

# A Brief Introduction to Alaska State Revenues and Spending

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## My goals for this forum

- To help Alaskans understand:
  - the kinds of fiscal challenges we are likely to face in the future
  - the uncertainties, complexity and difficulty about the choices we may face
- To start a conversation about:
  - what kind of challenges we face
  - our options for dealing with these challenge
  - some of the arguments for and against different choices

One reason thinking about Alaska's fiscal future is challenging is because it is complicated

- The State receives money from many different revenue sources
- Money from different sources goes into different funds which are used in different ways
- People who talk about the fiscal situation use a lot of jargon
- But learning a few key concepts and terms can make the discussion a lot easier to understand

What year is it?

Calendar year 2014

but

Fiscal year 2015

Started July 1 2014

Ends June 30 2015

# Information sources for Alaska revenues and spending

Department of Revenue  
Revenue Sources Book

Legislative Finance Division  
Fiscal Summaries

State of Alaska Fiscal Summary--FY14 and FY15 (Part 1)

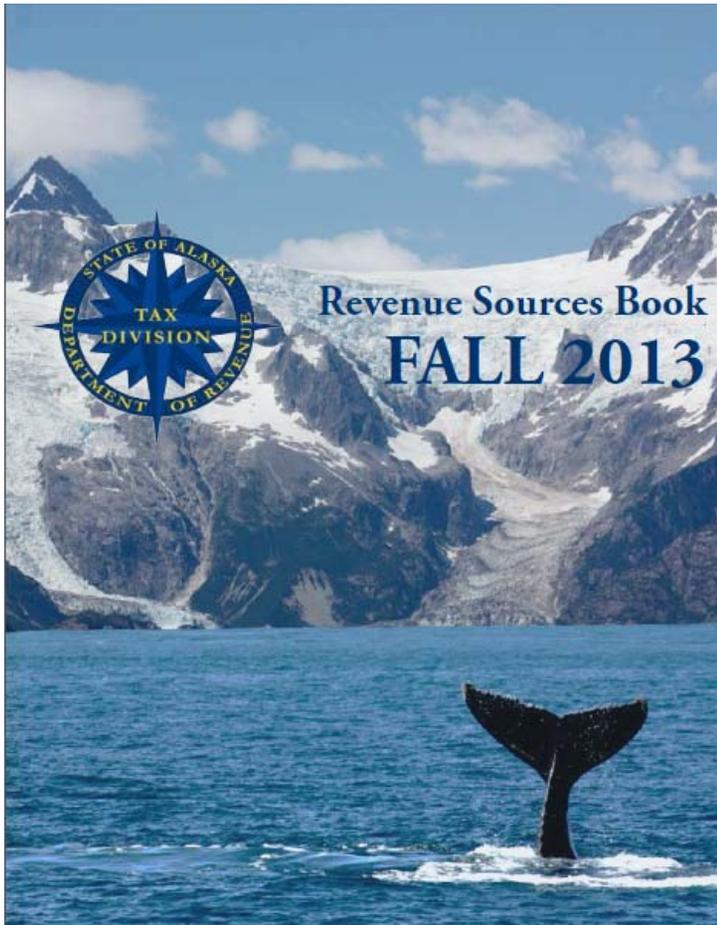
(\$ millions)

