OFFICE OF GOVERNOR BILL WALKER

Executive Summary

FY2017 10-Year Plan

Office of Management and Budget

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NEW SUSTAINABLE ALASKA PLAN

Pulling Together to Build Our Future

State of Alaska

Bill Walker, Governor

Office of Management and Budget

EXECUTIVE SUMMARY FY2017 10-YEAR PLAN

Statutory Language - 10-Year Plan

The statutory language in AS 37.07.020 (b) (2) requires the Executive branch to produce a 10-year plan on an annual basis. It states that the fiscal plan

> *"must balance sources and uses of funds held while providing for essential state services and protecting economic stability of the state."*

Executive Summary

The Walker Administration is introducing a bold plan that provides a reduced, sustainable, and balanced state budget. If action on the New Sustainable Alaska Plan is taken, the current fiscal structure that projects over $3 billion average annual deficit during the next ten years is corrected by 2019 and the budget continues to balance in the future.

Alaska's revenue challenge is its overreliance on oil revenues for state funding of the unrestricted general fund (UGF). From 2005 to 2014, oil revenues provided an average 90 percent of UGF. Unfortunately oil production has been gradually declining to the point it is now one-quarter of its peak capacity—over 2 million barrels of oil per day in 1988. Currently production in FY2016 is forecast to be 500,200 barrels per day and drop below 500,000 barrels per day starting in FY2018.

Exacerbating the impact of the production decline, the price of oil has dropped sharply since June 2014. The Alaska North Slope (ANS) oil price fell substantially from $113 per barrel in June 2014 to $42 per barrel in November 2015. The fall 2015 Revenue Source Book published by the Alaska Department of Revenue forecasts that ANS oil prices will average around $50 per barrel for FY2016 and $56 for FY2017. At these oil prices UGF revenues will be $1.6 billion and $1.8 billion, respectively.

Looking ahead 10 years, the Department of Revenue forecasts ANS to rise above $80 with significant oil price volatility. Forecasting oil price is like spinning a lottery wheel. Alaska can just as easily face oil prices in the range of $25-$40 per barrel. The UGF revenue will average $1.1 billion at $30 per barrel and $1.2 billion at $40 per barrel over the next ten years.

State expenditures have dropped from $8 billion in 2013 to $6 billion in 2015 to $5 billion in 2016. Continued reductions are necessary; however care must be taken to assure the essential state services are maintained. Current revenue is less than 40 percent of spending. As the Legislature's fiscal analysts pointed out, even terminating every state employee paid on UGF would not close the budget gap. This plan has three years of continued spending reductions then inflation-only growth through 2025.

Table 1. FY2017 Expenditure Summary and Fiscal Plan Direction

Dollars in millions	**FY17 Budget Request**	**% Change/$ Change FY16 - FY17**		**FY15-FY17**		**Planned Total Change by FY19**
Unrestricted General Fund Operating Budget						
Executive & Judicial Branches						
Education: K-12 & UA (preserve)	$1,633.1	-1.5%	-$24.9	-8.5%	-$152.6	No increase
Health, Safety, & Justice (reform w/savings)	$1,726.1	-3.6%	-$64.1	-9.8%	-$187.7	Continued reduction
Transportation & Other Agencies (reduce)	$527.1	-8.7%	-$50.1	-27.4%	-$198.8	Continued reduction
Legislature (reduce)	$72.1	-2.0%	-$1.5	-7.1%	-$5.5	
Total Agency Operating Budget (UGF)	**$3,958.3**	**-3.4%**	**-$140.5**	**-12.1%**	**-$544.7**	**Net reduction FY15-FY19 -$600**
Other Expenses & Investments						
Oil and Gas Tax Credits[1]	$73.4					Reform to steady state $100
Debt & Retirement[2]	$485.6	3.6%	$16.9			Financing capital, LNG FEED & retirement
Community Revenue Sharing[3]	$50.00					Restore to $60
Other Fund Capitalization & Transfers	$14.2					
Capital	$190.3		$76.9		-$399.6	$250 annual investment via GO bond[2]
Key Investments						
Gasline Project[4]	$38.3					Estimate $70 with financing
Justice Reform (capital)	$5.0	Placeholder pending Commission & legislative deliberation				
Rural Guard Engagement	$1.3					
Other Priorities						Up to $50
Total State Budget	**$4,816.4**	**-6.7%**	**-$346.5**	**-21.1%**	**-$1,289.2**	**$4,700**
[1]Fund earned oil and gas tax credits (if reformed)	$1,200.0					

