

In Alaska, One Man Fights To Save Oil Fund As Reserves Dry Up

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Jennifer Pemberton

For 40 years, Alaska has been putting its oil money into a giant savings account. But now the oil — and the money — are drying up.

ROBERT SIEGEL, HOST:

For decades, Alaska has saved its oil money in a sovereign wealth fund, a giant savings account. Well, now the oil and the money are drying up. And the man who pushed Alaska to create that fund is still fighting for its future. From Alaska's Energy Desk, Jennifer Pemberton has his story.

JENNIFER PEMBERTON, BYLINE: After oil was discovered in Alaska in 1968, the state auctioned off leases all along the North Slope and brought in a small fortune. It's still known in this state as the windfall. And lawmakers had a choice - save it or spend it.

CLEM TILLION: Well, I don't have anything but a crude way to say they went and [expletive] it up against the wall.

PEMBERTON: Clem Tillion was a state legislator at the time. He didn't want to spend a dime of that oil money. He wanted to invest it. But other lawmakers were desperate to get the young state off its feet. And in a few short years, they spent all of it.

TILLION: The \$900 million was a disgrace, a total mishandling of the money.

PEMBERTON: Tillion's 92 now. From his home in Halibut Cove, Alaska, an island community he founded, he tells the story of the 10 years he spent fighting to convince the legislature to save the state's oil money. In 1980, he had support for a bill that would deposit exactly \$900 million into the state's new oil savings account and give some of the earnings to residents in an annual dividend. But when it came time to vote, he says a few key opponents refused to bring the bill down to the floor.

TILLION: So I just called the colonel of the state troopers and said, I want them. And both of the troopers looked like gorillas, you know? They went up, just slapped handcuffs on them and brought them down.

PEMBERTON: Thanks in part to Tillion's strong-arming, Alaska got its permanent fund enshrined in the state constitution. But he didn't get everything he wanted.

TILLION: I wanted to save the whole blooming thing, you know?

PEMBERTON: He points out that Norway saves a hundred percent of its oil revenue. And today, its fund has nearly a trillion dollars. That's trillion with a T. Alaska has saved just a quarter of its oil income.

ANGELA RODELL: I'm Angela.

PEMBERTON: Jennifer.

RODELL: Nice to meet you. Do you want to come into my office?

PEMBERTON: Today, the fund has \$60 billion. It's managed here at the Alaska Permanent Fund Corporation in Juneau where Angela Rodell is the CEO. There are computer screens and stock tickers. But this is Alaska, so the analysts are mostly in khakis, no ties.

RODELL: We're having a very good year. And we are up \$7 billion over where we started the fiscal year.

PEMBERTON: That works out to more than \$2,000 dividend checks for every Alaska resident. One thing that's missing from the fund though - actual oil money. Prices and production are way down. And that means the state budget is coming up short more than \$2 billion. During this year's budget negotiations, instead of creating an income tax or making painful cuts to state programs, the legislature cut dividends by more than half, which is Clem Tillion's nightmare.

TILLION: The thing is to, change the law in any way is a declaration of war.

PEMBERTON: So 40 years later, he's still at it, flying to the state capitol, lobbying for a ballot measure next fall that would restore the full dividend, what he calls the people's money, and insure his legacy. For NPR News, I'm Jennifer Pemberton in Juneau.

SIEGEL: That report comes to us from Alaska's Energy Desk, a public media collaboration focused on energy and the environment.