87	53.0%
Female	454	45.5%	79	41.6%	77	47.0%
Age						
mean		-		52.52		52.75

The focus group participants were demographically similar to the respondents as a whole, though they were a little less likely to be party affiliated.

Opinions Over Time

Our first analysis was to compare our survey results with the earlier Ivan Moore opinion survey. The Ivan Moore survey was conducted in August, 2001, and completed telephone interviews with 164 randomly sampled Anchorage super-voters. Their sample frame was comparable to ours—registered voters who voted in three or more out of the five previous elections—though it was drawn one year earlier and so encompassed a different set of elections. We do not have information on non-response rates.

Table 2 compared the two respondent groups by age, gender and party affiliation. Our group is slightly more male and Republican, but the difference is not statistically significant. The average age, 53 years, was virtually identical between the two samples.

We start seeing differences in the opinion variables, however. Table 3 shows that both groups see the fiscal gap as a serious problem, but voters today are significantly more likely to support a fiscal plan. They are less likely to see budget cuts as a solution.

Table 3. Opinions are Changing

	ISER 2002 (N=190)	Moore 2001 (N=164)	Significance*
	mean score	mean score	
How serious do you believe the fiscal gap is? (10 = "a really serious problem")	6.83	6.05	**
How likely is it that you would support efforts to enact such a plan? (1=extremely likely)	2.86	3.04	-
Agree / Disagree: (1=strongly agree, 5= strongly disagree)			
I don't think we need a fiscal plan. The state still has lots of money.	4.23	3.82	**
We can solve our fiscal problems just by cutting state government spending.	3.46	3.10	*
A fiscal plan will just give politicians more money to waste.	3.39	2.98	*

* two tailed t-test for equality of means, * = significant at the .05 level; ** = significant at the .01 level

Elements of a Fiscal Plan

For each in a series of ten statements about fiscal options, respondents were asked whether they strongly agree, agree, are neutral, disagree, or strongly disagree. As Table 4 shows, the median voter⁴ is open to all the alternatives. They generally favor taxing

Table 4. Opinions on Elements of a Fiscal Plan

Agree or Disagree:	Mean Score*	Median Opinion
Let's tax the tourists and nonresidents.	2.42	agree
The only sound approach is a balanced fiscal plan, including spending limits, new taxes, and Permanent Fund earnings.	2.89	neutral
More economic development will solve the problem.	2.95	neutral
Let's increase taxes on oil.	3.00	neutral
I won't support a plan if it includes an income tax.	3.17	disagree
I won't support a plan that would reduce my future Permanent Fund dividends.	3.26	disagree
I won't support a plan if it includes a sales tax.	3.49	disagree

* 1=strongly agree, 3 = neutral, 5 = strongly disagree

⁴ The voter exactly in the middle of the spectrum of respondent opinion on any given question.

tourists and non residents, are undecided about new oil taxes, and won't rule out sales taxes, income taxes or reducing Permanent Fund dividends. The median voter does not believe we can solve our fiscal problems with budget cuts. They are agnostic about whether economic development will solve the state's fiscal problem.

How do Voters Form Their Opinions?

The centerpiece of this research is inquiry into how voters form their opinions and how they get information. Our respondents were asked to reflect for a moment on how they form their opinions about state fiscal policy, then rank in order of importance a list of four possible sources for their opinions. Table 5 shows their first and second ranked sources. Sixty percent of our survey respondents said that information they receive from university research, web sites, media, or other sources was their most important source, and another 15 percent ranked it second. More than half said that the opinion of someone they trust is either the first or second most important source for their opinion. One third said that the views of an organization they trust is an important source for their opinion. And one third ranked how they feel about government in general as a key basis for their opinions about state fiscal policy.

