

**1/28/10
OVERVIEW:
FY11 BUDGET
BY
LEGISLATIVE
FINANCE
DIVISION**

<target><bill></bill><subject>1-28-10 OVERVIEW FY11 BUDGET
BY LEGISLATIVE FINANCE
DIVISION</subject><comm>SFIN26</comm></target>

Legislative Finance Division

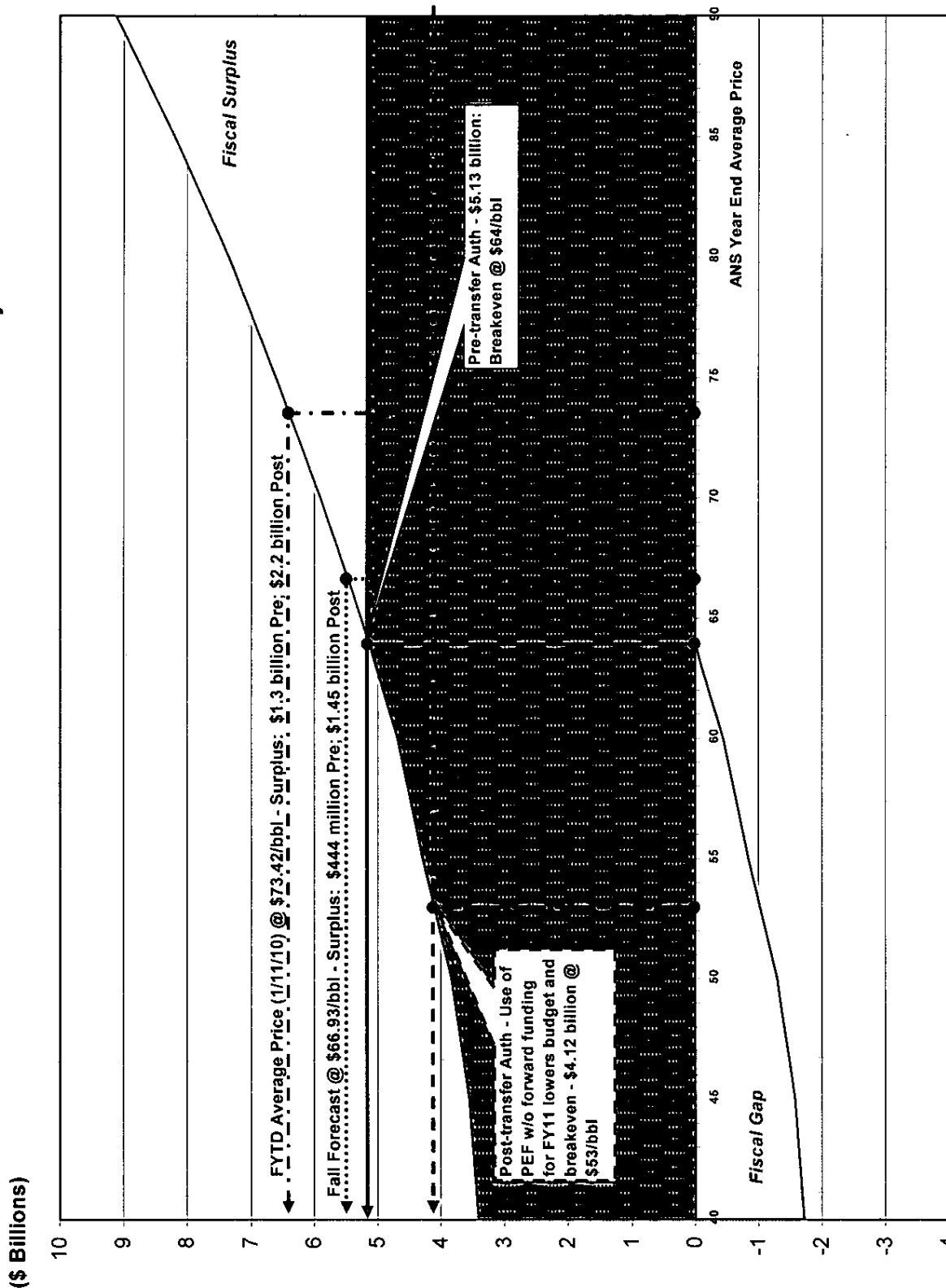
Senate Finance Committee

January 28, 2010



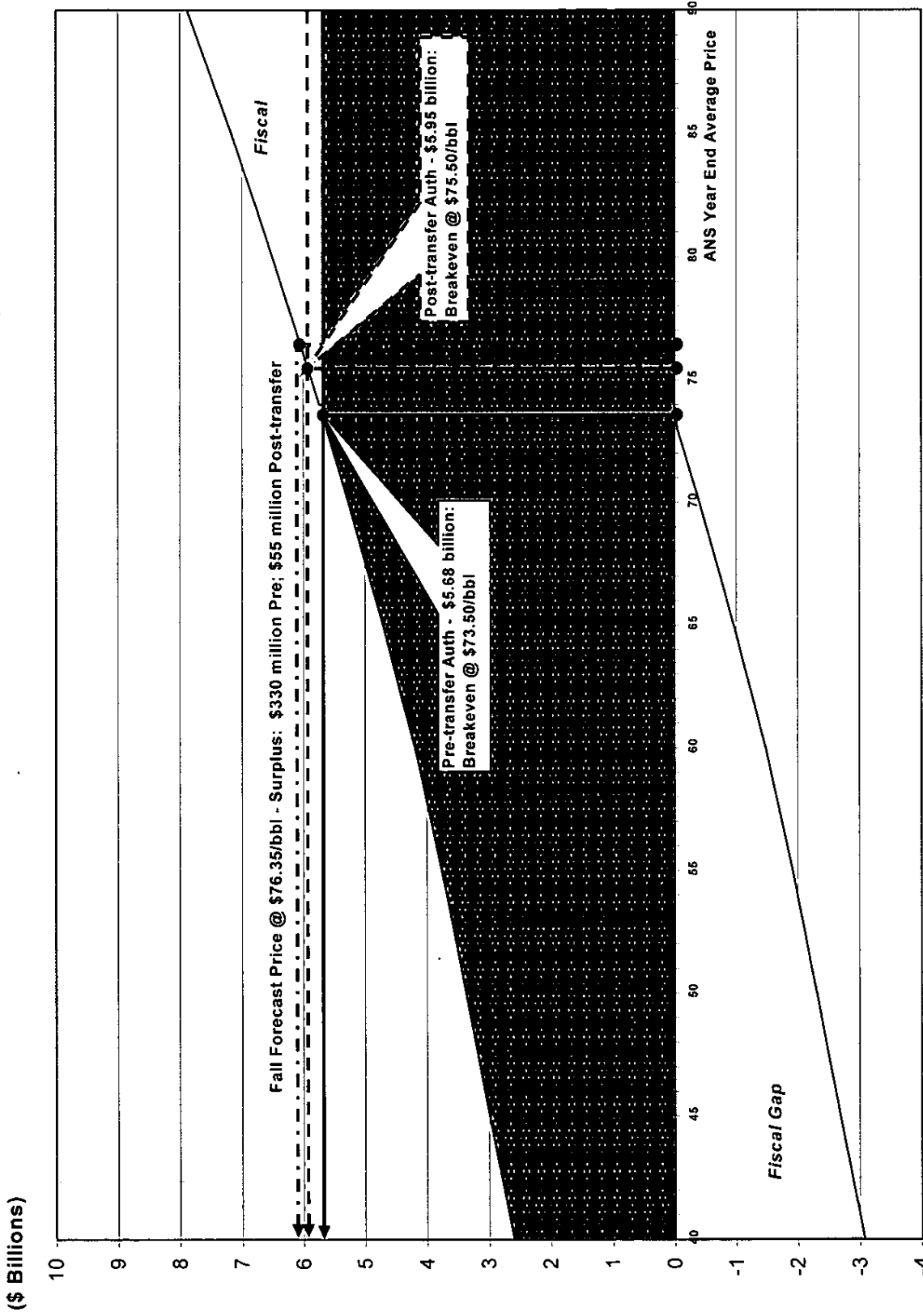
Legislative Finance Division

FY10 General Fund Revenue - Fiscal Sensitivity



Note: Revenue figures from DOR Fall 2009 Forecast and adjusted to correspond with budget clarification project (additional \$773.2 million for FY10). Figures include sources not directly affected by oil prices. Lease expenditures estimated at \$16/bbl (\$4.5 billion total).

