

## Alaska Revenue and Expenditures—FY07-FY17

Legislative Finance Division Informational Paper 17-1, July 2016

Alaska is in the midst of the gravest fiscal crisis in state history: FY16 and FY17 revenue is expected to cover less than 30% of annual expenditures, leaving fiscal gaps that are too large to fill with sustainable draws from reserves. Many citizens believe—thanks in part to information provided by some legislators and various advocacy groups—that government expenditures have ballooned even as revenue has fallen. This paper provides a set of facts that is intended to enlighten the debate about the magnitude and causes of the fiscal crisis.

Figure 1 shows that FY17 expenditures (\$4.3 billion) are approximately the same level as in FY07. This comparison—which is not adjusted for inflation or population growth—should moderate claims of out-of-control spending. Perhaps the persistence of the claim is due to belief that the budget growth of FY07 through FY13 continued even after revenue could no longer support that growth.

High oil prices supported rapid expenditure growth from FY07 through FY12; there were budget surpluses in each of those years. The FY13 budget was formulated based on FY12 revenue—remember that the budget for a year is set before the year begins and is based on projected revenue—and did not anticipate a revenue decline. The FY13 deficit was about \$900 million.

The FY14 capital budget was cut in response to the FY13 decline in revenue (that some believed would be brief/temporary), but the operating budget continued to grow. Revenue declined far more than the \$500 million reduction in spending in FY14, and the resulting deficit of \$1.9 billion was sufficient to reverse the rising trend in reserve balances shown in Figure 2.<sup>1</sup>

Again in FY15, a large (\$3.1 billion) decline in revenue far exceeded the \$1.3 billion reduction in spending. The result was a \$3.7 billion deficit, with revenue covering only 38% of expenditures. As shown in Figure 2, the \$16.3 billion peak balance of budget reserve funds (in FY13) had fallen to \$10.4 billion by the end of FY15. FY15 revenue (\$2.3 billion) was less than a quarter of the \$10.7 billion peak in FY08.

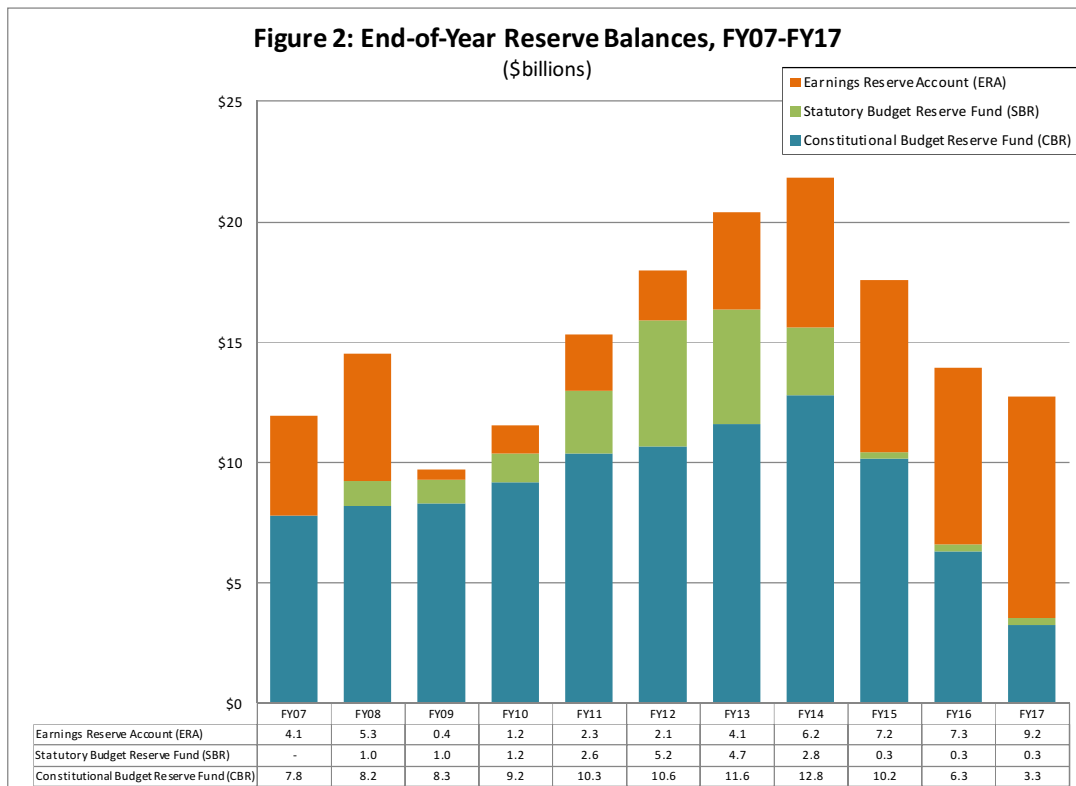
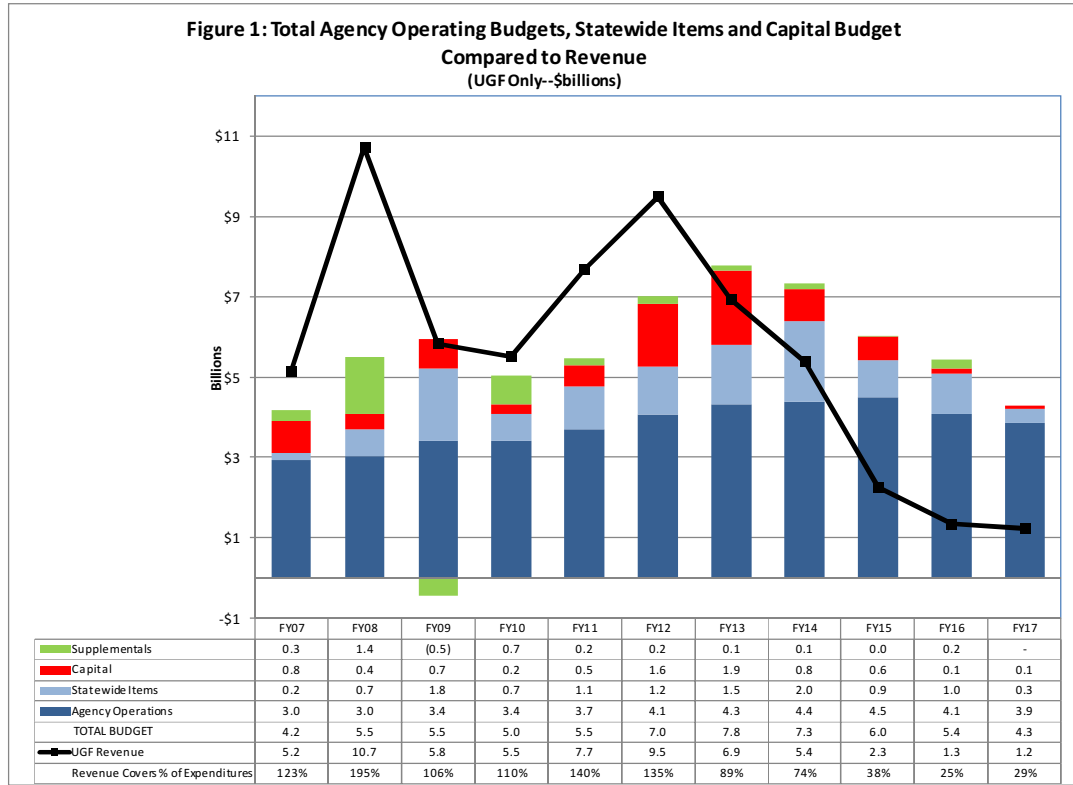
Despite \$600 million in expenditure reductions in FY16, the deficit grew to \$4.1 billion as revenue declined again (this year by \$1 billion to a level of \$1.3 billion). Filling the deficit required about one-third of budget reserves. Projections showed that all budget reserves would be consumed in FY18 if annual deficits continued to exceed \$3.2 billion. The Governor began a campaign to convince Alaskans that “falling off a budget cliff” in the near future could be avoided only by a combination of further expenditure reductions, increased non-oil revenue, and use of earnings of the permanent fund.

