

A few slides related to Alaska's fiscal situation

*These slides are from a longer presentation that I try to update as new information becomes available. I have updated the revenue, deficit and savings projections based on the Department of Revenue's just-released Fall 2015 revenue projections.*

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# Department of Revenue Fall 2015 revenue forecast . . .

Appendix A

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### Unrestricted General Fund Revenue

Petroleum versus non-petroleum revenue *(Continued)*

Fiscal Year	Millions of Dollars									
	Forecast									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Unrestricted General Fund Revenue</b>										
Total Unrestricted Petroleum Revenue	1,061.5	1,237.3	1,443.0	1,532.5	1,483.9	1,535.1	1,476.1	1,399.4	1,361.7	1,325.6
Unrestricted General Fund Non-Petroleum Revenue	531.4	559.1	578.0	597.6	617.4	638.2	655.7	677.2	698.9	720.5
<b>Total Unrestricted General Fund Revenue</b>	<b>1,593.0</b>	<b>1,796.4</b>	<b>2,021.0</b>	<b>2,130.0</b>	<b>2,111.3</b>	<b>2,173.3</b>	<b>2,131.8</b>	<b>2,076.5</b>	<b>2,060.6</b>	<b>2,046.1</b>
Percent of Total Unrestricted General Fund Revenue from Petroleum	67%	69%	71%	72%	71%	71%	69%	67%	66%	65%

# Department of Revenue Fall 2015 oil production forecast . . .

Appendix C

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## Annual Average Daily Crude Oil Production

By production area *(Continued)*

Fiscal Year	Thousand Barrels per Day									
	Forecast									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Alaska North Slope</b>										
Prudhoe Bay	229.7	228.4	225.6	218.0	206.8	194.5	183.5	171.0	156.6	144.1
PBU Satellites <sup>3</sup>	41.2	38.3	35.6	32.5	29.8	27.4	25.2	23.4	21.7	20.2
Greater Point McIntyre Area <sup>4</sup>	20.1	18.3	16.8	15.3	14.0	12.8	11.8	11.0	10.2	9.5
Kuparuk	83.9	84.4	81.1	80.0	75.9	72.2	68.4	63.5	59.4	55.6
Kuparuk Satellites <sup>5</sup>	28.5	28.7	29.0	29.4	27.0	25.2	22.7	21.3	19.8	17.9
Endicott <sup>6</sup>	8.3	7.5	6.9	6.3	5.8	5.4	5.0	4.6	4.3	4.0
Alpine <sup>7</sup>	45.2	47.0	54.1	49.2	46.5	41.1	36.3	32.3	28.9	26.0
Offshore <sup>8</sup>	41.6	42.3	39.3	44.5	39.8	33.7	28.7	24.7	21.5	18.7
NPR-A	0.0	0.0	0.0	3.9	6.9	4.2	2.7	1.7	1.2	0.8
Point Thomson	1.6	9.9	9.4	8.6	7.9	7.3	6.7	6.2	5.7	5.2
<b>Total Alaska North Slope</b>	<b>500.2</b>	<b>504.9</b>	<b>497.7</b>	<b>487.6</b>	<b>460.5</b>	<b>423.9</b>	<b>391.1</b>	<b>359.8</b>	<b>329.2</b>	<b>302.1</b>
Cook Inlet	17.8	16.1	14.7	13.5	12.5	11.7	10.9	10.2	9.6	9.0
<b>Total Alaska</b>	<b>518.0</b>	<b>521.0</b>	<b>512.4</b>	<b>501.1</b>	<b>473.0</b>	<b>435.5</b>	<b>402.0</b>	<b>370.0</b>	<b>338.7</b>	<b>311.1</b>

