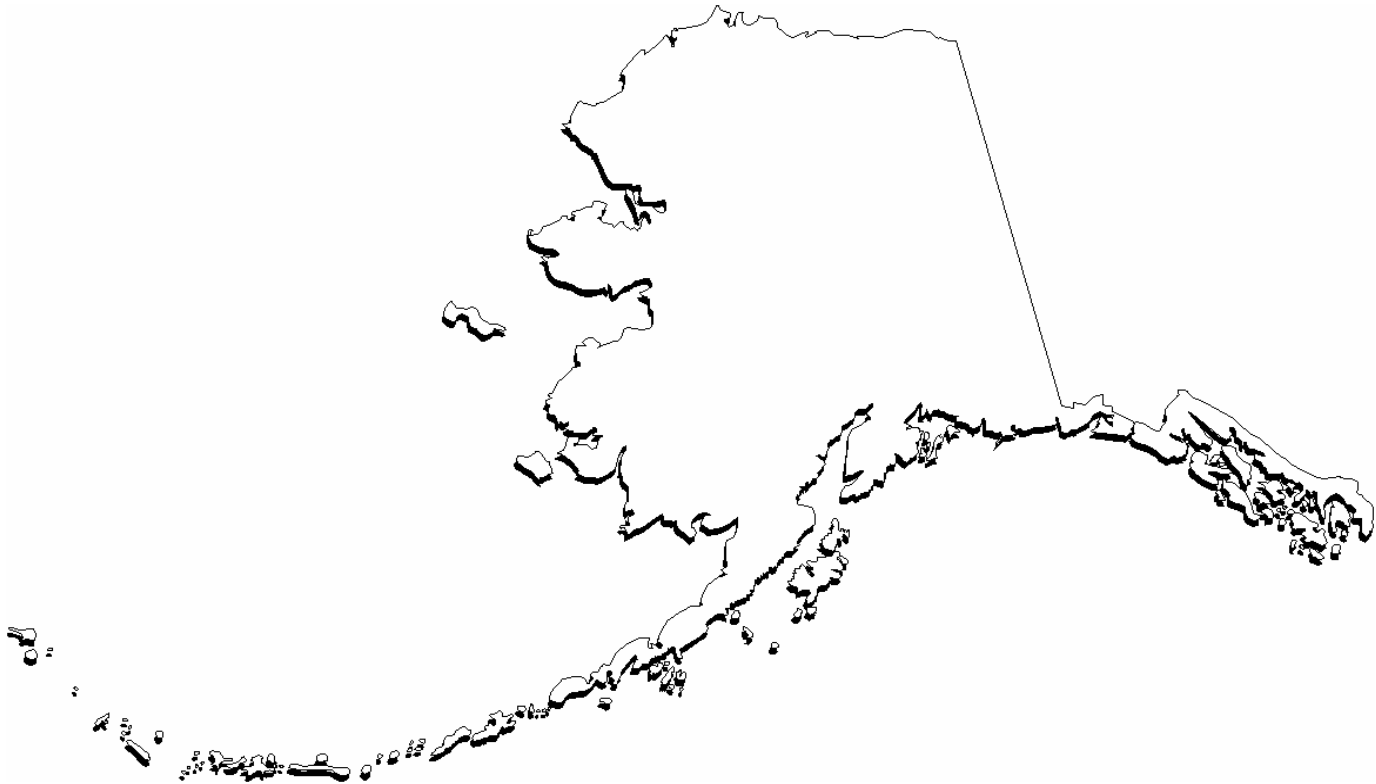


FY12 Budget Overview

House Finance Committee

January 20, 2011



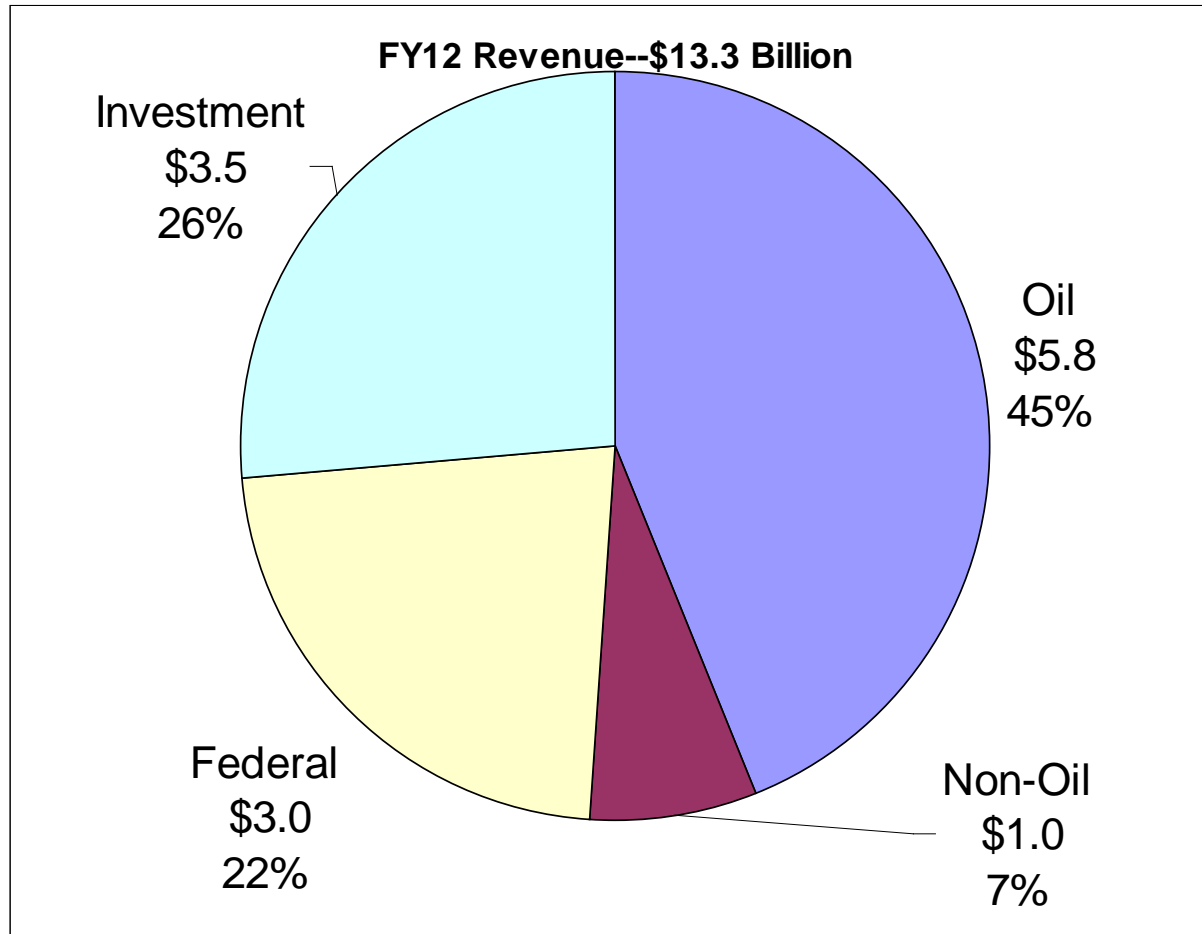
Legislative Finance Division

Four Elements of Budgeting

1. Revenue
2. Appropriations
3. Reserve Balances
4. A Long-Term Plan

Revenue Sources

DOR Fall 2010 Source Book



Revenue and Appropriations

- Unrestricted General Funds (UGF)
- Designated General Funds (DGF)
- Other State Funds
- Federal Receipts

Federal Receipts

- Typically have strings attached—the legislature has very little discretion in the appropriation process
- Frequently require state matching funds
- Split pretty evenly into thirds
 - Capital budget (primarily transportation)
 - Formula programs (primarily Medicaid)
 - Agency operations (DMVA, Labor, DEED)

