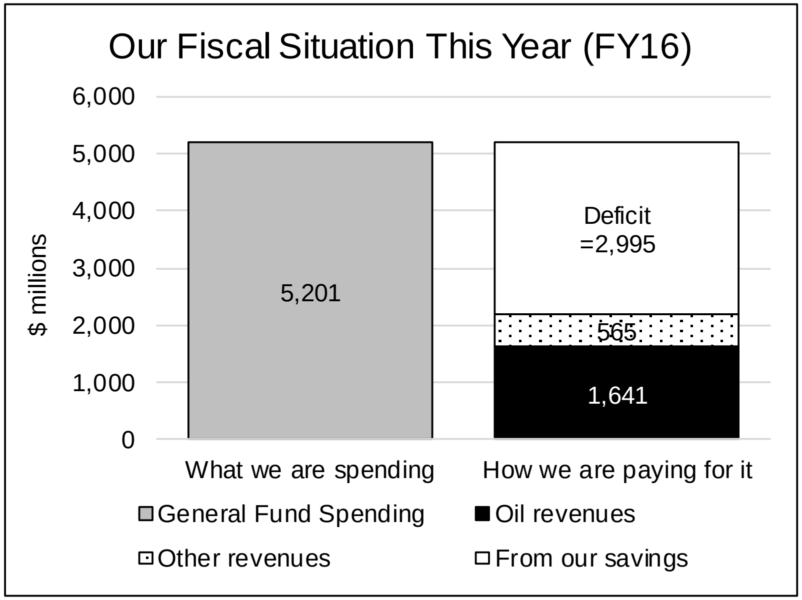
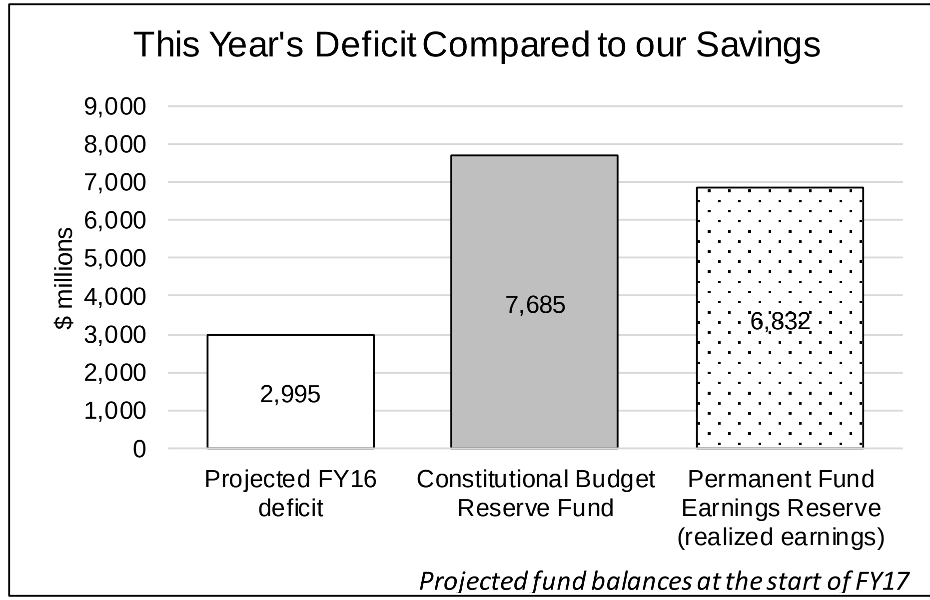
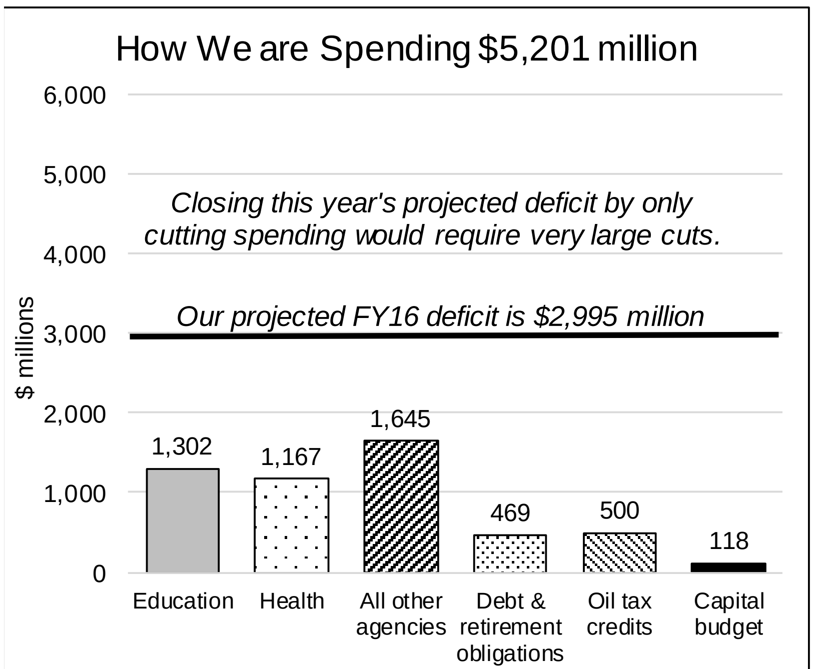
