

ALASKA LEGISLATURE SPECIAL COMMITTEE/SUBJECT FILES 8672

2379 SCOMM 101 LONG RANGE FINANCIAL PLANNING COMMISSION, 1995

ALCOHOL  
TAX

## SECTIONAL ANALYSIS

HB 96

**"An Act increasing and requiring annual adjustment of the tax on alcoholic beverages; and providing for an effective date."**

- Section 1.** Increases the state alcoholic beverage tax on:
- malt beverages--from 35 cents a gallon or fraction of a gallon, to \$1.05 a gallon or fraction of a gallon,
- wine (beverages 21 percent alcohol by volume or less) from 85 cents a gallon or fraction of a gallon to \$2.15 a gallon or fraction of a gallon,
- beverages over 21 percent alcohol by volume (spirits) from \$5.60 a gallon to \$12.75 a gallon.
- Section 2.** Amends AS 43.60.010 to provide for an increase in the alcohol tax rate by the annual rate of increase of the consumer price index for Anchorage.
- Section 3.** Directs the Department of Revenue to determine on June 1, 1996, what will be the alcoholic beverage tax rate for fiscal year 1997 and to impose that rate on July 1, 1996.
- Section 4.** Effective date, July 1, 1995.

## SPONSOR STATEMENT

HB 96

**"An Act increasing and requiring annual adjustment of the tax on alcoholic beverages; and providing for an effective date."**

On November 30, 1994, Governor Walter J. Hickel's Criminal Justice Work Group published their report entitled, "Options For Cost Containment In The Criminal Justice System." On only one particular topic could the group achieve consensus:

"It was the unanimous observation by all the members of the work group that what "drives" the system is alcohol, and that real progress cannot be made in cost *reduction*--or in the reduction of a wide range of social problems--unless the legislative and executive branches are serious about controlling alcohol."

"The work group unanimously agrees that alcohol is far and away the number one cause of crime in Alaska and that reducing alcohol use by even a small amount would reduce crime and the resulting pressure on criminal justice agencies."<sup>1</sup>

• **The work group's number one suggestion for stemming alcohol use and abuse is to increase the state tax on alcohol.**

The Alaska Sentencing Commission found that 73% of a sample of felony offenders sentenced between 1986--1991 were chronic alcohol users. Fifty-three percent were under the influence of alcohol at the time they committed their offense.

In the early 1980's the Judicial Council found that up to 78% of offenders sentenced for murder and kidnapping and 66% of other violent offenders had used alcohol at the time of the offense. Nearly three-fourths (71.3%) of misdemeanants had used alcohol or alcohol in combination with other drugs at the time of the offense. The Department of Health and Social Services tells us that alcohol abuse is often associated with domestic violence and child abuse.<sup>2</sup>

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<sup>1</sup> Cost Containment in the Criminal Justice System, Part I: Alcohol in Alaska, page 1.

<sup>2</sup> Meeting the Challenge, A Strategic Plan for the Division of Alcoholism and Drug Abuse, 1994, page 11.

- The Division of Alcoholism and Drug Abuse has adopted strategies for reducing the adverse health and social consequences of alcohol abuse. The first strategy is:

*"Increase excise taxes on alcohol and establish a statutory mechanism for automatic increases indexed to inflation as determined by the consumer price index."*

That is what HB 96 would do.

**Alaska's \$200 million annual subsidy to the Alcohol Industry:**

- In 1989, the State Office of Alcohol and Drug Abuse completed a comprehensive study of the **costs to the state** of alcohol abuse and alcoholism. Many people were shocked to find that the state spends approximately \$200 million per year on services directly related to the abuse of alcohol and drugs. Public assistance, criminal justice, health and medical expenses, not to mention public safety enforcement and prevention programs, cost Alaskans millions every month.

**Paying their share?**

- The state alcohol beverage tax has not seen an increase *since 1983*. Can the same be said of local property or sales taxes? At the current rate of taxation (about 3 cents per glass of beer and 4 cents per glass of wine or shot of liquor), the state collects about \$12 million per year. A subtraction of state tax revenues from the cost of alcohol and drug abuse related services shows the state spending about **\$186 million more** for these services than it recovers in taxes. The Department of Revenue, estimates that by implementing the proposed increase (to about 10 cents per drink) the state could see an additional **\$20 million to the general fund**, or about 10% of the cost of state programs.