Other State Funds

- Before Budget Clarification Project, “other” was almost \$3 billion, now is \$500 million
- Now, there is very little discretion in how money is spent—the category includes
 - international airport revenue,
 - state corporation receipts (including Permanent Fund)
 - Trusts (retirement, Mental Health and others)
 - Dedicated Funds (Fish & Game and others)

Designated General Funds

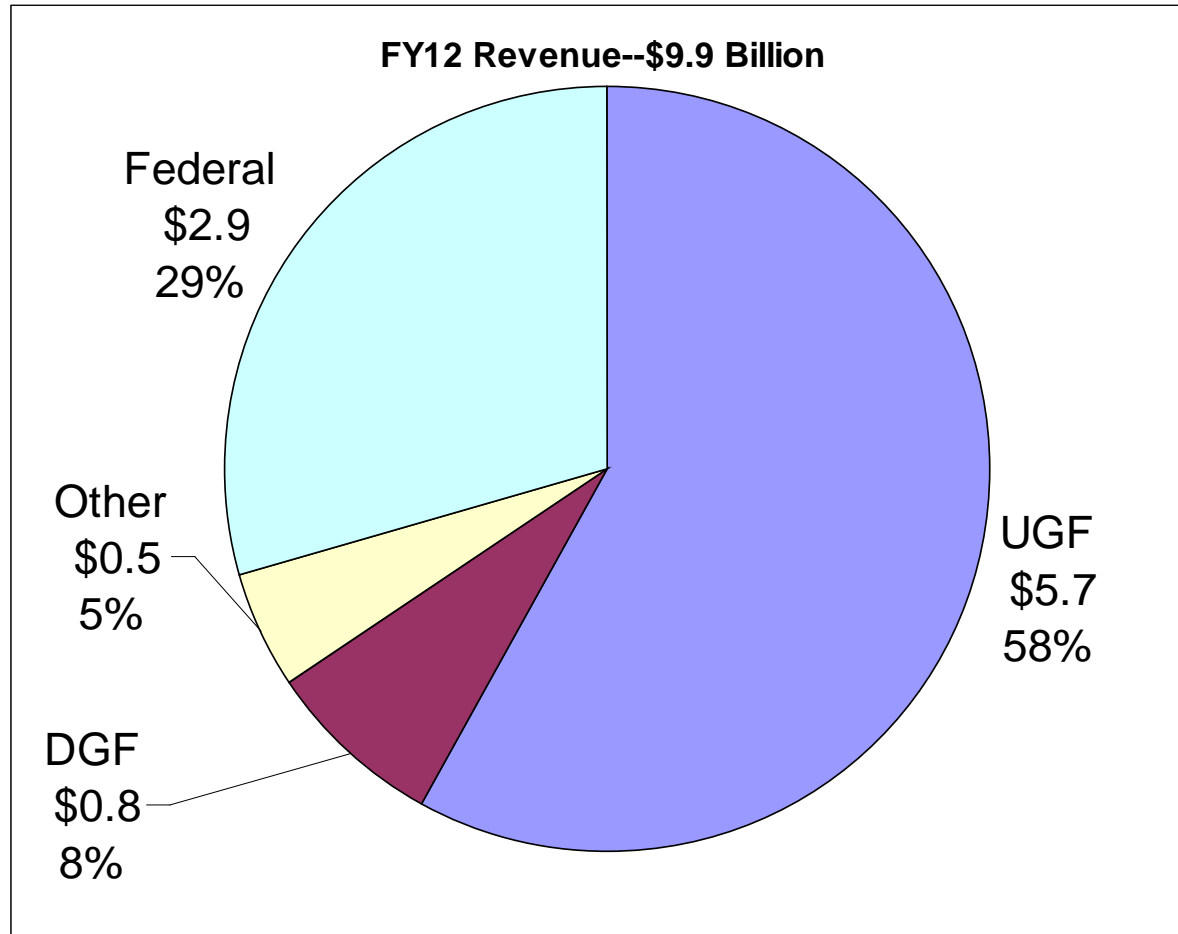
- Fund sources that have been designated—not dedicated—for a special purpose in statute
- Include University Receipts, AMHS receipts and other “fees for service” that agencies charge
- The legislature typically follows statutory **guidelines** (the law prohibits spending program receipts outside the program that generates them)

Unrestricted General Funds

- 88% of UGF revenue is derived from oil
- Complete discretion in appropriating UGF
- Typically referenced as the measure of state spending
- Used to calculate the Fiscal Surplus or Deficit

Revenue Sources

Degree of Discretion



State of Alaska Fiscal Summary--FY11 and FY12

(\$ millions)