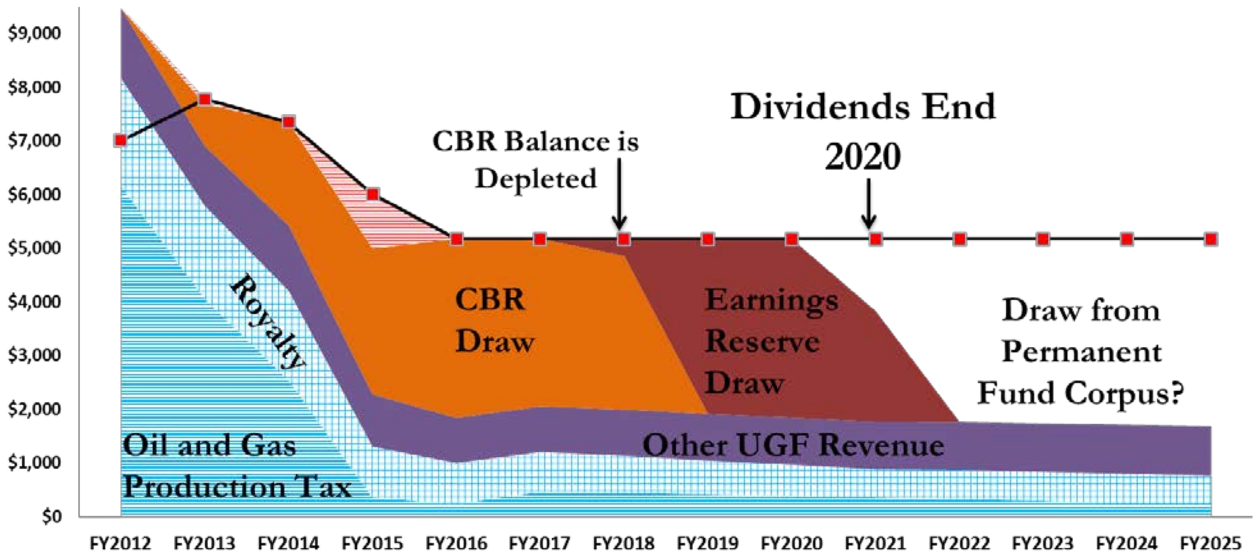
[2]Includes debt service for GO bond funding in 2016 & 2018 for transportation match, deferred maintenance, and project completions
[3]To begin restoring to $60M in FY18
[4]FY19 includes interest on gasline debt

Historically Alaska has been exposed to boom and bust cycles because of its economic dependence on natural resources—from sea otter fur to timber to gold, and finally, to oil and natural gas. There have been numerous discussions over the years of ways to stabilize revenues and protect Alaska from these cycles—especially during fiscal crises. Out of those discussions, the Permanent Fund was established in 1976, the Statutory Budget Reserve (SBR) in 1986 and the Constitutional Budget Reserve (CBR) in 1991. Over two decades, the CBR has staved off massive budget shortfalls and has acted as a buffer against commodity price volatility.

However with prolonged low oil prices ahead, Alaska is now facing the reality that the CBR will be drained by the end of FY2018. At the end of FY2015, the SBR had already been depleted. After the CBR is drained, the Permanent Fund Earnings Reserve will be the next savings account tapped and it can only last a few more years. Once the Earnings Reserve is depleted, the dividend program will come to an end, posing a risk to the Permanent Fund itself. The status quo path Alaska is on is not sustainable as shown in Chart 1 below.