The FY17 budget is about \$1.1 billion lower than in FY16, bringing expenditures down to the FY07 level of \$4.3 billion. This is \$3.5 billion less the \$7.8 billion spent in FY13. Despite the series of expenditure

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<sup>1</sup> In this case, “reserve balances” refers to the sum of the constitutional and statutory reserve funds (the CBR and SBR, respectively). The earnings reserve account (ERA) is a part of the permanent fund and has not been used to support general fund expenditures.

reductions, the FY17 deficit is expected to be about \$3.1 billion. As shown in Figure 2, budget reserves are expected to total about \$3.5 billion at the end of FY17.



The facts are clear:

1. Expenditures have been cut by 44% (\$3.5 billion) since FY13 and are at the same level as in FY07 (when there was a surplus of \$900 million). Ballooning expenditures are not driving the fiscal crisis.
2. FY17 revenue is about 16% of the average revenue available in FY07 through FY13; revenue covers less than 30% of FY17 expenditures.
3. Without some combination of higher oil prices, further expenditure reductions, revenue enhancements or use of permanent fund earnings, budget reserves will be insufficient to last through FY19.

### **What numbers were used to produce Figures 1 and 2?**

Revenues and expenditures include only unrestricted general funds (UGF). While some may argue that including other state funds and federal funds would provide a more appropriate analysis, that argument is based on measuring the “footprint of government” rather than on measuring the health of the treasury. The purpose of this paper is to present facts about the deficit and the condition of budget reserves. By definition, expenditures of federal and other state funds equal revenue for each category, so that UGF is the only type of funds that directly affect the deficit or reserves.

Reported expenditures reflect appropriation/authorization levels rather than actual expenditure levels. Although using actual expenditures may seem to provide a more accurate historical picture, there are sound reasons to use appropriation levels:

1. There is a two-year lag in reporting actual expenditures, so FY16 and FY17 would not have numbers comparable to earlier years.
2. Actual expenditures may not be reported completely or accurately, and reported amounts have no documented historical ties across fiscal years that would allow auditing the reported numbers.

### **Should the ERA be excluded from budget reserves?**

The earnings reserve account (ERA) has been used to pay dividends and to increase (via transfers) the value of the permanent fund itself. It has not been used for general government support.

The Governor’s fiscal plan envisions using permanent fund earnings to support general government. That implies that the ERA could be classified as a budget reserve fund. But Alaskans should be wary of viewing the ERA as a budget reserve account even if the Governor’s fiscal plan is adopted.

The ERA balance is—and will continue to be—highly volatile. All budget reserves can be expected to respond to both financial returns and to surplus/deficit conditions, making balances somewhat volatile

and unpredictable. The volatility of the ERA is much greater than the balances of CBR and SBR because financial returns to the ERA are highly leveraged.

As an example, assume the CBR and ERA have a balance of \$5 billion each, that they are invested identically, and that the total balance of the permanent fund is \$50 billion. Now assume a 10% realized loss on investments. The CBR will fall 10% to \$4.5 billion. The ERA will accumulate the losses of the entire \$50 billion permanent fund, so the ERA balance will fall to zero.

This situation is not a hypothetical example with a remote probability of occurrence. Note in Figure 2 that the ERA balance fell nearly \$5 billion in FY09 due to poor financial returns on permanent fund investments. In summary:

- the ERA is a far less reliable source of reserves than the CBR and SBR and
- those concerned with fiscal stability/security should argue for multi-billion dollar reserve balances outside the ERA and/or for excluding the ERA from the definition of budget reserves.