| | FY11 Management Plan | | | | | | FY12 Governor's Request | | | | | | Change in GF | |
|---|----------------------------|--------------------------|-----------------------|-------------------|------------------|----------------|----------------------------|--------------------------|-----------------------|-------------------|------------------|----------------|--------------|--------------|
| | 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 | \$ | % |
| REVENUE (Excludes Permanent Fund Earnings) (1) | 5,395.2 | 770.1 | 6,165.3 | 537.4 | 3,145.6 | 9,848.3 | 5,732.4 | 760.8 | 6,493.2 | 494.4 | 2,901.6 | 9,889.2 | 327.9 | 5.3% |
| Unrestricted General Fund Revenue (Fall 2010) (2) | 5,371.8 | - | 5,371.8 | - | - | 5,371.8 | 5,743.9 | - | 5,743.9 | - | - | 5,743.9 | - | - |
| Reappropriation and Carryforward (3) | 21.4 | 0.6 | 22.0 | 0.9 | 144.8 | 167.7 | - | - | - | - | - | - | - | - |
| Corporate Dividends (4) | 1.9 | - | 1.9 | - | - | 1.9 | (11.5) | - | (11.5) | - | - | (11.5) | - | - |
| Designated General Fund Revenue (5) | - | 769.5 | 769.5 | - | - | 769.5 | - | 760.8 | 760.8 | - | - | 760.8 | - | - |
| Other State Funds and Federal Receipts | - | - | - | 536.5 | 3,000.8 | 3,537.4 | - | - | - | 494.4 | 2,901.6 | 3,396.0 | - | - |
| APPROPRIATIONS | | | | | | | | | | | | | | |
| TOTAL OPERATING APPROPRIATIONS | 4,797.9 | 706.7 | 5,504.6 | 442.4 | 2,134.9 | 8,082.0 | 5,066.2 | 726.7 | 5,792.9 | 449.5 | 2,071.8 | 8,314.3 | 288.3 | 5.2% |
| Agency Operations | 3,761.6 | 685.5 | 4,447.1 | 390.1 | 2,089.0 | 6,926.1 | 3,909.2 | 704.6 | 4,613.9 | 408.3 | 2,028.7 | 7,050.9 | 166.8 | 3.8% |
| Current Fiscal Year Appropriations (Includes Fiscal Notes) | 3,711.6 | 685.5 | 4,397.1 | 390.1 | 2,089.0 | 6,876.1 | 3,859.2 | 704.6 | 4,563.9 | 408.3 | 2,028.7 | 7,000.9 | 166.8 | 3.8% |
| Agency Operations (Non-Formula) | 1,991.5 | 633.1 | 2,624.6 | 385.9 | 1,059.8 | 4,070.3 | 2,060.5 | 648.1 | 2,708.5 | 405.5 | 919.2 | 4,033.3 | 84.0 | 3.2% |
| K-12 Formula and Pupil Transportation | 1,114.3 | 10.7 | 1,125.0 | - | 23.5 | 1,148.5 | 1,124.7 | 12.4 | 1,137.0 | - | 23.5 | 1,160.5 | 12.0 | 1.1% |
| Other Formula Programs | 605.8 | 41.7 | 647.5 | 2.8 | 973.6 | 1,623.9 | 674.1 | 44.2 | 718.3 | 2.8 | 1,086.0 | 1,807.2 | 70.9 | 10.9% |
| Revised Programs Legislatively Approved | - | - | - | 1.4 | 32.1 | 33.5 | - | - | - | - | - | - | - | - |
| Duplicated Authorization (non-additive) (6) | - | - | - | 657.2 | - | 657.2 | - | - | - | 681.9 | - | 681.9 | - | - |
| Supplemental Operating Appropriations | 50.0 | 0.0 | 50.0 | 0.0 | 0.0 | 50.0 | 50.0 | 0.0 | 50.0 | 0.0 | 0.0 | 50.0 | - | 0.0% |
| Statewide Operations | 1,036.4 | 21.2 | 1,057.6 | 52.4 | 45.9 | 1,155.8 | 1,157.0 | 22.0 | 1,179.0 | 41.2 | 43.2 | 1,263.4 | 121.5 | 11.5% |
| Current Fiscal Year Appropriations | 1,036.4 | 21.2 | 1,057.6 | 52.4 | 45.9 | 1,155.8 | 1,157.0 | 22.0 | 1,179.0 | 41.2 | 43.2 | 1,263.4 | 121.5 | 11.5% |
| Debt Service | 171.5 | 21.2 | 192.7 | 52.4 | 12.4 | 257.4 | 208.8 | 21.6 | 230.4 | 41.1 | 13.0 | 284.6 | 37.7 | 19.6% |
| Local Government Support | 60.0 | - | 60.0 | - | - | 60.0 | 60.0 | - | 60.0 | - | - | 60.0 | - | 0.0% |
| Oil & Gas Investment Tax Credits | 430.0 | - | 430.0 | - | - | 430.0 | 400.0 | - | 400.0 | - | - | 400.0 | (30.0) | -7.0% |
| Other Fund Capitalization | 11.6 | 0.0 | 11.6 | - | 33.5 | 45.1 | 7.5 | 0.4 | 7.9 | 0.0 | 30.2 | 38.1 | (3.6) | -31.5% |
| Direct Appropriations to Retirement | 357.6 | - | 357.6 | - | - | 357.6 | 479.5 | - | 479.5 | - | - | 479.5 | 121.9 | 34.1% |
| Resource Rebate | 4.5 | - | 4.5 | - | - | 4.5 | - | - | - | - | - | - | (4.5) | -100.0% |
| Judgments, Claims and Settlements | 1.2 | - | 1.2 | - | - | 1.2 | 1.2 | - | 1.2 | - | - | 1.2 | - | 0.0% |
| Duplicated Authorization (non-additive) (6) | - | - | - | 19.9 | - | 19.9 | - | - | - | 20.9 | - | 20.9 | - | - |
| TOTAL CAPITAL APPROPRIATIONS | 549.7 | 59.7 | 609.3 | 85.5 | 1,010.7 | 1,705.6 | 691.7 | 30.0 | 721.6 | 36.1 | 829.7 | 1,587.5 | 112.3 | 18.4% |
| Current Fiscal Year Appropriations | 549.7 | 59.7 | 609.3 | 85.5 | 1,010.7 | 1,705.6 | 691.7 | 30.0 | 721.6 | 36.1 | 829.7 | 1,587.5 | 112.3 | 18.4% |
| Project Appropriations & RPLs (Revised Programs) | 407.3 | 59.6620 | 466.9 | 85.5 | 1,010.7 | 1,563.2 | 531.7 | 30.0 | 561.6 | 36.1 | 829.7 | 1,427.5 | 94.7 | 20.3% |
| Fund Capitalization | 142.4 | 0.0 | 142.4 | 0.0 | 0.0 | 142.4 | 160.0 | 0.0 | 160.0 | 0.0 | 0.0 | 160.0 | 17.6 | 12.4% |
| Projects Funded with General Obligation Bonds (non-additive) | 0.0 | 0.0 | 0.0 | 397.2 | 0.0 | 397.2 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0% |
| Projects Funded with Other Debt Proceeds (non-additive) | 0.0 | 0.0 | 0.0 | 29.6 | 0.0 | 29.6 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0% |
| Capital Vetoes (non-additive) | (100.3) | (25.3) | (125.5) | (6.4) | (0.3) | (132.2) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0% |
| Duplicated Authorization (non-additive) (6) | 0.0 | 0.0 | 0.0 | 459.7 | 0.0 | 459.7 | 0.0 | 0.0 | 0.0 | 74.3 | 0.0 | 74.3 | 0.0 | 0.0% |
| Money on the Street (includes all fund sources) (7) | 549.7 | 59.7 | 609.3 | 545.2 | 1,010.7 | 2,165.3 | 691.7 | 30.0 | 721.6 | 110.5 | 829.7 | 1,661.8 | 112.3 | 18.4% |
| Pre-Transfers Authorization (unduplicated) | 5,347.6 | 766.4 | 6,114.0 | 527.9 | 3,145.6 | 9,787.5 | 5,757.9 | 756.6 | 6,514.5 | 485.7 | 2,901.6 | 9,901.8 | 400.6 | 6.6% |
| Pre-Transfers Surplus/(Deficit) | 47.6 | 0.9% | of UGF Revenue | | | | (25.5) | -0.4% | of UGF Revenue | | | | | |

Notes:

January 11, 2011

- Although Permanent Fund earnings may be appropriated for any purpose, the legislature traditionally excludes them from the definition of available revenue. Appropriations of Permanent Fund earnings are reported in lines 48-51 of the summary. Permanent Fund earnings and balance information is reported in part 2 of the fiscal summary.
- The Department of Revenue's December 2010 oil forecast for FY11 is 0.616 mbd at \$77.96 per barrel; the FY12 forecast is 0.622 mbd at \$82.67/bbl.
- Carryforward is money that was appropriated in a prior year that is made available for spending in FY11 via multiyear appropriations or reappropriations. FY12 carryforward will be unknown until the close of FY11.
- Funds made available to the state by the boards of the Alaska Industrial Development and Export Authority (AIDEA) and Alaska Housing Finance Corporation (AHFC) are included in the revenue forecast. The amounts on this line correct estimates reported in the revenue forecast.
- Designated general funds include 1) program receipts that are restricted to the program that generates the receipts and 2) revenue that is statutorily designated for a specific purpose.
- Duplicated authorizations are in the budget twice, such as when funds flow in and out of a holding account or one agency pays another for services provided. Duplicated authorization also includes the expenditure of bond proceeds when debt service on bonds (which includes repayment of principal) will be reflected in future operating budgets.
- From an accounting perspective, unduplicated authorization is the best measure of capital spending. However, adding duplicated fund sources provides a valuable measure of "money on the street" because it includes projects funded with bond proceeds and other duplicated fund sources.