Therefore, the administration is proposing the New Sustainable Alaska Plan that leads to long-term fiscal stability. The administration's New Sustainable Alaska Plan is formulated to address these fiscal challenges and lays a strong foundation for the future.

Chart 1. The Status Quo Path is Irresponsible



Strategy 1: Reduce Government Spending

First and foremost, Alaska must establish a lean spending plan and scrutinize all operations and programs to ensure cost-effective delivery of public services. Alaska has already begun. State general fund spending has decreased 37 percent since FY2013, from $8 billion to $5 billion. The current-year budget alone (FY2016) implements agency operating reductions of $400 million (10 percent) and resulted in approximately 600 fewer state employees.

The FY2017 budget proposes another $140 million in agency operating cuts and the administration will continue to seek efficiencies within existing programs and to conduct the due diligence necessary to propose other changes. As these efforts to reduce spending are considered, the necessary time must be taken to allow for a thoughtful, collaborative and open process to avoid unintended consequences or harm to Alaskans or the state's economy.

Action Items:

- Reduce executive agency and legislative operating costs;
- Evaluate privatization of some government services;
- Implement cross agency efficiency initiatives to improve services and reduce costs; and
- Reform the oil and gas tax credit system to reduce state expenditures, reward Alaskan hire, and build a new system of direct loans.

Strategy 2: Support Key Investments for Alaska's Future

The state must maintain a strategic commitment to key investments in Alaska's future. These include responsible capital spending to protect existing infrastructure, and an effective system of public education to ensure the next generation is equipped to lead. In addition, completing the natural gas pipeline project to ensure the earliest possible new revenue stream is a critical investment. Alaskans will benefit from the economic stimulus of pipeline pre-construction and construction jobs, and upon completion, revenue from the sale of Alaska's gas will return billions of dollars annually for decades. This legacy project will further strengthen the Permanent Fund and open opportunities for Alaska's future.

Action Items:

- Vigorously pursue Alaska liquefied natural gas project;
- Establish a capital budget using general obligation bonds in 2016 and 2018 to support only those funding requirements that would otherwise require cash payments, like transportation matches and disciplined deferred maintenance investments.
- Re-introduce a sustainable general fund capital budget only after stabilizing the operating budget, and once it can be shown to be compatible with the performance of new revenue sources.

Strategy 3: Transition to Sovereign Wealth Approach

The Sovereign Wealth approach uses very large financial assets in a calculated, formulaic, sustainable way, to provide a stable source of revenue. Because of the large savings in the Permanent Fund, the state has the capacity to transform the past, nonrenewable revenue source—oil--into a renewable source of income, that generated by the savings. The transition to this approach requires "re-plumbing" the flow of funding in the state's fiscal structure by diverting volatile resource revenue away from being the primary sources of funding for the state's annual budget and putting it directly into the Permanent Fund.

Adding oil revenue to the Permanent Fund will capture all future spikes in the global oil market and direct it to the state's savings, rather than have it fund unsustainable budgets. In contrast, this approach provides a stable and consistent withdrawal from the earnings of the Permanent Fund, based on carefully calculated formulas and reasonable assumptions. This allows the Permanent Fund to grow over time, while absorbing volatility of oil market price swings. This approach puts Alaska on a stable government spending allowance indefinitely, and for the first time permits long-term, strategic budget planning.

Because the current size of the Permanent Fund is only marginally large enough to implement this plan and support a perpetual state spending allowance, the funding source for the Alaska dividend program needs to be "re-plumbed" as well; shifting it away from the Earnings Reserve to another source.

The dividend program is seen as Alaskans' share of the state's resource wealth. But the current dividend program is largely tied to the performance of global equity markets, not natural resource development. The New Sustainable Alaska Plan addresses this disconnect by tying dividends directly to the state's resource revenue. This is done by distributing a 50 percent share of annual natural resource royalty revenue as dividends to Alaskans each year. This is consistent with Alaska's owner-state constitutional principles. The proposal sets a 2016 transitional dividend at $1,000; but dividends are expected to remain in the $1,000 range going forward based on current estimates of future royalty revenues. If resource development and associated revenues to the state increase (i.e. a gasline is built), dividends will also increase.

