Alaska’s Budget Outlook

House Resources and Energy Committees
April 25, 2012
Office of Management and Budget
Budget Vision

Governor Parnell’s vision

Economic Growth and Strengthening Families
Budget Principles

Guiding principles

• Fiscal Restraint
• Strategic Investments
• Cash Reserves
• Focus on Results
Budget Priorities

Focus on Administration’s strategic investment priorities

- Resource Development
- Education
- Public Safety
- Transportation/Infrastructure
- Military Support
## FY2012/2013 Revenue & Savings

Budget Restraint = Surplus

<table>
<thead>
<tr>
<th>Unrestricted General Funds</th>
<th>FY2012</th>
<th>FY2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong> <em>(FY12 includes $53.6 reapprop./carry forward)</em></td>
<td>$9,869.9</td>
<td>$8,440.1</td>
</tr>
<tr>
<td><strong>Spending</strong></td>
<td>$7,352.1</td>
<td>$7,679.8</td>
</tr>
<tr>
<td><strong>Available Balance</strong></td>
<td>$2,516.8</td>
<td>$760.3</td>
</tr>
<tr>
<td><strong>Savings (deposits to SBR)</strong></td>
<td>$1,750.0</td>
<td>$250.0</td>
</tr>
<tr>
<td><strong>Opportunity for add’l Savings</strong></td>
<td>$766.8</td>
<td>$510.3</td>
</tr>
<tr>
<td><strong>Total potential savings</strong></td>
<td></td>
<td>$3,277.1</td>
</tr>
</tbody>
</table>
FY2013 Proposed Budget Sources of Funds

Total FY2013 Proposed Budget $12.1 Billion

Unrestricted GF 53%
$6.43 billion

Federal Funds 24%
$2.87 billion

Permanent Fund 12%
$1.48 billion

Designated GF 7%
$834.5 million

Other State Funds 4%
$505.5 million

$millions

Governor’s proposed 12/15/2011
FY2013 Proposed Expenditures by Category

- **Agency Nonformula**: 35% ($4.24 Billion)
- **K-12 & Other Formula**: 26% ($3.13 Billion)
- **Statewide Appropriations**: 12% ($1.44 Billion)
- **Capital Budget**: 15% ($1.80 Billion)
- **Permanent Fund**: 12% ($1.48 Billion)

**Total Funds = $12,120.6 million**

Governor’s proposed 12/15/2011
FY2013 Proposed Budget- Another Perspective

60% of Alaska’s budget benefits communities, organizations and individuals through grants, direct payments and capital project funding

Includes duplicate funds, savings, investments and the Permanent Fund
Governor’s proposed 12/15/2011
Ten-Year Fiscal Plan

Guiding principles

- Develop Alaska’s Natural Resources
- Restrain spending
- Save for future generations of Alaskans
Revenues v Expenditures adjusted for HB 3001

Spring 2012 GF Revenue Forecast

Spring 2012 GF Revenue adjusted by HB 3001 FN dated 4/18/2012
General Fund Expenditures (Scenario 4 FY2013 10-year plan)

$614.9 $558.6 $406.4 $604.8 $906.2 $1,033.6
FY 13 FY 14 FY 15 FY 16 FY 17 FY 18

(projected reserve deposit/draw)

Source: Spring 2012 Revenue forecast. DOR fiscal note dated 4/18/2012. FY2013 10-year plan Scenario 4 (Governor’s FY2013 proposed budget with 4% annual GF expenditure growth, PERS/TRS State Assistance projections and capital capped at $1.0 B GF annually.

Appropriations projections in the plan do not represent a commitment by the Administration to propose spending or generate revenue at a particular level in FY2012, FY2013 or any future year.

Office of Management and Budget
Revenues v Expenditures adjusted for HB 3001

Fall 2012 Spring forecast, adjusted for HB 3001 with FY2013 10-year plan expenditures

<table>
<thead>
<tr>
<th></th>
<th>FY 2013</th>
<th>FY 2014</th>
<th>FY 2015</th>
<th>FY 2016</th>
<th>FY 2017</th>
<th>FY 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forecast Oil Price ($ / bbl.) Spring 2012</td>
<td>$110.44</td>
<td>$109.12</td>
<td>$114.53</td>
<td>$113.29</td>
<td>$111.31</td>
<td>$114.16</td>
</tr>
<tr>
<td>(Amounts below in $ Millions)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Spring 2012 Forecast General Fund Unrestricted</strong></td>
<td>$8,440</td>
<td>$7,680</td>
<td>$7,923</td>
<td>$7,967</td>
<td>$7,807</td>
<td>$8,055</td>
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<tr>
<td><strong>Spring 2012 Forecast General Fund Unrestricted</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HB 3001 Fiscal Note Adjustments</td>
<td>$1,375</td>
<td>$1,475</td>
<td>$1,300</td>
<td>$1,300</td>
<td>$1,250</td>
<td>$1,425</td>
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<tr>
<td><strong>General Fund Revenues Adjusted for HB 3001</strong></td>
<td>$7,065</td>
<td>$6,208</td>
<td>$6,623</td>
<td>$6,667</td>
<td>$6,557</td>
<td>$6,630</td>
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<tr>
<td>General Fund Expenses</td>
<td>$7,680</td>
<td>$6,764</td>
<td>$7,029</td>
<td>$7,271</td>
<td>$7,463</td>
<td>$7,663</td>
</tr>
<tr>
<td><strong>Budget Surplus/(Shortfall)</strong></td>
<td>$(615)</td>
<td>$(559)</td>
<td>$(406)</td>
<td>$(605)</td>
<td>$(906)</td>
<td>$(1,034)</td>
</tr>
<tr>
<td>CBRF Total</td>
<td>$11,256</td>
<td>$11,869</td>
<td>$12,518</td>
<td>$13,205</td>
<td>$13,932</td>
<td>$14,702</td>
</tr>
<tr>
<td>Statutory Budget Reserve Balance</td>
<td>$4,416</td>
<td>$3,855</td>
<td>$3,445</td>
<td>$2,873</td>
<td>$1,928</td>
<td>$891</td>
</tr>
<tr>
<td><strong>TOTAL RESERVES</strong></td>
<td>$15,672</td>
<td>$15,724</td>
<td>$15,963</td>
<td>$16,042</td>
<td>$15,860</td>
<td>$15,593</td>
</tr>
</tbody>
</table>

Source: Department of Revenue Spring 2103 Forecast. Dept. of Revenue fiscal note for HB 3001 dated 4/18/2012.

FY2013 10-year plan Scenario 4 (governor’s FY13 proposed budget with 4% annual GF expenditure growth, PERS/TRS State Assistance projections and capital capped at $1.0 B GF annually.

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For More Information on the Budget

http://www.omb.alaska.gov

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