Table 5. Sources of Opinion

Source of Opinion	1st	2nd	Combined %
Research or media	111	26	74.7%
Trusted person	35	63	53.4%
Trusted organization	16	49	35.4%
Attitude toward government	22	45	36.5%
Total	184	183	

The 75 percent that ranked information as their first or second source were asked where they get their information. Table 5 lists the sources mentioned in order of frequency. Media—television news and newspapers—are, as expected, the most frequent source of information. There are nuances here, however, that this survey did not effectively measure. Some people specifically noted news stories as their principal source, while others identified the editorial and opinion columns and talk shows. Some people openly expressed skepticism about the Anchorage Daily News as a source. As for other media, radio—public radio in particular—the internet, university research, and literature received in the mail, all had significant mention.

Table 6. Sources of Information

Category	Count*	Percent*	Non-dup Count	Cum. Percent
Newspaper	89	64.0%	89	73.6%
Television	64	46.0%	13	84.3%
Internet	32	23.0%	8	90.9%
Radio	28	20.1%	3	93.4%
Other	63	45.3%	8	100.0%
Non-specific	18	12.9%	18	-
Total responses	139	100.0%	139	

* Exceeds total sample due to multiple responses.

The group that ranked the opinion of someone they trust as their first or second source most often mentioned a friend, coworker or relative. The political figure most often mentioned by name was Jay Hammond. Persons qualified by occupation included Scott Goldsmith, church pastors, and journalists. Even when mentioning friends and family, respondents often noted their credentials such as well informed, politically knowledgeable, or their profession.

Table 7. Trusted Persons

Category	Count*	Percent*	% excluding don't know / no answer*
Immediate family member	29	29.6%	33.7%
Friend, co-worker or relative	42	42.9%	48.8%
Politician	15	15.3%	17.4%
Other person qualified by occupation	12	12.2%	14.0%
Non-specific answer	6	6.1%	
Don't know / none	4	4.1%	
No answer	2	2.0%	
Total Respondents	98		

* Exceeds total sample due to multiple responses.

The respondents who ranked the opinion of an organization they trust as their first or second source most often mentioned independent research groups, primarily ISER, and Christian organizations. A broad range of civic groups, including business, professional union, civic and social service groups, were frequently mentioned. Political parties and political interest groups were mentioned least frequently as trusted sources of opinion.

Table 8. Trusted Organizations

Category	Count*	Percent*	% excluding don't know / no answer*
Independent research group	12	18.5%	27.9%
Christian organization	10	15.4%	23.3%
Business, professional or union group	7	10.8%	16.3%
Civic or social service organization	7	10.8%	16.3%
Interest group	6	9.2%	14.0%
Political party	5	7.7%	11.6%
Nonspecific	9	13.8%	-
Don't know / Non-responsive / None	13	20.0%	-
Total respondents	65		

If we combine trusted people and trusted organizations in an unduplicated count, three quarters of our respondents use a trusted person or organization to help them formulate their opinions. This suggests that opinion and dialog are at least as important as raw information in shaping citizen opinion on matters of state fiscal policy.

Table 9 looks specifically at the 26 percent of respondents who do not use information as their primary or secondary source in formulating their opinion on state fiscal policy. The numbers are small and unreliable, but suggestive. It is interesting to note that politicians,

political parties and Christian organizations rank higher as trusted sources of opinion for this subset of voters who cannot be reached directly with information.

Table 9. Opinion Sources for those for whom information is not very important

Trusted Person	Count	Percent
Politician	11	31.4%
Other person qualified by occupation	8	22.9%
Immediate family member	7	20.0%
Friend, co-worker or other relative	4	11.4%
Non-specific answer	5	14.3%
Total valid responses	35	100.0%
Trusted organization		
Political party	4	17.4%
Christian organization	4	17.4%
Interest group	3	13.0%
Business, Professional or Union organization	1	4.3%
Independent research group	1	4.3%
Nonspecific	6	26.1%
Don't know / Non-responsive / None	4	17.4%
Total valid responses	23	100.0%
Attitude toward government		
Negative	7	43.8%
Positive	5	31.3%
Mixed	2	12.5%
Unresponsive	2	12.5%
Total valid responses	16	100.0%

Information and Opinion

How citizens form their opinions is highly correlated with the content of their opinions. Table 10 shows that people who rank information as the most important source of their opinion are much more likely to support a balanced fiscal plan than people who rely primarily on trusted organizations or persons or general attitudes toward government in forming their opinions. They are also more likely to disagree with budget cuts as a strategy, and support income taxes and use of Permanent Fund earnings.