The remaining 50 percent of annual natural resource royalties and 100 percent of production tax revenue will go into the Permanent Fund. Investment earnings from that Fund will continue to flow to the Earnings Reserve as they do today. The Earnings Reserve, supplemented by a one-time deposit from the CBR, will provide a fixed and sustainable draw to the unrestricted general fund. Depositing a majority of the state's natural resource revenue into the Permanent Fund increases the fund's value over time, while shielding the state budget from annual revenue volatility. No money will be spent from the corpus of the Permanent Fund, as it remains constitutionally protected.

Action Items:

- Distribute 50 percent of royalty revenues as dividends to Alaskans on an annual basis;
- Deposit the balance of royalty revenues and other resource revenues into the Permanent Fund on an annual basis;
- Establish an allowable sustainable draw from the Earnings Reserve to the unrestricted general fund using a formula that accounts for new revenues going into the Permanent Fund and conservative earning projections;
- Transfer approximately $3 billion from the CBR into the Earnings Reserve on a one-time basis to provide the initial starting balance required to permit a sustainable draw.

Strategy 4: Adjust and Implement New Taxes

Reduced state spending and the sustainable use of the Permanent Fund earnings are expected to alleviate most of the state's budget deficit. However, the revenue needed to close the remaining gap will require a balanced suite of targeted and broad-based taxes; as well as cross-industry tax adjustments, to include the tightening of current tax loopholes. Under this plan, everyone is being asked to participate, from the oil & gas, mining, fishing, and tourism industries; to everyday Alaskans, as well as the many non-residents who only work here. Yet despite these changes, the tax burden on individual Alaskans will still remain among the lowest in the nation.

The New Sustainable Alaska Plan calls for an increase to alcohol, tobacco, and motor fuel taxes, and implementation of an income tax based on a percentage of federal tax liability. Implementation of this modest broad-based tax will also address a weakness in our current system by establishing a link between population and job growth – and the resulting demand for state services – and revenue. Industry-based taxes can remain modest across the board, because the burden will be spread among all major sectors.

This plan also calls for the modification of the state's oil and gas tax credit system to reduce those expenditures, while honoring existing claims and continuing to provide meaningful development assistance.

It is important to note that delaying implementation of the New Sustainable Alaska Plan beyond 2016 will force greater short-term use of the CBR and/or Earnings Reserve. This short term use of the state’s savings would permanently reduce the sustainable annual draw that can be taken from the Permanent Fund, and therefore increase the amount of revenue needed from taxes in the future.

Action Items:

- Adjust targeted taxes on alcohol, tobacco and motor fuel;
- Implement statewide income tax as a percentage of federal tax liability; and
- Implement modest adjustments on cross-industry taxes.

Strategy 5: Maximize Other Revenue Sources

Over the recent years, the State has received between $2 billion and $2.5 billion annually from the federal government. The federal fund budget in FY2017 is $3.1 billion. The Federal budget is always higher than actual Federal revenue to assure adequate Legislative receipt authority.

Looking ahead, the passage of the Fixing America’s Surface Transportation (FAST) Act, and implementation of Medicaid expansion and reform will add to Alaska’s federal revenue. The added federal revenue will also support Alaska’s broader economy through capital projects and healthcare. However, beyond these programs other Federal revenue will be steady or declining slightly. After FY2018 Federal funds are projected to increase at only 1percent per year (less than inflation).

Designated general fund (DGF) and other state fund sources will become more important in meeting future state program and service priorities. Alaska is fortunate that many state fees, such as vehicle registration, fish and game licenses, business licenses, and university tuition are below national averages and can help maintain specific programs.