FY11 General Fund Revenue - Fiscal Sensitivity

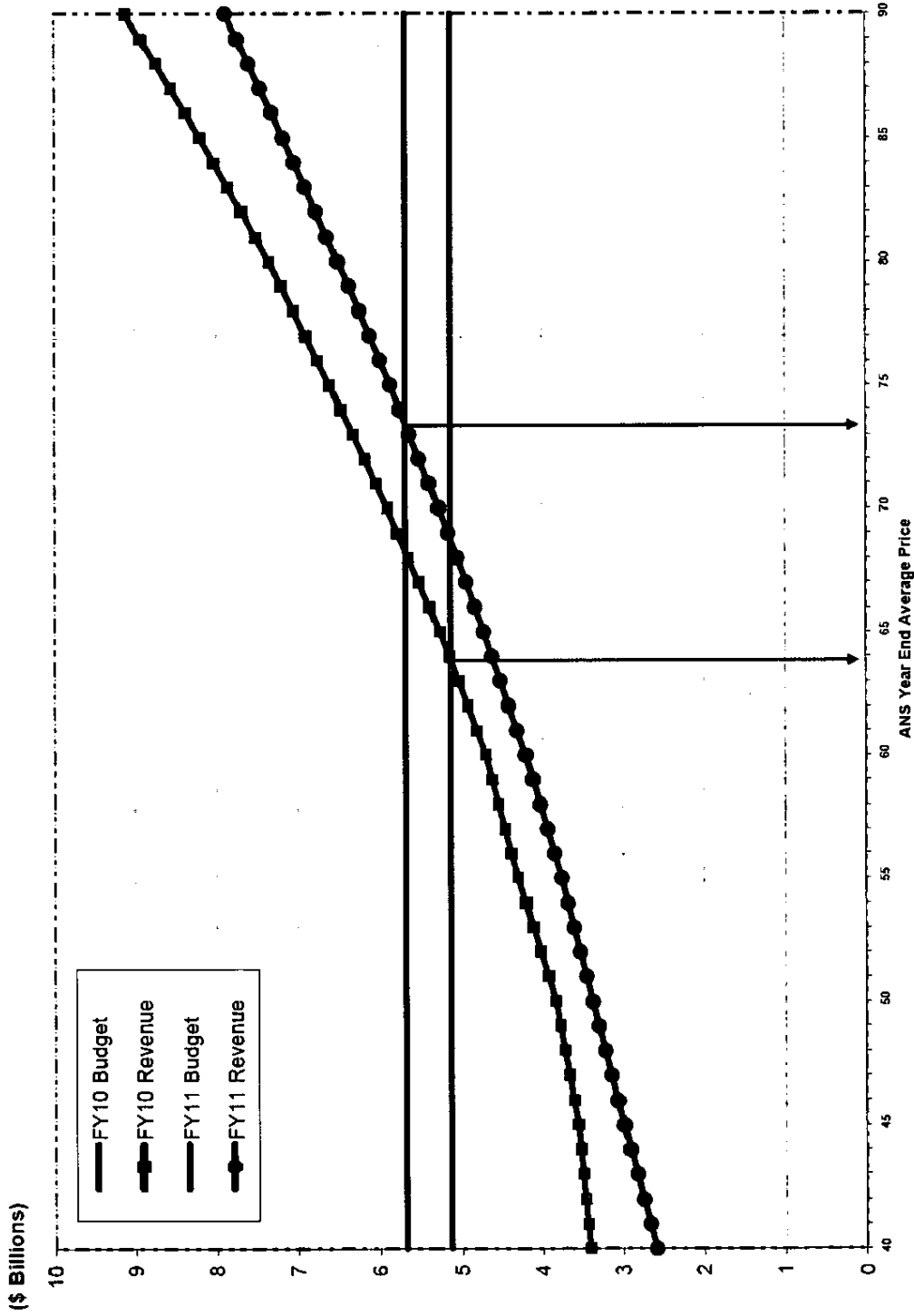


Note: Revenue figures from DOR Fall 2009 Forecast and adjusted to correspond with budget clarification project (additional \$771.4 million for FY11). Figures include sources not directly affected by oil prices. Lease expenditures estimated at \$19/bbl (\$5 billion total).

Key Points

- A \$1 change in oil price produces a \$100 million change in revenue—movement along a revenue curve
- Declining oil production is a double whammy—shifts the revenue curve downward
 1. Less oil
 2. Less profit

FY10/11 General Fund - Fiscal Sensitivity Overlay



Note: Revenue figures from DOR Fall 2009 Forecast and adjusted to correspond with budget clarification project. Figures include sources not directly affected by oil prices. Budget Authorization corresponds with "Pre-transfer" authorization on Fiscal Summary.