Table 10. Information Users Support a Fiscal Plan

	Information is #1 (N=111)	Other Sources #1 (N=72)	t	Significance
	Mean*	Mean*		

How likely is it that you would support efforts to enact such a plan? (1=extremely likely)	2.59	3.15	-3.02	0.00	**
The only sound approach is a balanced fiscal plan, including spending limits, new taxes, and Permanent Fund earnings.	2.65	3.24	-3.29	0.00	**
We can solve our fiscal problems just by cutting state government spending.	3.64	3.22	2.02	0.04	**
I won't support a plan if it includes an income tax.	3.37	2.97	1.97	0.05	*
I won't support a plan that would reduce my future Permanent Fund dividends.	3.41	3.03	1.92	0.06	*
I don't think we need a fiscal plan. The state still has lots of money.	4.34	4.07	1.85	0.07	*
A fiscal plan will just give politicians more money to waste.	3.52	3.19	1.72	0.09	*
I won't support a plan if it includes a sales tax.	3.62	3.39	1.27	0.20	
More economic development will solve the problem.	3.02	2.85	1.09	0.28	
Let's increase taxes on oil.	2.95	3.07	-0.69	0.49	
Let's tax the tourists and nonresidents.	2.41	2.39	0.13	0.89	

* significant at p<.1 ** significant at p<.05

What They Want to Know

Near the end of the survey we asked “Is there information you would like to have that would help you develop your opinion on state fiscal policy questions?” As Table 11 shows, almost half of respondents did not want more information; some of them noted that there is plenty of information available.

Table 11. Is there additional information you would like to have?

Count	Percent (ex. NA)	Response Category
77	47.5%	No
60	37.7%	Yes:
32	19.8%	Citizen's Guide to the budget information
7	4.3%	Fiscal plan information, tax or spending limit
4	2.5%	Program accountability and effectiveness
18	11.1%	Other specific information
24	14.8%	Comment on presentation or credibility of information
28	-	Not responsive / Not sure / No Answer
190	100.0%	Total

Of those that want information, about half (20 percent of all respondents) want information that is now available in the Citizens Guide to the Budget. Mostly they want hard numbers, in layman's terms, on where the money goes.

Box 2. What they Want to Know I: the State Budget

“[I want to] know exactly what the money that comes into the state is being spent for. Where does it go?”

“Budget information needs to be put out in logical layman's terms. You don't need to explain this stuff to lawyers as much as [to] the ordinary guy.”

“State budget information that is understandable.”

“It would be nice if it was clear and from a third party—reports about the budget where the dollars are going, etc.”

The other half want information on a variety of things, including fiscal plans and program effectiveness.

Box 3. What they Want to Know II: Other

“Things like the fiscal gap: I'd like a booklet that comes out to tell us what we are really facing. We need something like that—this is what the issues are and this is what will happen if we choose this way, and this is what will happen for these other choices.”

“The kind of thing I've found helpful right along—when you hear people talk about cutting government spending and then you find that this would mean letting employees go, also DFYS, social services, etc.”

“A really good evaluation and comparison of income tax versus sales tax. Fairness issues. Visible information on how we could tap into the Permanent Fund and still keep it viable.”

“There should be accountability and assessments on the effectiveness of programs we financially support.”

“I think the government should be more up-front with entitlements and subsidy moneys. I think they hide a lot of it.”

“I'd really like to have more information on whether we are under taxing the oil companies.”

“Tax rates that other states place on oil. Clear statement on profits that oil companies really make on oil. Also, the percent of out-of-state employees employed by oil companies. Number of Alaskans employed by oil companies, esp. AK Natives. We've got fishing and timber, etc. Comprehensive studies of social and economic benefits of oil development, mining, timber, commercial fishing. How much government subsidizes industry.”