# Department of Revenue Fall 2015 price assumptions . . .

Appendix B

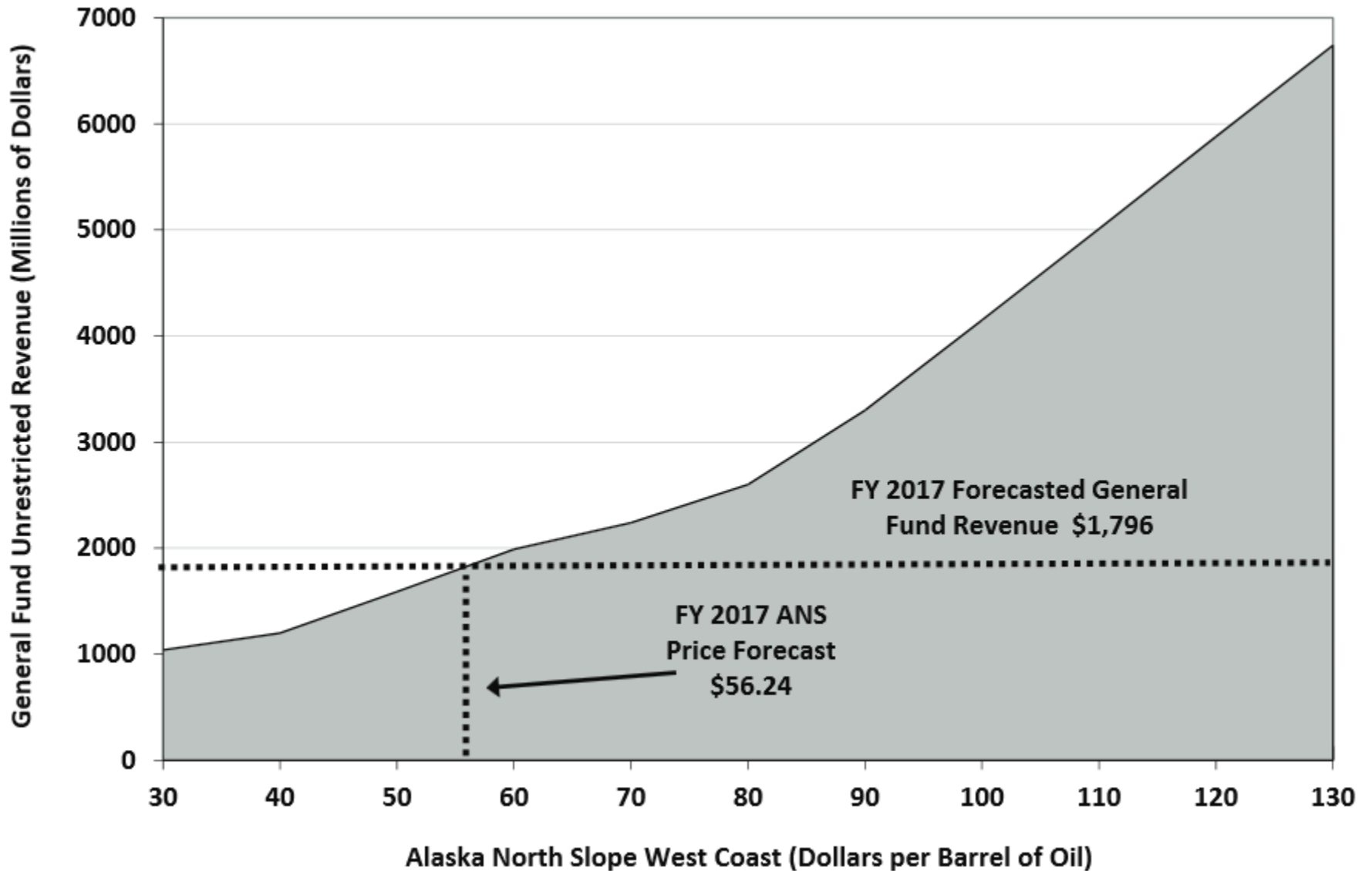
**2**

## Price Difference

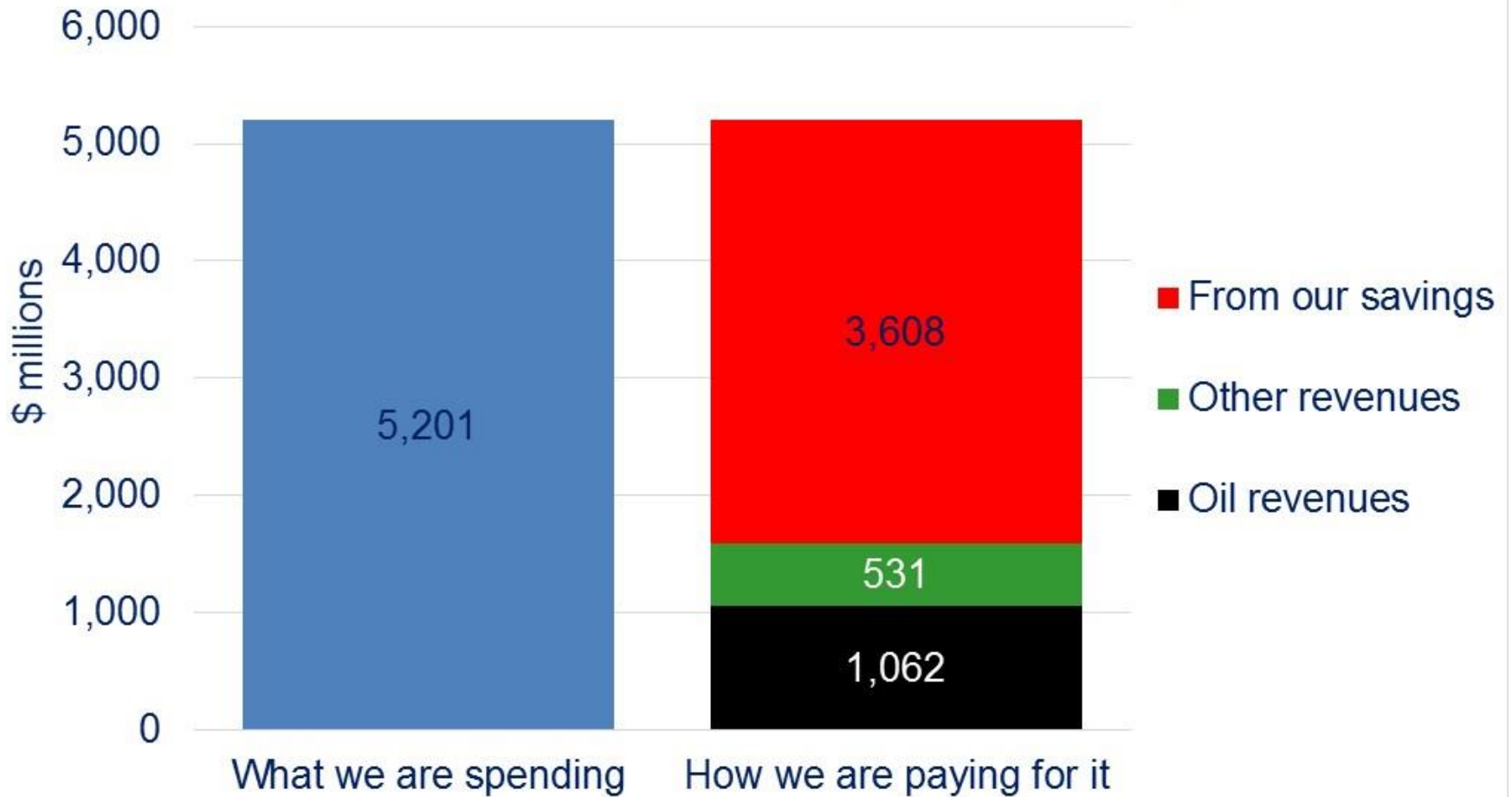
Spring 2015 forecast and Fall 2015 forecast

Fiscal Year	Dollars per Barrel									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Spring 2015 Forecast</b>										
AN S West Coast	67.49	66.03	66.66	69.06	97.51	109.54	112.61	114.92	119.61	124.34
AN S Wellhead Weighted Average All Destinations	58.08	56.75	77.04	79.14	87.01	98.40	100.72	102.18	105.94	109.63
<b>Fall 2015 Forecast</b>										
AN S West Coast	72.58	49.58	56.24	62.73	68.95	71.05	77.68	80.00	81.80	84.53
AN S Wellhead Weighted Average All Destinations	62.83	39.02	45.08	51.22	56.99	58.49	64.19	65.54	66.27	67.77
<b>Dollar Amount Change from Prior Forecast</b>										
AN S West Coast	5.09	-16.45	-30.42	-26.33	-28.56	-38.49	-34.93	-34.92	-37.81	-39.81
AN S Wellhead Weighted Average All Destinations	4.75	-17.73	-31.96	-27.92	-30.02	-39.91	-36.53	-36.64	-39.67	-41.86
<b>Percent Change from Prior Forecast</b>										
AN S West Coast	7.5%	-24.9%	-35.1%	-29.6%	-29.3%	-35.1%	-31.0%	-30.4%	-31.6%	-32.0%
AN S Wellhead Weighted Average All Destinations	8.2%	-31.2%	-41.5%	-35.3%	-34.5%	-40.6%	-36.3%	-35.9%	-37.4%	-38.2%