Other state funds include corporate dividends from AHFC and AIDEA, highway tolls, and Mental Health Trust Receipts. With the New Sustainable Alaska Plan’s inflation only UGF revenue stream, new programs and services implementations will require a revenue plan. The pressure to continue reducing UGF through FY2019 while continuing to maintain vital state programs and services will result in a shift from UGF to DGF fee support and other state fund sources. From FY2017 to FY2019, DGF is projected to increase 5 percent annually and then continue at 3.5 percent thereafter.

Action Items:

- Leverage Federal matching funds for transportation and Medicaid to serve Alaskans and to strengthen the state’s private economy;
- Assure revenue plans are developed when programs are introduced; and
- Maximize dividends from state corporations.

Conclusion

If the New Sustainable Alaska Plan as well as the strategies outlined above are implemented, Alaska will have a balanced budget (no savings required to cover expenses) by FY2019. With continued fiscal restraint, the remaining seven years covered by the 10 year plan will continue to be balanced. The 10-year plan anticipates slight growth in the budget due to inflation and population growth.

The tables below provide a summary of the 10-year plan. Table 2 is a summary of the state budget by major component. Table 3 provides a revenue summary. Table 4 provides a revenue detail including dividend payout and planned permanent fund deposits. Table 5 provides a summary of revenue and expense showing Alaska's balanced and sustainable budget. Table 6 provides employee projections. Table 7 provides the Alaska Department of Labor state employment trend FY2013-2015.

The New Sustainable Alaska Plan provides the State a way forward. It provides funding for necessary services. It enables investment in a strong, educated, future citizenry who will benefit from additional revenue from the gasline, and who contribute to—and thus are invested in—their state government, and who still receive a dividend.

Table 2. Summary of the State Budget by Major Component ($Millions)

	FY2015 Management Plan	FY2016 Management Plan*	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026
Total Agency Operations (Excluding Supplementals)	$ 4,503.0	$ 4,098.9	$ 3,997.9	$ 3,940.4	$ 3,883.4	$ 3,952.5	$ 4,023.0	$ 4,094.7	$ 4,167.6	$ 4,241.9	$ 4,317.6	$ 4,394.6
Gasline Debt (FEED - Interest only)	$ -	$ -	$ -	$ 23.5	$ 30.4	$ 30.4	$ 30.4	$ 30.4	$ 30.4	$ 30.4	$ 30.4	$ -
Gasline Debt (Construction)	$ -	$ -	$ -	$ -	$ -	$ -	$ 72.2	$ 144.4	$ 216.6	$ 288.8	$ 360.9	$ 725.0
Debt**	$ 218.8	$ 206.2	$ 217.7	$ 260.1	$ 283.0	$ 287.2	$ 305.5	$ 308.7	$ 331.6	$ 326.5	$ 318.4	$ 312.3
Retirement Financing	$ -	$ -	$ 219.0	$ 183.1	$ 183.1	$ 183.1	$ 183.1	$ 183.1	$ 183.1	$ 183.1	$ 183.1	$ 183.1
Direct Retirement Assistance	$ 5.2	$ 262.5	$ 48.9	$ 65.4	$ 83.0	$ 101.8	$ 105.8	$ 111.2	$ 117.1	$ 124.3	$ 134.0	$ 142.2
Revenue Sharing	$ 52.0	$ -	$ -	$ 60.0	$ 60.0	$ 60.0	$ 60.0	$ 60.0	$ 60.0	$ 60.0	$ 60.0	$ 60.0
Special Appropriations	$ 33.4	$ 8.6	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other Priority Investments	$ -	$ -	$ -	$ 10.0	$ 25.0	$ 30.0	$ 30.0	$ 30.0	$ 30.0	$ 30.0	$ 30.0	$ 30.0
Fund Capitalization/O&G Tax Credits	$ 630.5	$ 502.0	$ 75.4	$ 100.0	$ 100.0	$ 100.0	$ 100.0	$ 100.0	$ 100.0	$ 100.0	$ 100.0	$ 100.0
Capital	$ 594.9	$ 118.4	$ 195.3	$ 75.0	$ 75.0	$ 75.0	$ 75.0	$ 75.0	$ 75.0	$ 75.0	$ 75.0	$ 75.0
Transfers/Savings	$ 67.7	$ (226.1)	$ 62.2	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Budget	$ 6,105.6	$ 4,970.5	$ 4,816.4	$ 4,717.5	$ 4,722.9	$ 4,820.1	$ 4,984.9	$ 5,137.5	$ 5,311.5	$ 5,460.1	$ 5,609.4	$ 6,022.2