Fiscal Note Analysis  
 HB 96 - Increasing Tax on Alcoholic Beverages  
 March 6, 1995  
 Page 3 of 3

Revenue projections for FY 97 through FY 01 are based on the average of changes to CPI indices for Anchorage for the five preceding years (1990 through 1994). The average change for that period was 4%. The rates below reflect the previous year's rate adjusted for a 4% increase in CPI, rounded to the nearest cent.

| <b>Fiscal Year</b> | <b>Beer<br/>New Rate/<br/>Increase</b> | <b>Wine<br/>New Rate/<br/>Increase</b> | <b>Liquor<br/>New Rate/<br/>Increase</b> | <b>Total<br/>Revenue<br/>Increase</b> |
|--------------------|----------------------------------------|----------------------------------------|------------------------------------------|---------------------------------------|
| 96                 | \$1.05<br>\$9,539,740                  | \$2.15<br>\$1,615,770                  | \$12.75<br>\$7,825,675                   | \$18,981,185                          |
| 97                 | \$1.09<br>\$10,084,868                 | \$2.24<br>\$1,727,631                  | \$13.26<br>\$8,383,870                   | \$20,196,369                          |
| 98                 | \$1.13<br>\$10,629,996                 | \$2.33<br>\$1,839,492                  | \$13.79<br>\$8,963,955                   | \$21,433,443                          |
| 99                 | \$1.18<br>\$11,311,406                 | \$2.42<br>\$1,951,353                  | \$14.34<br>\$9,565,930                   | \$22,828,689                          |
| 00                 | \$1.23<br>\$11,992,816                 | \$2.52<br>\$2,075,643                  | \$14.91<br>\$10,189,795                  | \$24,258,254                          |
| 01                 | \$1.28<br>\$12,674,226                 | \$2.62<br>\$2,199,933                  | \$15.51<br>\$10,846,495                  | \$25,720,654                          |

Tax rate increases may have a negative impact on alcohol consumption, part of which may be offset by other variables such as projected state population increases. Since the overall impact of increases in tax rates has not been studied, all revenue increases in this fiscal note are based on current consumption data.

### History

Alcoholic beverages tax rates were last increased in 1983 (Ch 46 SLA 83) when rates (per gallon) were increased from 25¢ to 35¢ for beer; 60¢ to 85¢ for wine; and \$4.00 to \$5.60 for liquor.

### Bill Analysis

This bill increases alcoholic beverages tax rates effective July 1, 1995 as follows.

| Beverage Type | Rate (Per Gallon) |         | HB 96 Tax Rate Increase |
|---------------|-------------------|---------|-------------------------|
|               | Current           | HB 96   |                         |
| Beer          | \$ .35            | \$1.05  | \$ .70                  |
| Wine          | \$ .85            | \$2.15  | \$1.30                  |
| Liquor        | \$5.60            | \$12.75 | \$7.15                  |

Under section 2, rates will be adjusted by the Department to reflect increases in the Consumer Price Index (CPI) for the Anchorage metropolitan area compiled by the United States Department of Labor for the preceding year. The annual index for 1994 will be the reference base index. Tax rates will be adjusted to the nearest cent.

### Operating Costs

Department of Revenue does not anticipate any additional operating costs for implementing the tax rate increases in this bill. Tax return forms would be updated annually to reflect increased rates.

### Revenue

The following revenue projections are based on language changes proposed by the bill's sponsor (attached). Based on FY 94 alcohol consumption data reported to Department of Revenue, this bill would increase alcoholic beverages tax revenue by approximately \$18,981,200 in FY 96.

| Beverage Type | FY 94 Consumption<br>(in gallons) | HB 96 Tax Rate Increase | HB 96 Revenue Increase |
|---------------|-----------------------------------|-------------------------|------------------------|
| Beer          | 13,628,200                        | \$ .70                  | \$9,539,740            |
| Wine          | 1,242,900                         | \$1.30                  | \$1,615,770            |
| Liquor        | 1,094,500                         | \$7.15                  | \$7,825,675            |
| <b>Total</b>  |                                   |                         | <b>\$18,981,185</b>    |

# Representative Kay Brown

ALASKA STATE LEGISLATURE

Legislative Information Office  
716 W. 4th Ave., #420  
Anchorage, AK 99501-2133  
(907) 258-8162

April 1, 1995

During Session  
State Capitol  
Juneau, Alaska 99801-1182  
(907) 465-4998

Letters to the Editor  
Anchorage Daily News  
P.O. Box 149001  
Anchorage, Alaska 99514

Dear Editor:

I am writing to express my support for Proposition 3 to establish a tax on alcoholic beverages sold in the Municipality of Anchorage.