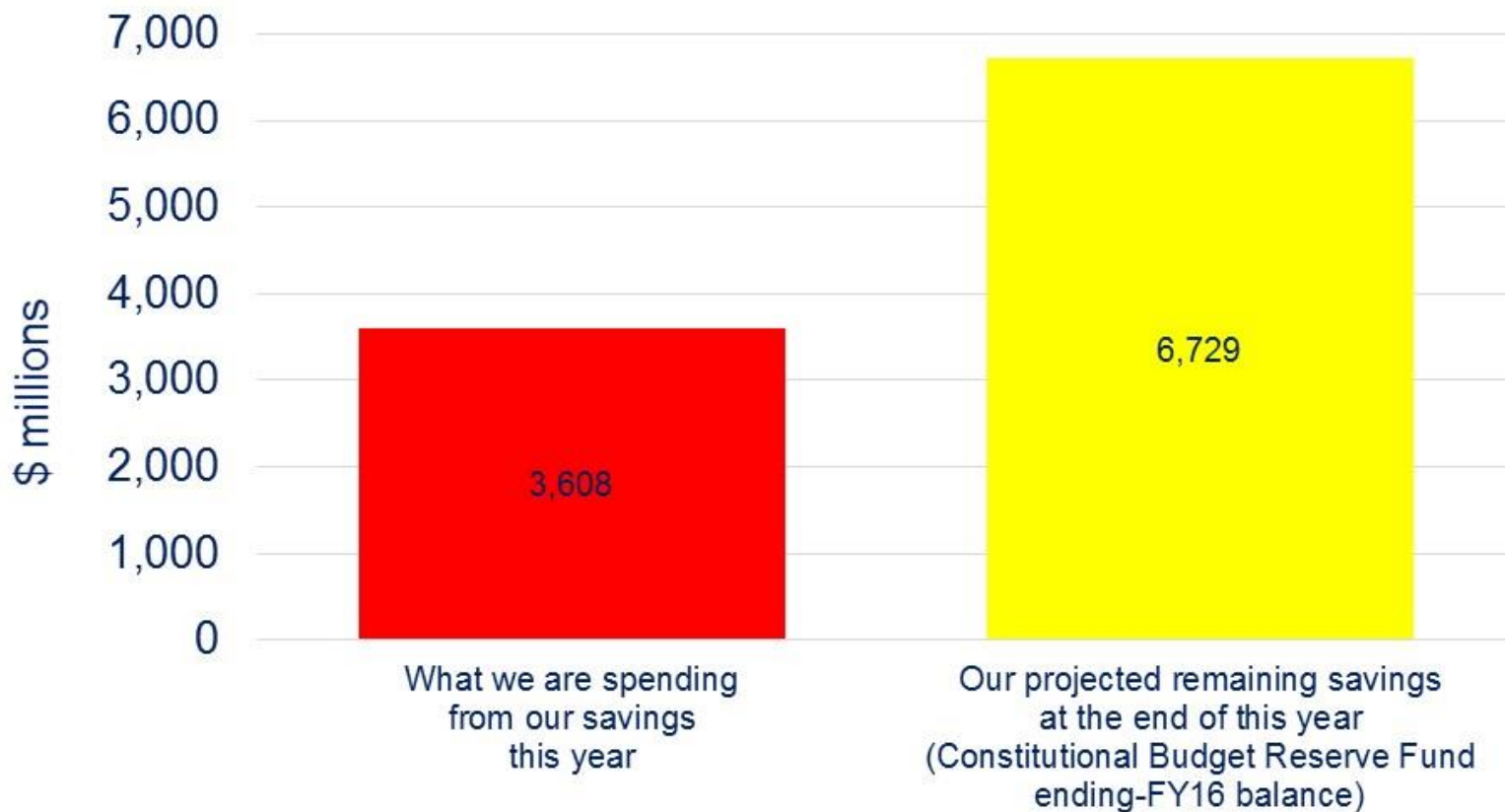
# From the Department of Revenue's Fall 2015 Revenue Forecast . . .