| | | | | | | | | | | | | | | | |
|----|---|----------------|--------------|-----------------------|--------------|----------------|-----------------|----------------|--------------|-----------------------|--------------|----------------|-----------------|----------------|----------------|
| 37 | Transfers (8) | 62.2 | 3.7 | 65.9 | 9.5 | - | 75.4 | (309.9) | 4.2 | (305.7) | 8.8 | - | (296.9) | (371.6) | -563.5% |
| 38 | Current Fiscal Year Transfers | 62.2 | 3.7 | 65.9 | 9.5 | 0.0 | 75.4 | (309.9) | 4.2 | (305.7) | 8.8 | 0.0 | (296.9) | (371.6) | -563.5% |
| 39 | Designated Savings (Public Education Fund) | 16.7 | - | 16.7 | - | - | 16.7 | 16.3 | - | 16.3 | - | - | 16.3 | - | - |
| 40 | Designated Savings (Railbelt Energy Fund) | - | - | - | - | - | - | (65.7) | - | (65.7) | - | - | (65.7) | - | - |
| 41 | Undesignated Savings (Alaska Housing Capital Corp) | - | - | - | - | - | - | (295.4) | - | (295.4) | - | - | (295.4) | - | - |
| 42 | Undesignated Savings (Other) | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 43 | Other Operating Transfers | 10.6 | 3.7 | 14.3 | 9.5 | - | 23.8 | 9.9 | 4.2 | 14.1 | 8.8 | - | 22.8 | - | - |
| 44 | Capital Power Project Fund | 10.0 | - | 10.0 | - | - | 10.0 | - | - | - | - | - | - | - | - |
| 45 | Capital Renewable Energy Fund | 25.0 | - | 25.0 | - | - | 25.0 | 25.0 | - | 25.0 | - | - | 25.0 | - | - |
| 46 | Post-Transfers Authorization (unduplicated) | 5,409.8 | 770.1 | 6,179.9 | 537.4 | 3,145.6 | 9,863.0 | 5,448.0 | 760.8 | 6,208.8 | 494.4 | 2,901.6 | 9,604.8 | 28.9 | 0.5% |
| 47 | Post-Transfer Balance to/(from) the SBR | (14.6) | -0.3% | of UGF Revenue | | | | 284.3 | 5.0% | of UGF Revenue | | | | | |
| 48 | Permanent Fund | 1,200.0 | 42.0 | 1,242.0 | 6.9 | - | 1,248.8 | 1,468.0 | 41.8 | 1,509.8 | 7.0 | - | 1,516.8 | | |
| 49 | Permanent Fund Dividends | 696.0 | - | 696.0 | - | - | 696.0 | 524.0 | - | 524.0 | - | - | 524.0 | - | - |
| 50 | Deposits to Principal | 501.0 | - | 501.0 | - | - | 501.0 | 922.0 | - | 922.0 | - | - | 922.0 | - | - |
| 51 | Other Uses of Earnings (included in op or cap budget) (9) | 3.0 | 42.0 | 45.0 | 6.9 | - | 51.8 | 22.0 | 41.8 | 63.8 | 7.0 | - | 70.8 | - | - |
| 52 | Total Authorization (unduplicated) | 6,606.8 | 770.1 | 7,376.9 | 537.4 | 3,145.6 | 11,060.0 | 6,894.0 | 760.8 | 7,654.8 | 494.4 | 2,901.6 | 11,050.8 | 277.9 | 3.8% |
| | FISCAL YEAR SUMMARY | 6,544.6 | 766.4 | 7,311.0 | 527.9 | 3,145.6 | 10,984.5 | 7,203.9 | 756.6 | 7,960.5 | 485.7 | 2,901.6 | 11,347.8 | 649.6 | 8.9% |
| | Agency Operations | 3,761.6 | 685.5 | 4,447.1 | 390.1 | 2,089.0 | 6,926.1 | 3,909.2 | 704.6 | 4,613.9 | 408.3 | 2,028.7 | 7,050.9 | 166.8 | 3.8% |
| | Statewide Operations | 1,036.4 | 21.2 | 1,057.6 | 52.4 | 45.9 | 1,155.8 | 1,157.0 | 22.0 | 1,179.0 | 41.2 | 43.2 | 1,263.4 | 121.5 | 11.5% |
| | Total Operating | 4,797.9 | 706.7 | 5,504.6 | 442.4 | 2,134.9 | 8,082.0 | 5,066.2 | 726.7 | 5,792.9 | 449.5 | 2,071.8 | 8,314.3 | 288.3 | 5.2% |
| | Capital | 549.7 | 59.7 | 609.3 | 85.5 | 1,010.7 | 1,705.6 | 691.7 | 30.0 | 721.6 | 36.1 | 829.7 | 1,587.5 | 112.3 | 18.4% |
| | Appropriation of Permanent Fund Earnings | 1,197.0 | 0.0 | 1,197.0 | 0.0 | 0.0 | 1,197.0 | 1,446.0 | 0.0 | 1,446.0 | 0.0 | 0.0 | 1,446.0 | 249.0 | 20.8% |
| | Transfers (nonadditive) | 563.2 | 3.7 | 566.9 | 9.5 | - | 576.4 | (309.9) | 4.2 | (305.7) | 8.8 | - | (296.9) | (872.6) | -153.9% |

Notes:

- (8) "Transfers" refer to appropriations that move money from one fund to another within the Treasury. Although transfers are not true expenditures, they reduce the amount of money available for other purposes so must be included in the calculation of the surplus/deficit. For savings accounts, a positive number indicates a deposit and a negative number indicates a withdrawal. When money is withdrawn and spent, the expenditure is included in the operating or capital budget, as appropriate.
- (9) Amounts shown on line 51 can be considered duplicated appropriations--they are included in the operating or capital budgets above. Amounts in the UGF column indicate earnings deposited in the Capital Income Fund; amounts in the DGF column indicate costs associated with the dividend program; and amounts in the Other column reflect gross earnings of the Permanent Fund spent for purposes other than operation of the corporation.

January 11, 2011

The Governor's capital budget request includes \$19.1 million for items that Legislative Finance considers to be operating in nature. This amount has been added to agency operations (line 10) and subtracted from capital projects (line 28).

Fiscal Summary Key Points

1. FY12 revenue is \$328 million above FY11 revenue
2. But spending is \$400 million higher
 - Agency Operations is up \$167 million (3.8%)
 - Statewide is up \$122 million (11.5%)
 - Capital is up \$112 million (18.4%)
3. There is a cash flow deficit of \$25 million
4. The Governor removes a net of \$310 million from savings accounts
5. The FY11 surplus remains a question mark

Reserves—the Third Element of Budgeting

- Alaska has reserves like no other state
- Excluding the Permanent Fund, which cannot be spent, Alaska has over \$14 billion in reserves
- Some are difficult to access—PF ERA and CBRF
- No disagreement on accessible cash of about \$1.5 billion

State of Alaska Fiscal Summary--FY11 and FY12

(\$ millions)