Fiscal Sensitivity FY10_FY11 Overlay.xls

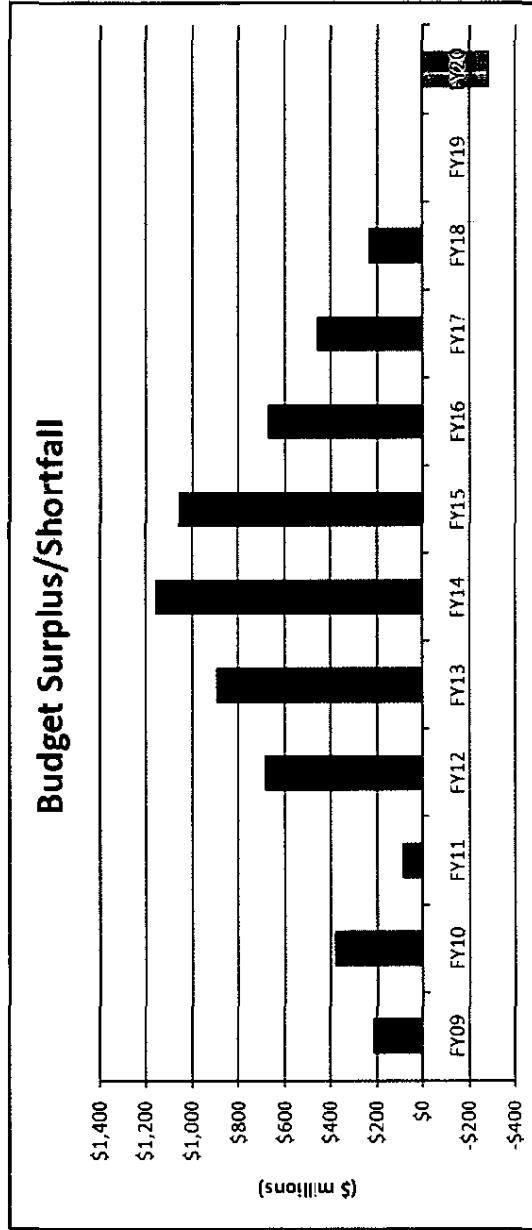
Legislative Finance

1/21/2010



10-Year Revenue and Spending

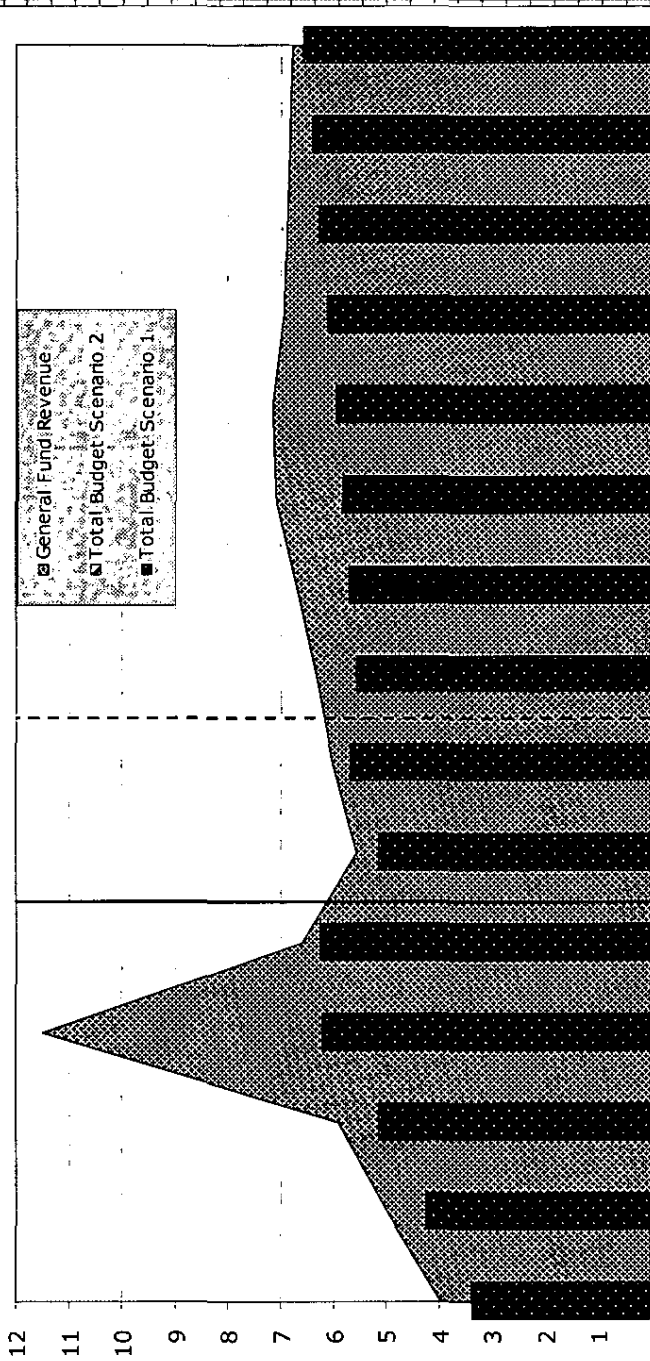
Assumes Fall 2009 Revenue and 3% budget escalation from FY11



Revenue vs. Spending (\$Millions)	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
General Fund Unrestricted Revenue	6,874.9	4,800.0	5,236.6	5,573.3	5,931.6	6,310.2	6,399.8	6,170.7	6,120.1	6,069.5	6,002.7	5,904.9
General Fund Expenses	6,659.0	4,415.2	4,742.6	4,884.9	5,031.4	5,182.4	5,337.8	5,493.0	5,662.9	5,832.8	6,007.8	6,188.0
Budget Surplus/Shortfall	215.9	384.8	94.0	688.4	900.2	1,157.8	1,062.0	677.7	457.2	236.7	(5.1)	(283.1)
Reserve Balances												
CBRF Total	7,114.4	9,070.0	9,750.0	11,082.0	12,704.0	14,674.0	16,649.0	18,330.0	19,884.0	21,301.0	22,561.0	23,903.0
Statutory Budget Reserve Balance	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	995.0	712.0
Total Reserve Balances	8,114.4	10,070.0	10,750.0	12,082.0	13,704.0	15,674.0	17,649.0	19,330.0	20,884.0	22,301.0	23,556.0	24,615.0

Source: OMB
 - FY09 represents actuals rather than forecast
 - FY10 surplus/shortfall calculation adds \$22.1 in reappropriations and carry over to total available revenue
 - FY11 surplus calculation subtracts \$400 from surplus for Governor's Performance Scholarship Fund and \$13.1 deposit to Public Education Fund for FY12. CBR balance assumes that all available surplus is deposited to CBR main fund.
 Appropriations projections do not represent a commitment by the Administration to propose spending at a particular level in FY11 or any future year. The 12 year forecast shows that unanticipated shortfalls during the period could be filled primarily through the use of reserve funds. However, other options could be used in whole, or in part. The plan will be revisited as conditions warrant.