## Alaska's Fiscal Situation This Year (FY16)



## This Year's Deficit Compared to our Savings

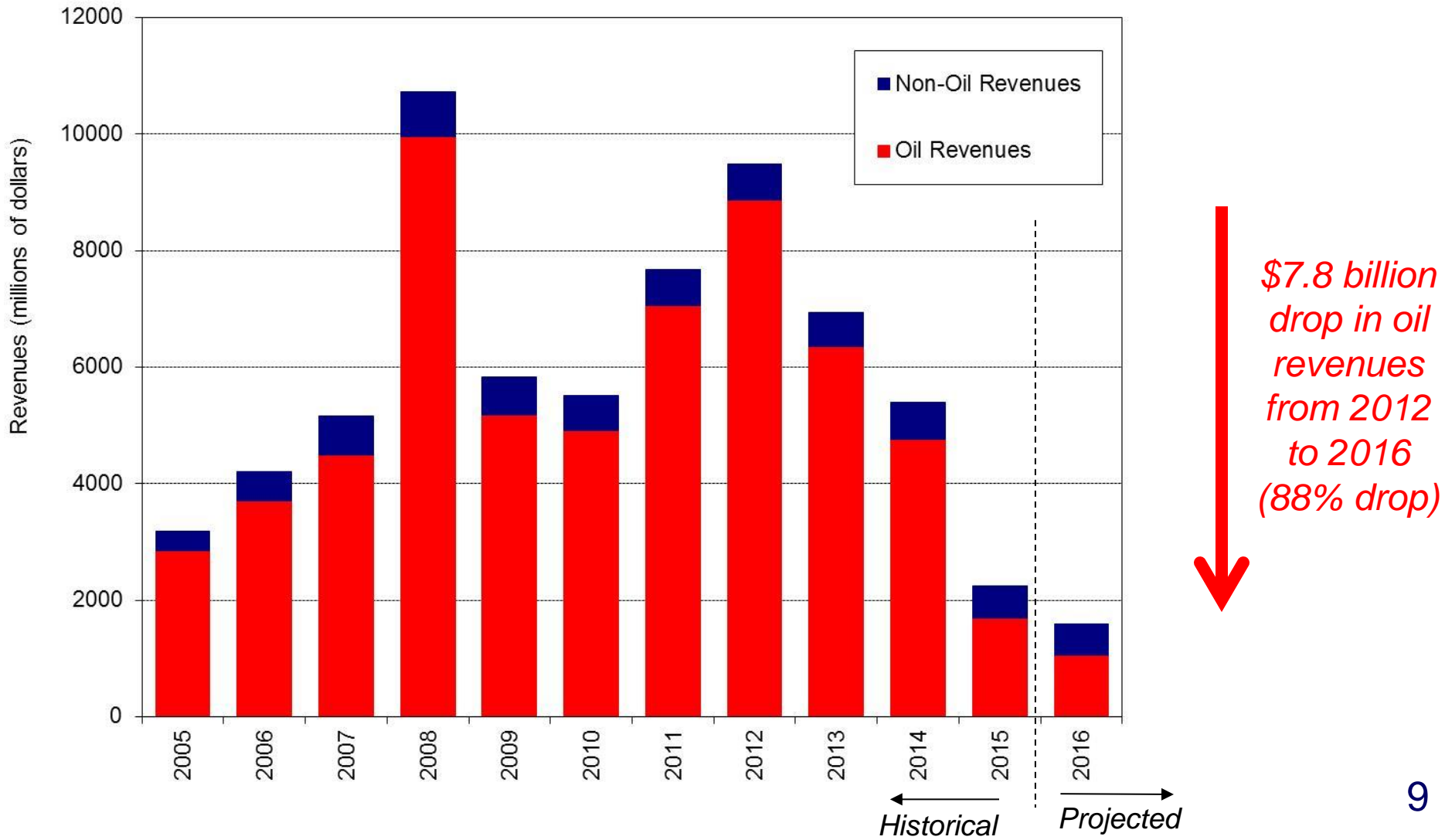


## Daily ANS West Coast Oil Price

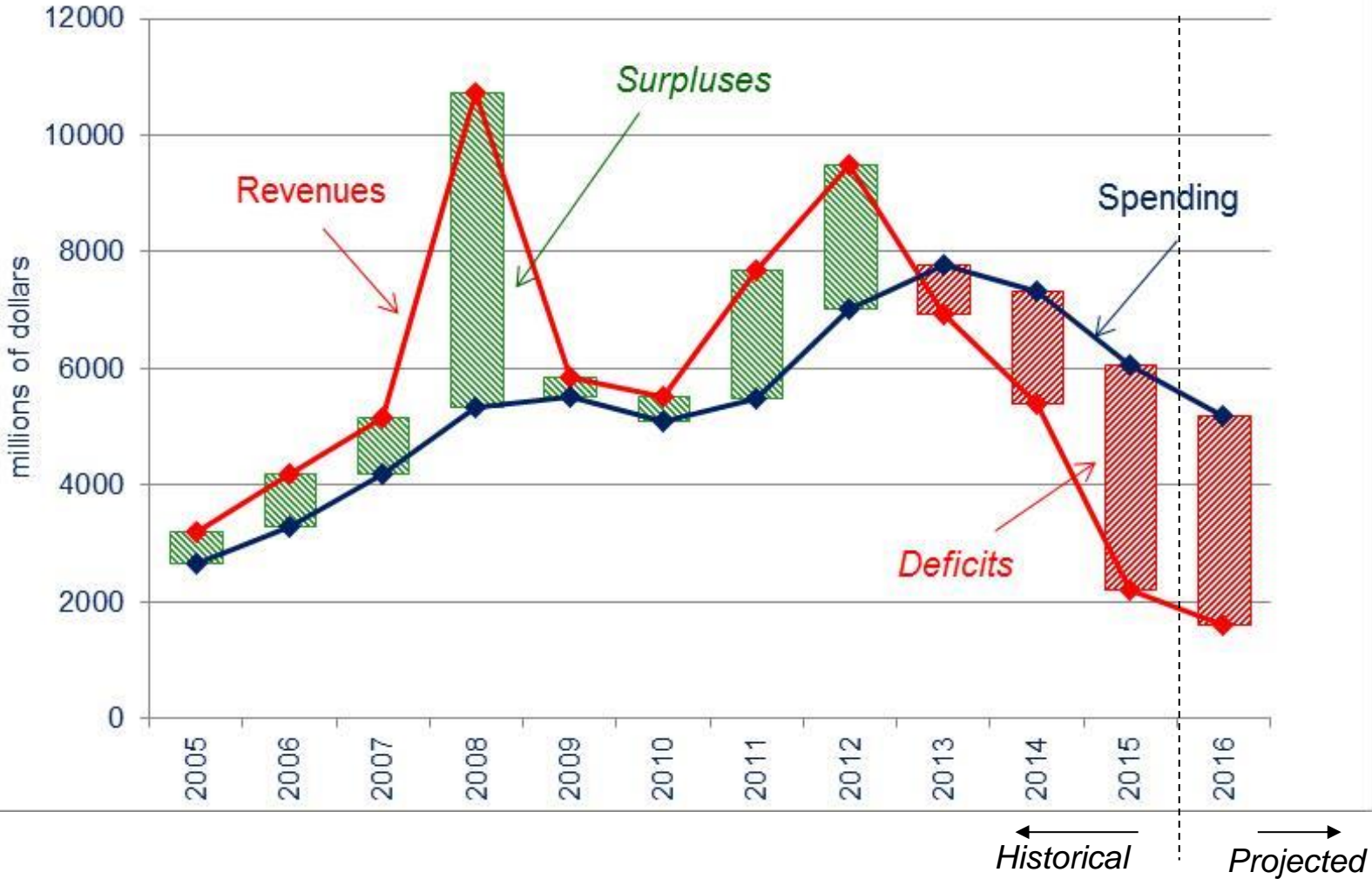