**State of Alaska**  
**SLA2016 Enacted Fiscal Summary**  
(dollars shown in millions)

	FY2016 Management Plan plus Supplementals					FY2017 Enacted					UGF Change	UGF % Change	Total % Change
	Unrestricted General Funds	Designated General Funds	Other State Funds	Federal Funds	Total Funds	Unrestricted General Funds	Designated General Funds	Other State Funds	Federal Funds	Total Funds			
<b>1 REVENUE</b>	<b>1,292.8</b>	<b>941.0</b>	<b>641.4</b>	<b>3,463.1</b>	<b>6,338.2</b>	<b>1,186.5</b>	<b>1,094.8</b>	<b>735.4</b>	<b>3,536.2</b>	<b>6,552.9</b>			
2 Total Unrestricted General Fund Revenues (A) (\$49.58, \$56.24)	1,336.9				1,336.9	1,246.4				1,246.4			
3 Revenue Adjustments(B)	(60.6)				(60.6)	(59.9)				(59.9)			
4 Carryforward and Reappropriations (C)	16.5		0.0		16.5					0.0			
5 Restricted Revenue (D)		941.0	641.4	3,463.1	5,045.4		1,094.8	735.4	3,536.2	5,366.4			
<b>6 APPROPRIATIONS</b>													
<b>7 Total Operating</b>	<b>5,311.9</b>	<b>832.4</b>	<b>612.3</b>	<b>2,187.2</b>	<b>8,943.7</b>	<b>4,205.7</b>	<b>1,011.1</b>	<b>650.4</b>	<b>2,211.0</b>	<b>8,078.2</b>	<b>(1,106.2)</b>	<b>-20.8%</b>	<b>-9.7%</b>
<b>8 Agency Operations</b>	<b>4,174.6</b>	<b>806.8</b>	<b>559.4</b>	<b>2,158.4</b>	<b>7,699.2</b>	<b>3,857.3</b>	<b>887.8</b>	<b>569.0</b>	<b>2,182.1</b>	<b>7,496.3</b>	<b>(317.2)</b>	<b>-7.6%</b>	<b>-2.6%</b>
9 Agency Operations (Non-formula)	1,931.7	715.3	551.6	906.0	4,104.5	1,713.1	787.5	563.3	907.2	3,971.1	(218.6)	-11.3%	-3.3%
10 FY2016 Management Plan/FY2017 Enacted	1,856.4	713.5	552.8	904.8	4,027.4	1,725.8	788.6	563.3	908.0	3,985.7	(130.7)	-7.0%	-1.0%
11 HB256/257 Vetoes	(15.8)				(15.8)	(12.6)	(1.2)	0.0	(0.8)	(14.6)			
12 FY2016 Supplementals	91.0	1.8	(1.2)	1.3	92.8					0.0			
13 Legislature and Judiciary Operations	178.5	0.6	0.7	1.3	181.1	171.3	0.6	0.6	1.3	173.8	(7.2)	-4.0%	-4.0%
14 FY2016 Management Plan/FY2017 Enacted	184.0	0.6	0.7	1.3	186.6	171.3	0.6	0.6	1.3	173.8	(12.7)	-6.9%	-6.9%
15 FY2016 Supplementals	(5.5)				(5.5)					0.0			
16 Total K-12 Foundation and Pupil Transportation (E)	1,247.5	13.0	0.0	20.8	1,281.3	1,236.6	23.7	0.0	20.8	1,281.0	(10.9)	-0.9%	0.0%
17 FY2016 Management Plan/FY2017 Enacted	1,247.5	13.0		20.8	1,281.3	1,247.7	30.0		20.8	1,298.5	0.2	0.0%	1.3%
18 HB256/257 Vetoes					0.0	(11.1)	(6.4)			(17.4)			
19 Agency Operations (Formula)	816.9	78.0	4.5	1,070.6	1,970.0	736.3	76.1	5.2	1,252.7	2,070.4	(80.6)	-9.9%	5.1%
20 FY2016 Management Plan/FY2017 Governor	811.0	78.0	2.8	1,067.1	1,958.9	737.3	76.1	5.2	1,252.7	2,071.4	(73.7)	-9.1%	5.7%
21 HB256/257 Vetoes					0.0	(1.0)				(1.0)			
22 FY2016 Supplementals	6.0		1.7	3.5	11.2					0.0			
23 Revised Programs Legislatively Approved			2.6	159.7	162.3					0.0			
24 Duplicated Authorizations Non-additive (F)			738.1		738.1			764.1		764.1			
25 HB256/257 Vetoes					0.0			(17.2)		0.0			
<b>26 Statewide Operations</b>	<b>1,137.4</b>	<b>25.6</b>	<b>52.9</b>	<b>28.7</b>	<b>1,244.6</b>	<b>348.4</b>	<b>123.2</b>	<b>81.3</b>	<b>28.9</b>	<b>581.9</b>	<b>(788.9)</b>	<b>-69.4%</b>	<b>-53.2%</b>
27 Debt Service (G)	206.2	23.9	43.3	5.2	278.7	182.2	18.3	76.0	5.2	281.7	(24.0)	-11.6%	1.1%
28 FY2016 Management Plan/FY2017 Enacted	206.2	23.9	43.3	5.2	278.7	217.7	18.3	76.0	5.2	317.2	11.5	5.6%	13.8%
29 HB256/257 Vetoes			0.0		0.0	(35.5)				(35.5)			
30 Direct Appropriations to Retirement	262.5		0.0		262.5	134.2	89.8			224.0	(128.3)	-48.9%	-14.7%
31 Fund Capitalizations (H)	157.6	1.7	9.6	23.5	192.4	2.0	1.6	5.3	23.6	32.5	(155.6)	-98.7%	-83.1%
32 FY2016 Management Plan/FY2017 Enacted	146.0	1.7	5.4	23.5	176.6	2.0	1.6	5.3	23.6	32.5	(144.0)	-98.6%	-81.6%
33 FY2016 Supplementals	11.6		4.2		15.8					0.0			
34 Revenue Sharing	0.0				0.0	0.0	13.6			13.6			
35 Oil and Gas Tax Credits	500.0				500.0	30.0				30.0			
36 FY2016 Management Plan/FY2017 Enacted	930.0				930.0	30.0				30.0			
37 HB256/257 Vetoes	(430.0)				(430.0)					0.0			
38 Judgments, Claims and Settlements	11.0				11.0					0.0			
39 FY2016 Management Plan	8.6				8.6					0.0			
40 FY2016 Supplementals	2.4				2.4					0.0			
41 Duplicated Authorizations Non-additive (F)			15.4		15.4			12.2		12.2			
<b>42 Total Capital</b>	<b>127.6</b>	<b>69.1</b>	<b>29.1</b>	<b>1,275.9</b>	<b>1,501.7</b>	<b>96.1</b>	<b>44.5</b>	<b>85.0</b>	<b>1,325.2</b>	<b>1,550.8</b>	<b>(31.5)</b>	<b>-24.7%</b>	<b>3.3%</b>
43 Project Appropriations	127.6	69.1	29.1	1,275.0	1,500.7	96.1	44.5	85.0	1,325.2	1,550.8	(31.5)	-24.7%	3.3%
44 FY2016 Management Plan/FY2017 Enacted	118.4	56.6	27.7	1,275.0	1,477.7	96.9	44.7	85.0	1,325.2	1,551.8	(21.5)	-18.2%	5.0%
45 SB128 Vetoes					0.0	(0.8)	(0.3)			(1.0)			
46 FY2016 Supplementals	9.2	12.5	1.4		23.1					0.0			
47 Revised Programs Legislatively Approved				1.0	1.0					0.0			
48 Duplicated Authorizations Non-additive (F)			32.5		32.5			31.5		31.5			
<b>49 Pre-Transfer Authorization</b>	<b>5,439.6</b>	<b>901.5</b>	<b>641.4</b>	<b>3,463.1</b>	<b>10,445.4</b>	<b>4,301.9</b>	<b>1,055.5</b>	<b>735.4</b>	<b>3,536.2</b>	<b>9,629.0</b>	<b>(1,137.7)</b>	<b>-20.9%</b>	<b>-7.8%</b>
<b>50 Fund Transfers</b>	<b>(226.1)</b>	<b>39.6</b>	<b>0.0</b>	<b>0.0</b>	<b>(186.5)</b>	<b>62.5</b>	<b>39.3</b>	<b>0.0</b>	<b>0.0</b>	<b>101.8</b>			
<b>51 Designated Reserves/Loan Funds</b>													
52 Public Education Fund - Current Year Draw (E)	(1,247.5)				(1,247.5)	(1,236.6)				(1,236.6)			
53 Public Education Fund - Current Year Deposit (E)	967.0		0.0		967.0	1,236.6				1,236.6			
54 Alaska Higher Education Investment Fund	80.0				80.0					0.0			
55 HB256/257 Vetoes	(80.0)				(80.0)					0.0			
<b>56 Undesignated Reserves</b>													
<b>57 Other Transfers</b>													
58 REAA/Small Municipal School District Fund (I)	38.8				38.8	41.6				41.6			
59 HB256/257 Vetoes					0.0	(10.4)				(10.4)			
60 Alaska Capital Income Fund					0.0	15.7				15.7			
62 Other Transfers (J)	15.6	39.6			55.1	15.5	39.3			54.8			
63 Duplicated Authorizations Non-additive (F)			157.0		157.0					0.0			
<b>64 Total Authorization to Spend</b>	<b>5,213.4</b>	<b>941.0</b>	<b>641.4</b>	<b>3,463.1</b>	<b>10,258.9</b>	<b>4,364.4</b>	<b>1,094.8</b>	<b>735.4</b>	<b>3,536.2</b>	<b>9,730.7</b>	<b>(849.1)</b>	<b>-16.3%</b>	<b>-5.1%</b>
<b>65 Post-Transfer Balance to/(from) SBR/CBR</b>	<b>(3,920.7)</b>					<b>(3,177.9)</b>							