Part 2--Approximate Balances of Savings Accounts

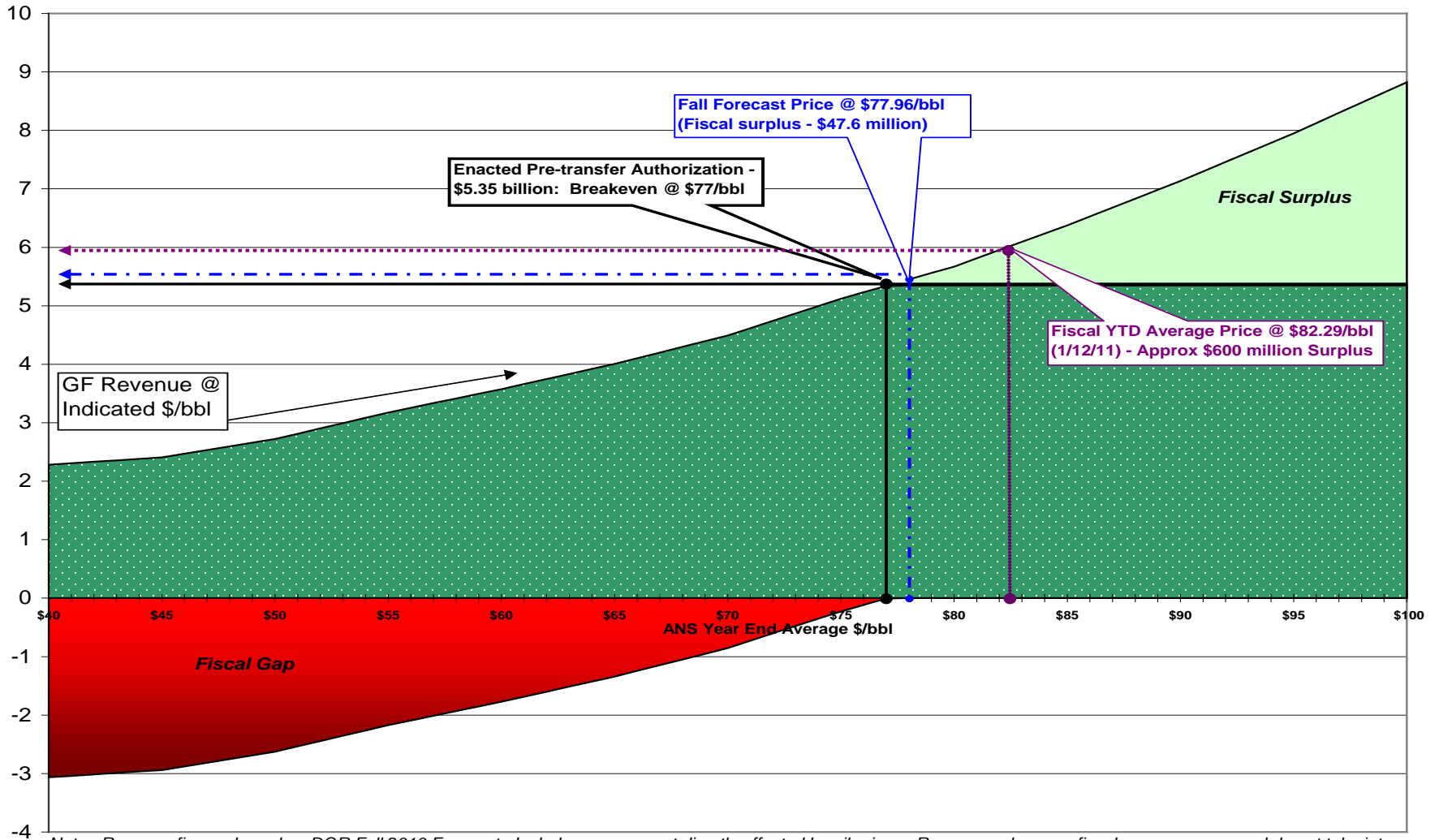
| | FY11 | | | | FY12 | | | |
|--|-----------------|----------------|----------------|-----------------|-----------------|----------------|----------------|-----------------|
| | BoY Balance | In | Out | EoY Balance | BoY Balance | In | Out | EoY Balance |
| Permanent Fund (no appropriations allowed) | 31,624.0 | 1,153.0 | 0.0 | 32,777.0 | 32,777.0 | 1,645.0 | 0.0 | 34,422.0 |
| Undesignated Savings | 11,977.2 | 1,702.0 | 1,223.6 | 12,455.6 | 12,455.6 | 2,758.6 | 1,762.4 | 13,451.8 |
| Permanent Fund Earnings Reserve Account | 1,209.8 | 1,190.0 | 1,209.0 | 1,190.8 | 1,190.8 | 1,865.0 | 1,467.0 | 1,588.8 |
| Constitutional Budget Reserve Fund (cash) | 9,166.1 | 495.0 | 0.0 | 9,661.1 | 9,661.1 | 572.3 | 0.0 | 10,233.4 |
| Statutory Budget Reserve Fund | 1,197.5 | 0.0 | 14.6 | 1,182.9 | 1,182.9 | 284.3 | 0.0 | 1,467.2 |
| Alaska Housing Capital Corporation Fund | 360.7 | 14.0 | 0.0 | 374.7 | 374.7 | 15.0 | 295.4 | 94.3 |
| Alaska Capital Income Fund | 43.1 | 3.0 | 0.0 | 46.1 | 46.1 | 22.0 | 0.0 | 68.1 |
| Designated Savings | 1,737.1 | 1,261.1 | 1,198.0 | 1,800.3 | 1,800.3 | 1,237.7 | 1,274.1 | 1,763.9 |
| Public Education Fund | 1,171.0 | 1,131.0 | 1,114.3 | 1,187.7 | 1,187.7 | 1,141.0 | 1,124.7 | 1,204.0 |
| Revenue Sharing Fund | 180.0 | 60.0 | 60.0 | 180.0 | 180.0 | 60.0 | 60.0 | 180.0 |
| Railbelt Energy Fund | 65.5 | 0.0 | 0.0 | 65.5 | 65.5 | 0.0 | 65.7 | (0.2) |
| Power Cost Equalization Endowment | 320.7 | 70.1 | 23.7 | 367.1 | 367.1 | 36.7 | 23.7 | 380.1 |
| Reserves (Excluding Permanent Fund Principal) | 13,714.4 | 2,963.1 | 2,421.6 | 14,255.9 | 14,255.9 | 3,996.3 | 3,036.5 | 15,215.7 |
| Unrestricted General Fund Appropriations | | | | 6,606.8 | | | | 6,894.0 |
| Years of Reserves (Reserves/UGF Appropriations) | | | | 2.16 | | | | 2.21 |

The Value of Reserves

- Provide a certain level of comfort for the longer term
 - There is time to react, but not as much as many may believe
- Provide breathing room in the FY12 budget process

FY2011 Unrestricted General Fund Revenue - Fiscal Sensitivity

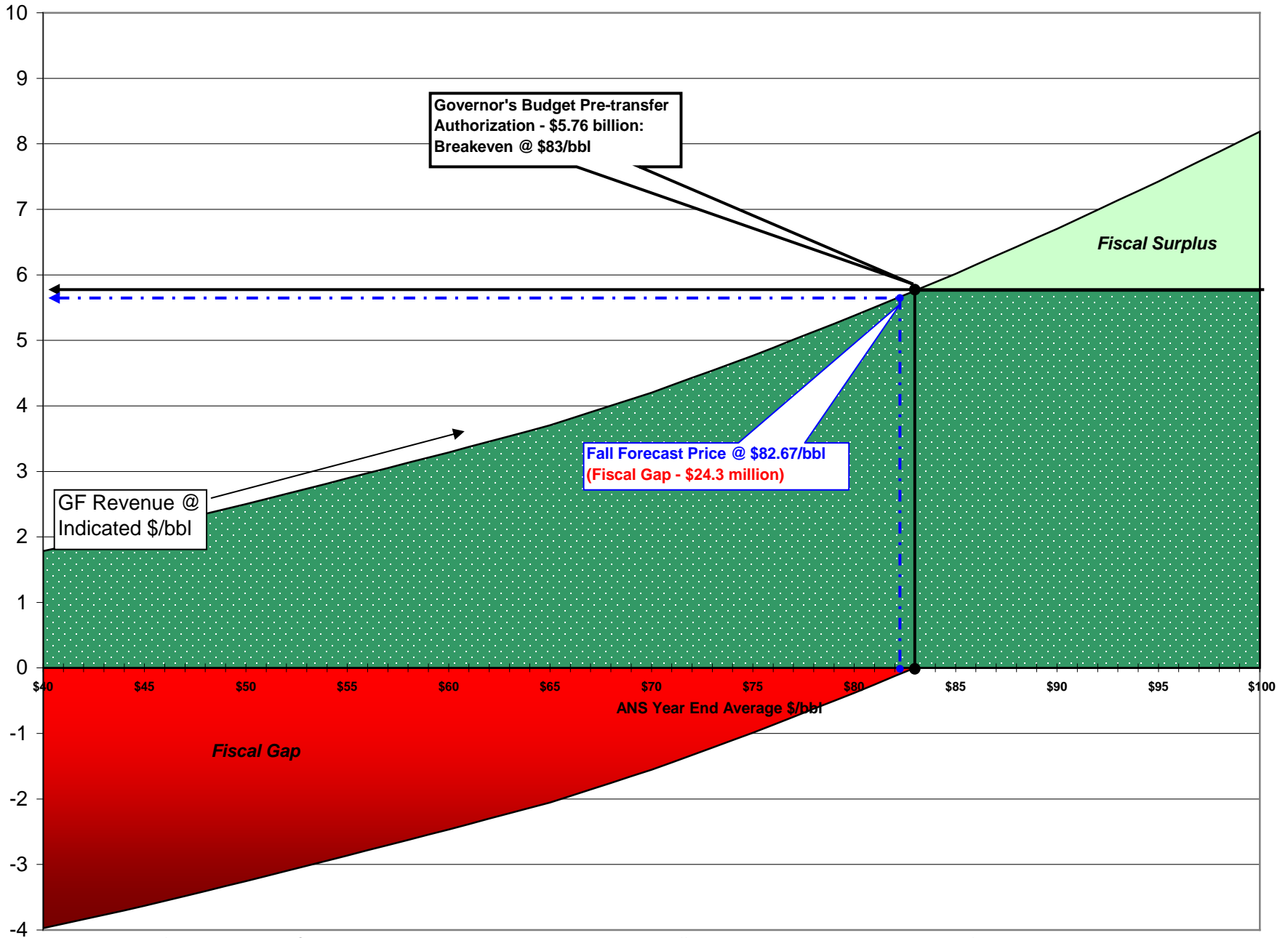
(\$ Billions)