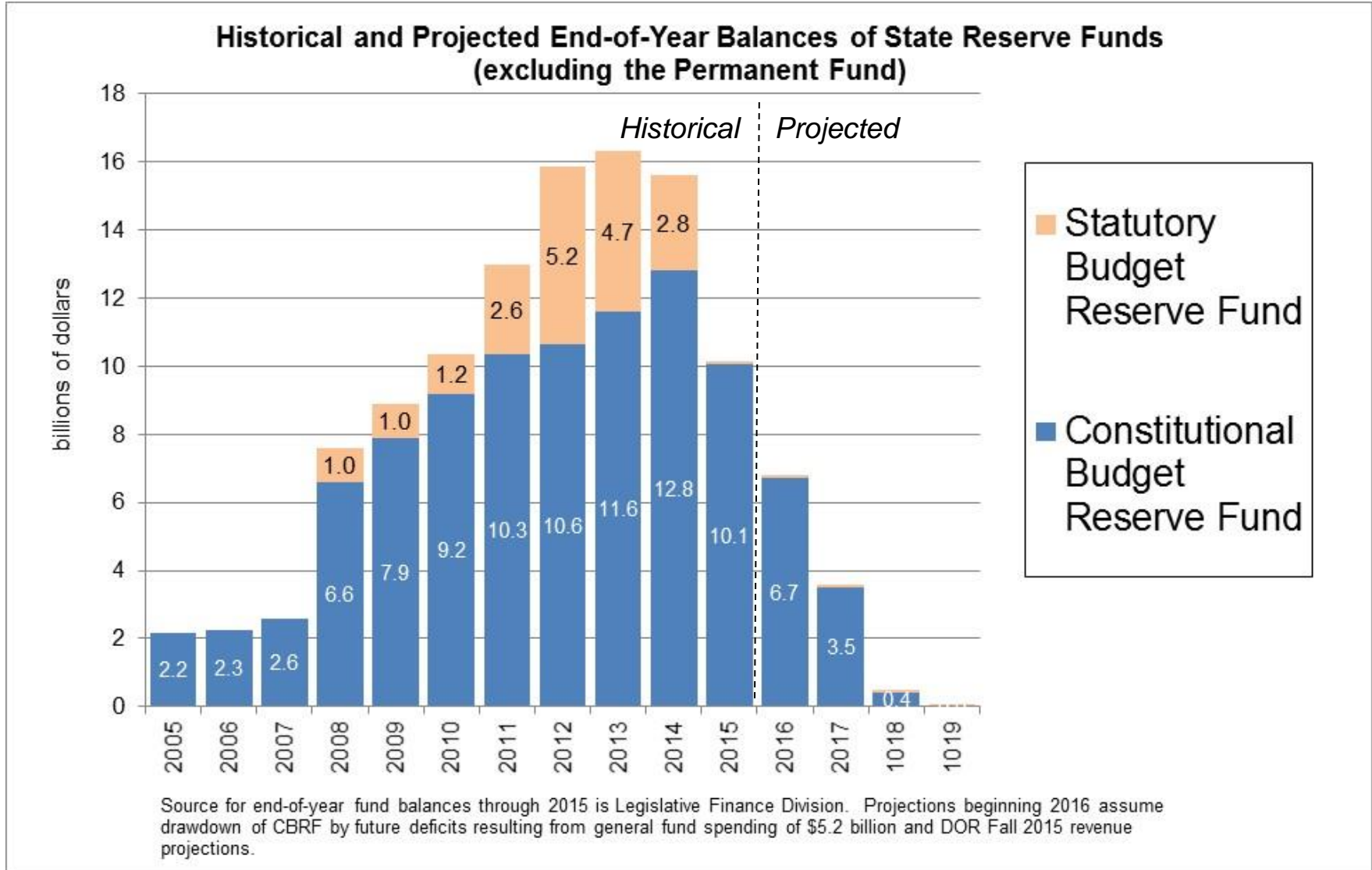
### Alaska Unrestricted General Fund Revenues



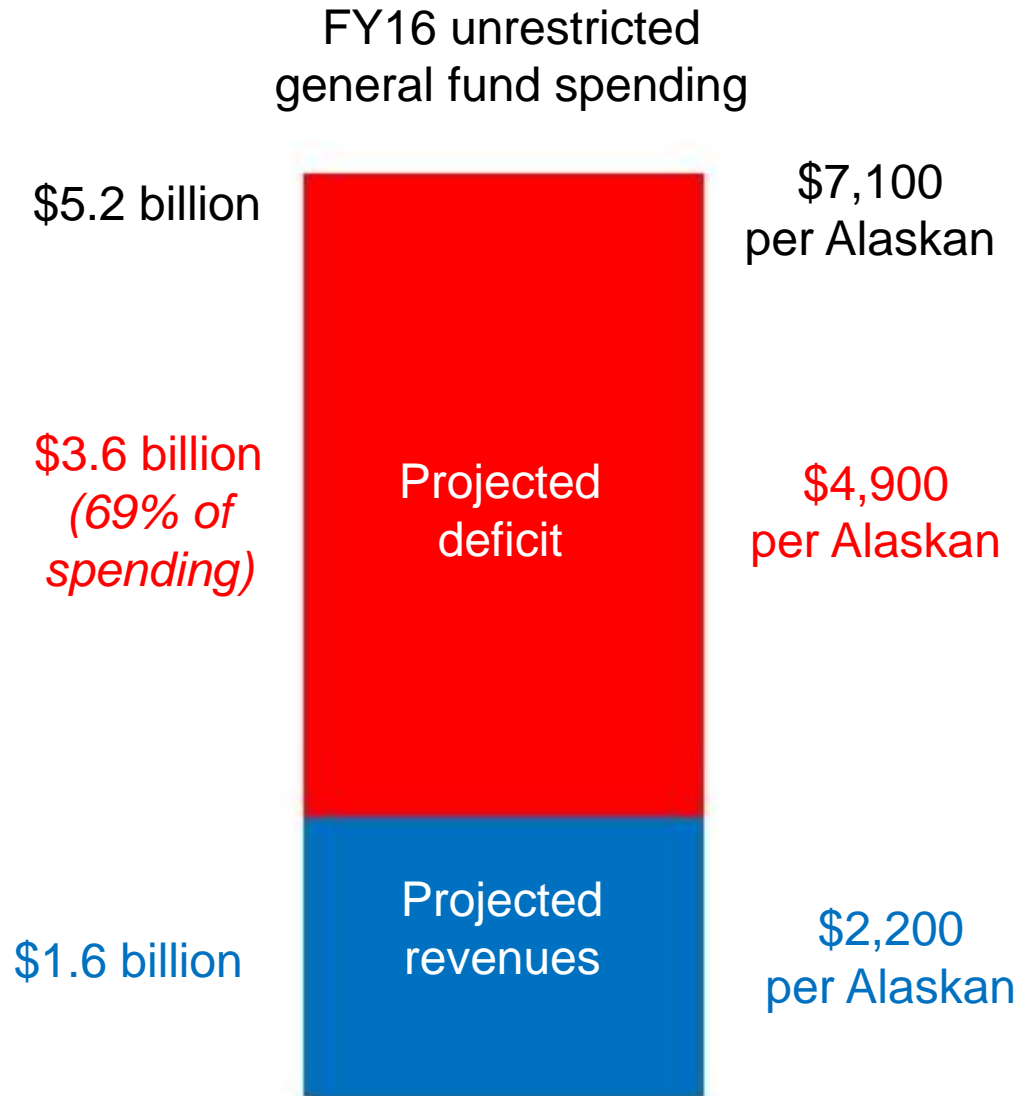
# State General Fund Revenues and Spending, FY15-FY16