**Notes**

**A Total Unrestricted General Fund Revenue:** Line 2 is based on information from the Department of Revenue Spring 2016 Revenue Forecast.

Unrestricted General Fund Revenue	FY2016	FY2017	Corporate Dividends	FY2016	FY2017
Oil Price (ANS West Coast Spot per barrel)	\$39.99	\$38.89	Alaska Industrial Development and Export Authority (AIDEA)	\$17.7	\$6.3
Average ANS oil production (ths barrels/day)	520.2	507.1	Alaska Housing Finance Corporation for Projects	\$8.7	\$13.5
<b>Unrestricted General Fund Revenue</b>	<b>\$1,336.9</b>	<b>\$1,246.4</b>	<b>Total as Unrestricted General Funds</b>	<b>\$26.4</b>	<b>\$19.8</b>

**B Revenue Adjustments:** For FY2016, new legislation for insurance premium taxes reduce the Unrestricted General Fund revenue by \$60.6 million. For FY2017, Unrestricted General Fund revenue is reduced due to changes in the use of some of marijuana taxes and Department of Natural Resources' fees and new legislation for insurance premium taxes; and increased by legislation related to Tesoro royalty oil.

**C Carryforward and Reappropriations:** Includes fund sources for reappropriations and other appropriations (typically roll-forwards of prior year multi-year appropriations) that do not require additional FY2016 or FY2017 revenue.

**D Restricted Revenue:** Other revenue not included as Unrestricted General Fund Revenues in the Revenue Sources Book, such as Federal Receipts and University Receipts.

**E Public Education Fund:** Legislation in 2005 established the Public Education Fund (PEF). One of the effects of this legislation was to remove expenditures for K-12 Public Education from Agency Operations (Formula) on line 19. The FY2016 and FY2017 proposed total K-12 Foundation Program and Pupil Transportation expenditures is shown on line 16. The table below shows the amount of K-12 Foundation Formula and Pupil Transportation being expensed from the Public Education Fund, since expenditures from the fund do not require appropriation. In FY2017, \$6.4 million in unrestricted general funds was vetoed from pupil transportation and \$4.7 was vetoed from additional foundation funding outside of the formula.

K-12 Foundation and Pupil Transportation	FY2016	FY2017
K-12 Foundation Formula	\$1,168,239.5	\$1,163,984.5
Pupil Transportation	\$79,240.3	\$72,619.8
<b>Public Education Fund Total</b>	<b>1,247,479.8</b>	<b>1,236,604.3</b>
Additional UGF Foundation funding (not from the PEF)	\$0.0	\$0.0
<b>Total K-12 Foundation and Pupil Transportation</b>	<b>1,247,479.8</b>	<b>1,236,604.3</b>

**F Duplicated Authorizations:** These appropriations are in the budget twice, such as when funds flow in and out of a holding account or one agency pays another for services provided. The most significant examples of these type of expenditures include operating payments from Interagency Receipts, Capital Improvement Project Receipts, and In-state Pipeline Fund.

**G Debt Service:** The Debt Service line includes actual payment of debt obligations, primarily General Obligation Bonds, State debt reimbursement programs such as School Debt reimbursement, Certificates of Participation (lease-financing), and International Airports Revenue Bonds.

**H Fund Capitalizations:** Line 25 consists of the Alaska Liquefied Natural Gas Project Fund, the In-state Pipeline Fund, the Alaska Children's Trust Grant Account, the Disaster Relief Fund, the Crime Victim Compensation Fund, the Alaska Clean Water Fund, the Alaska Drinking Water Fund, the Municipal Bond Bank Reserve Fund, the Election Fund, the Fish and Game Revenue Bond Redemption Fund, the Emerging Technology Fund and the Group Health and Life Benefits Fund.

**I REAA/Small Municipal School District Fund:** The REAA/Small Municipal School District Fund is capitalized with \$38.8 million Unrestricted General Funds in FY2016, and \$41.6 million Unrestricted General Funds in FY2017 (pre veto), per AS 14.11.025. There are no capital projects appropriated from the REAA/Small Municipal School District Fund for FY2016. FY2017 includes a capital project in the amount of \$7.1 million.

**J Other Transfers:** Includes capitalization of various State funds, such as the Fish and Game Fund, Oil and Hazardous Substance Release Prevention and Response Accounts, and the Vaccine Assessment Account.

**Reconciliation of Total Authorization**

(dollars shown in millions)