* Excludes $157,040.0 for Gasline supplemental items in SB3001 and $35,370.2 to capitalize the Community Revenue Sharing Fund.

** Includes debt service for two $500.0 million GO bond packages in calendar year 2016 & 2018.

Table 3. Revenue Summary ($Millions)

	FY2015 Management Plan	FY2016 Management Plan	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026
Existing Revenues	$ 2,257.3	$ 1,593.0	$ 850.8	$ 904.3	$ 932.6	$ 946.5	$ 1,000.0	$ 1,040.0	$ 1,081.6	$ 1,124.9	$ 1,169.9	$ 1,216.7
New Revenues	$ -	$ -	$ 359.0	$ 450.0	$ 460.1	$ 478.5	$ 497.7	$ 517.6	$ 538.3	$ 559.8	$ 582.2	$ 605.5
Earnings Reserve Draw	$ -	$ -	$ 3,200.0	$ 3,200.0	$ 3,200.0	$ 3,272.0	$ 3,345.6	$ 3,420.9	$ 3,497.9	$ 3,576.6	$ 3,657.0	$ 3,739.3
Annual Earnings Draw*	$ -	$ -	$ 135.0	$ 135.0	$ 130.2	$ 123.1	$ 141.6	$ 159.0	$ 193.8	$ 198.9	$ 200.3	$ 175.0
Draw on Savings	$ 3,848.3	$ 3,377.5	$ 271.6	$ 28.2	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Gasline Revenue	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,500.0
Total Unrestricted Revenue	**$ 6,105.6**	**$ 4,970.5**	**$ 4,816.4**	**$ 4,717.5**	**$ 4,722.9**	**$ 4,820.1**	**$ 4,984.9**	**$ 5,137.5**	**$ 5,311.5**	**$ 5,460.1**	**$ 5,609.4**	**$ 7,236.5**

Permanent Fund Revenues												
Funding for Dividend Payments	$ -	**	**	$ 609.0	$ 656.5	$ 633.9	$ 640.4	$ 599.4	$ 570.6	$ 540.2	$ 509.8	$ 477.9
Deposits to Strengthen the Permanent Fund ***	$ -	$ -	$ 723.8	$ 871.6	$ 938.2	$ 915.6	$ 945.4	$ 894.0	$ 845.6	$ 821.8	$ 800.4	$ 1,964.2

*On savings and other cash balances - may require attention to corporate dividends such as AHFC and AIDEA beginning in FY2021.

**There is currently sufficient funding in the Permanent Fund Dividend Fund to pay 2016 and 2017 dividends.

***Gasline revenues after cost for financing expected to start in 2026 will be redirected to the Permanent Fund.

Table 4. Revenue Detail ($Millions)