# Projected CBRF balance assuming continued deficits of the FY16 magnitude



# Alaska FY16 general fund spending, revenues & deficit



## Five potential approaches to significant use of Permanent Fund earnings to fund state government

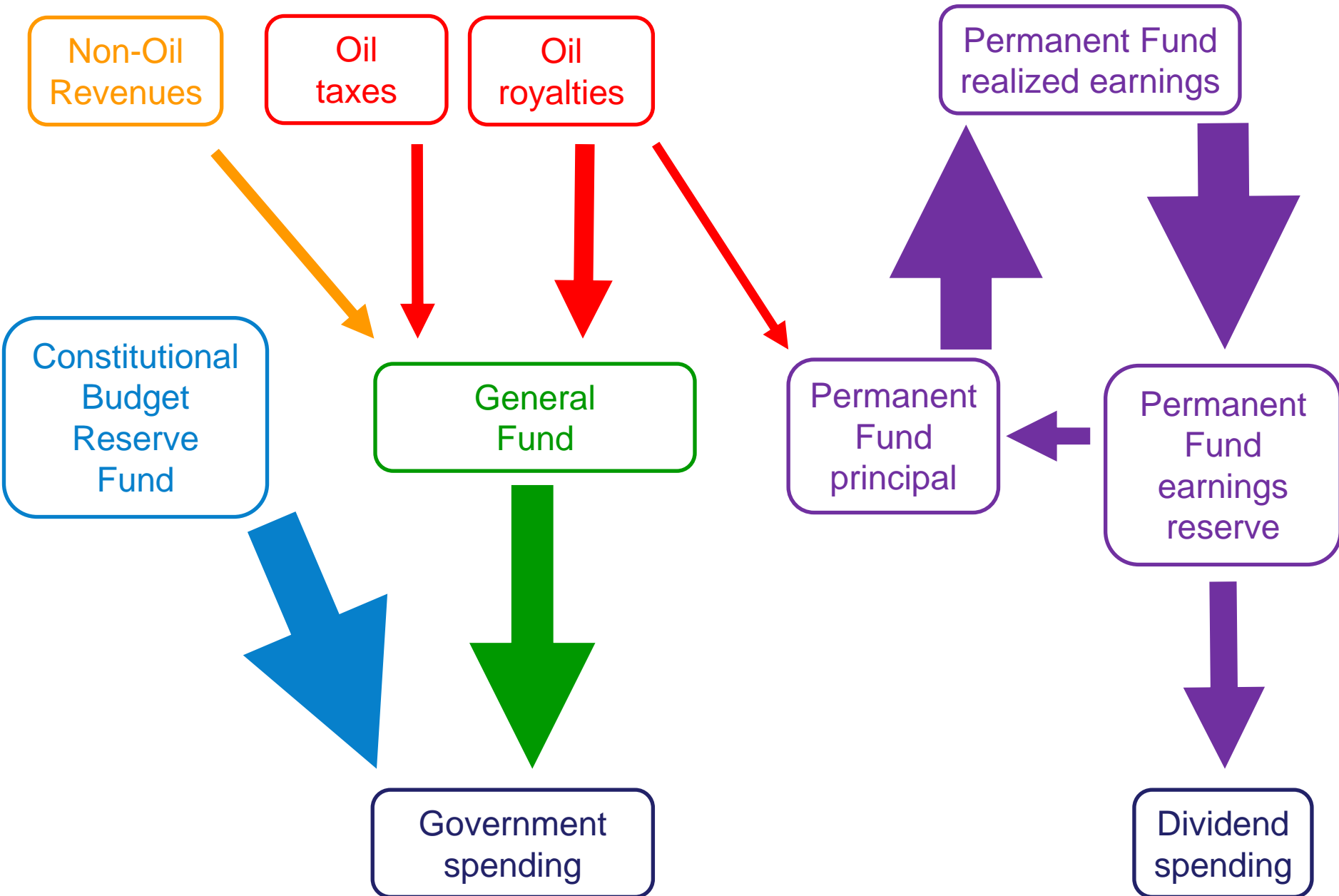
Approach	History/background
Use part of the funds currently going to dividends to pay for government	The legislature could do these by a simple majority vote
Spend funds from the earnings reserve without reducing dividends	
Percent of Market Value (POMV)	Plan developed during earlier fiscal crisis (late 1990s); rejected overwhelmingly in 1999 advisory vote
Senate Bill 114	Introduced during the 2015 legislative session
Walker administration's "sovereign wealth fund" concept proposal	Concept proposal released by Walker administration Fall 2015

The next slide shows current state revenue and spending flows.

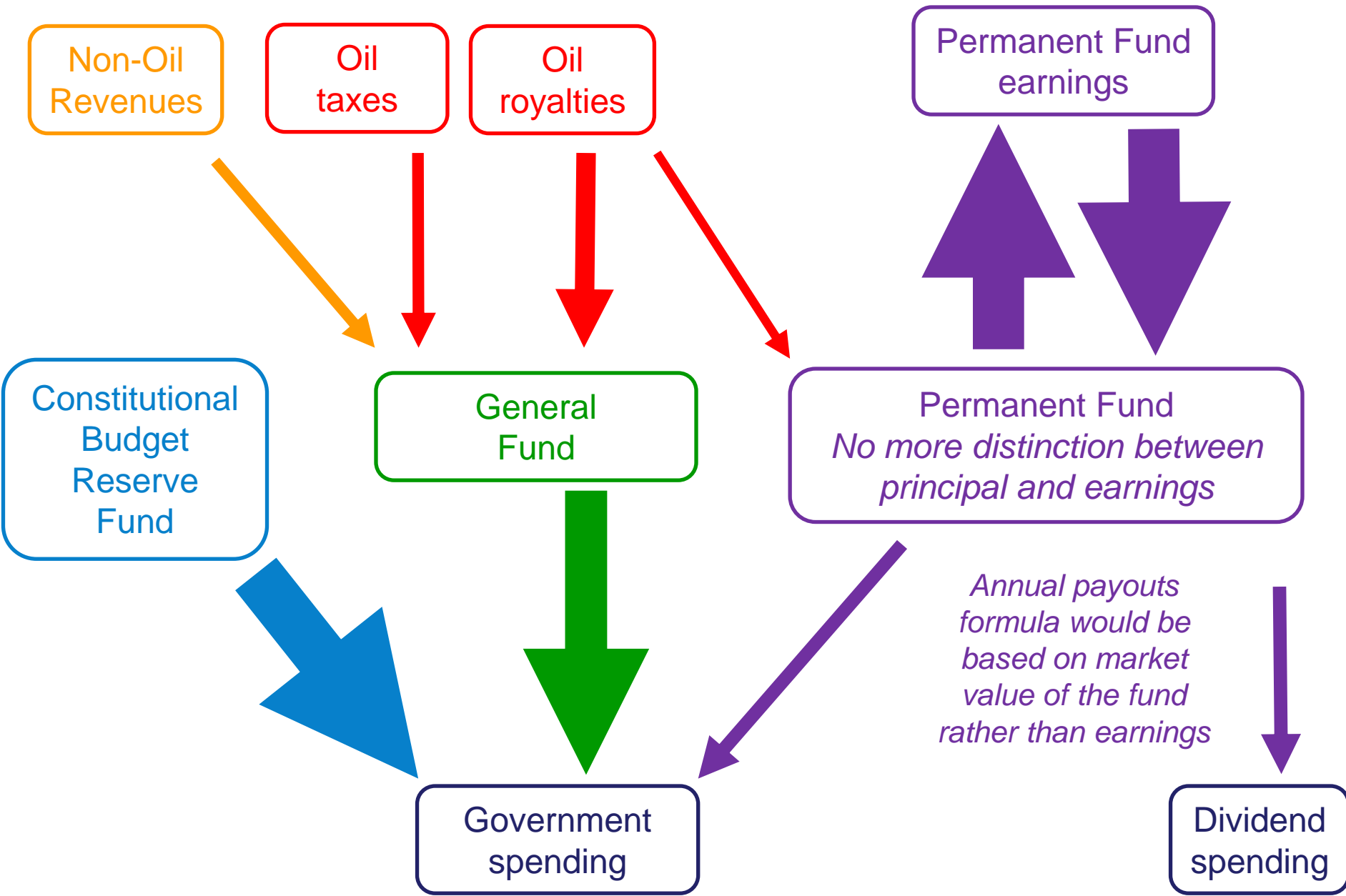
The thickness of the arrows is proportional to actual revenue and spending flows in FY16.