	FY2016 Management Plan plus Supplementals					FY2017 Enacted					UGF Change	UGF % Change	Total % Change
	Unrestricted General Funds	Designated General Funds	Other State Funds	Federal Funds	Total Funds	Unrestricted General Funds	Designated General Funds	Other State Funds	Federal Funds	Total Funds			
66 Permanent Fund Appropriations	0.0	21.0	0.0	0.0	21.0	0.0	716.7	0.0	0.0	716.7			
67 PF Dividends / PFD Division Operations (K)		0.0			0.0		1,362.0			1,362.0			
68 HB256/257 Vetoes							(666.4)						
69 PF Inflation Proofing		0.0			0.0					0.0			
70 AK Capital Income Fund (Am Hess) (L)		21.0			21.0		21.0			21.0			
<b>71 Total Authorization to Spend with Permanent Fund</b>	<b>5,213.4</b>	<b>962.0</b>	<b>641.4</b>	<b>3,463.1</b>	<b>10,279.9</b>	<b>4,364.4</b>	<b>1,811.5</b>	<b>735.4</b>	<b>3,536.2</b>	<b>10,447.4</b>	<b>(849.1)</b>	<b>-16.3%</b>	<b>1.6%</b>
<b>72 Fiscal Year Summary (Includes Permanent Fund)</b>	<b>5,213.4</b>	<b>962.0</b>	<b>641.4</b>	<b>3,463.1</b>	<b>10,279.9</b>	<b>4,364.4</b>	<b>1,811.5</b>	<b>735.4</b>	<b>3,536.2</b>	<b>10,447.4</b>	<b>(849.1)</b>	<b>-16.3%</b>	<b>1.6%</b>
73 Agency Operations	4,174.6	806.8	559.4	2,158.4	7,699.2	3,857.3	887.8	569.0	2,182.1	7,496.3	(317.2)	-7.6%	-2.6%
74 Statewide Totals	1,137.4	25.6	52.9	28.7	1,244.6	348.4	123.2	81.3	28.9	581.9	(788.9)	-69.4%	-53.2%
<b>75 Total Operating</b>	<b>5,311.9</b>	<b>832.4</b>	<b>612.3</b>	<b>2,187.2</b>	<b>8,943.7</b>	<b>4,205.7</b>	<b>1,011.1</b>	<b>650.4</b>	<b>2,211.0</b>	<b>8,078.2</b>	<b>(1,106.2)</b>	<b>-20.8%</b>	<b>-9.7%</b>
76 Capital	127.6	69.1	29.1	1,275.9	1,501.7	96.1	44.5	85.0	1,325.2	1,550.8	(31.5)	-24.7%	3.3%
<b>77 Total Authorization Pre-Transfers</b>	<b>5,439.6</b>	<b>901.5</b>	<b>641.4</b>	<b>3,463.1</b>	<b>10,445.4</b>	<b>4,301.9</b>	<b>1,055.5</b>	<b>735.4</b>	<b>3,536.2</b>	<b>9,629.0</b>			
78 Fund Transfers	(226.1)	39.6	0.0	0.0	(186.5)	62.5	39.3	0.0	0.0	101.8			
<b>79 Total Authorization to Spend</b>	<b>5,213.4</b>	<b>941.0</b>	<b>641.4</b>	<b>3,463.1</b>	<b>10,258.9</b>	<b>4,364.4</b>	<b>1,094.8</b>	<b>735.4</b>	<b>3,536.2</b>	<b>9,730.7</b>	<b>(849.1)</b>	<b>-16.3%</b>	<b>-5.1%</b>
80 Permanent Fund Appropriations	0.0	21.0	0.0	0.0	21.0	0.0	716.7	0.0	0.0	716.7			

**K PF Dividends / PFD Division Operations:** Lines 67-68 includes both the amounts for Permanent Fund Dividend (PFD) checks for calendar year 2016 and other State operating costs of the PFD. Historically, the transfer to the dividend fund has occurred in the fiscal year before October PFD payments occur. This year, the transfer is being made in the same fiscal year that PFDs will be paid. As a result FY2016 shows no PFD funding since October 2015 dividends were funded in the FY2014 budget and the transfer for October 2016 PFD payments was shifted from FY2016 to FY2017.

Permanent Fund Dividend Fund Other Expenditures	FY2016	FY2017
Department of Revenue, Division of Permanent Fund Dividend operations	\$8.4	\$9.0
Department of Health and Social Services, Public Assistance PFD Hold Harmless	\$17.7	\$17.7
<b>Total</b>	<b>\$26.1</b>	<b>\$26.7</b>

included in Line 9  
included in Line 19

The financial information for the Permanent Fund section (lines 66-71) is from the Alaska Permanent Fund Corporation Fund Financial History & Projections. These financial statements are available on the Alaska Permanent Fund website: www.APFC.org.

**L Alaska Capital Income Fund:** The Alaska Capital Income Fund is authorized by AS 37.05.565. The fund consists of income earned on money awarded as a result of the State vs. Amerada Hess royalty case, estimated to be \$2-40 million per year, plus other appropriations.

**State of Alaska Fiscal Summary--FY16 and FY17 (Part 1) (DRAFT)**

(\$ millions)