	FY14 BUDGET						FY15 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> (Excludes Permanent Fund Earnings) (1)	<b>5,338.9</b>	<b>977.7</b>	<b>6,316.6</b>	<b>589.5</b>	<b>2,971.1</b>	<b>9,877.3</b>	<b>4,522.9</b>	<b>959.6</b>	<b>5,482.5</b>	<b>638.6</b>	<b>3,137.8</b>	<b>9,258.9</b>	<b>(816.0)</b>	<b>-15.3%</b>
2 Unrestricted General Fund Revenue (Spring 2014) (2)	5,304.0	-	5,304.0	-	-	5,304.0	4,522.9	-	4,522.9	-	-	4,522.9	-	-
3 Carryforward (3)	34.9	-	34.9	-	1.6	36.5	-	-	-	-	-	-	-	-
4 Designated General Fund Revenue (4)	-	977.7	977.7	-	-	977.7	-	959.6	959.6	-	-	959.6	-	-
5 Other State Funds and Federal Receipts	-	-	-	589.5	2,969.5	3,559.0	-	-	-	638.6	3,137.8	3,776.4	-	-
<b>APPROPRIATIONS</b>														
<b>TOTAL OPERATING APPROPRIATIONS</b>	<b>6,438.8</b>	<b>743.8</b>	<b>7,182.6</b>	<b>550.8</b>	<b>2,042.1</b>	<b>9,775.5</b>	<b>5,244.5</b>	<b>772.4</b>	<b>6,016.9</b>	<b>3,573.5</b>	<b>2,019.5</b>	<b>11,609.9</b>	<b>(1,194.3)</b>	<b>-18.5%</b>
7 Agency Operations	4,394.2	721.8	5,116.0	466.2	2,001.4	7,583.6	4,512.9	751.5	5,264.4	517.6	1,991.8	7,773.9	118.7	2.7%
8 Current Fiscal Year Appropriations (Includes Fiscal Notes)	4,386.2	721.7	5,107.8	463.2	2,001.4	7,575.4	4,492.9	751.5	5,244.4	517.6	1,991.8	7,753.9	166.8	2.4%
9 Agency Operations (Non-Formula)	2,297.0	647.8	2,944.8	463.2	914.8	4,322.8	2,246.3	642.9	2,889.2	514.7	902.8	4,307.7	(50.6)	-2.2%
10 K-12 Formula and Pupil Transportation	1,216.2	10.5	1,226.7	-	20.8	1,247.5	1,200.6	10.0	1,210.6	-	20.8	1,231.4	(15.6)	-1.3%
11 Other Formula Programs	673.0	63.4	736.3	2.8	1,063.9	2,000.0	677.7	74.9	752.6	2.8	1,067.2	2,022.5	4.7	0.9%
12 Revised Programs Legislatively Approved	-	-	-	0.2	1.9	2.1	-	-	-	-	-	-	-	-
13 Fiscal Notes (FY14 notes are included in Management Plan)	-	-	-	-	-	-	168.3	23.8	192.1	0.1	0.1	192.2	-	-
14 Visions (non-additive)	(1.4)	-	(1.4)	(0.1)	(0.3)	(1.8)	-	-	-	-	-	-	-	-
15 Duplicated Authorization (non-additive) (5)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16 Supplemental Operating Appropriations	8.0	0.1	8.2	0.0	(0.0)	8.2	20.0	0.0	20.0	0.0	0.0	20.0	11.8	144.6%
<b>Statewide Operations</b>	<b>2,044.6</b>	<b>22.0</b>	<b>2,066.6</b>	<b>84.6</b>	<b>40.8</b>	<b>2,191.9</b>	<b>731.6</b>	<b>20.9</b>	<b>752.4</b>	<b>3,055.9</b>	<b>27.7</b>	<b>3,836.1</b>	<b>(1,313.0)</b>	<b>-64.2%</b>
18 Current Fiscal Year Appropriations	2,044.2	22.0	2,066.2	81.6	40.8	2,128.5	731.6	20.9	752.4	3,055.9	27.7	3,836.1	(1,272.6)	-63.5%
19 Debt Service	207.4	20.8	228.2	54.5	17.5	300.1	218.8	19.3	238.1	50.3	5.2	293.7	11.5	5.5%
20 Fund Capitalization	1,146.8	1.2	1,148.2	7.1	23.3	1,177.5	587.5	1.6	589.1	5.6	22.8	531.4	(638.5)	-55.7%
21 Local Government Support	60.0	-	60.0	-	-	60.0	52.0	-	52.0	-	-	52.0	(8.0)	-13.3%
22 Oil & Gas Investment Tax Credits	600.0	-	600.0	-	-	600.0	450.0	-	450.0	-	-	450.0	(150.0)	-25.0%
23 ADEA Capitalization (Fiscal Note)	125.0	-	125.0	-	-	125.0	-	-	-	-	-	-	(125.0)	-100.0%
24 In-State Pipeline Fund	355.0	-	355.0	-	-	355.0	-	-	-	-	-	-	(355.0)	-100.0%
25 Other Fund Capitalization	6.0	1.2	7.2	7.1	23.3	37.5	5.5	1.6	7.1	5.6	22.5	35.1	(0.5)	-7.0%
26 Retirement Costs: Actuarial Recommendation	633.8	-	633.8	-	-	633.8	5.2	-	5.2	-	-	5.2	(628.6)	-99.2%
27 Retirement Costs: Additional Contributions	17.1	-	17.1	-	-	17.1	-	-	3,000.0	-	-	3,000.0	-	-
28 Special Appropriations	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29 Duplicated Authorization (non-additive) (5)	-	-	-	42.0	-	42.0	-	-	-	12.1	-	12.1	-	-
30 Supplemental Statewide Appropriations	40.4	-	40.4	23.0	(0.0)	63.4	-	-	-	-	-	-	(40.4)	-100.0%
31 Debt Service	(15.4)	-	(15.4)	23.0	(0.0)	7.6	-	-	-	-	-	-	-	-
32 Other Fund Capitalization	52.3	-	52.3	-	-	52.3	-	-	-	-	-	-	-	-
33 Judgments, Claims and Settlements	3.5	-	3.5	-	-	3.5	-	-	-	-	-	-	-	-
34 Duplicated Authorization (non-additive) (5)	-	-	-	(22.9)	-	(22.9)	-	-	-	-	-	-	-	-
<b>TOTAL CAPITAL APPROPRIATIONS</b>	<b>880.4</b>	<b>219.5</b>	<b>1,099.9</b>	<b>36.8</b>	<b>929.0</b>	<b>2,065.7</b>	<b>594.9</b>	<b>164.5</b>	<b>759.4</b>	<b>65.1</b>	<b>1,118.2</b>	<b>1,942.7</b>	<b>(285.5)</b>	<b>-32.4%</b>
35 Current Fiscal Year Appropriations	796.2	212.8	1,009.0	34.8	929.0	1,972.7	594.9	164.5	759.4	65.1	1,118.2	1,942.7	(291.3)	-29.3%
37 Project Appropriations & RPLs (Revised Programs)	709.2	212.8	921.9	34.8	929.0	1,945.7	594.9	164.5	759.4	65.1	1,118.2	1,942.7	(174.3)	-22.7%
38 Fund Capitalization	27.0	-	27.0	-	-	27.0	-	-	-	-	-	-	(27.0)	-100.0%
39 Projects Funded with Other Debt Proceeds (non-additive)	-	-	-	35.0	-	35.0	-	-	-	172.5	-	172.5	-	-
40 Duplicated Authorization (non-additive) (5)	-	-	-	58.3	-	58.3	-	-	-	200.9	-	200.9	-	-
41 Supplemental Appropriations	84.2	6.8	91.0	2.0	0.0	93.0	0.0	0.0	0.0	0.0	0.0	0.0	(91.0)	-100.0%
42 Capital Projects (incl of Duplication)	84.2	6.8	91.0	2.0	-	93.0	-	-	-	-	-	-	-	-
43 Duplicated Authorization (non-additive) (5)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
44 Money on the Street (includes all fund sources) (6)	880.4	219.5	1,099.9	95.1	929.0	2,124.0	594.9	164.5	759.4	265.0	1,118.2	2,143.5	(285.5)	-32.4%
<b>Pre-Transfers Authorization</b> (unduplicated)	<b>7,319.2</b>	<b>963.3</b>	<b>8,282.5</b>	<b>587.6</b>	<b>2,971.1</b>	<b>11,841.2</b>	<b>5,839.4</b>	<b>936.8</b>	<b>6,776.2</b>	<b>3,638.6</b>	<b>3,137.8</b>	<b>13,552.6</b>	<b>(1,479.8)</b>	<b>-20.2%</b>
46 Pre-Transfers Surplus/(Deficit)	(1,980.3)	-	-	-	-	-	(1,316.5)	-	-	-	-	-	-	-