Note: Revenue figures based on DOR Fall 2010 Forecast. Includes revenue not directly affected by oil prices. Revenue values are fiscal year averages and do not take into account monthly price volatility that could affect the total revenue received.

FY2012 Unrestricted General Fund Revenue - Fiscal Sensitivity

(\$ Billions)



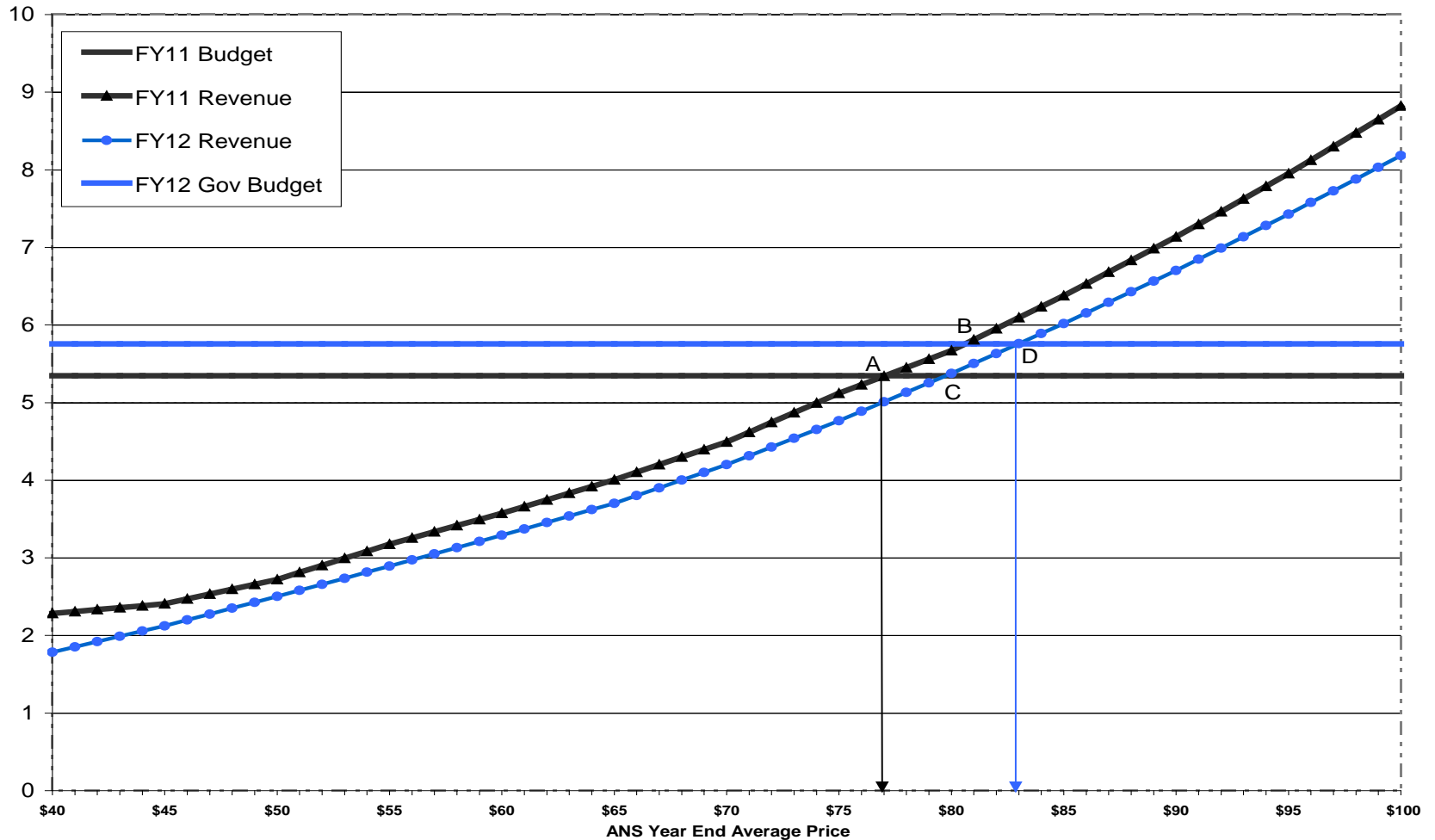
Note: Revenue figures based on DOR Fall 2010 Forecast. Includes revenue not directly affected by oil prices. Revenue values are fiscal year averages and do not take into account monthly price volatility that could affect the total revenue received.

Key Points

- A \$1 change in oil price produces a \$100 million change in revenue—**movement along a revenue curve**
- Declining oil production, additional tax credits and/or declining profitability is a double whammy—**shifts the revenue curve downward**
- Reserves can vanish very quickly

FY11/12 General Fund - Fiscal Sensitivity Overlay

(\$ Billions)



Note: Revenue figures from DOR Fall 2010 Forecast. Figures include sources not directly affected by oil prices. Budget Authorization corresponds with "Pre-transfer" authorization on Fiscal Summary.