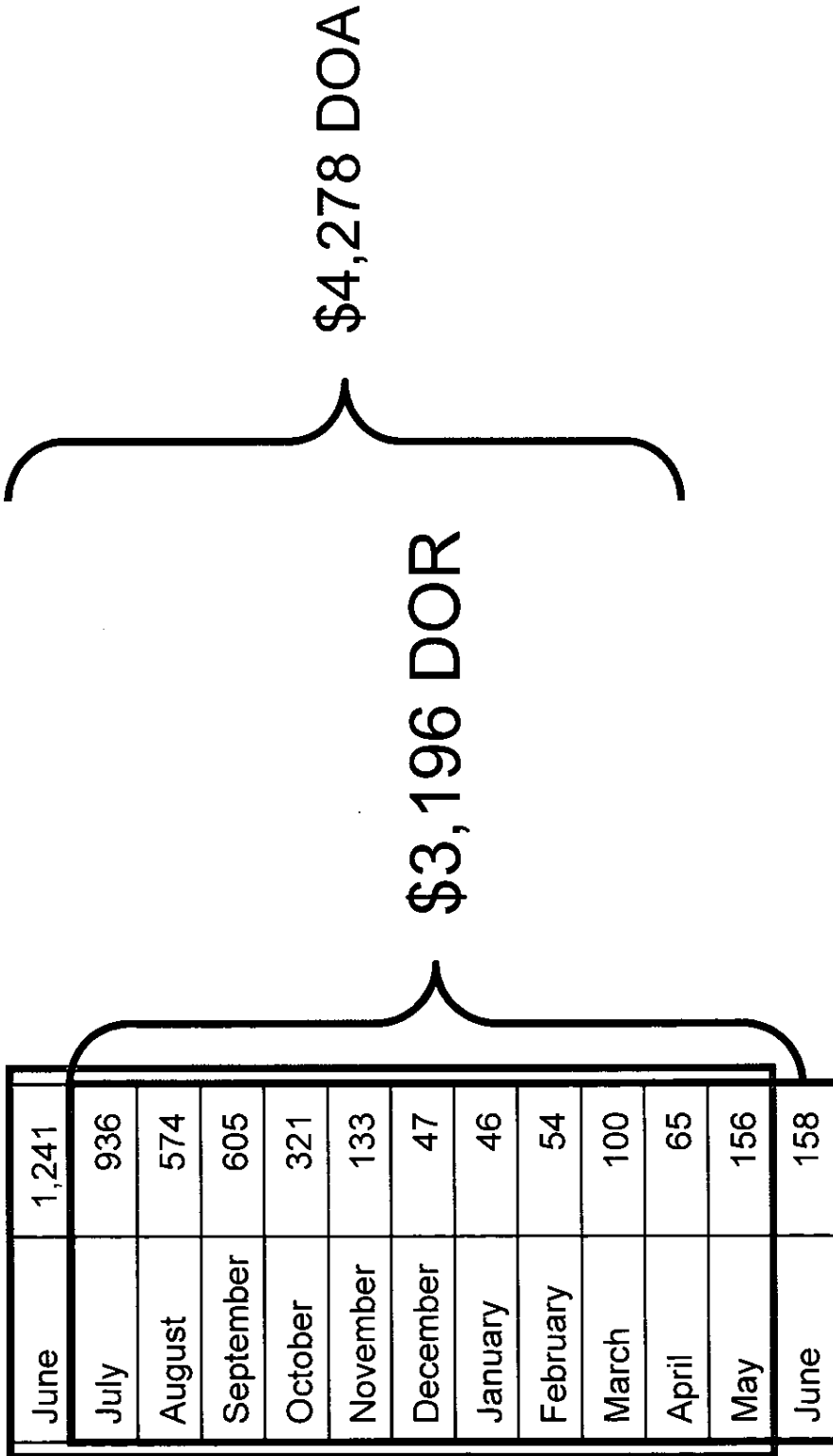
General Fund Revenue and Budget (\$ billions)
 Assumes constant \$300 million Capital Budget and \$800 million Statewide Ops Budget
 with 2 Scenarios of Growth Rates of Agency Operating Budgets