	FY16 Budget						FY17 Budget						Change in UGF	
	Unrestricted General Funds	Designated General Funds	Total General Funds	Other State Funds	Federal Receipts	All Funds	Unrestricted General Funds	Designated General Funds	Total General Funds	Other State Funds	Federal Receipts	All Funds	\$	%
<b>REVENUE</b>	<b>1,292.8</b>	<b>941.0</b>	<b>2,233.8</b>	<b>641.4</b>	<b>3,463.1</b>	<b>6,338.2</b>	<b>1,186.5</b>	<b>1,094.8</b>	<b>2,281.3</b>	<b>735.4</b>	<b>3,536.2</b>	<b>6,552.8</b>	<b>(106.3)</b>	<b>-8.2%</b>
Unrestricted General Fund Revenue (Spring 2016) (1)	1,336.9	-	1,336.9	-	-	1,336.9	1,246.4	-	1,246.4	-	-	1,246.4		
Carryforward and Repeals (2)	16.5	-	16.5	-	-	16.5	-	-	-	-	-	-		
Adjustments and Fiscal Notes (3)	(60.6)	-	(60.6)	-	-	(60.6)	(59.9)	-	(59.9)	-	-	(59.9)		
Designated General Fund Revenue (4)	-	941.0	941.0	-	-	941.0	-	1,094.8	1,094.8	-	-	1,094.8		
Other State Funds and Federal Receipts	-	-	-	641.4	3,463.1	4,104.4	-	-	-	735.4	3,536.2	4,271.6		
<b>APPROPRIATIONS</b>														
<b>TOTAL OPERATING APPROPRIATIONS</b>	<b>5,311.9</b>	<b>832.4</b>	<b>6,144.3</b>	<b>612.3</b>	<b>2,187.2</b>	<b>8,943.7</b>	<b>4,212.1</b>	<b>1,011.0</b>	<b>5,223.1</b>	<b>650.4</b>	<b>2,211.0</b>	<b>8,084.5</b>	<b>(1,099.8)</b>	<b>-20.7%</b>
<b>Agency Operations</b>	<b>4,171.8</b>	<b>806.8</b>	<b>4,978.6</b>	<b>559.4</b>	<b>2,158.4</b>	<b>7,696.4</b>	<b>3,863.7</b>	<b>887.8</b>	<b>4,751.5</b>	<b>569.0</b>	<b>2,182.1</b>	<b>7,502.6</b>	<b>(308.1)</b>	<b>-7.4%</b>
<b>Current Fiscal Year Appropriations (Includes Fiscal Notes)</b>	<b>4,096.1</b>	<b>805.0</b>	<b>4,901.1</b>	<b>558.9</b>	<b>2,153.7</b>	<b>7,613.7</b>	<b>3,863.7</b>	<b>887.8</b>	<b>4,751.5</b>	<b>569.0</b>	<b>2,182.1</b>	<b>7,502.6</b>	<b>(232.4)</b>	<b>-5.7%</b>
Agency Operations (Non-Formula)	2,040.4	714.1	2,754.5	553.5	906.1	4,214.0	1,882.5	729.5	2,612.0	562.1	906.0	4,080.0	(157.9)	-7.7%
K-12 Foundation Formula and Pupil Transportation	1,247.5	13.0	1,260.5	-	20.8	1,281.3	1,243.0	23.7	1,266.6	-	20.8	1,287.4	(4.5)	-0.4%
Medicaid Services (Formula)	635.1	1.8	636.9	2.8	966.2	1,606.0	579.9	0.3	580.2	4.8	1,129.4	1,714.4	(55.2)	-8.7%
Other Formula Programs	173.1	76.2	249.3	-	100.8	350.1	156.2	75.2	231.3	-	109.9	341.2	(16.9)	-9.8%
Revised Programs Legislatively Approved	-	-	-	2.6	159.7	162.3	-	-	-	-	-	-	-	-
Fiscal Notes (FY16 notes are included in Management Plan)	-	-	-	-	-	-	2.1	59.2	61.3	2.2	16.1	79.6	-	-
Vetoes (non-additive) (5)	-	-	-	-	-	-	(24.7)	(7.5)	(32.2)	-	(0.8)	(33.0)	-	-
Duplicated Authorization (non-additive) (6)	-	-	-	747.3	-	747.3	-	-	-	745.9	-	745.9	-	-
<b>Supplemental Appropriations (Agency Operations) (7)</b>	<b>75.7</b>	<b>1.8</b>	<b>77.5</b>	<b>0.5</b>	<b>4.8</b>	<b>82.7</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Vetoes (non-additive)	(15.8)	-	(15.8)	-	-	(15.8)	-	-	-	-	-	-	-	-
<b>Statewide Obligations</b>	<b>1,140.1</b>	<b>25.6</b>	<b>1,165.7</b>	<b>52.9</b>	<b>28.7</b>	<b>1,247.3</b>	<b>348.4</b>	<b>123.2</b>	<b>471.7</b>	<b>81.3</b>	<b>28.9</b>	<b>581.9</b>	<b>(791.7)</b>	<b>-69.4%</b>
<b>Current Fiscal Year Appropriations</b>	<b>982.1</b>	<b>25.6</b>	<b>1,007.6</b>	<b>48.7</b>	<b>28.7</b>	<b>1,085.1</b>	<b>348.4</b>	<b>123.2</b>	<b>471.7</b>	<b>81.3</b>	<b>28.9</b>	<b>581.9</b>	<b>(633.6)</b>	<b>-64.5%</b>
Debt Service	206.2	23.9	230.1	43.3	5.2	278.7	182.2	18.3	200.5	76.0	5.2	281.7	(24.0)	-11.6%
Fund Capitalization	502.0	1.7	503.7	5.4	23.5	532.5	32.0	15.1	47.1	5.3	23.6	76.1	(470.0)	-93.6%
Community Assistance	-	-	-	-	-	-	-	13.6	13.6	-	-	13.6	-	-
Oil & Gas Production Tax Credits	500.0	-	500.0	-	-	500.0	30.0	-	30.0	-	-	30.0	(470.0)	-94.0%
Other Fund Capitalization	2.0	1.7	3.7	5.4	23.5	32.5	2.0	1.6	3.6	5.3	23.6	32.5	-	0.0%
Retirement Costs: Actuarial Recommendation	265.3	-	265.3	-	-	265.3	134.2	89.8	224.1	-	-	224.1	(131.0)	-49.4%
Judgments, Claims and Settlements	8.6	-	8.6	-	-	8.6	-	-	-	-	-	-	(8.6)	-100.0%
Vetoes (non-additive)	-	-	-	-	-	-	(35.5)	-	(35.5)	-	-	(35.5)	-	-
Duplicated Authorization (non-additive) (6)	-	-	-	15.4	-	15.4	-	-	-	12.2	-	12.2	-	-
<b>Supplemental Appropriations (Statewide)</b>	<b>158.0</b>	<b>-</b>	<b>158.0</b>	<b>4.2</b>	<b>-</b>	<b>162.2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
AKLNG and In-state Pipeline (7)	155.6	-	155.6	4.2	-	159.8	-	-	-	-	-	-	-	-
Other Special	2.4	-	2.4	-	-	2.4	-	-	-	-	-	-	-	-
Vetoes (non-additive)	(430.0)	-	(430.0)	-	-	(430.0)	-	-	-	-	-	-	-	-
<b>TOTAL CAPITAL APPROPRIATIONS</b>	<b>127.6</b>	<b>69.1</b>	<b>196.7</b>	<b>29.1</b>	<b>1,275.9</b>	<b>1,501.7</b>	<b>96.1</b>	<b>44.5</b>	<b>140.6</b>	<b>85.0</b>	<b>1,325.2</b>	<b>1,550.8</b>	<b>(31.5)</b>	<b>-24.7%</b>
<b>Current Fiscal Year Appropriations</b>	<b>118.4</b>	<b>56.6</b>	<b>175.0</b>	<b>27.7</b>	<b>1,275.9</b>	<b>1,478.6</b>	<b>96.1</b>	<b>44.5</b>	<b>140.6</b>	<b>85.0</b>	<b>1,325.2</b>	<b>1,550.8</b>	<b>(22.3)</b>	<b>-18.8%</b>
Project Appropriations & RPLs (Revised Programs)	118.4	56.6	175.0	27.7	1,275.9	1,478.6	96.1	44.5	140.6	85.0	1,325.2	1,550.8	(22.3)	-18.8%
Capital Vetoes (non-additive)	-	-	-	-	-	-	(0.8)	(0.3)	(1.0)	-	-	(1.0)	-	-
Duplicated Authorization (non-additive) (6)	-	-	-	32.5	-	32.5	-	-	-	36.2	-	36.2	-	-
<b>Supplemental Appropriations (Capital)</b>	<b>9.2</b>	<b>12.5</b>	<b>21.7</b>	<b>1.4</b>	<b>-</b>	<b>23.1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(9.2)</b>	<b>-100.0%</b>
Capital Projects (net of Duplication)	9.2	12.5	21.7	1.4	-	23.1	-	-	-	-	-	-	(9.2)	-100.0%
<b>Money on the Street (includes all fund sources) (8)</b>	<b>127.6</b>	<b>69.1</b>	<b>196.7</b>	<b>61.5</b>	<b>1,275.9</b>	<b>1,534.1</b>	<b>96.1</b>	<b>44.5</b>	<b>140.6</b>	<b>121.2</b>	<b>1,325.2</b>	<b>1,587.1</b>	<b>(31.5)</b>	<b>-24.7%</b>
<b>Pre-Transfers Authorization (unduplicated)</b>	<b>5,439.5</b>	<b>901.5</b>	<b>6,341.0</b>	<b>641.4</b>	<b>3,463.1</b>	<b>10,445.4</b>	<b>4,308.3</b>	<b>1,055.5</b>	<b>5,363.7</b>	<b>735.4</b>	<b>3,536.2</b>	<b>9,635.3</b>	<b>(1,131.3)</b>	<b>-20.8%</b>
<b>Pre-Transfers Surplus/(Deficit)</b>	<b>(4,146.8)</b>	<b>Revenue Covers</b>	<b>23.8%</b>	<b>of Appropriations</b>	<b>-</b>	<b>-</b>	<b>(3,121.8)</b>	<b>Revenue Covers</b>	<b>27.5%</b>	<b>of Appropriations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**State of Alaska Fiscal Summary--FY16 and FY17 (Part 1) (DRAFT)**