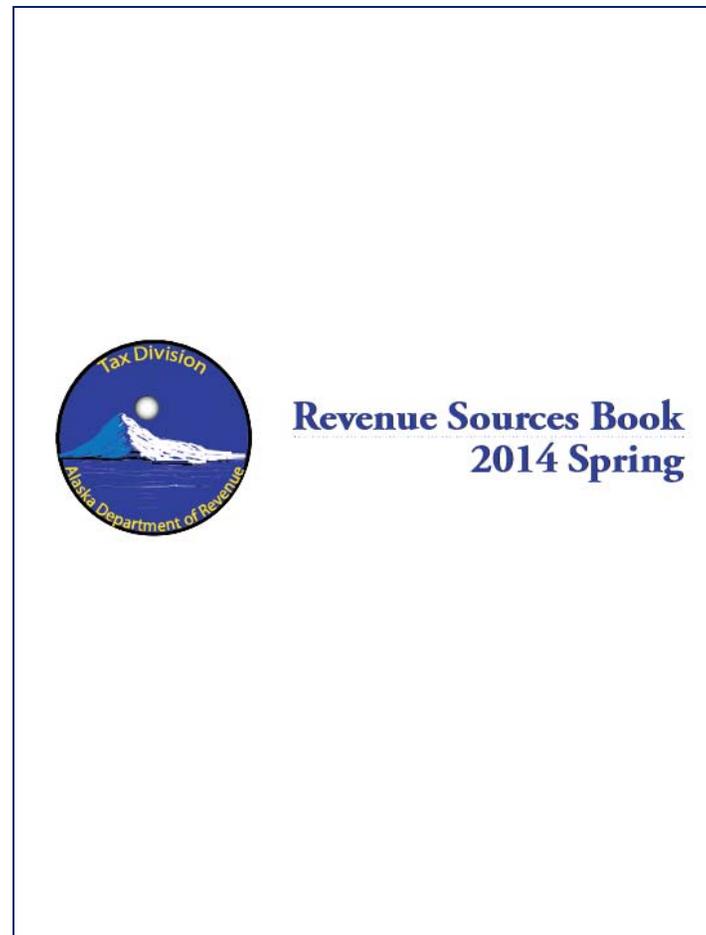
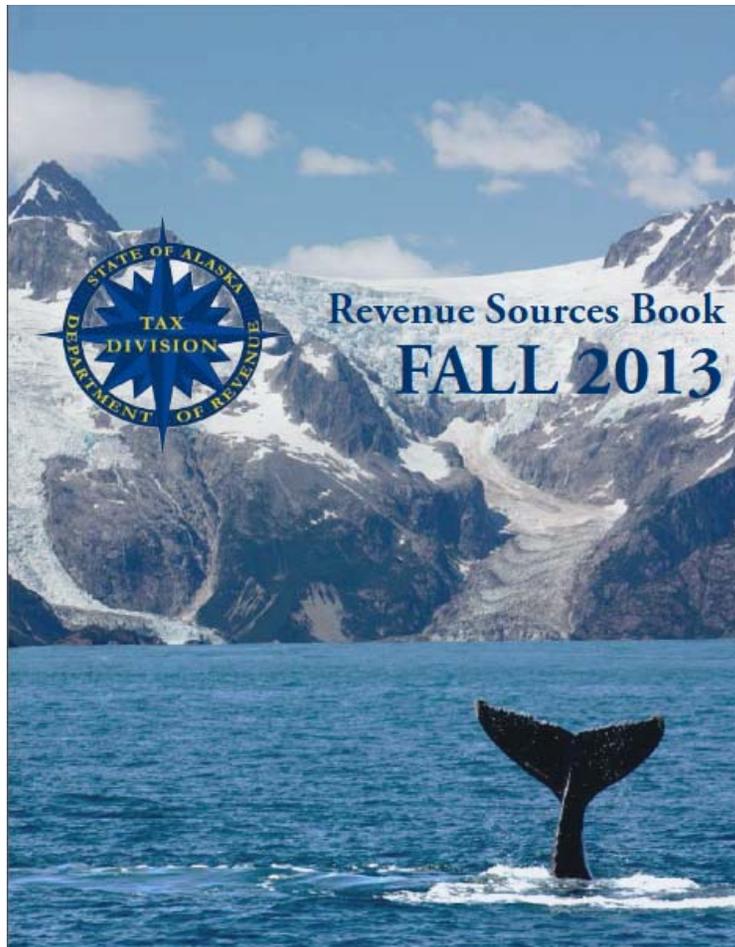
August 29, 2014

<http://www.legfin.akleg.gov/FisSum/DisplayReports.php>

<http://www.tax.alaska.gov/programs/sourcebook/index.aspx>



The Department of Revenue puts out *Revenue Sources Books* each fall and spring. These have the official state revenue projections that budgets are based on.