In the last legislature I introduced a bill to increase the state excise tax on alcoholic beverages. This year I have introduced similar legislation that includes a section that would index the tax to the annual rate of inflation in Anchorage.

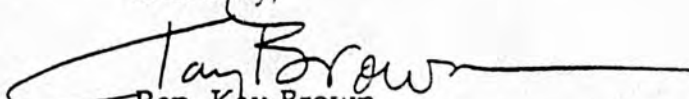
Some believe that the motivation for raising so-called "sin taxes" is to put more money in the government's treasury for bureaucrats to spend. The fact is we will never tax alcohol enough to cover even a fraction of the costs to deal with its effects on the social service, criminal justice and health systems. Those expenses are now estimated to exceed \$200 million a year in state funds alone. Our alcohol excise tax recovers around \$12 million a year. That tax has not been increased since 1983, and inflation has eroded its value by about 30%.

In terms of total revenue flowing to the public treasury from taxes on alcoholic beverages, Alaska ranks among the lowest of over 50 jurisdictions nationwide. Yet, we are among the highest in per capita consumption of alcohol.

Nationally recognized studies have shown that even small increases in the price of alcohol can significantly reduce consumption and cut corresponding costs to the public. This has been shown to be especially true for underage drinkers.

I applaud the efforts of the proponents of Proposition 3. They have had the courage to face the problem of alcohol abuse and its consequences for local government. I urge you to join me in voting yes on Proposition 3.

Sincerely,

  
Rep. Kay Brown

DISTRICT 15

Downtown • Fairview • Northstar • Romig • South Addition • Spenard

Revision Date: \_\_\_\_\_ Dept. Affected: Revenue  
Title: Increasing Tax on Alcoholic Beverages BRU: Audit Operations  
Sponsor: Rep. Brown, Davies Component: Income and Excise Audit  
Requestor: (H) STA COMPONENT SERIAL NO. 113

Expenditures/Revenues:

(Thousands of Dollars)

| OPERATING         | FY 96 | FY 97 | FY 98 | FY 99 | FY 00 | FY 01 |
|-------------------|-------|-------|-------|-------|-------|-------|
| PERSONAL SERVICES |       |       |       |       |       |       |
| TRAVEL            |       |       |       |       |       |       |
| CONTRACTUAL       |       |       |       |       |       |       |
| SUPPLIES          |       |       |       |       |       |       |
| EQUIPMENT         |       |       |       |       |       |       |
| LAND & STRUCTURES |       |       |       |       |       |       |
| GRANTS, CLAIMS    |       |       |       |       |       |       |
| MISCELLANEOUS     |       |       |       |       |       |       |
| TOTAL OPERATING   | 0.0   | 0.0   | 0.0   | 0.0   | 0.0   | 0.0   |

|         |  |  |  |  |  |  |
|---------|--|--|--|--|--|--|
| CAPITAL |  |  |  |  |  |  |
|---------|--|--|--|--|--|--|

|                         |          |          |          |          |          |          |
|-------------------------|----------|----------|----------|----------|----------|----------|
| REVENUE FUND SOURCE: GF | 18,981.2 | 20,196.4 | 21,433.4 | 22,828.7 | 24,258.3 | 25,720.7 |
|-------------------------|----------|----------|----------|----------|----------|----------|

FUNDING:

(Thousands of Dollars)

|                          |     |     |     |     |     |     |
|--------------------------|-----|-----|-----|-----|-----|-----|
| 1002 Federal Receipts    |     |     |     |     |     |     |
| 1003 GF Match            |     |     |     |     |     |     |
| 1004 GF                  |     |     |     |     |     |     |
| 1005 GF/Program Receipts |     |     |     |     |     |     |
| 1006 GF/MHTIA            |     |     |     |     |     |     |
| Other                    |     |     |     |     |     |     |
| TOTAL                    | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

POSITIONS:

|           |  |  |  |  |  |  |
|-----------|--|--|--|--|--|--|
| FULL-TIME |  |  |  |  |  |  |
| PART-TIME |  |  |  |  |  |  |
| TEMPORARY |  |  |  |  |  |  |