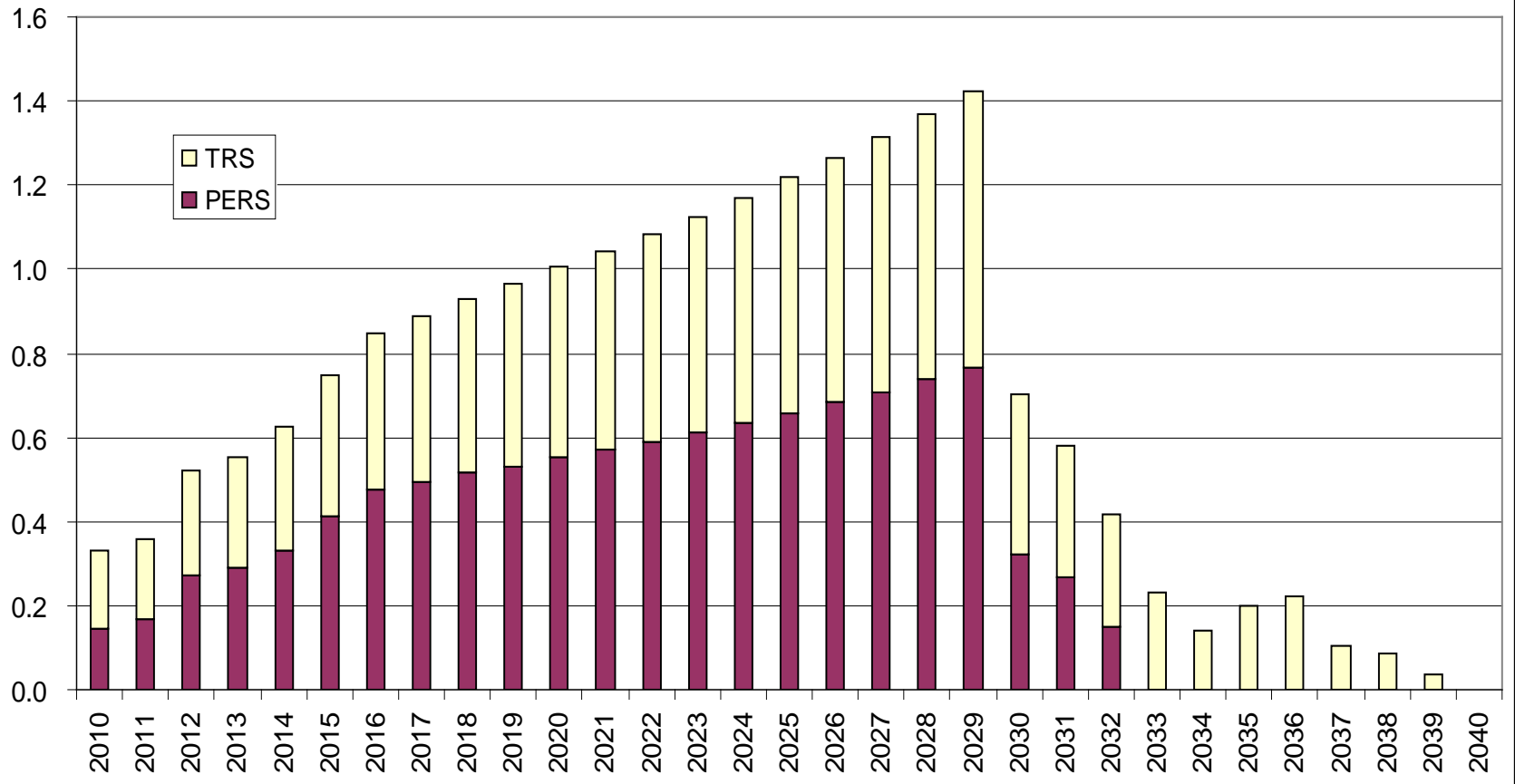
Why the Revenue Curve Shifts Downward Over Time

- Production decline
 - Typically, greatest impact in past years. But the forecast for FY12 production is *up* 1%
- Tax credits
 - Not the transferable credits—the ones we can't see
- Lower profitability

Why Expenditures Shift Upward Over Time

- **Formula programs** seemingly inexhaustible demand
- **Incremental budget process** if you simply review increments, the budget will always increase
- **Debt service and tax credits** consequences of past legislation
- **Retirement Costs** along with a review of oil tax rates, one of the big issues facing the legislature this year

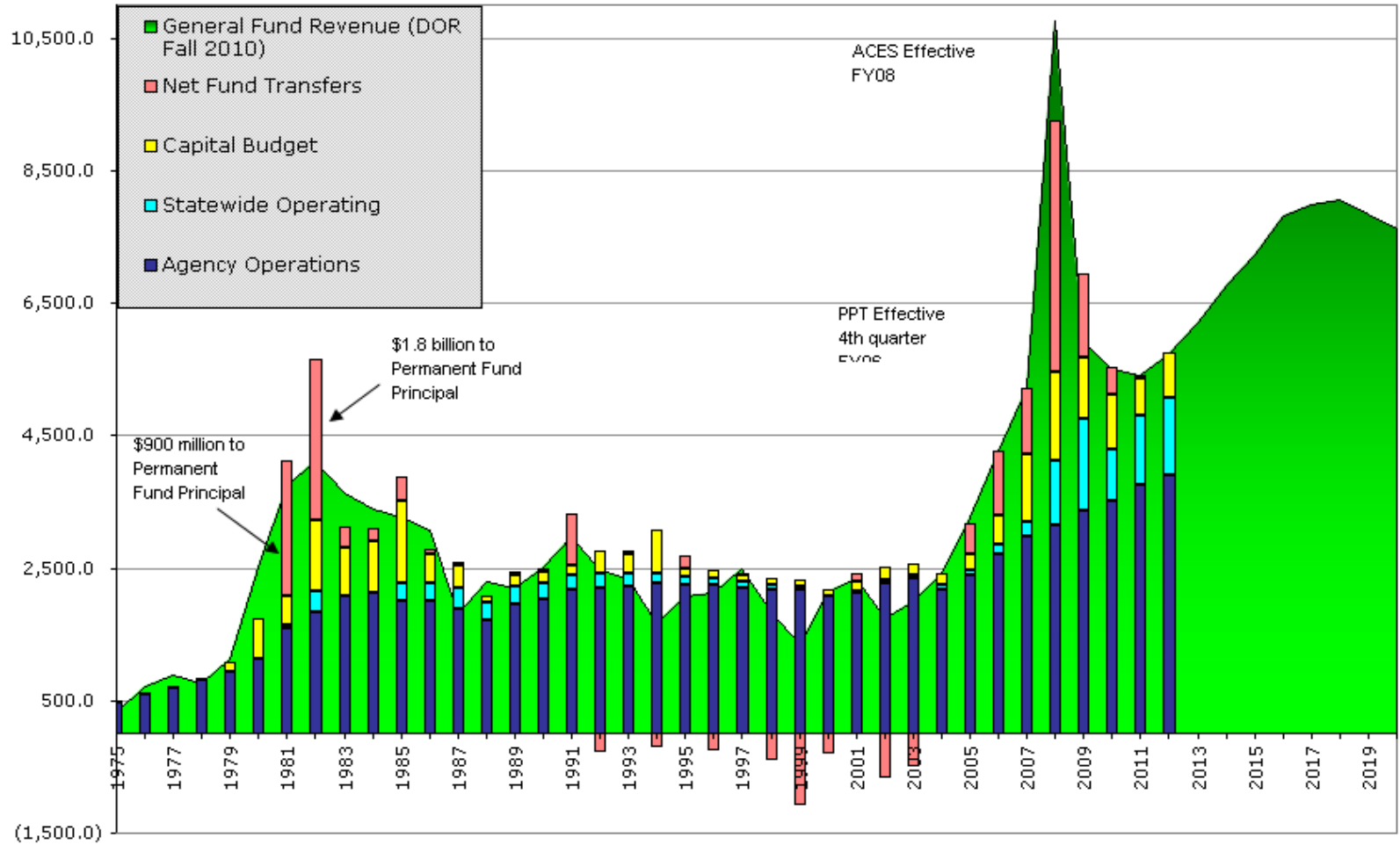
State Assistance to Retirement (\$ billions)