	FY2015 Management Plan	FY2016 Management Plan	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026
Existing Revenue												
Oil & Gas Royalty	$ 1,078.2	$ 650.5	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Oil & Gas Production Tax	$ 389.7	$ 172.1	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
All Other Unrestricted Revenue	$ 789.4	$ 770.4	$ 850.8	$ 904.3	$ 932.6	$ 946.5	$ 1,000.0	$ 1,040.0	$ 1,081.6	$ 1,124.9	$ 1,169.9	$ 1,216.7
Total Existing Revenue	**$ 2,257.3**	**$ 1,593.0**	**$ 850.8**	**$ 904.3**	**$ 932.6**	**$ 946.5**	**$ 1,000.0**	**$ 1,040.0**	**$ 1,081.6**	**$ 1,124.9**	**$ 1,169.9**	**$ 1,216.7**
New Revenues												
Mining	$ -	$ -	$ 12.0	$ 12.0	$ 12.3	$ 12.8	$ 13.3	$ 13.8	$ 14.4	$ 14.9	$ 15.5	$ 16.1
Fishing	$ -	$ -	$ 20.0	$ 20.0	$ 20.5	$ 21.3	$ 22.1	$ 23.0	$ 23.9	$ 24.9	$ 25.9	$ 26.9
Tourism	$ -	$ -	$ 15.0	$ 15.0	$ 15.3	$ 16.0	$ 16.6	$ 17.3	$ 17.9	$ 18.7	$ 19.4	$ 20.2
Motor Fuel	$ -	$ -	$ 45.0	$ 44.0	$ 45.0	$ 46.8	$ 48.7	$ 50.6	$ 52.6	$ 54.7	$ 56.9	$ 59.2
Alcohol	$ -	$ -	$ 40.0	$ 39.0	$ 39.9	$ 41.5	$ 43.1	$ 44.9	$ 46.7	$ 48.5	$ 50.5	$ 52.5
Tobacco	$ -	$ -	$ 27.0	$ 25.0	$ 25.6	$ 26.6	$ 27.6	$ 28.8	$ 29.9	$ 31.1	$ 32.3	$ 33.6
Oil & Gas	$ -	$ -	$ 100.0	$ 100.0	$ 102.3	$ 106.3	$ 110.6	$ 115.0	$ 119.6	$ 124.4	$ 129.4	$ 134.6
Individual Income Tax	$ -	$ -	$ 100.0	$ 195.0	$ 199.4	$ 207.4	$ 215.7	$ 224.3	$ 233.3	$ 242.6	$ 252.3	$ 262.4
Total New Revenues	**$ -**	**$ -**	**$ 359.0**	**$ 450.0**	**$ 460.1**	**$ 478.5**	**$ 497.7**	**$ 517.6**	**$ 538.3**	**$ 559.8**	**$ 582.2**	**$ 605.5**
Earnings Reserve Draw	**$ -**	**$ -**	**$ 3,200.0**	**$ 3,200.0**	**$ 3,200.0**	**$ 3,272.0**	**$ 3,345.6**	**$ 3,420.9**	**$ 3,497.9**	**$ 3,576.6**	**$ 3,657.0**	**$ 3,739.3**
Annual Earnings Draw*	**$ -**	**$ -**	**$ 135.0**	**$ 135.0**	**$ 130.2**	**$ 123.1**	**$ 141.6**	**$ 159.0**	**$ 193.8**	**$ 198.9**	**$ 200.3**	**$ 175.0**
Gasline Revenue	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 1,500.0**
Draw on Savings	**$ 3,848.3**	**$ 3,377.5**	**$ 271.6**	**$ 28.2**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Revenue	**$ 6,105.6**	**$ 4,970.5**	**$ 4,816.4**	**$ 4,717.5**	**$ 4,722.9**	**$ 4,820.1**	**$ 4,984.9**	**$ 5,137.5**	**$ 5,311.5**	**$ 5,460.1**	**$ 5,609.4**	**$ 7,236.5**
Permanent Fund Revenues												
Funding for Dividend Payments	$ -	**	**	$ 609.0	$ 656.5	$ 633.9	$ 640.4	$ 599.4	$ 570.6	$ 540.2	$ 509.8	$ 477.9
Deposits to Strengthen the Permanent Fund***	$ -	$ -	$ 723.8	$ 871.6	$ 938.2	$ 915.6	$ 945.4	$ 894.0	$ 845.6	$ 821.8	$ 800.4	$ 1,964.2

*On savings and other cash balances - may require attention to corporate dividends such as AHFC and AIDEA beginning in FY2021.