	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
1 Scenario 1 (S1)	3.0%														
2 Scenario 2 (S2)	3.0%														
3															
4 Revenue		4.0	5.0	6.0	11.5	66.34	66.93	76.35	83.93	86.24	88.61	91.05	93.55	96.13	98.77
5															
6 Budget S1	3.0%	3.4	4.3	5.1	6.2	6.3	5.1	5.7	5.6	5.7	5.8	6.0	6.1	6.3	6.4
7 Budget S2	3.0%	3.4	4.3	5.1	6.2	6.3	5.1	5.7	5.6	5.7	5.8	6.0	6.1	6.3	6.4
8															
9 Surplus/(Gap) S1	3.0%	0.6	0.7	0.9	5.3	0.3	0.4	0.3	0.8	1.0	1.3	1.2	0.8	0.6	0.4
10 Surplus/(Gap) S2	3.0%	0.6	0.7	0.9	5.3	0.3	0.4	0.3	0.8	1.0	1.3	1.2	0.8	0.6	0.4
11															
12 Reserves S1	3.0%	2.2	2.4	3.0	9.1	8.9	10.0	10.6	11.9	13.5	15.5	17.5	19.2	20.7	22.2
13 Reserves S2	3.0%	2.2	2.4	3.0	9.1	8.9	10.0	10.6	11.9	13.5	15.5	17.5	19.2	20.7	22.2

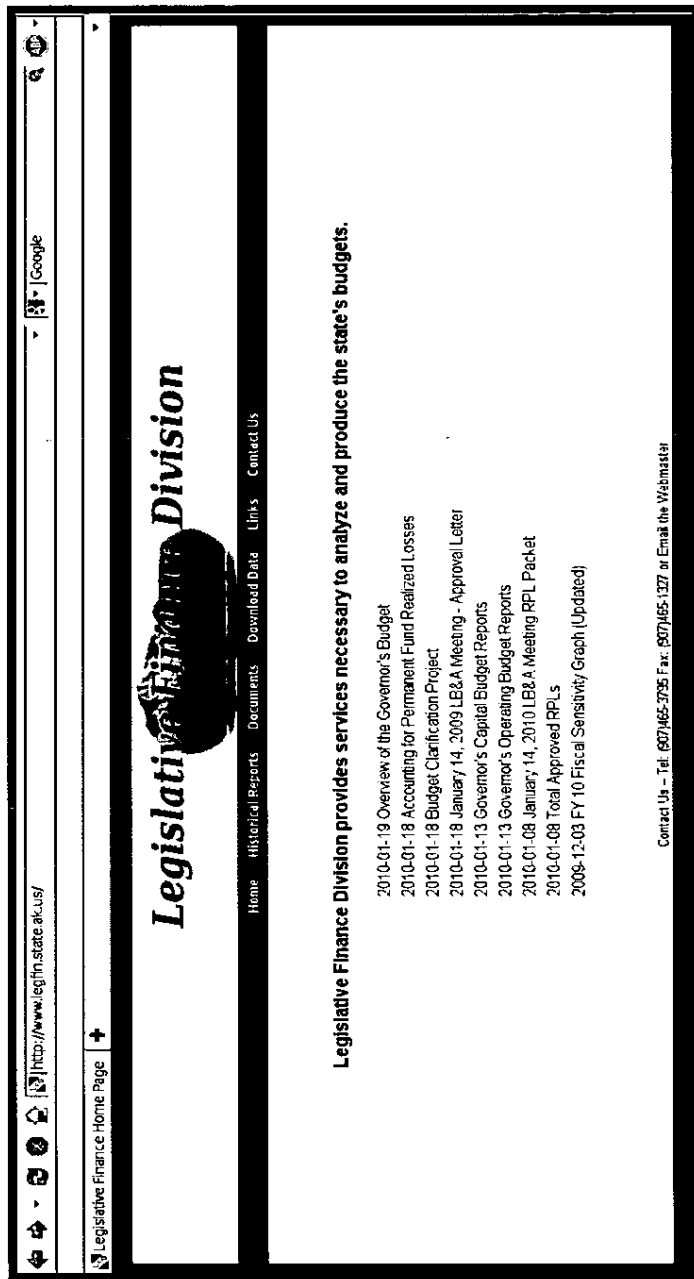
Growth in Agency Operating Budgets (General Funds)--FY06-FY11						
Agency	FY06	FY11 Gov	Growth	Annual Growth Rate	Share of Growth	Cumulative Share of Growth
Education & Early Dev	899,748.6	1,185,248.7	285,500.1	5.7%	24.5%	24.5%
Health & Social Services	677,884.8	952,706.0	274,821.2	7.0%	23.6%	48.1%
University of Alaska	499,510.8	643,533.8	144,023.0	5.2%	12.4%	60.5%
Transportation	225,179.8	331,376.4	106,196.6	8.0%	9.1%	69.6%
Corrections	179,878.6	232,158.8	52,280.2	5.2%	4.5%	74.1%
Public Safety	102,170.0	147,878.0	45,708.0	7.7%	3.9%	78.0%
Commerce, Community & Econ Dev	65,122.2	103,745.8	38,623.6	9.8%	3.3%	81.3%
Alaska Court System	63,993.3	95,315.8	31,322.5	8.3%	2.7%	84.0%
Administration	70,743.9	97,469.4	26,725.5	6.6%	2.3%	86.3%
Natural Resources	68,918.4	94,064.4	25,146.0	6.4%	2.2%	88.4%
Law	36,889.7	61,373.1	24,483.4	10.7%	2.1%	90.5%
Fish and Game	45,619.0	69,845.8	24,226.8	8.9%	2.1%	92.6%
Labor & Workforce Dev	41,334.7	64,949.1	23,614.4	9.5%	2.0%	94.6%
Legislature	45,540.8	68,249.0	22,708.2	8.4%	1.9%	96.6%
Governor	17,327.2	33,139.4	15,812.2	13.8%	1.4%	97.9%
Revenue	24,759.3	38,225.7	13,466.4	9.1%	1.2%	99.1%
Environmental Conservation	32,094.9	43,167.3	11,072.4	6.1%	1.0%	100.0%
Military & Veterans Affairs	13,125.6	12,548.3	(577.3)	-0.9%	0.0%	100.0%
TOTAL	3,109,841.6	4,274,994.9	1,165,153.3	6.6%		
Position Count						
PFT	19,659.0	21,624.0	1,965.0	1.9%		
PPT	2,506.0	2,305.0	(201.0)	-1.7%		
Temp	519.0	656.0	137.0	4.8%		