## Unrestricted and Restricted Revenue

<b>Types of revenue</b>	<b>Examples</b>
Unrestricted revenue <i>You can use it any way you want to</i>	Your wages
	Your lottery winnings
Restricted revenue <i>You can only use it in specific way</i>	Your college scholarship
	Money your dad sent you to buy a car



**Unrestricted revenue**

*\$6.9 billion Available for any use*

**Restricted revenue**

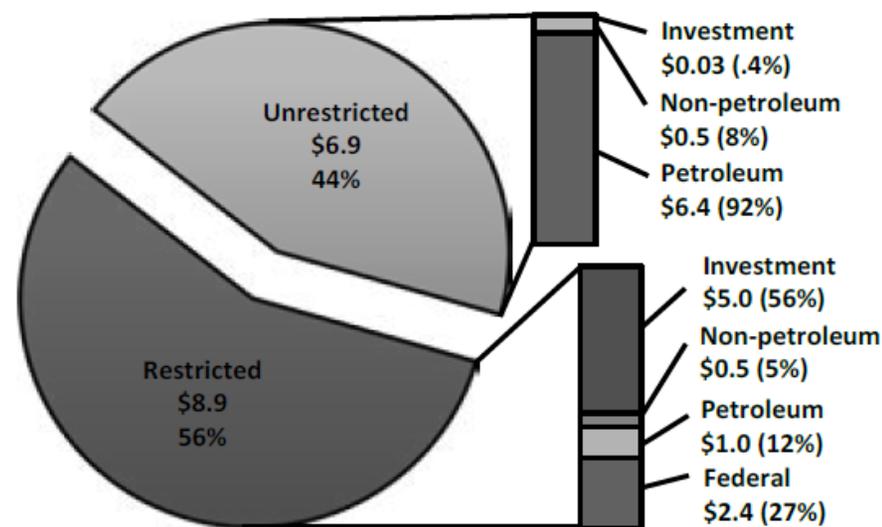
*\$8.9 billion May be used only for specific purposes*

**Table 2-1: Total State Revenue, by restriction and type**

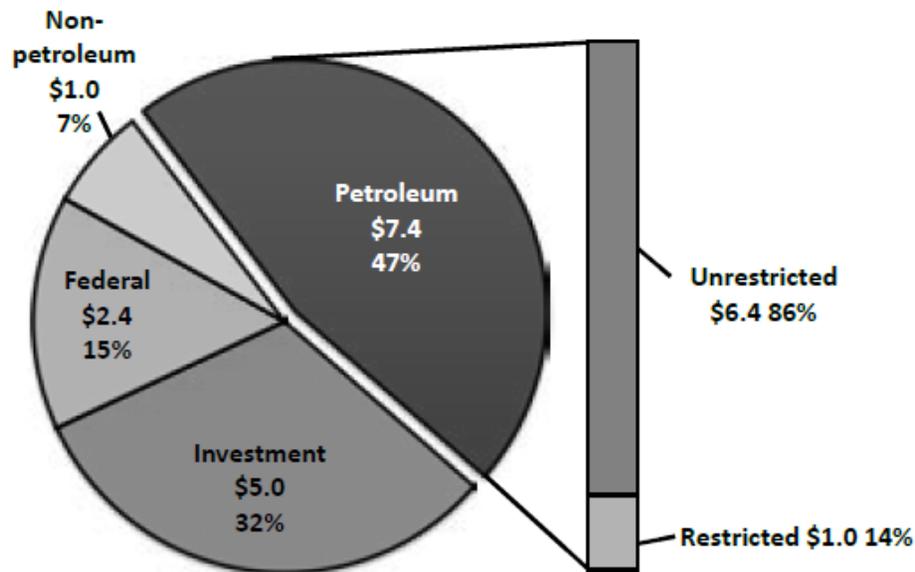
	(\$ millions)		
	History FY 2013	Forecast FY 2014      FY 2015	
<b>Unrestricted Revenue Sources</b>			
<b>Unrestricted General Fund Revenue</b>			
Petroleum Revenue	6,352.0	4,359.5	3,935.0
Non-petroleum Revenue	548.4	484.1	512.3
Investment Revenue	28.1	86.4	84.7
Federal Revenue	0.0	0.0	0.0
<b>Unrestricted General Fund Revenue</b>	<b>6,928.5</b>	<b>4,930.0</b>	<b>4,532.0</b>
<b>Restricted Revenue Sources</b>			
<b>Designated General Fund Revenue</b>			
Non-petroleum Revenue	299.8	329.0	327.6
Investment Revenue	40.5	40.1	30.7
<b>Subtotal Designated General Fund Revenue</b>	<b>340.3</b>	<b>369.1</b>	<b>358.3</b>
<b>Other Restricted Revenue</b>			
Petroleum Revenue	1,032.5	756.5	738.5
Non-petroleum Revenue	185.2	214.0	215.4
Investment Revenue	4,937.3	3,523.5	3,531.3
<b>Subtotal Other Restricted Revenue</b>	<b>6,155.0</b>	<b>4,494.0</b>	<b>4,485.2</b>
<b>Federal Revenue</b>			
Petroleum Revenue <sup>(1)</sup>	3.6	3.6	3.6
Federal Receipts	2,383.2	2,963.0	2,963.0
<b>Subtotal Federal Revenue</b>	<b>2,386.8</b>	<b>2,966.6</b>	<b>2,966.6</b>
<b>Total Restricted Revenue</b>	<b>8,882.1</b>	<b>7,829.7</b>	<b>7,810.1</b>
<b>Total State Revenue</b>	<b>15,810.6</b>	<b>12,759.6</b>	<b>12,342.1</b>

The state takes in four broad types of revenues.  
 Most of the unrestricted revenue is petroleum (oil) revenue.

Four revenue types	Examples	FY 13 Total (\$ millions)		FY 13 Total (\$ millions)	
		Unrestricted	Restricted	Unrestricted	Restricted
Petroleum revenue	Oil royalties, oil production taxes	6,352.0	1,032.5	92%	12%
Non-petroleum revenue	Fisheries business taxes, alcohol taxes	548.4	485.0	8%	5%
Investment revenue	Permanent fund earnings	28.1	4,977.8	0.4%	56%
Federal revenue	Federal payments for state-run programs	0.0	2,386.8	0%	27%
<b>Total</b>		<b>6,928.5</b>	<b>8,882.1</b>	<b>100%</b>	<b>100%</b>



**Figure 2-A: FY 2013 Total State Revenue, by restriction and type (\$ billions)**



Petroleum revenues account for 47% of total state revenues and 92% of unrestricted revenues

Figure 4-A: FY 2013 Oil Revenue, by restriction and type (\$ billions)

Table 4-1: Total Petroleum Revenue, by restriction and type

	(\$ millions)		
	History FY 2013	Forecast FY 2014    FY 2015	
<b>Unrestricted Petroleum Revenue</b>			
Petroleum Property Tax	99.3	99.6	97.4
Petroleum Corporate Income Tax	434.6	463.8	463.7
Oil & Gas Production Tax	4,050.3	2,099.7	1,711.1
Royalties (including Bonuses, Rents & Interest)	1,767.8	1,696.3	1,662.8
<b>Unrestricted Petroleum Revenue</b>	<b>6,352.0</b>	<b>4,359.5</b>	<b>3,935.0</b>

There are a variety of non-petroleum tax revenues which raise much smaller amounts of money than petroleum revenues.