**There is currently sufficient funding in the Permanent Fund Dividend Fund to pay 2016 and 2017 dividends.

***Gasline revenues after cost for financing expected to start in 2026 will be redirected to the Permanent Fund.

Table 5. Summary of Revenue and Expense ($Millions)

Expenditures Versus Revenue						
Fiscal Year	Existing Revenues	New Revenues	Total Revenues	Total Expenditures	Surplus (Deficit)	Actual/Projected
2012	$ 9,485.3	$ -	$ 9,485.3	$ 6,680.3	$ 2,805.0	Actual
2013	$ 6,928.0	$ -	$ 6,928.0	$ 7,704.0	$ (776.0)	Actual
2014	$ 5,394.0	$ -	$ 5,394.0	$ 7,314.0	$ (1,920.0)	Actual
2015	$ 2,257.3	$ -	$ 2,257.3	$ 6,105.6	$ (3,848.3)	Projected*
2016	$ 1,593.0	$ -	$ 1,593.0	$ 4,970.5	$ (3,377.5)	Projected**
2017	$ 850.8	$ 3,694.0	$ 4,544.8	$ 4,816.4	$ (271.6)	Projected
2018	$ 904.3	$ 3,785.0	$ 4,689.3	$ 4,717.5	$ (28.2)	Projected
2019	$ 932.6	$ 3,790.3	$ 4,722.9	$ 4,722.9	$ -	Projected
2020	$ 946.5	$ 3,873.6	$ 4,820.1	$ 4,820.1	$ -	Projected
2021	$ 1,000.0	$ 3,984.9	$ 4,984.9	$ 4,984.9	$ -	Projected
2022	$ 1,040.0	$ 4,097.6	$ 5,137.6	$ 5,137.5	$ -	Projected
2023	$ 1,081.0	$ 4,229.9	$ 5,310.9	$ 5,310.9	$ -	Projected
2024	$ 1,124.9	$ 4,335.2	$ 5,460.1	$ 5,460.1	$ -	Projected
2025	$ 1,169.9	$ 4,439.5	$ 5,609.4	$ 5,609.4	$ -	Projected
2026	$ 1,216.7	$ 6,019.8	$ 7,236.5	$ 6,022.2	$ 1,214.3	Projected

*The stated deficit reflects the estimated deficit for the enacted fiscal year budget. The projected deficit after supplementals will be $2,718.7 for FY2015.

**The stated deficit reflects the estimated deficit for the enacted fiscal year budget. The projected deficit after supplementals will be $3,591.5 for FY2016.

For a more detailed view of total expenditures see Table 2.
For a more detailed view of revenues see Table 4.

Table 6. Employee Projections

State of Alaska Personal Services Filled Employee Payroll				
	12/31/2014	**11/15/2015**	**FY2019**	**FY2025**
Statewide Total*	17,210	16,590	16,290	15,807
Reduction from Prior Period	-	(620)	(300)	(483)

Source: Department of Administration, Division of Personnel and Labor Relations

*Number of full-time and part-time State employees (does not include non-permanent employees) on 12/31/2014 and 11/15/2015 and projections by the end of FY2019 and FY2025

It includes only agencies in the Executive, Legislative and Judicial branches within the State of Alaska and does not include state owned entities such as state owned corporations or the university.

Table 7. State Employment Trend 2013-2015

Total Nonfarm Employment

Alaska State Government	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct*	Nov	Dec
2015	26,500	26,200	26,100	26,000	25,900	25,600	25,500	25,500	24,900	25,000		
2014	26,600	26,500	26,500	26,500	26,500	26,300	26,300	26,400	26,300	26,400	26,500	26,400
2013	26,400	26,300	26,300	26,300	26,200	26,200	26,400	26,600	26,500	26,300	26,300	26,300

Source: Monthly Employment Statistics, Department of Labor and Workforce Development, Research and Analysis
http://live.laborstats.alaska.gov/ces/ces.cfm?at=01&a=000000&adj=1
The total nonfarm employment for Alaska state government includes full-time, part-time and non-permanent jobs for all state agencies and state owned entities.
* October 2015 Preliminary data