Monthly Oil Revenue Volatility— FY09



For More Information on the Budget:

Visit our website:
<http://www.legfin.state.ak.us>



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

Legislative Finance Division

Legislative Fiscal Analyst's Overview of the Governor's FY2011 Request

State of Alaska Fiscal Summary - FY10 and FY11
(in millions)

	FY10 Authorized Budget				FY11 Governor's Proposed Budget				Change in GF	
	Total General Funds	Other State Funds	Federal Receipts	All Funds	Total General Funds	Other State Funds	Federal Receipts	All Funds	\$	%
REVENUE (Excludes Permanent Fund Earnings) (1)	5,573.2	500.8	3,091.3	9,165.3	6,008.0	501.3	2,780.6	9,289.9	434.8	7.6%
Unrestricted General Fund Revenue (FY10 2009) (2)	4,777.9	-	146.4	4,777.9	5,236.0	-	-	5,236.0	458.1	9.6%
Carryforward (3)	22.1	1.3	-	23.4	-	-	-	-	-	-
Other Revenue Reclassified as General Fund Revenue (4)	773.2	-	-	773.2	771.4	-	-	771.4	-	-
Federal and Other Funds	-	499.6	2,944.9	3,444.5	-	501.3	2,780.6	3,281.9	-	-
APPROPRIATIONS										
TOTAL OPERATING APPROPRIATIONS	4,849.7	351.2	1,919.2	7,140.0	5,129.1	352.3	1,912.8	7,394.0	279.4	5.8%
Agency Operations	4,144.4	295.3	1,915.9	6,355.3	4,327.0	299.9	1,883.6	6,512.5	182.6	4.4%
Current Fiscal Year Appropriations (includes bills)	4,014.4	295.3	1,815.9	6,125.3	4,277.0	279.9	1,875.8	6,432.5	122.6	4.2%
Agency Operations (Non-formula)	2,438.7	293.4	991.9	3,722.2	2,528.4	293.1	941.3	3,759.6	59.7	3.7%
K-12 Education	1,973.1	-	20.8	1,993.9	1,129.7	-	20.8	1,150.5	56.6	5.7%
Other Formula Programs	562.1	3.4	990.5	1,475.3	616.9	2.9	923.5	1,542.7	34.5	6.0%
RPLs (No FY2011 RPLs are included)	-	0.3	13.1	13.1	-	-	-	-	-	-
Federal Notes	-	-	-	-	2.0	-	-	2.0	2.0	0.0%
Duplicated Authorization (non-active) (5)	-	625.7	-	625.7	-	625.1	-	625.1	-	-
Statement of Appropriations	30.0	9.8	9.0	30.0	30.0	9.8	9.0	30.0	-	-
Statewide Operations	705.3	55.8	23.7	784.8	802.1	52.4	27.0	881.5	96.8	13.7%
Current Fiscal Year Appropriations	705.3	55.8	23.7	784.8	802.1	52.4	27.0	881.5	96.8	13.7%
Debt Service	187.7	55.8	14.7	232.2	197.0	52.4	18.0	267.4	29.4	17.0%
Fund Capitalization	7.5	-	0.0	7.5	7.5	-	0.0	7.5	-	0.0%
Direct Appropriations to Retirement	284.7	-	-	284.7	357.8	-	-	357.8	72.9	25.6%
Local Government Support	60.0	-	-	60.0	60.0	-	-	60.0	-	0.0%
Oil & Gas Investment Tax Credits	180.0	-	-	180.0	180.0	-	-	180.0	-	0.0%
Resource Revenues	0.4	-	-	0.4	-	-	-	-	(5.4)	-100.0%
Duplicated Authorization (non-active) (5)	-	137.1	-	137.1	-	8.5	-	8.5	-	-
TOTAL CAPITAL APPROPRIATIONS	280.0	40.0	1,138.4	1,458.4	548.5	54.7	839.3	1,442.5	286.5	95.9%
Current Fiscal Year Appropriations	280.0	40.0	1,138.4	1,458.4	548.5	54.7	839.3	1,442.5	286.5	95.9%
Project Appropriations & RPLs (Revised Programs)	263.2	40.0	1,138.4	1,441.6	293.3	54.7	839.3	1,197.3	135.3	51.5%
Fund Capitalization	16.8	-	-	16.8	150.3	-	1.1	151.1	133.2	792.1%
Projects Funded with General Obligation Bonds (non-active)	-	-	-	-	-	-	-	-	-	-
Projects Funded with Other Debt Proceeds (non-active)	-	24.0	-	24.0	-	199.1	-	199.1	-	-
Capital Values (non-active)	-	-	-	-	-	-	-	-	-	-
Duplicated Authorization (non-active) (5)	-	46.0	-	46.0	-	299.8	-	299.8	-	-
