

DEPARTMENT OF REVENUE - FISCAL REPORT



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Presentation to the
Senate Finance Committee

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Juneau, Alaska



DEPARTMENT OF REVENUE FISCAL SUMMARY

- Spring 2015 Revenue Forecast
- Reserve Outlook
- Cash Flow & Burn Rate
- Division of Finance - Management of Cash
- Reserves as of March 31, 2015
- Other Fund Balances

SPRING 2015 REVENUE FORECAST FY15-FY24

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
ANS WC Oil Price (\$/bbl)	67.49	66.03	86.66	89.06	97.51	109.54	112.61	114.92	119.61	124.34
Total ANS Production (State + Federal) (THSbbls/day)	508.0	519.5	535.5	506.6	469.9	440.1	406.6	374.1	348.8	320.3
Deductible Lease Expenditures (\$ millions)	6,538	6,788	6,847	6,471	6,009	5,543	5,438	5,104	4,801	4,492
General Fund Unrestricted Revenues (\$millions)*	2,240	2,198	3,175	3,241	3,788	4,535	4,435	4,261	4,266	4,218
General Fund Expenditure from OMB (\$ millions)*	6,172	5,554	5,341	5,063	5,050	5,135	5,213	5,304	5,397	5,490
Budget Surplus/Deficit (\$ millions)*	-3,932	-3,355	-2,166	-1,823	-1,261	-600	-778	-1,043	-1,131	-1,272

Source: Department of Revenue – Revenue Sources Book Spring 2015

* Expenditure and surplus / deficit information are based on one scenario using an internal fiscal model. FY 2015 surplus / deficit calculation includes \$23.5 million in carry-forward revenue (added to official revenue forecast number for FY 2015). Budget estimates subject to revision. This analysis does not represent a commitment by the Walker administration to propose spending or generate revenue at a particular level in FY2015, FY2016 or any future year.

RESERVE OUTLOOK – SPRING 2015 FORECAST

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
General Fund Revenues	\$ 5,390	\$ 2,240	\$ 2,198	\$ 3,175	\$ 3,241	\$ 3,788
General Fund Expenses	\$ 7,307	\$ 6,172	\$ 5,554	\$ 5,341	\$ 5,063	\$ 5,050
Projected Deficit	\$ (1,917)	\$ (3,932)	\$ (3,355)	\$ (2,167)	\$ (1,823)	\$ (1,261)
Oil and Gas Dispute Resolutions to CBRF	\$ 209	\$ 38	\$ 20	\$ 20	\$ 20	\$ 20
CBRF Earnings	\$ 1,006	\$ 195	\$ 83	\$ 66	\$ 46	\$ 23
FY 2015 Transfer from CBRF to PERS/TRS	\$ -	\$ (3,000)	\$ -	\$ -	\$ -	\$ -
CBRF Total (Main Account + Subaccount)	\$ 12,780	\$ 8,875	\$ 5,622	\$ 3,542	\$ 1,785	\$ 567
Statutory Budget Reserve Ending Balance	\$ 2,794	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL RESERVES	\$ 15,574	\$ 8,875	\$ 5,622	\$ 3,542	\$ 1,785	\$ 567

	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
General Fund Revenues	\$ 4,535	\$ 4,435	\$ 4,261	\$ 4,266	\$ 4,218	\$ 4,055
General Fund Expenses	\$ 5,135	\$ 5,213	\$ 5,304	\$ 5,397	\$ 5,490	\$ 5,573
Projected Deficit	\$ (600)	\$ (778)	\$ (1,043)	\$ (1,132)	\$ (1,272)	\$ (1,519)
Oil and Gas Dispute Resolutions to CBRF*	\$ 20	\$ 5	\$ -	\$ -	\$ -	\$ -
CBRF Earnings	\$ 6	\$ (0)	\$ -	\$ -	\$ -	\$ -
FY 2015 Transfer from CBRF to PERS/TRS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CBRF Total (Main Account + Subaccount)	\$ -	\$ (777)	\$ (1,820)	\$ (2,952)	\$ (4,224)	\$ (5,742)
Statutory Budget Reserve Ending Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL RESERVES	\$ -	\$ (777)	\$ (1,820)	\$ (2,952)	\$ (4,224)	\$ (5,742)