Estimate of current (FY95) impact \$ 0

ANALYSIS: (Attach a separate page if necessary)

(See Attached Analysis)

Prepared by: Robert N. Bartholomew, Deputy Director *Robert N. Bartholomew* Phone: 465-2320  
Division: Income and Excise Audit Date: 3/6/95  
Approved by Commissioner: *[Signature]* Date: 3/6/95  
Agency: Department of Revenue

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# GORSUCH BUDGET SCENARIO PROJECTION 2

(Nominal Dollars)

| AVAILABLE REVENUES (\$ Millions): |                                               | <u>FY 96</u> | <u>FY 97</u> | <u>FY 98</u> | <u>FY 99</u> | <u>FY 00</u>     | <u>FY 01</u> | <u>FY 02</u> | <u>FY 03</u> | <u>FY 04</u> | <u>FY 05</u> |
|-----------------------------------|-----------------------------------------------|--------------|--------------|--------------|--------------|------------------|--------------|--------------|--------------|--------------|--------------|
| 1                                 | GENERAL FUND REVENUES (Base Case)             | 1,963.1      | 1,931.4      | 2,013.6      | 2,045.0      | 2,059.5          | 2,071.6      | 2,038.3      | 2,018.3      | 2,002.7      | 1,979.1      |
| 2                                 | HWY MOTOR FUELS TAX INCREASE TO NATIONAL AVG  |              | 26.0         | 27.3         | 28.6         | 30.0             | 31.4         | 32.9         | 34.5         | 36.2         | 37.9         |
| 3                                 | TOBACCO INCREASE \$1/PKG                      |              | 42.5         | 43.2         | 43.9         | 44.6             | 45.3         | 46.0         | 46.7         | 47.5         | 48.3         |
| 4                                 | ALCOHOLIC BEVERAGES INCREASE (VARIES BY PROD) |              | 2.7          | 2.8          | 3.0          | 3.1              | 3.3          | 3.4          | 3.6          | 3.8          | 3.9          |
| 5                                 | INCOME TAX                                    |              |              |              |              | 75.0             | 288.3        | 302.2        | 316.8        | 332.1        | 348.2        |
| 6                                 | PF NET INCOME TO GF                           | 80           | 160          | 240          | 320          | 400              | 400          | 400          | 499.9        | 646.0        | 806.6        |
| 7                                 | TOTAL REVENUES                                | 2,043.1      | 2,162.6      | 2,326.8      | 2,440.4      | 2,612.1          | 2,839.8      | 2,822.8      | 2,919.9      | 3,068.3      | 3,224.0      |
| EXPENDITURES (\$ Millions):       |                                               |              |              |              |              |                  |              |              |              |              |              |
| 8                                 | OPERATING - AGENCY                            | 1,157.8      | 1,157.8      | 1,157.8      | 1,157.8      | 1,224.2          | 1,293.2      | 1,365.0      | 1,439.7      | 1,517.3      | 1,598.1      |
| 9                                 | FORMULA                                       | 413.8        | 413.8        | 413.8        | 413.8        | 430.4            | 447.6        | 465.5        | 484.2        | 503.6        | 523.8        |
| 10                                | K - 12 EDUCATION                              | 660.3        | 660.3        | 660.3        | 660.3        | 698.3            | 738.6        | 781.1        | 826.1        | 873.7        | 924.0        |
| 11                                | DEBT SERVICE                                  | 109.4        | 86.6         | 81.5         | 72.8         | 50.8             | 33.4         | 20.5         | 16.5         | 15.2         | 14.4         |
| 12                                | CAPITAL                                       | 116.1        | 116.1        | 116.1        | 116.1        | 119.8            | 123.6        | 127.5        | 131.6        | 135.8        | 140.1        |
| 13                                | LOANS/FUND TRANSFERS                          | 18.7         | 18.7         | 18.7         | 18.7         | 19.4             | 20.2         | 21.0         | 21.9         | 22.8         | 23.7         |
| 14                                | TOTAL EXPENDITURES                            | 2,476.1      | 2,453.3      | 2,448.2      | 2,439.5      | 2,542.9          | 2,656.6      | 2,780.7      | 2,919.9      | 3,068.3      | 3,224.0      |
| 15                                | PROJECTED ANNUAL FISCAL GAP                   | -433.0       | -290.7       | -121.4       | 0.9          | 69.2             | 183.2        | 42.1         | 0.0          | 0.0          | 0.0          |
| 16                                | CONSTITUTIONAL BUDGET RESERVE BALANCE         | 1,316.5      | 1,652.4      | 1,815.0      | 2,105.6      | 2,246.9          | 2,430.2      | 2,472.3      | 2,472.2      | 2,472.2      | 2,472.2      |
| 17                                | PF DIVIDENDS                                  | 500.0        | 493.0        | 485.0        | 478.0        | 471.0            | 464.0        | 457.0        | 450.0        | 443.0        | 436.0        |
| 18                                | PF INFLATION PROOFING                         | 267.0        | 281.0        | 351.0        | 399.0        | 464.0            | 495.0        | 530.0        | 567.0        | 608.0        | 654.0        |
|                                   | BUDGET CUTS FROM BASE CASE                    |              | 124.5        | 255.5        | 392.5        | <del>416.2</del> |              |              |              |              |              |