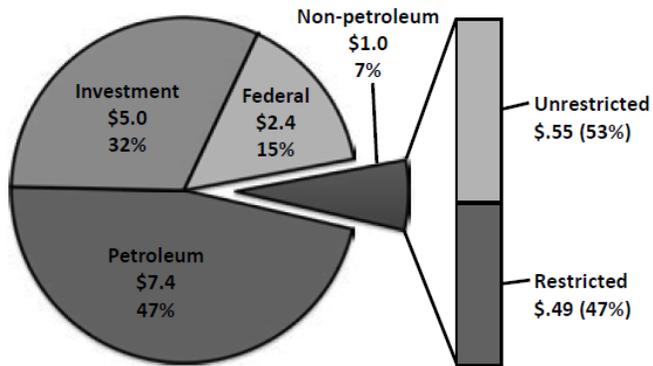


Figure 5-A: FY 2013 Non-petroleum Revenue, by restriction and type (\$ billions)

Table 5-2: Non-petroleum Tax Revenue, by restriction and detail

	(\$ millions)		
	History FY 2013	Forecast FY 2014      FY 2015	
<b>Unrestricted</b>			
Corporate Income Tax (non-petroleum)	112.5	87.9	127.1
<b>Excise Tax</b>			
Alcoholic Beverage	19.8	20.0	20.3
Tobacco Products – Cigarettes	32.2	30.4	28.9
Tobacco Products – Other (General Fund)	12.6	13.7	14.1
Electric & Telephone Cooperative	0.2	0.2	0.2
Insurance Premium	52.4	54.4	56.4
Motor Fuel Tax	41.9	41.3	40.7
Tire Fee	1.4	1.4	1.4
Vehicle Rental	8.4	8.3	8.4
<b>Subtotal</b>	<b>168.9</b>	<b>169.7</b>	<b>170.4</b>
<b>Fish Tax</b>			
Fisheries Business	19.2	22.1	22.6
Fishery Resource Landing	5.5	5.3	5.4
<b>Subtotal</b>	<b>24.7</b>	<b>27.4</b>	<b>28.0</b>
<b>Other Tax</b>			
Charitable Gaming	2.5	2.4	2.4
Estate	0.0	0.0	0.0
Large Passenger Vessel Gambling	6.0	6.0	6.0
Mining License	46.7	44.8	41.9
<b>Subtotal</b>	<b>55.2</b>	<b>53.2</b>	<b>50.3</b>
<b>Unrestricted Non-petroleum Tax Revenue</b>	<b>361.3</b>	<b>338.2</b>	<b>375.8</b>

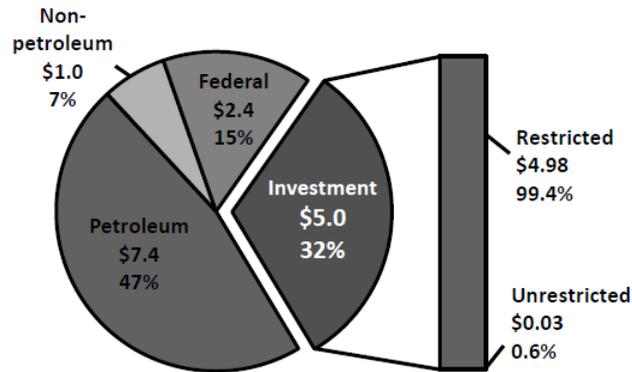


Figure 7-A: FY 2013 Investment Revenue (\$ billions)

Alaska has very large investment revenues—almost as high as oil revenues!

But most of the investment revenues are restricted. Permanent fund earnings are by far the largest share.

Table 7-1: Total Investment Revenue<sup>(1)</sup>, by restriction and detail

	(\$ millions)		
	History FY 2013	Forecast FY 2014    FY 2015	
<b>Unrestricted</b>			
Investments <sup>(2)</sup>	26.7	84.9	83.2
Interest Paid by Others	1.4	1.5	1.5
<b>Unrestricted Investment Revenue</b>	<b>28.1</b>	<b>86.4</b>	<b>84.7</b>
<b>Restricted</b>			
<b>Designated General Fund Revenue</b>			
Investments - Designated GF <sup>(3)</sup>	2.6	2.1	2.6
Other Treasury Managed Funds	37.9	38.0	28.1
<b>Subtotal Designated General Fund</b>	<b>40.5</b>	<b>40.1</b>	<b>30.7</b>
<b>Other Restricted</b>			
Investments - Other Restricted	5.2	4.3	5.3
Constitutional Budget Reserve Fund	618.2	618.2	458.9
<b>Alaska Permanent Fund</b>	<b>4,313.9</b>	2,901.0	3,067.5
<b>Subtotal Other Restricted Revenue</b>	<b>4,937.3</b>	<b>3,523.5</b>	<b>3,531.3</b>
<b>Restricted Investment Revenue</b>	<b>4,977.8</b>	<b>3,563.6</b>	<b>3,562.0</b>
<b>Total Investment Revenue</b>	<b>5,005.9</b>	<b>3,650.0</b>	<b>3,646.7</b>

# The Legislative Finance Division fiscal summaries summarize how we use our revenues

## State of Alaska Fiscal Summary--FY14 and FY15 (Part 1)

(\$ millions)