The follow three slides are my attempt to show how the three proposed approaches to use of the Permanent Fund would change state spending flows.

# Major Alaska state revenues and spending flows, FY16

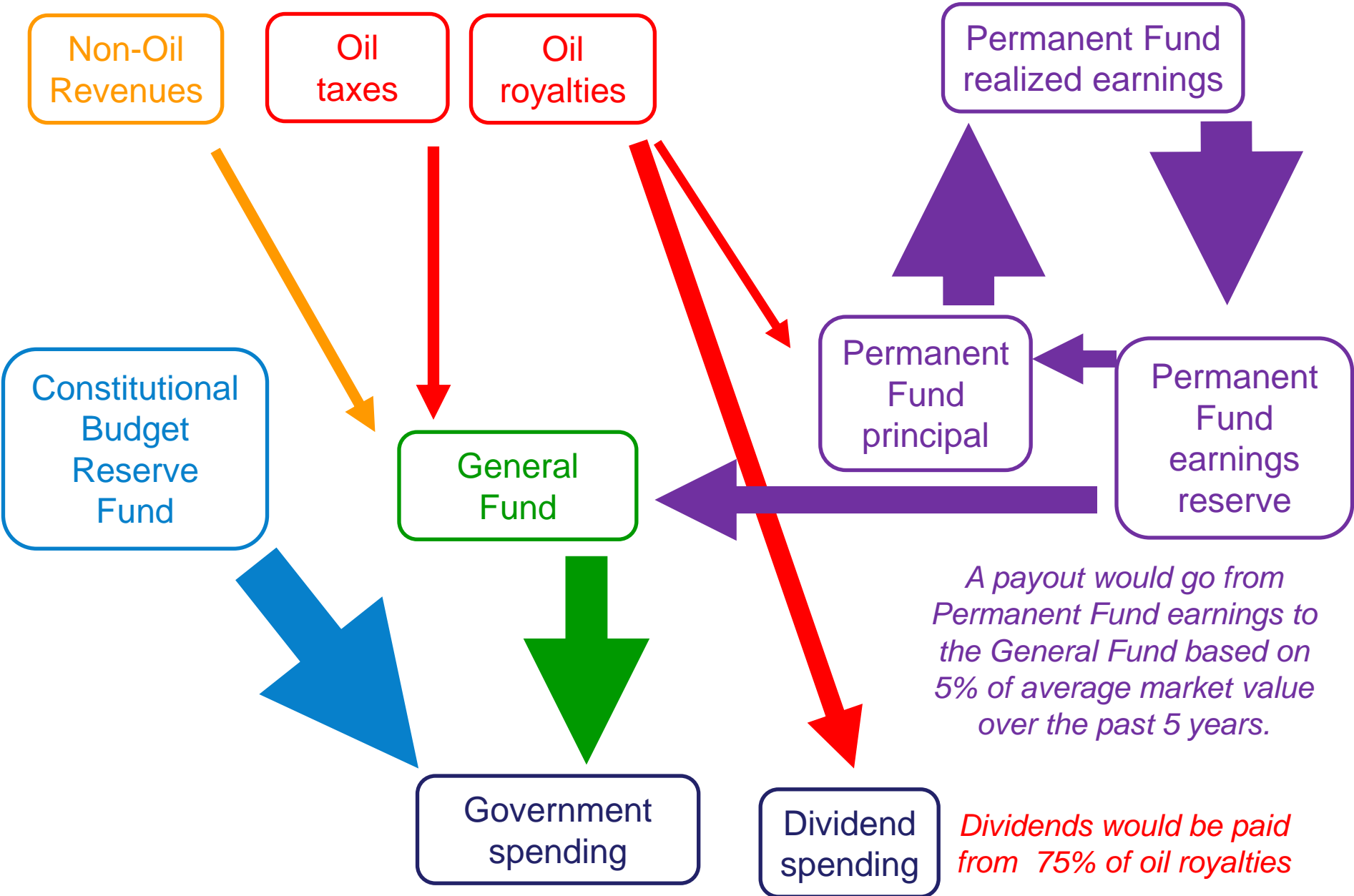


# Percent of Market Value (POMV) approach

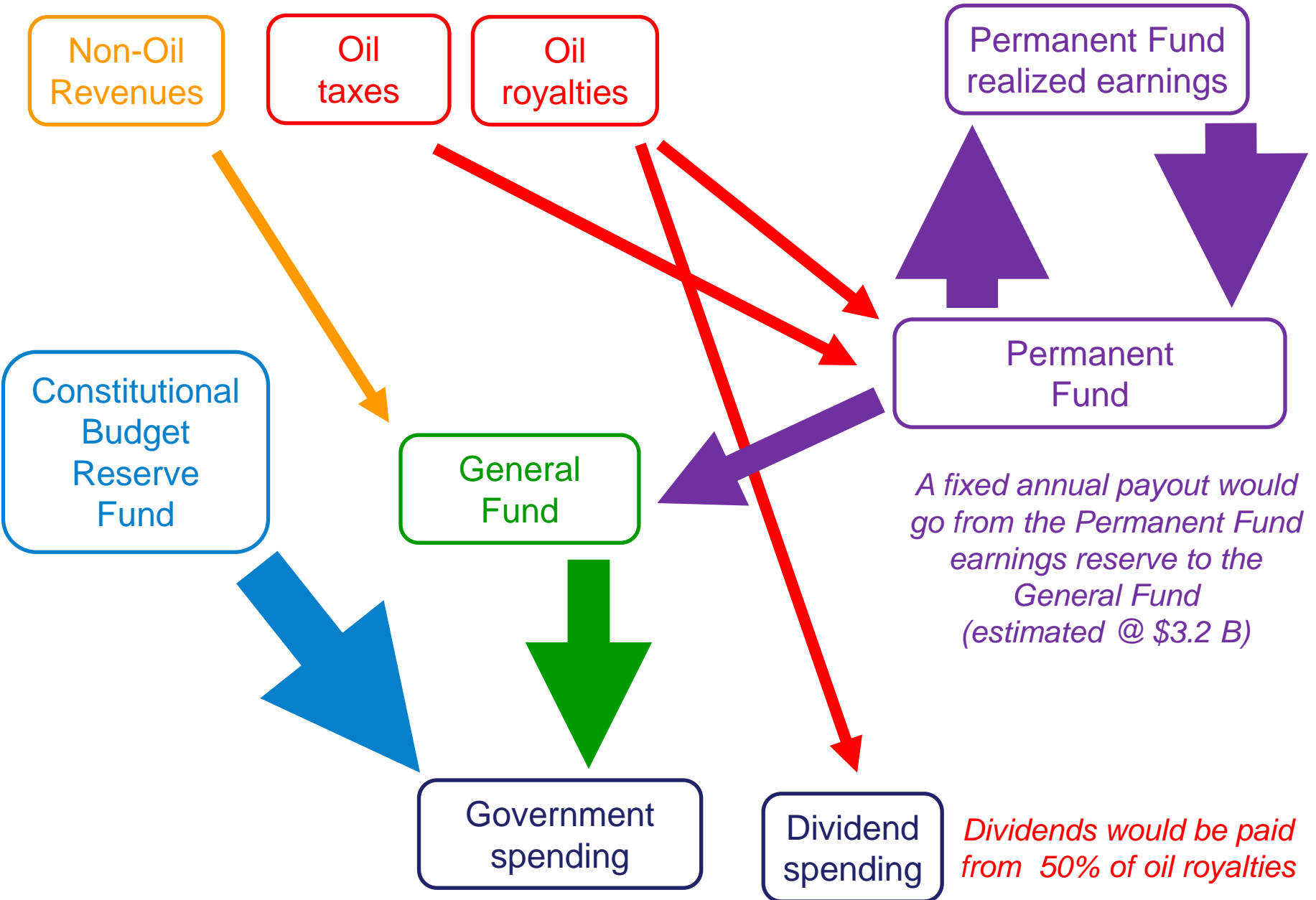