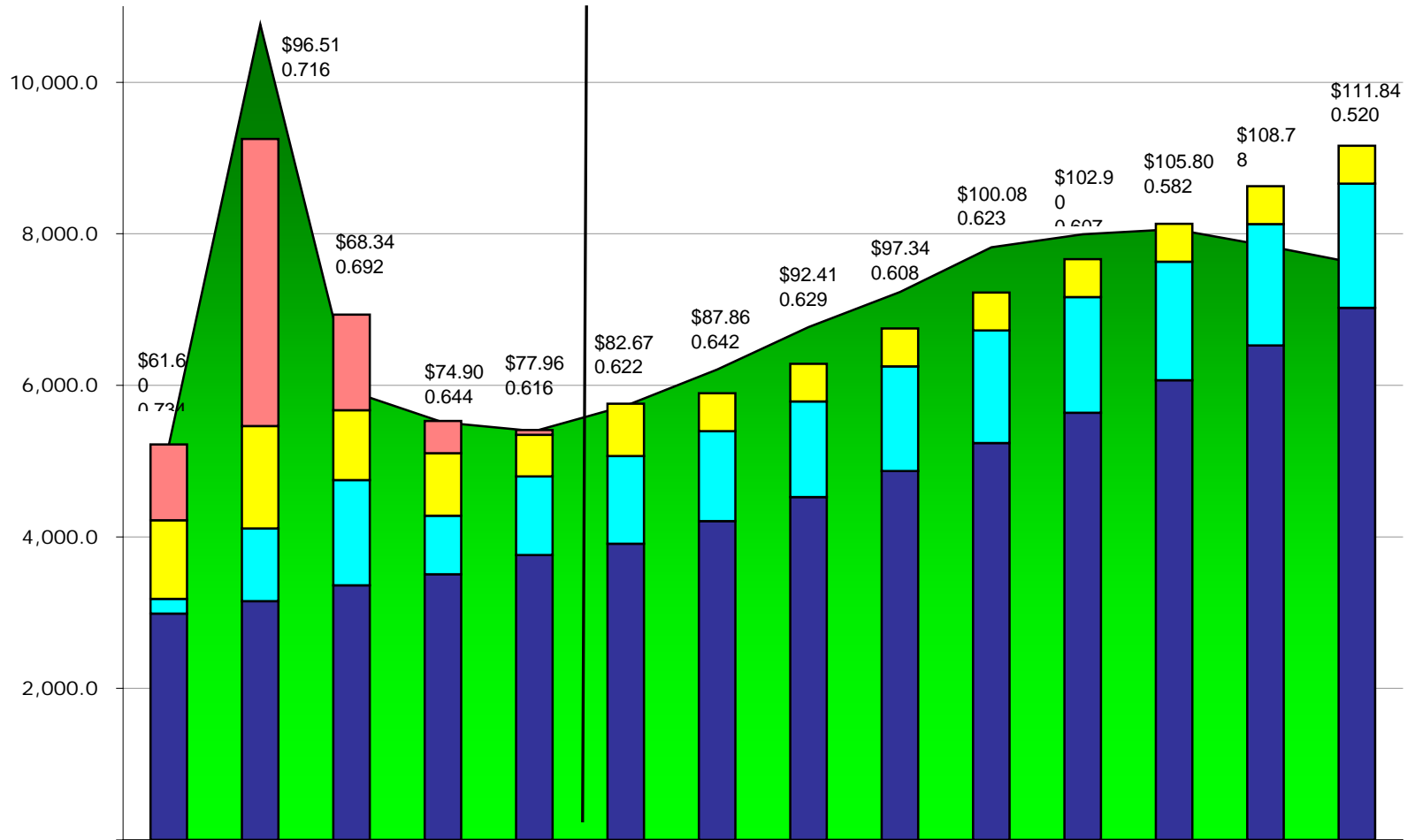
The Fourth Element of Budgeting— A Plan

- FY12 looks like a good year—the Governor's budget is balanced and reserves are sufficient to handle anything but a major change in circumstances
- But what about next year? And the year after that?
- How do appropriations this year affect future appropriations?

Unrestricted General Fund Revenue/ Budget History (millions)



Unrestricted General Fund Revenue/ Budget (millions)



| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|-------------------------------|---------|----------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| GF Revenue (DOR Fall 2010) | 5,215.7 | 10,764.3 | 5,918.8 | 5,512.7 | 5,395.0 | 5,732.4 | 6,207.7 | 6,767.8 | 7,233.1 | 7,822.4 | 7,992.7 | 8,060.4 | 7,845.7 | 7,610.7 |
| Net Fund Transfers | 1,003.3 | 3,788.3 | 1,260.0 | 426.1 | 62.2 | (25.5) | | | | | | | | |
| Capital Budget | 1,035.1 | 1,351.7 | 924.1 | 826.2 | 549.7 | 691.7 | 500.0 | 500.0 | 500.0 | 500.0 | 500.0 | 500.0 | 500.0 | 500.0 |
| Statewide Operating | 196.1 | 961.1 | 1,388.7 | 771.0 | 1,036.4 | 1,157.0 | 1,188.0 | 1,260.0 | 1,382.0 | 1,484.0 | 1,526.0 | 1,565.0 | 1,601.0 | 1,640.0 |
| Agency Operations-7.6% Growth | 2,986.5 | 3,150.6 | 3,360.0 | 3,506.6 | 3,761.6 | 3,909.2 | 4,206.3 | 4,526.0 | 4,870.0 | 5,240.1 | 5,638.3 | 6,066.8 | 6,527.9 | 7,024.0 |

| Growth in Agency Operating Budgets (UGF)-- FY06MP to FY11MP | | | | | | |
|--|------------------------|------------------------|--------------------|---------------------------|------------------------|-----------------------------------|
| | | | | | | |
| | | | | | | |
| Agency | FY06 Mgmt. Plan | FY11 Mgmt. Plan | Growth | Annual Growth Rate | Share of Growth | Cumulative Share of Growth |
| Department of Health and Social Services | 608,356.0 | 930,456.1 | 322,100.1 | 8.9% | 28% | 28% |
| Department of Education and Early Development | 891,623.0 | 1,173,368.2 | 281,745.2 | 5.6% | 24% | 52% |
| Department of Transportation & Public Facilities | 169,715.4 | 276,235.3 | 106,519.9 | 10.2% | 9% | 62% |
| University of Alaska | 245,443.7 | 338,983.4 | 93,539.7 | 6.7% | 8% | 70% |
| Department of Corrections | 169,865.4 | 231,033.5 | 61,168.1 | 6.3% | 5% | 75% |
| Department of Public Safety | 93,766.5 | 137,029.6 | 43,263.1 | 7.9% | 4% | 79% |
| Department of Commerce, Community and Economic Development | 8,736.7 | 43,592.3 | 34,855.6 | 37.9% | 3% | 82% |
| Department of Revenue | 17,954.7 | 51,912.8 | 33,958.1 | 23.7% | 3% | 85% |
| Department of Fish and Game | 33,980.1 | 65,414.0 | 31,433.9 | 14.0% | 3% | 88% |
| Alaska Court System | 64,000.9 | 94,841.3 | 30,840.4 | 8.2% | 3% | 90% |
| Department of Administration | 51,970.3 | 76,651.2 | 24,680.9 | 8.1% | 2% | 92% |
| Legislature | 49,768.7 | 68,472.8 | 18,704.1 | 6.6% | 2% | 94% |
| Department of Law | 42,074.6 | 59,264.7 | 17,190.1 | 7.1% | 1% | 95% |
| Department of Labor and Workforce Development | 15,796.6 | 29,367.3 | 13,570.7 | 13.2% | 1% | 98% |
| Office of the Governor | 19,640.3 | 31,245.5 | 11,605.2 | 9.7% | 1% | 99% |
| Department of Natural Resources | 65,283.5 | 72,077.0 | 6,793.5 | 2.0% | 1% | 99% |
| Department of Environmental Conservation | 12,994.3 | 18,895.4 | 5,901.1 | 7.8% | 1% | 100% |
| Department of Military and Veterans Affairs | 12,801.4 | 12,735.5 | (65.9) | -0.1% | 0% | 100% |
| | | | | | | |
| TOTAL | 2,573,772.1 | 3,711,575.9 | 1,152,303.8 | 7.6% | | |

Wrap Up

- The fiscal situation is strong for FY12
 - Balanced budget
 - Solid reserves
- The future is less rosy
 - Downward shifts in the revenue curve
 - Upward shifts in the expenditure curve
 - Retirement system unfunded liability
 - Reserves can vanish as quickly as they were built up



**David Teal, Director
Legislative Finance Division
(907) 465-3795**