Source: Department of Revenue – Revenue Sources Book Spring 2015

* CBRF Oil & Gas Dispute Resolutions to CBRF are projected at \$20 million per year, model above shows \$0 for illustration purposes, but still anticipated to receive these dispute resolutions after FY 2020, and throughout the forecast period

SPRING 2015 REVENUE FORECAST DISCUSSION

- If only the CBRF is tapped each Fiscal Year to Balance the State's Budget, current anticipated run-out date occurs in June of FY 2020
- CBRF Subaccount transfer into the Main account incorporated into Spring projections
- SBRF is anticipated to be fully expended during FY 2015
- After SBRF is fully expended, approximately \$1.2 billion is needed to balance anticipated General Fund spending for FY 2015

CBRF STATISTICS AS OF MARCH 31, 2015

MAIN (\$Millions)

Net Asset Value	
ST Fixed Income Pool	4,759.7
IT Fixed Income Pool	3,343.8
Broad Fixed Income Pool	2,022.9
Income Receivable / (Payable)	0.9
Remaining Distribution from Sub	7.1
Total Asset Value	10,134.4
Total Investment Income / (Loss) through 3/31	43.4
Spring 2015 Forecast Projection for all FY15	77.0

SUB (\$Millions)

Net Asset Value	
Assets have been transitioned to the Main Account as of 3/31/2015	
Total Investment Income / (Loss) through 3/31	179.3
Spring 2015 Forecast Projection for FY15	118.0

APFC FUND FINANCIAL HISTORY & PROJECTIONS AS OF FEBRUARY 28, 2015

Projected FY-End Assigned Balances



ALASKA PERMANENT FUND FUND FINANCIAL HISTORY & PROJECTIONS as of February 28, 2015

Projections extend ten years, and are based on best available information (\$ in millions)