	FY14 BUDGET						FY15 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>1 REVENUE</b> (Excludes Permanent Fund Earnings) (1)	<b>5,338.9</b>	<b>977.7</b>	<b>6,316.6</b>	<b>589.5</b>	<b>2,971.1</b>	<b>9,877.3</b>	<b>4,522.9</b>	<b>959.6</b>	<b>5,482.5</b>	<b>638.6</b>	<b>3,137.8</b>	<b>9,258.9</b>	<b>(816.0)</b>	<b>-15.3%</b>
2 Unrestricted General Fund Revenue (Spring 2014) (2)	5,304.0	-	5,304.0	-	-	5,304.0	4,522.9	-	4,522.9	-	-	4,522.9		
3 Carryforward (3)	34.9	-	34.9	-	1.6	36.5	-	-	-	-	-	-		
4 Designated General Fund Revenue (4)	-	977.7	977.7	-	-	977.7	-	959.6	959.6	-	-	959.6		
5 Other State Funds and Federal Receipts	-	-	-	589.5	2,969.5	3,559.0	-	-	-	638.6	3,137.8	3,776.4		
<b>APPROPRIATIONS</b>														
<b>6 TOTAL OPERATING APPROPRIATIONS</b>	<b>6,438.8</b>	<b>743.8</b>	<b>7,182.6</b>	<b>550.8</b>	<b>2,042.1</b>	<b>9,775.5</b>	<b>5,244.5</b>	<b>772.4</b>	<b>6,016.9</b>	<b>3,573.5</b>	<b>2,019.5</b>	<b>11,609.9</b>	<b>(1,194.3)</b>	<b>-18.5%</b>
<b>7 Agency Operations</b>	<b>4,394.2</b>	<b>721.8</b>	<b>5,116.0</b>	<b>466.2</b>	<b>2,001.4</b>	<b>7,583.6</b>	<b>4,512.9</b>	<b>751.5</b>	<b>5,264.4</b>	<b>517.6</b>	<b>1,991.8</b>	<b>7,773.9</b>	<b>118.7</b>	<b>2.7%</b>
8 <b>Current Fiscal Year Appropriations</b> (Includes Fiscal Notes)	<b>4,386.2</b>	<b>721.7</b>	<b>5,107.8</b>	<b>466.2</b>	<b>2,001.4</b>	<b>7,575.4</b>	<b>4,492.9</b>	<b>751.5</b>	<b>5,244.4</b>	<b>517.6</b>	<b>1,991.8</b>	<b>7,753.9</b>	<b>106.8</b>	<b>2.4%</b>
9 Agency Operations (Non-Formula)	2,297.0	647.8	2,944.8	463.2	914.8	4,322.8	2,246.3	642.9	2,889.2	514.7	903.8	4,307.7	(50.6)	-2.2%
10 K-12 Formula and Pupil Transportation	1,216.2	10.5	1,226.7	-	20.8	1,247.5	1,200.6	10.0	1,210.6	-	20.8	1,231.4	(15.6)	-1.3%
11 Other Formula Programs	873.0	63.4	936.3	2.8	1,063.9	2,003.0	877.7	74.9	952.5	2.8	1,067.2	2,022.5	4.7	0.5%
12 Revised Programs Legislatively Approved	-	-	-	0.2	1.9	2.1	-	-	-	-	-	-	-	-
13 Fiscal Notes (FY14 notes are included in Management Plan)	-	-	-	-	-	-	168.3	23.8	192.1	0.1	0.1	192.2	-	-
14 Vetoes (non-additive)	(1.4)	-	(1.4)	(0.1)	(0.3)	(1.8)	-	-	-	-	-	-	-	-
15 Duplicated Authorization (non-additive) (5)	-	-	-	734.7	-	734.7	-	-	-	736.4	-	736.4	-	-
16 <b>Supplemental Operating Appropriations</b>	<b>8.0</b>	<b>0.1</b>	<b>8.2</b>	<b>0.0</b>	<b>(0.0)</b>	<b>8.2</b>	<b>20.0</b>	<b>0.0</b>	<b>20.0</b>	<b>0.0</b>	<b>0.0</b>	<b>20.0</b>	<b>11.8</b>	<b>144.6%</b>
<b>17 Statewide Operations</b>	<b>2,044.6</b>	<b>22.0</b>	<b>2,066.6</b>	<b>84.6</b>	<b>40.8</b>	<b>2,191.9</b>	<b>731.6</b>	<b>20.9</b>	<b>752.4</b>	<b>3,055.9</b>	<b>27.7</b>	<b>3,836.1</b>	<b>(1,313.0)</b>	<b>-64.2%</b>
18 <b>Current Fiscal Year Appropriations</b>	<b>2,004.2</b>	<b>22.0</b>	<b>2,026.2</b>	<b>61.6</b>	<b>40.8</b>	<b>2,128.5</b>	<b>731.6</b>	<b>20.9</b>	<b>752.4</b>	<b>3,055.9</b>	<b>27.7</b>	<b>3,836.1</b>	<b>(1,272.6)</b>	<b>-63.5%</b>
19 Debt Service	207.4	20.8	228.2	54.5	17.5	300.1	218.8	19.3	238.1	50.3	5.2	293.7	11.5	5.5%
20 Fund Capitalization	1,146.0	1.2	1,147.2	7.1	23.3	1,177.5	507.5	1.6	509.1	5.6	22.5	537.1	(638.5)	-55.7%
21 Local Government Support	60.0	-	60.0	-	-	60.0	52.0	-	52.0	-	-	52.0	(8.0)	-13.3%