Office of Management and Budget  
8/26/95

*Revised*

# RIEGER SB 51 BUDGET SCENARIO PROJECTION

(Nominal Dollars)

| AVAILABLE REVENUES (\$ Millions): |                                               | FY 96   | FY 97   | FY 98   | FY 99   | FY 00   | FY 01   | FY 02   | FY 03   | FY 04   | FY 05   |
|-----------------------------------|-----------------------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| 1                                 | GENERAL FUND REVENUES (Base Case)             | 1,963.1 | 1,931.4 | 2,013.6 | 2,045.0 | 2,059.5 | 2,071.6 | 2,038.3 | 2,018.3 | 2,002.7 | 1,979.1 |
| 2                                 | HWY MOTOR FUELS TAX INCREASE TO NATIONAL AVG  |         | 26.0    | 27.3    | 28.6    | 30.0    | 31.4    | 32.9    | 34.5    | 36.2    | 37.9    |
| 3                                 | TOBACCO INCREASE TO \$2/PKG                   |         | 68.0    | 69.1    | 70.2    | 71.3    | 72.5    | 73.6    | 74.8    | 76.0    | 77.2    |
| 4                                 | ALCOHOLIC BEVERAGES INCREASE (VARIES BY PROD) |         | 2.7     | 2.8     | 3.0     | 3.1     | 3.3     | 3.4     | 3.6     | 3.8     | 3.9     |
| 5                                 | USER FEE INCREASES AT \$3M/YR                 |         | 3       | 6       | 9.0     | 12.0    | 15.0    | 18.0    | 21.0    | 24.0    | 27.0    |
| 6                                 | PF NET INCOME TO GF                           |         | 357     | 380     | 403     | 451     | 481     | 511     | 541     | 571     | 602     |
| 7                                 | TOTAL REVENUES                                | 1,963.1 | 2,388.1 | 2,498.7 | 2,558.8 | 2,626.9 | 2,674.7 | 2,677.2 | 2,693.2 | 2,713.7 | 2,727.2 |
| EXPENDITURES (\$ Millions):       |                                               |         |         |         |         |         |         |         |         |         |         |
| 8                                 | OPERATING - AGENCY                            | 1,157.8 | 1,157.8 | 1,157.8 | 1,157.8 | 1,214.6 | 1,273.2 | 1,333.7 | 1,396.1 | 1,460.5 | 1,527.0 |
| 9                                 | FORMULA                                       | 413.8   | 413.8   | 413.8   | 413.8   | 427.0   | 440.5   | 454.5   | 469.0   | 483.9   | 499.3   |
| 10                                | K - 12 EDUCATION                              | 660.3   | 660.3   | 660.3   | 660.3   | 681.3   | 703.0   | 725.3   | 748.4   | 772.2   | 796.7   |
| 11                                | DEBT SERVICE                                  | 109.4   | 86.6    | 81.5    | 72.8    | 50.8    | 33.4    | 20.5    | 16.5    | 15.2    | 14.4    |
| 12                                | CAPITAL                                       | 116.1   | 116.1   | 116.1   | 116.1   | 119.8   | 123.6   | 127.5   | 131.6   | 135.8   | 140.1   |
| 13                                | LOANS/FUND TRANSFERS                          | 18.7    | 18.7    | 18.7    | 18.7    | 19.3    | 19.9    | 20.5    | 21.2    | 21.9    | 22.6    |
| 14                                | TOTAL EXPENDITURES                            | 2,476.1 | 2,453.3 | 2,448.2 | 2,439.5 | 2,512.8 | 2,593.7 | 2,682.2 | 2,782.8 | 2,889.5 | 3,000.1 |
| 15                                | PROJECTED ANNUAL FISCAL GAP                   | -513.0  | -65.2   | 50.5    | 119.3   | 114.1   | 81.1    | -5.0    | -89.6   | -175.8  | -272.9  |
| 16                                | CONSTITUTIONAL BUDGET RESERVE BALANCE         | 1,236.5 | 1,804.9 | 2,158.9 | 2,596.3 | 2,798.7 | 2,879.8 | 2,874.8 | 2,785.3 | 2,609.4 | 2,336.5 |
| 17                                | PF DIVIDENDS                                  | 575.0   | 599.0   | 519.0   | 501.0   | 502.0   | 515.0   | 528.0   | 541.0   | 554.0   | 567.0   |
| 18                                | PF INFLATION PROOFING                         | 441.0   | 461.0   | 479.0   | 503.0   | 527.0   | 553.0   | 579.0   | 606.0   | 632.0   | 660.0   |
|                                   | BUDGET CUTS FROM BASE CASE                    |         | 124.5   | 255.5   | 392.5   | 440.3   | 491.7   | 546.7   | 605.6   | 668.6   | 736.0   |