Nonspendable Fund Balance - Principal										Assigned Fund Balance										TOTAL FUND							
FY	FY-Begin Contrib. Balance	Appro. (1)	Dedicated (2) State Revenues	Inflation Proofing	FY-End Balance Contributions	Unrealized Gain (Loss) Change	FY-End Balance	FY-End Non-spendable Balance	Acct. Net Income (3)	Statutory Net Income (3)	Dividends	Distributions of Statutory Net Income Inf-Proofing / Other (10)	Gen. Fund / Other (4)	FY-End Balance Realized	Unrealized Gain (Loss) Change	FY-End Balance (5)	Net Assigned Change	FY-End Assigned Balance	FY		FY-End Balance						
77-05	0	7,039	8,559	9,049	24,647	3,874	3,874	28,521	30,576	28,500	13,648	12,790	309	1,440	0	0	581	1,440	77-05	29,961							
06	24,647	0	601	856	26,104	347	4,221	30,325	3,072	2,689	689	856	37	2,585	0	0	1,145	2,585	06	32,910							
07	26,104	0	532	860	27,496	1,977	6,198	33,694	5,448	3,429	1,022	860	42	4,132	0	0	(1,505)	4,132	07	37,826							
08	27,496	0	844	808	29,148	(3,886)	2,064	31,213	(1,372)	2,938	1,293	808	33	4,969	352	352	1,189	5,321	08	36,534							
09	29,148	0	651	1,144	30,944	(3,513)	(1,449)	29,495	(6,394)	(2,509) (8)	875	1,144	0 (8)	441	(373)	(21)	(4,901)	420	09	29,916							
10	30,944	0	679	0 (8)	31,624	1,869	421	32,045	3,517	1,590 (8)	858	0 (8)	0 (8)	1,194	37	16	790	1,210	10	33,255							
11	31,624	0	887	533	33,044	4,367	4,788	37,832	6,812	2,143 (8)	801	533	13 (8)	2,016	276	292	1,098	2,308	11	40,140							
12	33,044	0	915	1,073	35,033	(1,568)	3,220	38,253	(100)	1,568	605	1,073	17	1,905	(117)	175	(227)	2,081	12	40,333							
13	35,033 (9)	0	840	743	36,615	964	4,184	40,800	4,314 (6)	2,928	604	743	30	3,487	392	567	1,973	4,054	13	44,853							
14	36,615	0	779	546	37,941	2,878	7,062	45,002	6,848	3,531	1,235	546	32	5,237	408	975	2,158	6,211	14	51,214							
10%	37,941	0	456	622	39,018	(2,264)	4,797	43,816	(664)	1,912	1,269	622	17	5,258	(328)	646	(307)	5,904	15	49,720							
25%	37,941	0	456	622	39,018	(1,126)	5,936	44,954	1,008	2,244	1,303	622	20	5,555	(130)	845	189	6,401	15	51,355							
Mid	37,941	0	456	622	39,018	284	7,346	46,364	3,045	2,606	1,341	622	23	5,880	132	1,107	775	6,987	15	53,351							
25%	37,941	0	456	622	39,018	1,449	8,511	47,529	4,877	3,014	1,384	622	26	6,245	387	1,362	1,396	7,607	15	55,136							
10%	37,941	0	456	622	39,018	2,550	9,612	48,630	6,775	3,519	1,437	622	30	6,697	675	1,650	2,135	8,347	15	56,977							
16	39,018	0	468	888	40,375	340	7,687	48,062	3,174	2,717	1,402	888	23	6,306	94	1,201	520	7,507	16	55,568							
17	40,375	0	639	923	41,937	369	8,056	49,992	3,312	2,837	1,535	923	23	6,685	84	1,284	462	7,969	17	57,961							
18	41,937	0	607	957	43,501	371	8,427	51,928	3,455	2,960	1,538	957	23	7,150	101	1,385	566	8,535	18	60,463							
19	43,501	0	607	992	45,101	365	8,792	53,893	3,605	3,090	1,492	992	23	7,755	127	1,512	732	9,267	19	63,160							
20	45,101	0	644	1,029	46,774	379	9,171	55,945	3,768	3,231	1,558	1,029	23	8,399	135	1,647	779	10,046	20	65,991							
21	46,774	0	604	1,066	48,444	391	9,562	58,006	3,937	3,377	1,627	1,066	23	9,084	146	1,793	831	10,877	21	68,883							
22	48,444	0	558	1,103	50,104	402	9,965	60,068	4,109	3,527	1,699	1,103	23	9,809	158	1,951	883	11,760	22	71,828							
23	50,104	0	539	1,139	51,782	415	10,380	62,162	4,286	3,679	1,775	1,139	23	10,574	169	2,120	934	12,693	23	74,855							
24	51,782	0	519	1,177	53,478	428	10,808	64,285	4,467	3,836	1,853	1,177	23	11,380	180	2,300	987	13,680	24	77,966							
25	53,478	0	468	1,214	55,160	440	11,248	66,407	4,653	3,997	1,934	1,214	23	12,229	194	2,494	1,042	14,723	25	81,130							
Cumulative Totals																											
Proj. for 2015-2025										0	6,108	11,111	4,186	41,811	35,857	17,764	11,111	249	1,519	8,511							

- FY-End Assigned Balances show a projection for fiscal year end, actual Assigned Balance as of February 28, 2015 was \$6.4 billion, consisting of \$5.1 billion in realized earnings, and \$1.3 billion in unrealized appreciation on invested assets.
- The Permanent Fund main balance as of February 28, 2015 includes approximately \$1.2 billion committed to FY dividends and \$621 million inflation proofing

GeFONSI Market Value
\$5.07B at 3/31/2015

Fiscal Year	Market Value	Return
2014	5,505,603,690	0.57%
2013	11,988,133,076	0.31%
2012	12,039,480,276	4.82%
2011	9,061,621,609	0.92%
2010	7,789,040,740	2.84%
2009	6,917,946,845	2.92%
2008	7,779,665,949	5.60%
2007	4,610,940,165	5.85%
2006	2,865,785,021	4.24%
2005	1,697,437,060	3.38%

OTHER FUND BALANCES AS OF MARCH 31, 2015

- Alaska Higher Education Investment Fund
 - \$459.9 million, total investment income \$14.7 million
- Public School Trust Fund (P&I Account)
 - \$601.2 million, total investment income \$19.2 million
- Power Cost Equalization
 - \$980.1 million, total investment income \$33.5 million

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For additional
information on Treasury
funds, please visit:

treasury.dor.alaska.gov