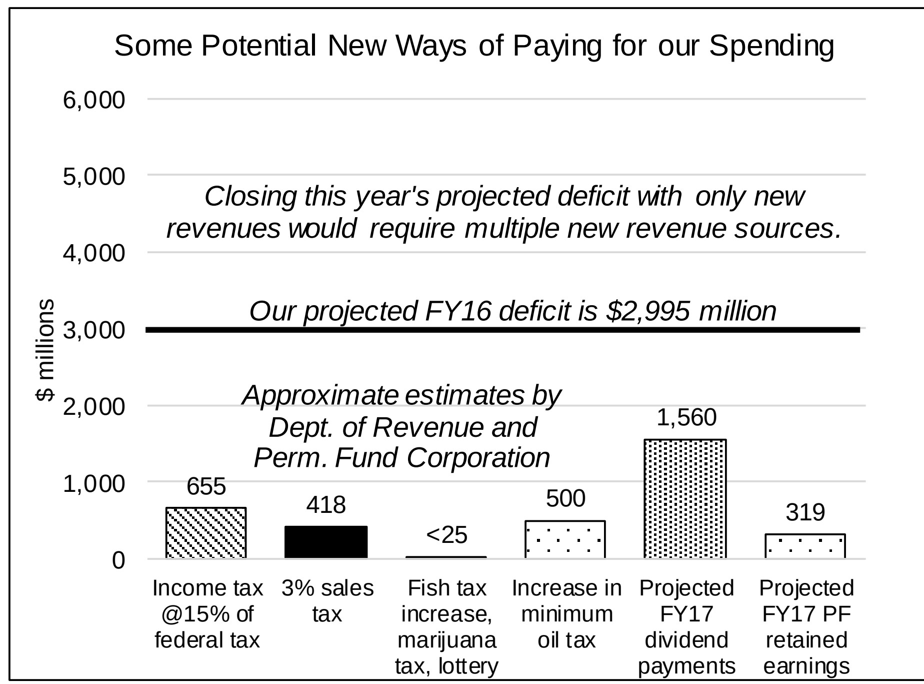
Alaska's Fiscal Situation in Four Graphs