Office of Management and Budget  
8/26/95

# Modified Sustainable Spending Plan

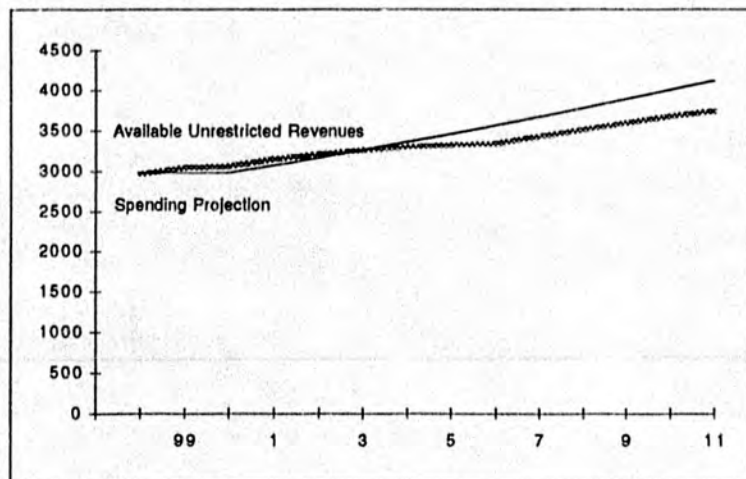
Base Case

CBR add ons

|        |        |     |
|--------|--------|-----|
| P Fund | 17,476 | 150 |
| CBFF   | 1,839  | 150 |
| EPA    | 1,183  |     |