Money on the Street (includes all fund sources) (6)	760.0	86.8	1,138.4	1,985.2	848.5	256.5	819.3	1,924.3	-	-
Transfers	(1,007.0)	10.0	13.7	(983.4)	275.0	8.7	26.6	312.5	1,282.1	-127.3%
Current Fiscal Year Appropriations	(1,007.0)	10.0	13.7	(983.4)	275.0	8.7	26.6	312.5	1,282.1	-127.3%
Designated Savings (Public Education Fund)	(1,057.4)	-	-	(1,057.4)	11.0	-	-	11.0	-	-
Designated Savings (Performance Scholarship Fund)	-	-	-	-	400.0	-	-	400.0	-	-
Undesignated Savings (Construction Budget Reserve Fund)	(1.7)	-	-	(1.7)	(2.1)	-	-	(2.1)	-	-
Undesignated Savings (Alaska Housing Capital Corporation)	-	-	-	-	(177.0)	-	-	(177.0)	-	-
Other Transfers	62.0	10.0	13.7	75.7	49.1	8.7	26.6	72.5	-	-
Post-Transfers Authorization (unduplicated)	4,122.6	401.2	3,091.3	7,615.1	5,952.6	415.7	2,780.6	9,148.9	1,830.0	44.4%
Post-Transfers Surplus (Draw from CRR)	1,458.8	28%	of Revenue		55.8	9%	of Revenue			
Permanent Fund Appropriations	590.8	77.8	8.1	676.8	1,521.0	85.6	-	1,606.6		
Permanent Fund Dividends	590.8	-	-	590.8	637.0	-	-	637.0		
Deposits to Principals	-	-	0.1	0.1	684.0	-	-	684.0		
Other Uses of Earnings	-	77.8	-	77.8	-	85.6	-	85.6		
Total Authorization (unduplicated)	4,712.6	500.8	3,091.3	8,304.7	7,475.6	501.3	2,780.6	10,757.5	2,763.0	58.6%
FISCAL YEAR SUMMARY (includes Permanent)	4,122.6	401.2	3,091.3	10,078.0	5,952.6	415.7	2,780.6	14,009.8	1,830.0	44.4%
Agency Operations	4,144.4	295.3	1,915.9	6,355.3	4,327.0	299.9	1,895.6	6,512.5	192.9	4.4%
Statewide Operations	705.3	55.8	23.7	784.8	802.1	52.4	27.0	881.5	96.8	13.7%
Total Operating	4,849.7	351.2	1,939.2	7,140.0	5,129.1	352.3	1,912.8	7,394.0	279.4	5.8%
Capital	280.0	40.0	1,138.4	1,458.4	548.5	54.7	839.3	1,442.5	268.5	45.9%
Total Authorization	5,129.7	391.2	3,077.6	8,598.4	5,677.6	407.0	2,751.8	8,836.5	548.9	10.7%
Transfers	(1,007.0)	10.0	13.7	(983.4)	275.0	8.7	26.6	312.5		
Federal Stimulus Funding (ARRA of 2008)	-	-	297.1		-	-	176.1			

No.148:

- (1) Permanent Fund earnings are excluded from reported revenue because the entire balance of the earnings reserve account is available for appropriation. Permanent Fund earnings and balance information is reported on page 2 of the fiscal summary.
- (2) The Fall 2009 oil forecast for FY10 is 0.585 mbbl at \$84.63 per barrel; the FY11 forecast is 0.631 mbbl at \$78.35/bbl. Source: Revenue Sources Book, Fall 2009.
- (3) Carryforward is money that was appropriated in a prior year that is made available for spending in FY10 via multiyear appropriations or reappropriations. FY11 carryforward will be unknown until the close of FY10.
- (4) In an effort to present the budget in a more meaningful and accurate way, every source of funds were reclassified from "other" funds to general funds beginning in FY11. This summary presents both FY10 and FY11 budgets in the revised fund categories in order to make comparisons across years valid.
- (5) Duplicated authorizations are in the budget text, such as when funds flow in and out of a holding account or one agency pays another for services provided.
- (6) From an accounting perspective, unduplicated authorization (line 26) is the best measure of capital spending. However, using 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.

January 15, 2010