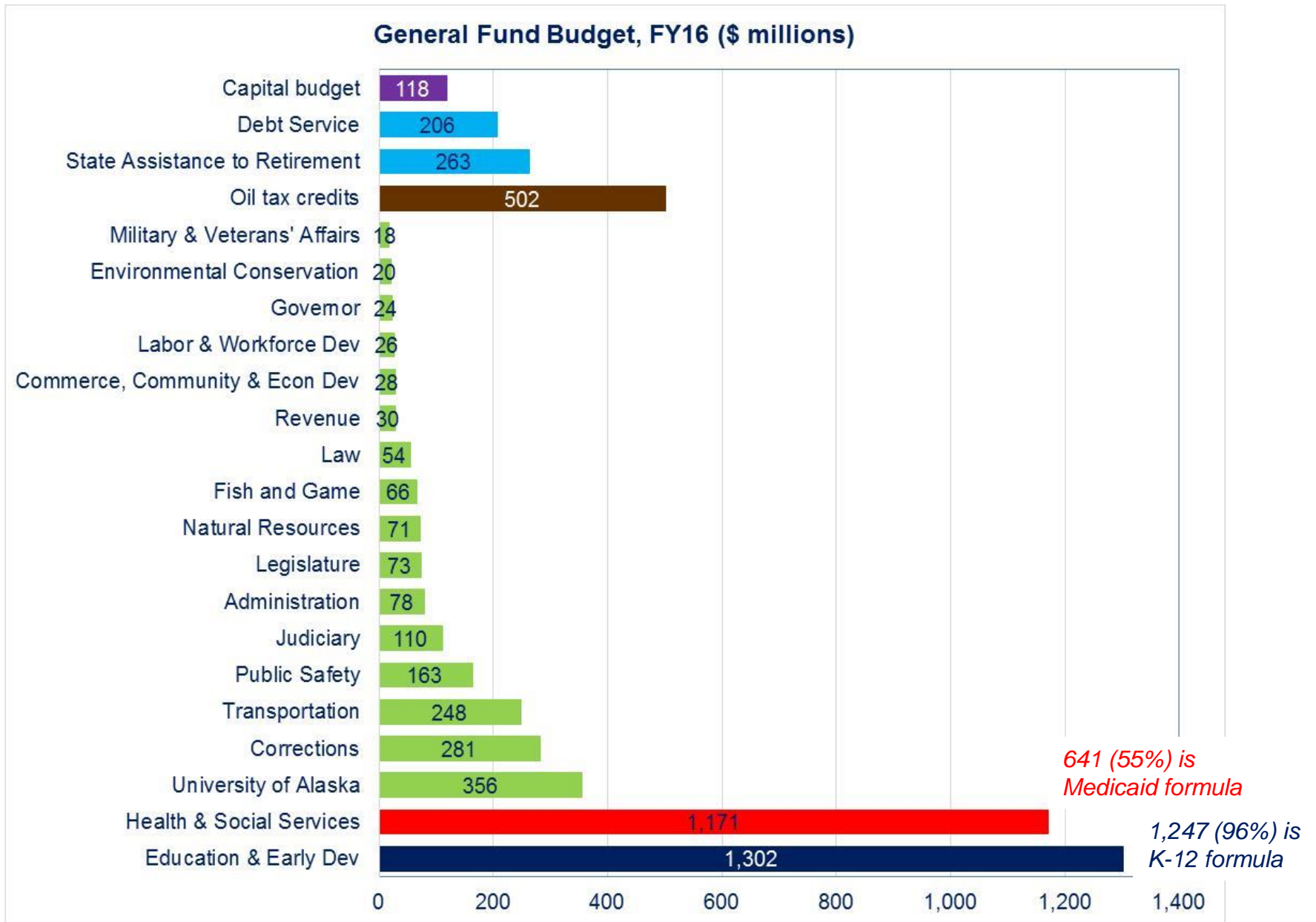
# SB 114 approach: "Swap" funding for dividends and government



Sovereign wealth fund approach: Almost all oil revenues would go to the Permanent Fund, which would make a fixed payout to the General Fund.



# How we are spending \$5.2 billion in FY16



## Trends in General Fund spending, FY07-FY16