(\$ millions)

	FY16 Budget						FY17 Budget						Change in UGF	
	Unrestricted General Funds	Designated General Funds	Total General Funds	Other State Funds	Federal Receipts	All Funds	Unrestricted General Funds	Designated General Funds	Total General Funds	Other State Funds	Federal Receipts	All Funds	\$	%
<b>45 Fund Transfers (9)</b>	<b>(226.1)</b>	<b>39.6</b>	<b>(186.5)</b>	<b>-</b>	<b>-</b>	<b>(186.5)</b>	<b>46.8</b>	<b>39.3</b>	<b>86.1</b>	<b>-</b>	<b>-</b>	<b>86.1</b>	<b>272.9</b>	<b>-120.7%</b>
<b>46 Current Fiscal Year Transfers</b>	<b>(226.1)</b>	<b>39.6</b>	<b>(186.5)</b>	<b>-</b>	<b>-</b>	<b>(186.5)</b>	<b>46.8</b>	<b>39.3</b>	<b>86.1</b>	<b>-</b>	<b>-</b>	<b>86.1</b>	<b>272.9</b>	<b>-120.7%</b>
47 Designated Reserves (Public Education Fund)	(280.5)	-	(280.5)	-	-	(280.5)	-	-	-	-	-	-	280.5	-100.0%
48 Oil & Hazardous Substance Fund	15.6	7.5	23.0	-	-	23.0	15.5	7.2	22.7	-	-	22.7	(0.0)	-0.1%
49 REAA School Fund	38.8	-	38.8	-	-	38.8	31.2	-	31.2	-	-	31.2	(7.6)	-19.5%
50 Vaccine Assessment Account	-	31.2	31.2	-	-	31.2	-	31.2	31.2	-	-	31.2	-	-
51 Other Funds	-	0.9	0.9	-	-	0.9	-	0.9	0.9	-	-	0.9	-	-
52 Vetoed (non-additive)	-	-	-	-	-	-	(10.4)	-	(10.4)	-	-	(10.4)	-	-
<b>53 Supplemental Appropriations (Fund Transfers)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
54 Vetoed (non-additive)	(80.0)	-	(80.0)	-	-	(80.0)	-	-	-	-	-	-	-	-
<b>55 Post-Transfers Authorization (unduplicated)</b>	<b>5,213.4</b>	<b>941.0</b>	<b>6,154.4</b>	<b>641.4</b>	<b>3,463.1</b>	<b>10,258.8</b>	<b>4,355.0</b>	<b>1,094.8</b>	<b>5,449.8</b>	<b>735.4</b>	<b>3,536.2</b>	<b>9,721.4</b>	<b>(858.4)</b>	<b>-16.5%</b>
<b>56 Post-Transfer Balance to/(from) the SBR or CBR (10)</b>	<b>(3,920.6)</b>	<b>Revenue Covers</b>	<b>24.8%</b>	<b>of Appropriations</b>	<b>(3,168.5)</b>	<b>Revenue Covers</b>	<b>27.2%</b>	<b>of Appropriations</b>	<b>(858.4)</b>	<b>-16.5%</b>				
<b>57 Permanent Fund</b>	<b>-</b>	<b>1,474.4</b>	<b>1,474.4</b>	<b>170.8</b>	<b>-</b>	<b>1,645.2</b>	<b>15.7</b>	<b>98.0</b>	<b>780.1</b>	<b>168.9</b>	<b>-</b>	<b>949.0</b>		
58 Permanent Fund Dividends	-	1,405.0	1,405.0	-	-	1,405.0	-	695.7	695.7	-	-	695.7	-	-
59 Alaska Capital Income Fund	-	21.0	21.0	-	-	21.0	15.7	21.0	36.7	-	-	36.7	-	-
60 Vetoed (non-additive)	-	-	-	-	-	-	-	(666.4)	-	-	-	-	-	-
61 Permanent Fund Corporation (included in op/cap budget) (11)	-	-	-	162.3	-	162.3	-	-	-	160.3	-	160.3	-	-
62 Other Uses of Earnings (included in op/cap budget) (11)	-	48.4	48.4	8.6	-	57.0	-	47.7	47.7	8.6	-	56.3	-	-
<b>63 Total Authorization (unduplicated)</b>	<b>5,213.4</b>	<b>2,367.0</b>	<b>7,580.4</b>	<b>641.4</b>	<b>3,463.1</b>	<b>11,684.8</b>	<b>4,370.7</b>	<b>1,811.4</b>	<b>6,182.2</b>	<b>735.4</b>	<b>3,536.2</b>	<b>10,453.7</b>	<b>(842.7)</b>	<b>-16.2%</b>
<b>FISCAL YEAR SUMMARY</b>	<b>5,439.5</b>	<b>2,327.5</b>	<b>7,767.0</b>	<b>641.4</b>	<b>3,463.1</b>	<b>11,871.4</b>	<b>4,324.0</b>	<b>1,772.1</b>	<b>6,096.1</b>	<b>735.4</b>	<b>3,536.2</b>	<b>10,367.7</b>	<b>(1,115.5)</b>	<b>-20.5%</b>
Agency Operations	4,171.8	806.8	4,978.6	559.4	2,158.4	7,696.4	3,863.7	887.8	4,751.5	569.0	2,182.1	7,502.6	(308.1)	-7.4%
Statewide Operations	1,140.1	25.6	1,165.7	52.9	28.7	1,247.3	348.4	123.2	471.7	81.3	28.9	581.9	(791.7)	-69.4%
<b>Total Operating</b>	<b>5,311.9</b>	<b>832.4</b>	<b>6,144.3</b>	<b>612.3</b>	<b>2,187.2</b>	<b>8,943.7</b>	<b>4,212.1</b>	<b>1,011.0</b>	<b>5,223.1</b>	<b>650.4</b>	<b>2,211.0</b>	<b>8,084.5</b>	<b>(1,099.8)</b>	<b>-20.7%</b>
<b>Capital</b>	<b>127.6</b>	<b>69.1</b>	<b>196.7</b>	<b>29.1</b>	<b>1,275.9</b>	<b>1,501.7</b>	<b>96.1</b>	<b>44.5</b>	<b>140.6</b>	<b>85.0</b>	<b>1,325.2</b>	<b>1,550.8</b>	<b>(31.5)</b>	<b>-24.7%</b>
Unduplicated Appropriation of Permanent Fund Earnings	0.0	1,426.0	1,426.0	0.0	0.0	1,426.0	15.7	716.7	732.4	0.0	0.0	732.4	-	-
<b>Transfers (non-additive)</b>	<b>(226.1)</b>	<b>39.6</b>	<b>(186.5)</b>	<b>-</b>	<b>-</b>	<b>(186.5)</b>	<b>46.8</b>	<b>39.3</b>	<b>86.1</b>	<b>-</b>	<b>-</b>	<b>86.1</b>	<b>272.9</b>	<b>-120.7%</b>