22 Oil & Gas Investment Tax Credits	600.0	-	600.0	-	-	600.0	450.0	-	450.0	-	-	450.0	(150.0)	-25.0%
23 AIDEA Capitalization (Fiscal Note)	125.0	-	125.0	-	-	125.0	-	-	-	-	-	-	(125.0)	-100.0%
24 In-State Pipeline Fund	355.0	-	355.0	-	-	355.0	-	-	-	-	-	-	(355.0)	-100.0%
25 Other Fund Capitalization	6.0	1.2	7.2	7.1	23.3	37.5	5.5	1.6	7.1	5.6	22.5	35.1	(0.5)	-7.0%
26 Retirement Costs: Actuarial Recommendation	633.8	-	633.8	-	-	633.8	5.2	-	5.2	-	-	5.2	(628.5)	-99.2%
27 Retirement Costs: Additional Contributions	-	-	-	-	-	-	-	-	3,000.0	-	-	3,000.0	-	-
28 Special Appropriations	17.1	-	17.1	-	-	17.1	-	-	-	-	-	-	-	-
29 Duplicated Authorization (non-additive) (5)	-	-	-	42.0	-	42.0	-	-	-	12.1	-	12.1	-	-
30 <b>Supplemental Statewide Appropriations</b>	<b>40.4</b>	<b>-</b>	<b>40.4</b>	<b>23.0</b>	<b>(0.0)</b>	<b>63.4</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(40.4)</b>	<b>-100.0%</b>
31 Debt Service	(15.4)	-	(15.4)	23.0	(0.0)	7.6	-	-	-	-	-	-	-	-
32 Other Fund Capitalization	52.3	-	52.3	-	-	52.3	-	-	-	-	-	-	-	-
33 Judgments, Claims and Settlements	3.5	-	3.5	-	-	3.5	-	-	-	-	-	-	-	-
34 Duplicated Authorization (non-additive) (5)	-	-	-	(22.9)	-	(22.9)	-	-	-	-	-	-	-	-
<b>35 TOTAL CAPITAL APPROPRIATIONS</b>	<b>880.4</b>	<b>219.5</b>	<b>1,099.9</b>	<b>36.8</b>	<b>929.0</b>	<b>2,065.7</b>	<b>594.9</b>	<b>164.5</b>	<b>759.4</b>	<b>65.1</b>	<b>1,118.2</b>	<b>1,942.7</b>	<b>(285.5)</b>	<b>-32.4%</b>
36 <b>Current Fiscal Year Appropriations</b>	<b>796.2</b>	<b>212.8</b>	<b>1,008.9</b>	<b>34.8</b>	<b>929.0</b>	<b>1,972.7</b>	<b>594.9</b>	<b>164.5</b>	<b>759.4</b>	<b>65.1</b>	<b>1,118.2</b>	<b>1,942.7</b>	<b>(201.3)</b>	<b>-25.3%</b>
37 Project Appropriations & RPLs (Revised Programs)	769.2	212.8	981.9	34.8	929.0	1,945.7	594.9	164.5	759.4	65.1	1,118.2	1,942.7	(174.3)	-22.7%
38 Fund Capitalization	27.0	-	27.0	-	-	27.0	-	-	-	-	-	-	(27.0)	-100.0%
39 Projects Funded with Other Debt Proceeds (non-additive)	-	-	-	35.0	-	35.0	-	-	-	172.5	-	172.5	-	-
40 Duplicated Authorization (non-additive) (5)	-	-	-	58.3	-	58.3	-	-	-	200.9	-	200.9	-	-
41 <b>Supplemental Appropriations</b>	<b>84.2</b>	<b>6.8</b>	<b>91.0</b>	<b>2.0</b>	<b>0.0</b>	<b>93.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>(91.0)</b>	<b>-100.0%</b>
42 Capital Projects (net of Duplication)	84.2	6.8	91.0	2.0	-	93.0	-	-	-	-	-	-	-	-
43 Duplicated Authorization (non-additive) (5)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
44 <b>Money on the Street (includes all fund sources) (6)</b>	<b>880.4</b>	<b>219.5</b>	<b>1,099.9</b>	<b>95.1</b>	<b>929.0</b>	<b>2,124.0</b>	<b>594.9</b>	<b>164.5</b>	<b>759.4</b>	<b>265.9</b>	<b>1,118.2</b>	<b>2,143.5</b>	<b>(285.5)</b>	<b>-32.4%</b>
45 <b>Pre-Transfers Authorization (unduplicated)</b>	<b>7,319.2</b>	<b>963.3</b>	<b>8,282.5</b>	<b>587.6</b>	<b>2,971.1</b>	<b>11,841.2</b>	<b>5,839.4</b>	<b>936.8</b>	<b>6,776.2</b>	<b>3,638.6</b>	<b>3,137.8</b>	<b>13,552.6</b>	<b>(1,479.8)</b>	<b>-20.2%</b>
46 <b>Pre-Transfers Surplus/(Deficit)</b>	<b>(1,980.3)</b>	<b>-37.1% of UGF Revenue</b>					<b>(1,316.5)</b>	<b>-29.1% of UGF Revenue</b>						