“Yes, records on how much it now costs to run our legislature, including how much it cost in transportation to send people there and back. How much to move the capitol? I believe it would not cost us that much more to move the capitol than it does to pay and transport and operate the government now.”

“I'd like to find out what the total bonded debt of the state is. How much does the state owe?”

“State should have its own version of “project vote smart,” a nonpartisan place to obtain information. More objective version of voter’s guide.

“People today don’t understand what government does. Why can’t government have commercials so people realize that when you go to get a gallon of gas, you’re really getting a gallon because someone from the government went out this month to check the meters. They forget to ask themselves things like “who picks up that dead body off the street?” I think government should do public education about what services it does provide. People forget and take these things for granted. They don’t realize what it’s like to be without the services that government provides.

The focus groups also contributed data on what citizens most want to know. In addition to the discussion surrounding each slide of information, at the end the participants ranked a list of topics in order of greatest interest to them. (See Appendix B.) These were tallied with weights of four for the topic of most interest, three for the second, two for the third, and one for all other topics of interest. Out of 18 responses, the top topics by a good margin were “How much would I have to pay if we used sales or income taxes?” and “How will each alternative affect the state’s economy?”

Table 12. Topics Ordered by Focus Group Interest (N=18)

Rank	Topic	Total Score
1	How much would I have to pay if we used sales or income taxes?	43
2	How will each alternative affect the state’s economy?	36
3	Will economic development solve the problem?	23
4	Where do current state revenues come from?	23
5	How does the state currently spend the money?	23
6	How much will non-residents and the federal government pay?	19
7	Why is there a budget deficit?	17
8	Where does the money go?	16
9	When will the state run out of money?	14
10	What will happen if we just cut the budget?	14
11	Has state spending increased over time?	13
12	What about user fees, gas, alcohol and other commodity taxes?	12
13	What will happen to my dividend if we used PF earnings to fund state government?	12
14	Does Alaska spend more than other states?	11
15	Doesn’t the state have other funds it can use?	10
16	What about raising oil taxes?	9

How to make information useful, understandable and credible

A large number of survey respondents asked not for specific information content, but that the information be credible (nonpartisan), detailed, and visible—e.g. on the internet. (Box 4.)

The two focus groups echoed and reinforced these survey findings. To make it credible, the first focus group emphasized that sources are important. They are skeptical of information from a political source; they are inclined to trust information from the university. Each unit of information should cite the source. The reader or viewer should

be able to go to that source and see for themselves the original data and how the analysis was done.

Box 4. What they Want to Know III: Truth

“It’s hard to get the truth; that’s the problem. I’d like to have the truth.”

“[I’d like to know] where to go for a nonbiased opinion.”

“I would like to have almost any available information that is out there. Of course, I would not like it to come from any political party.”

“Government has an obligation to give citizens information, and politicians need to provide the truth about things in easy-to-grasp information, as clearly as possible.”

“Specifics. I don’t think that they give the people the full factual information when discussing the issues. Even people I trust sometimes don’t.”

“More visible access to information that is more unbiased. I know information at ISER is available but not always visible. Need for real details of fiscal policy in simple form and unbiased that we can rely on.”

“I hope to rely on the university because I would hope they are a reliable source of information.”

“Information from economists written in plain English.”

“Lots of numbers and facts to back up the numbers.”

“Have to be broken down in dollars and cents—black and white.”

“Websites work great because they can be constantly updated. Also, dedicated news stories.”