**Notes:**

- The Department of Revenue's Spring 2016 oil forecast for FY16 is 0.538 mbd at \$39.99 per barrel; the FY17 forecast is 0.523 mbd at \$38.89 per barrel.
- Carryforward is money that was appropriated in a prior year that is made available for spending in a later year via multiyear appropriations. Repeals increase revenue by reducing prior year authorization. Total carryforward into FY17 will be unknown until the close of FY16
- For FY16, revenue is adjusted downward per the fiscal note for HB 374, which reclassified \$60.6 million of insurance premium taxes from UGF to DGF. For FY17, revenue is adjusted by \$60.0 million for HB 374; downward by \$5 million to reflect increased program receipt usage by DNR in the FY17 budget, downward by \$3 million for reclassifying marijuana tax revenue from UGF to DGF; and upward by \$8.1 million for the fiscal note for HB 373, approving a sale of royalty oil to Tesoro.
- Designated general funds include 1) program receipts that are restricted to the program that generates the receipts and 2) revenue that is statutorily designated for a specific purpose.
- Governor's vetoes include \$6.35 million of Public School Trust Funds for the K-12 formula. This veto causes an increase in UGF by the same amount. The UGF increase is included in the totals, but not in the veto line.
- Duplicated authorization is in the budget twice, such as when funds flow in and out of a holding account or one agency pays another for services provided. Duplicated authorization also includes the expenditure of bond proceeds when debt service on bonds (which includes repayment of principal) will be reflected in future operating budgets.
- FY16 Supplemental Appropriations for agency operations and fund transfers include appropriations made in SB 3001, passed in October 2015.
- Including duplicated fund sources in the amount of capital spending provides a valuable measure of "money on the street" because it includes projects funded with bond proceeds and other duplicated fund sources.
- "Fund Transfers" refer to appropriations that move money from one fund to another within the Treasury. Although transfers are not true expenditures, they reduce the amount of money available for other purposes so must be included in the calculation of the surplus/deficit. For reserve accounts, a positive number indicates a deposit and a negative number indicates a withdrawal. When money is withdrawn and spent, the expenditure is included in the operating or capital budget, as appropriate.
- The post-transfer withdrawal necessary to balance the budget is anticipated to be \$3,920.6 million and \$3,168.5 million from the CBR in FY16 and 17, respectively.
- Amounts shown on lines 61 and 62 can be considered duplicated appropriations -- they are included in the operating or capital budgets above. The Designated General Funds column includes amounts associated with the dividend program in FY16, but those amounts become UGF under the Governor's plan. Amounts in the Other column reflect gross earnings of the Permanent Fund.

July 1, 2016



## State of Alaska Fiscal Summary-- FY16 and FY17 (Part 2)

(\$ millions)

### Approximate Balances of Reserve Accounts

	FY16				FY17			
	BoY Balance	In	Out	EoY Balance	BoY Balance	In	Out	EoY Balance
<b>Permanent Fund Principal -- Market Value (no appropriations allowed)</b>	45,638.0	(3,388.0)	0.0	42,250.0	42,250.0	915.0	0.0	43,165.0
<b>Undesignated Reserves</b>	<b>17,625.1</b>	<b>1,615.5</b>	<b>5,310.6</b>	<b>13,930.0</b>	<b>13,930.0</b>	<b>2,730.8</b>	<b>3,886.2</b>	<b>12,774.6</b>
<b>Total Excluding Permanent Fund</b>	<b>10,463.0</b>	<b>85.5</b>	<b>3,920.6</b>	<b>6,627.9</b>	<b>6,627.9</b>	<b>115.8</b>	<b>3,168.5</b>	<b>3,575.2</b>
Constitutional Budget Reserve Fund (cash)	10,153.8	85.5	3,920.6	6,318.7	6,318.7	115.8	3,168.5	3,265.9
Statutory Budget Reserve Fund	288.0	-	-	288.0	288.0	-	-	288.0
Alaska Housing Capital Corporation Fund	21.3	-	-	21.3	21.3	-	-	21.3
<b>Permanent Fund Earnings Reserve Account</b>	<b>7,162.1</b>	<b>1,530.0</b>	<b>1,390.0</b>	<b>7,302.1</b>	<b>7,302.1</b>	<b>2,615.0</b>	<b>717.7</b>	<b>9,199.5</b>
<b>Designated Reserves</b>	<b>1,761.5</b>	<b>1,192.2</b>	<b>1,413.7</b>	<b>1,540.0</b>	<b>1,540.0</b>	<b>1,381.6</b>	<b>1,502.7</b>	<b>1,418.9</b>
Alaska Capital Income Fund	27.1	17.0	43.2	0.8	0.8	37.7	45.5	(7.0)
Alaska Higher Education Investment Fund	458.7	4.0	24.0	438.6	438.6	22.8	113.0	348.4
Public Education Fund	134.5	1,113.0	1,247.5	0.0	0.0	1,249.3	1,249.3	0.0
Community Assistance Fund	172.0	-	57.3	114.7	114.7	13.6	38.2	90.0
Power Cost Equalization Endowment	969.3	58.2	41.7	985.8	985.8	58.2	56.7	987.4
<b>Reserves (Excluding Permanent Fund Principal)</b>	<b>19,386.7</b>	<b>2,807.7</b>	<b>6,724.4</b>	<b>15,470.0</b>	<b>15,470.0</b>	<b>4,112.4</b>	<b>5,388.8</b>	<b>14,193.5</b>
Unrestricted General Fund Appropriations				5,213.4				4,370.7
Years of Reserves (Reserves/UGF Appropriations)				2.97				3.25