



THE STATE
of **ALASKA**
GOVERNOR MIKE DUNLEAVY

Department of Revenue

COMMISSIONER'S OFFICE

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March 19, 2026

The Honorable Andy Josephson
House Finance Committee, Co-Chair
Alaska State Legislature
State Capitol, Room 505
Juneau, AK 99801

The Honorable Neal Foster
House Finance Committee, Co-Chair
Alaska State Legislature
State Capitol, Room 511
Juneau, AK 99801

The Honorable Calvin Schrage
House Finance Committee, Co-Chair
Alaska State Legislature
State Capitol, Room 410
Juneau, AK 99801

Dear Co-Chairs Josephson, Foster, and Schrage,

The purpose of this letter is to provide you with responses to the questions asked of the Department of Revenue (DOR) during the Spring 2026 Forecast presentation to the House Finance Committee on March 16, 2026. Please see the questions in bold and italics and our responses immediately below the questions.

1. What is the balance of the general fund?

The cash balance of the general fund proper on March 13, 2026, was \$752,648,015 as reflected on the cash sufficiency chart on Treasury's website. The General Fund Sufficiency Balance Projection shows the forecasted balance in addition to the actual balance. This balance changes based on cash flows into and out of the fund.

https://treasury.dor.alaska.gov/docs/treasurydivisionlibraries/cash-management/reports/general-fund-sufficiency-balance.pdf?sfvrsn=3aab1926_213

2. *How does cash flow in the General Fund work?*

The General Fund is managed to ensure cash needs are met. Cash Management analyzes outstanding payments, incoming funds, cash in suspense and other changes daily to update the General Fund forecast balance and works with all departments of the State to ensure cash is reconciled and reported. Included in cash inflows is the percent of market value (POMV) draw from the Earnings Reserve Account (ERA) at the Alaska Permanent Fund Corporation (APFC). Cash Management develops a cash transfer schedule with APFC at the start of each fiscal year based on forecasted cash balances. If expected cash flows come in lower than anticipated, the schedule may be changed to transfer funds earlier into the general fund. When budget deficits have been anticipated, funds have also been drawn from the constitutional budget reserve fund (CBRF) when budget language allows.

3. *How much cash do we need on hand or in the General Fund to pay the bills?*

Cash is managed to maintain a \$400 million minimum in the General Fund proper, which aligns with two days of the highest expected cash outflows of the state. Cash Management monitors the forecast and known cash outflows to anticipate unexpected fluctuations, allowing for sufficient time to draw additional funds if needed. The number of ERA draws during a year has increased over time to provide greater flexibility.

4. *Can you provide an overview of the cash accounting system?*

Financial activity such as deposits or payments to vendors occurs at the banks in State of Alaska accounts. The banks provide daily files to the Treasury Division with detailed credit and debit transactions that are imported into a Treasury Management System. State of Alaska uses a subaccount structure to identify and assign transactions to the correct department and appropriation. Those transactions are interfaced to the state accounting system, Integrated Resource Information System (IRIS), at the end of each business day and are coded to the IRIS accounting structures that departments have provided for their subaccounts. If an interfaced transaction cannot be posted to a specific subaccount because of appropriation limits set within IRIS, an error is generated for that transaction, and departments are notified to work through any necessary adjustments.

5. *What happens if there is an unexpected drop in revenue after the budget is approved?*

A memorandum of understanding (MOU) between the departments of Revenue, Administration, Law, and the Office of Management and Budget was developed in 1994 and updated as needed to address the cash process, procedures for addressing cash flow timing mismatches, and revenue deficits. As outlined in the MOU, should a revenue shortfall be anticipated, and budget language to address the shortfall via appropriated transfers is insufficient, transfers from the subfunds of the general fund may occur, or the Treasury may

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elect to borrow short-term funds from financial institutions. If these measures are insufficient, legislative action would be sought, through the Governor, to access additional funds through appropriation from other reserve funds or subfunds of the general fund. Should further measures be required, the State could prioritize disbursements or restrict expenditures.

Please let me know if I can be of further assistance.

Sincerely,



Janelle L. Earls
Acting Commissioner

cc: Jordan Shilling, Legislative Director, Office of the Governor
Lacey Sanders, Director, Office of Management and Budget