They also want to see raw dollars and consistent control totals. They are suspicious that transformations of the data or changes in accounting frame serve a political agenda. This came up over and over again. For example, in the series of pie charts explaining state revenue and spending (Topics 1-3) they were most concerned about total spending and wanted each pie to show the same \$7.4 billion (FY2002) total. We had to carefully establish this total as the reference point and justify a further breakout of the unrestricted general funds portion of the budget before they would accept the next pie chart with a \$2.5 billion total. The transition to the \$4.5 billion operating budget breakout was similarly challenging. Topic 3 added more confusion because it was based on an FY99 analysis.⁵

For Topic 4 they did not want to see state unrestricted general fund spending on operations, over time, on a real per capita basis. They were suspicious of the selection and transformation of the spending data. They wanted to see total spending, all types of

⁵ Even for a given year it was challenging to us as analysts to get consistent set of number to work from. The budget goes through numerous revisions over time from proposed, to preliminary, to enacted, to enacted with supplementals, to actual. Revenue estimates are updated twice a year. The Department of Revenue, Legislative Finance, and the Department of Accounting use slightly different terms and definitions for the various categories of funds.

funds, in nominal dollars. This revision was prepared for focus group two. Group two saw, as they expected, that total state spending has increased over time. Then they were ready to look at the mix of funds between state unrestricted, state restricted, and federal. It was real news that state unrestricted general fund spending—the portion most central to the policy debate—has declined over twenty years. (Federal and restricted spending increased.) Only then were they ready to consider the effects of inflation and population growth.

On that topic, there was considerable debate in group one over which graphic was most effective in illustrating it. While Figure 1a was easier to understand, most of them preferred Figure 1b because it seemed less susceptible to manipulation and spin; it represents hard numbers, not just conclusions. In the same vein, focus group two questioned the analysis of when the Constitutional Budget Reserve will run out of money. The text and bullets in the show provided no supporting data. They thought it would be more effective as a graph showing the declining balance and some of the assumptions it depends on.

When we got to the comparison of income and sales taxes as a function of income, group one did not want to see tax incidence the way economists define it: tax liability as a percentage of income. They wanted to see tax liability measured in dollars. For the second focus group we presented both versions of the chart. They were interested to see the economists' measure after they had satisfied themselves comparing tax liability in raw dollars.

The biggest dilemma in discussing the slide presentation was how much detail to provide. More supporting detail gives the viewer more basis to understand and independently analyze each issue, and anticipates more of their questions. But it also adds confusion as the graphic and narration become too complex to digest, and adds viewer fatigue and overload when it is too intense and the presentation goes too long. Multiple iterations of review and revision (seven to date) helped thresh out what information to add and what information to delete to simplify and shorten the slide show. But our focus groups were a relatively homogenous audience of information-savvy super-voters. To reach a wider audience, the information must be available in different formats and at different levels of complexity.

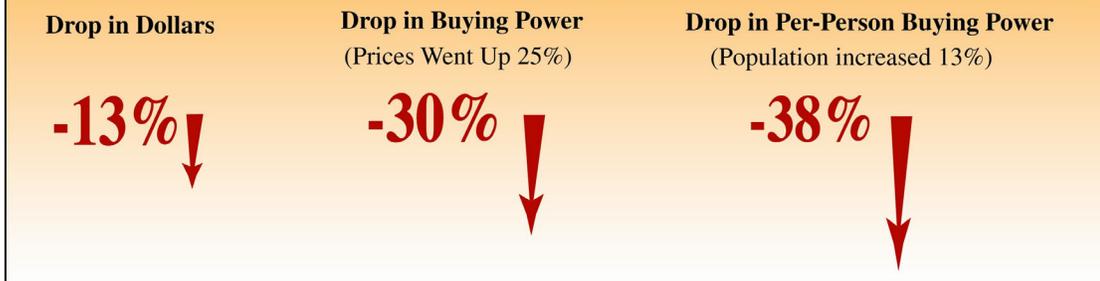
Both focus groups and the three preview groups have all been very enthusiastic that ISER is developing this presentation on “Understanding Alaska State Finances.” They very much want this sort of information groomed for them as an audience and see a great need for it in the larger community. They were quite interested to hear that ISER is also developing the “Citizen’s Guide to the Budget” website.