Unrestricted General Fund spending is grouped in Operating spending and Capital spending.  
 Operating spending is grouped into Agency Operations and Statewide Operations.

Budget category	FY 2015 budget	Pays for
OPERATING	\$5,244.5 million	
Agency operations	\$4,512.9 million	Budgets of state government departments (Education, Fish & Game, etc.)
Statewide operations	\$731.6 million	Payments not attributable to specific departments (debt service, retirement fund payments, etc.)
CAPITAL	\$594.9 million	Capital projects (buildings, roads, etc.)
TOTAL	\$5,839.4 million	

Summary of FY 2015 appropriations:  
Agency Operations

<b>Agency Operations</b>	<b>4,512.9</b>
<b>Current Fiscal Year Appropriations</b> (Includes Fiscal No	<b>4,492.9</b>
Agency Operations (Non-Formula)	2,246.3
K-12 Formula and Pupil Transportation	1,200.6
Other Formula Programs	877.7
Revised Programs Legislatively Approved	-
Fiscal Notes (FY14 notes are included in Management Plan)	168.3
<i>Vetoed (non-additive)</i>	-
<i>Duplicated Authorization (non-additive) (5)</i>	-
<b>Supplemental Operating Appropriations</b>	<b>20.0</b>

Summary of FY 2015 appropriations:  
Statewide Operations

<b>Statewide Operations</b>	<b>731.6</b>
<b><u>Current Fiscal Year Appropriations</u></b>	<b><u>731.6</u></b>
Debt Service	218.8
Fund Capitalization	<b>507.5</b>
Local Government Support	52.0
Oil & Gas Investment Tax Credits	450.0
AIDEA Capitalization (Fiscal Note)	-
In-State Pipeline Fund	-
Other Fund Capitalization	5.5
Retirement Costs: Actuarial Recommendation	5.2

Summary of FY 2015 appropriations:  
Capital appropriations

<b>TOTAL CAPITAL APPROPRIATIONS</b>	<b>594.9</b>
<b>Current Fiscal Year Appropriations</b>	<b>594.9</b>
Project Appropriations & RPLs (Revised Programs)	594.9
Fund Capitalization	-
<i>Projects Funded with Other Debt Proceeds (non-additive)</i>	-
<i>Duplicated Authorization (non-additive) (5)</i>	-
<b>Supplemental Appropriations</b>	<b>0.0</b>
Capital Projects (net of Duplication)	-
<i>Duplicated Authorization (non-additive) (5)</i>	-
<i>Money on the Street (includes all fund sources) (6)</i>	594.9

## Alaska has two major savings accounts

- The Permanent Fund
  - Value is about \$50 billion
  - Created by saving part of the oil royalties received by the State
  - The principal MAY NOT be spent
  - Only the interest earnings can be spent
  - Part of the earnings are used to pay for Permanent Fund Dividends
- Constitutional Budget Reserve Fund (CBRF)
  - Value is about \$12 billion
  - Originally created from oil company payments to settle tax disputes.
  - The principal MAY be spent
  - Built up by big budget surpluses between 2005 and 2012
  - Had paid for deficits over the past two years

## WHAT IS THE ALASKA PERMANENT FUND?

### section links

[Fund history](#)[Fund education](#)[FAQ](#)

### **A dedicated fund owned by the State of Alaska**

In 1976, as the Alaska pipeline construction neared completion, Alaska voters approved a constitutional amendment to establish a dedicated fund: the Alaska Permanent Fund.

### **Created by a constitutional amendment**

"At least 25 percent of all mineral lease rentals, royalties, royalty sales proceeds, federal mineral revenue-sharing payments and bonuses received by the state be placed in a permanent fund, the principal of which may only be used for income-producing investments."

### **Comprised of income-producing investments**

The Fund is [invested](#) in a diversified portfolio of public and private asset classes. All investments, whether in Alaska or around the world, must be expected to produce income with an acceptable level of risk. The Fund is not invested in projects that are primarily focused on economic or social development.

### **Used for both savings and spending**

The entire Fund is managed as a single investment pool, and is invested in a range of assets including stocks, bonds and real estate. However, for accounting purposes it is divided into two parts: principal (the non-spendable funds) and the earnings reserve (assigned funds). The Alaska Constitution says that the principal may not be spent. The earnings in the earnings reserve may be spent by the Legislature for any public purpose, including the Permanent Fund Dividend distribution. The earnings reserve contains both realized earnings from all of the investments, and unrealized gains on assets in the portion of the Fund that is accounted for in the earnings reserve.

What are realized earnings? Realized earnings are the income from bond interest, real estate rent payments and stock dividends as well as the net gain (or loss) from the sale of an investment that has changed in value.

Of the spending that has occurred from the Fund, most of it has been for [dividends](#) to qualified Alaska residents. The [Permanent Fund Dividend Division](#) (a separate entity from the APFC) operates the PFD program, which the Legislature established in 1980.

### **Managed by a state-owned corporation**

In 1980, the Legislature established the [Alaska Permanent Fund Corporation](#) to manage Fund investments.



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The entire Fund is managed as a single investment pool, and is invested in a range of assets including stocks, bonds and real estate. However, for accounting purposes it is divided into two parts: principal (the non-spendable funds) and the earnings reserve (assigned funds). The Alaska Constitution says that the principal may not be spent. The earnings in the earnings reserve may be spent by the Legislature for any public purpose, including the Permanent Fund Dividend distribution. The earnings reserve contains both realized earnings from all of the investments, and unrealized gains on assets in the portion of the Fund that is accounted for in the earnings reserve.

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Of the spending that has occurred from the Fund, most of it has been for **dividends** to qualified Alaska residents.

There are several major differences between Alaska's state government finances and those of most other states . . .

Per capita, we have much higher revenues and expenditures than other states.

**State Government Finances, Per Capita, 2011**

	.Alaska	United States	Ratio, Alaska-USA
Total revenue	\$20,646	\$7,275	2.8
Sales taxes	\$0	\$763	0.0
Individual income taxes	\$0	\$833	0.0
Corporate income tax	\$997	\$132	7.5
Other taxes	\$6,120	\$129	47.3
Total expenditure	\$15,663	\$6,438	2.4
Education	\$3,425	\$1,903	1.8
Public welfare	\$2,654	\$1,588	1.7
Natural resources	\$542	\$71	7.7
Cash and security holdings	\$95,859	\$11,787	8.1



Source: <http://www.census.gov/govs/state/>

Part of the reason we spend more is that we have higher costs. Also we have expenses other states don't have—like a lot more fish to manage.

There are several major differences between Alaska's state government finances and those of most other states . . .

We don't have a state sales tax or individual income tax.

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We receive far higher “other taxes” and corporate income taxes than other states—because of our oil revenues

**State Government Finances, Per Capita, 2011**

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Source: <http://www.census.gov/govs/state/>

There are several major differences between Alaska's state government finances and those of most other states . . .

We have far higher cash and security holdings than other states—because of the Permanent Fund and the Constitutional Budget Reserve Fund

**State Government Finances, Per Capita, 2011**

	.Alaska	United States	Ratio, Alaska-USA
Total revenue	\$20,646	\$7,275	2.8
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