Prepared by Gunnar Knapp for Forum on Alaska's Fiscal & Economic Future









Five Important Alaska Fiscal Facts

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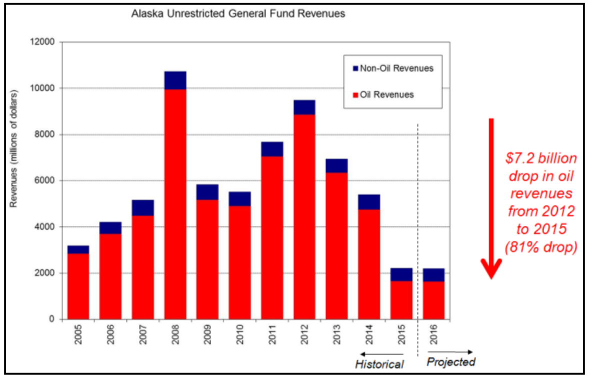
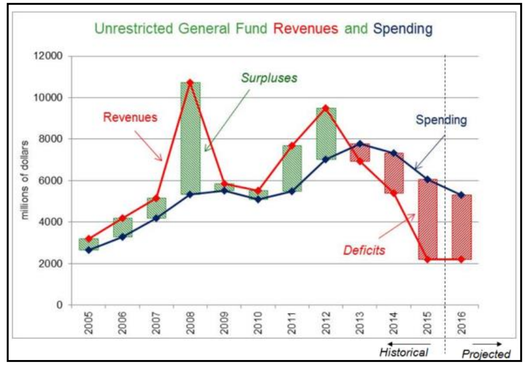
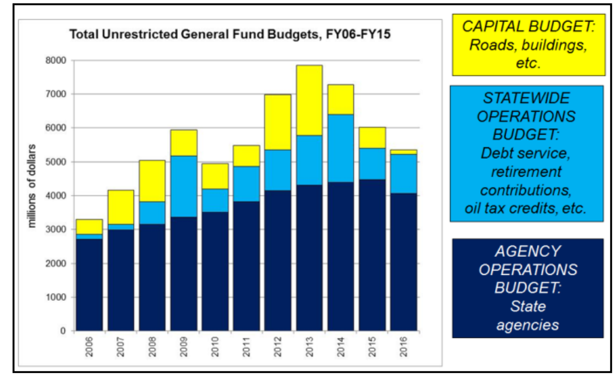
Over most of the past decade, oil revenues accounted for 90% of state general fund spending. Mostly because of the fall in oil prices, our oil revenues have fallen drastically.



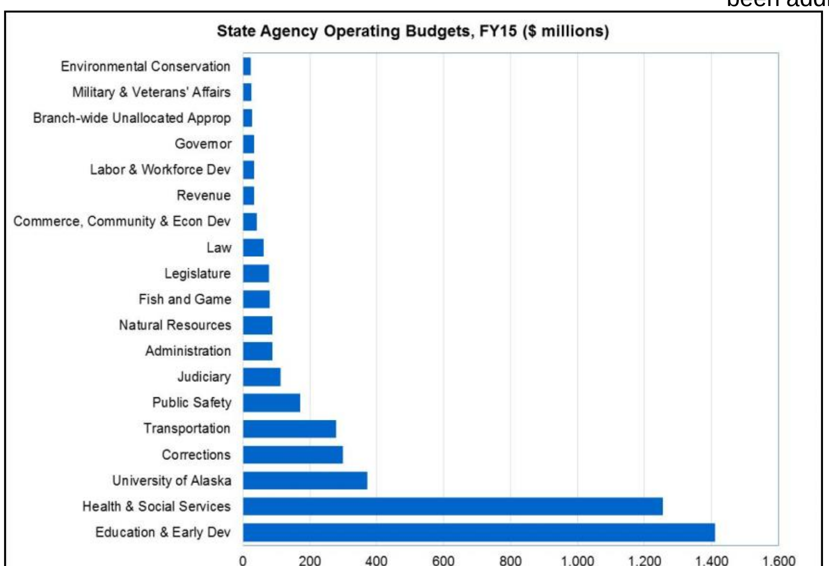
From 2005 to 2012, our oil revenues were rising. We increased our spending too—but we still ran big General Fund **surpluses** which we used to build up our savings. Since 2013 we have not cut spending as fast as our revenues have fallen. We have been running big General Fund **deficits** which we are paying for by drawing down our savings.



State spending has three main components: Capital, Statewide Operations, and Agency Operations. Most of our budget cuts since 2013 have been in the capital budget.



Education and Health account for 59% of the FY15 agency operations budget.



The Permanent Fund earns billions of dollars in most years—which the legislature may spend any way they wish. This year (like last year) our Permanent Fund earnings will be more than our oil revenues. We have been using the Permanent Fund earnings for dividends and inflation proofing. The remaining earnings have been adding to the Permanent Fund earnings reserve—which will be about $6.5 billion at the end of FY16.