Implications of these Findings

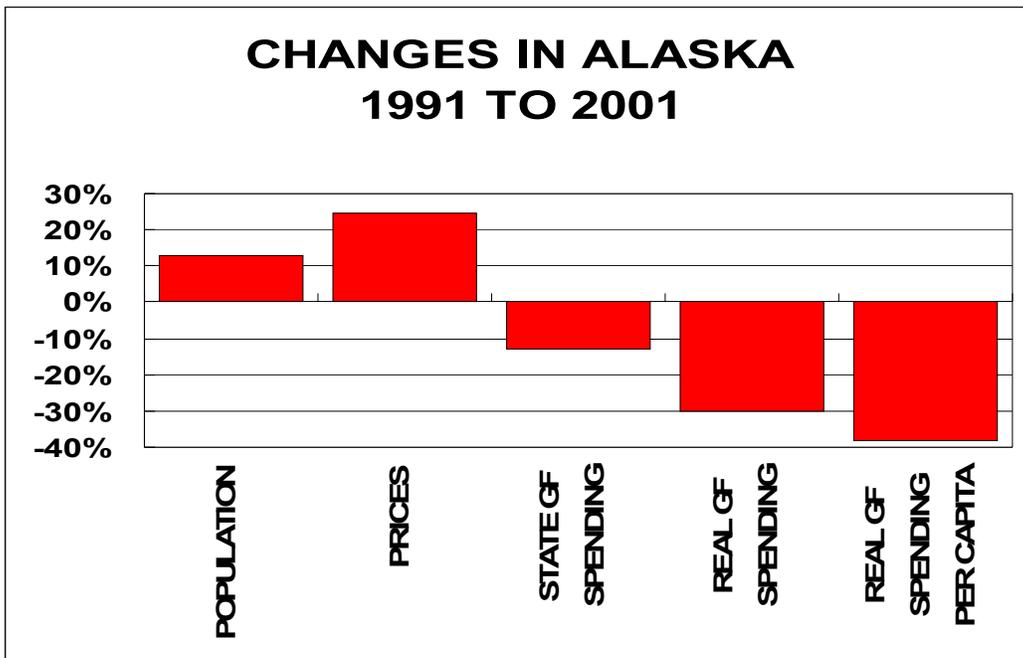
Information plays a crucial role in public opinion and public policy. Well informed citizens hold a narrower range of opinions—are more likely to agree—on questions of fiscal policy, and can hold elected officials accountable for policy choices grounded in facts. In this media-saturated era, citizens are quite skeptical about the information they receive, especially information from political sources. There is earnest desire among citizens for clear, credible information—hard facts—on the biggest, most contentious issue we face: the states’ fiscal problem. State agencies and the university play key roles

Figures 1a&b. Illustrating Real Per Capita Spending

a. **How Much Did General Fund Spending Really Drop From 1991-2000**



b.



in providing good information to the public: agencies are the original source for information about government, and the university is the most trusted source for analysis.

How can agencies and the university best deliver information and analysis to the public?⁶ The survey results show that conventional media outlets—newspapers, television and radio—are crucial, but not enough. Thoughtful citizens (and media reporters) also want to be able to go to the source and see the numbers for themselves, at whatever level of detail that serves their immediate inquiry. The internet is the natural outlet for this sort of reference information.

Citizens also rely to a great degree on dialog and the opinions of others in formulating their own opinion. Good information and analysis must be delivered through channels and in formats that facilitate learning and discussion in all kinds of community groups. There are many organizations that include civic education as part of their mission or format, from classroom teachers, to community councils, to League of Women Voters, to Rotary. State agencies and the university should be preparing informational materials that can be readily used in these and other forums.

References

Ivan Moore Research, August 2001, “Statewide Fiscal Opinion Survey” prepared for Alaskans United.

Greg Erickson, “Candor Goes Way of Hippie,” Anchorage Daily News, December 18, 2002

Appendices

- A. The survey questionnaire and frequencies
- B. Focus group guide and consent form
- C. “Understanding Alaska State Finances” the power point presentation

⁶ Information is a classic public good: everyone benefits from good information, individually and collectively, it is non-rival in consumption, and the marginal cost of providing it is zero.