TARGET

|    | Beginning Balance | Base Case O&G Rev | Fishing Resource Rev | 9% Earnings Amount | 5.00% Withdrawal Percentage | Withdrawal Amount | Ending Balance | Fund Withdrawal | Non Resource Revenues | Unrestricted Gen Fund | State Spend Projection | Yearly Shortfall or Surplus | Cumulative Shortfall or Surplus |
|----|-------------------|-------------------|----------------------|--------------------|-----------------------------|-------------------|----------------|-----------------|-----------------------|-----------------------|------------------------|-----------------------------|---------------------------------|
| 98 | 20,648            | 1,866             | 33                   | 1,825              | 11.00%                      | (2,271)           | 22,068         | 2,271           | 688                   | 2,959                 | 2,975                  | (16)                        | (16)                            |
| 99 | 22,218            | 1,912             | 34                   | 1,966              | 10.50%                      | (2,317)           | 23,779         | 2,317           | 725                   | 3,042                 | 2,975                  | 67                          | 51                              |
| 0  | 23,779            | 1,932             | 35                   | 2,111              | 10.00%                      | (2,292)           | 25,529         | 2,292           | 764                   | 3,057                 | 2,975                  | 82                          | 133                             |
| 1  | 25,529            | 1,944             | 36                   | 2,265              | 9.50%                       | (2,342)           | 27,396         | 2,342           | 804                   | 3,146                 | 3,064                  | 82                          | 215                             |
| 2  | 27,396            | 1,908             | 37                   | 2,426              | 9.00%                       | (2,382)           | 29,349         | 2,382           | 824                   | 3,206                 | 3,156                  | 50                          | 265                             |
| 3  | 29,349            | 1,886             | 38                   | 2,598              | 8.50%                       | (2,412)           | 31,421         | 2,412           | 841                   | 3,253                 | 3,251                  | 2                           | 266                             |
| 4  | 31,421            | 1,870             | 39                   | 2,781              | 8.00%                       | (2,431)           | 33,641         | 2,431           | 861                   | 3,292                 | 3,348                  | (57)                        | 210                             |
| 5  | 33,641            | 1,844             | 41                   | 2,978              | 7.50%                       | (2,440)           | 36,023         | 2,440           | 881                   | 3,321                 | 3,449                  | (128)                       | 82                              |
| 6  | 36,023            | 1,775             | 42                   | 3,186              | 7.00%                       | (2,438)           | 38,546         | 2,438           | 894                   | 3,332                 | 3,552                  | (220)                       | (139)                           |
| 7  | 38,546            | 1,709             | 43                   | 3,400              | 6.75%                       | (2,517)           | 41,138         | 2,517           | 907                   | 3,424                 | 3,659                  | (235)                       | (374)                           |
| 8  | 41,138            | 1,724             | 44                   | 3,629              | 6.50%                       | (2,590)           | 43,901         | 2,590           | 920                   | 3,510                 | 3,769                  | (259)                       | (632)                           |
| 9  | 43,901            | 1,666             | 46                   | 3,866              | 6.25%                       | (2,657)           | 46,775         | 2,657           | 934                   | 3,592                 | 3,882                  | (290)                       | (922)                           |
| 10 | 46,775            | 1,608             | 47                   | 4,114              | 6.00%                       | (2,720)           | 49,777         | 2,720           | 949                   | 3,669                 | 3,998                  | (329)                       | (1,252)                         |
| 11 | 49,777            | 1,608             | 48                   | 4,379              | 5.75%                       | (2,776)           | 52,988         | 2,776           | 963                   | 3,739                 | 4,118                  | (379)                       | (1,631)                         |
|    |                   |                   |                      |                    | 5.50%                       |                   |                |                 |                       |                       |                        |                             |                                 |



| Base Non Resource Revenues | Add \$25 School Tax | Add Motor Fuels Nat. Average | Add Tobacco to \$3/pack | Add Alcohol per HB-96 | Add Misc Fees MV&LIq | Add 4% Sales Tax | Subtotal Non Resource Revenue |
|----------------------------|---------------------|------------------------------|-------------------------|-----------------------|----------------------|------------------|-------------------------------|
| 301                        | 10                  | 26                           | 43                      | 19                    | 25                   | 0                | 424                           |
| 305                        | 10                  | 27                           | 64                      | 20                    | 26                   | 236              | 688                           |
| 307                        | 10                  | 28                           | 85                      | 21                    | 27                   | 247              | 725                           |
| 310                        | 10                  | 29                           | 106                     | 23                    | 27                   | 259              | 764                           |
| 313                        | 11                  | 30                           | 127                     | 24                    | 28                   | 271              | 804                           |
| 316                        | 11                  | 31                           | 127                     | 26                    | 29                   | 285              | 824                           |
| 317                        | 11                  | 32                           | 127                     | 26                    | 30                   | 298              | 841                           |
| 319                        | 11                  | 33                           | 127                     | 27                    | 31                   | 313              | 861                           |
| 321                        | 11                  | 34                           | 127                     | 28                    | 32                   | 328              | 881                           |
| 321                        | 12                  | 35                           | 127                     | 29                    | 33                   | 338              | 894                           |
| 321                        | 12                  | 36                           | 127                     | 30                    | 34                   | 348              | 907                           |
| 321                        | 12                  | 37                           | 127                     | 31                    | 35                   | 358              | 920                           |
| 321                        | 12                  | 38                           | 127                     | 32                    | 36                   | 369              | 934                           |
| 321                        | 12                  | 39                           | 127                     | 33                    | 37                   | 380              | 949                           |
| 321                        | 12                  | 40                           | 127                     | 34                    | 38                   | 392              | 963                           |

Presented by  
Brian Rogers

Rogers Plan Elements

Modified Cremo Plan

All royalties, mineral lease revenues go to permanent fund  
5% of permanent fund withdrawn annually

8/26/97

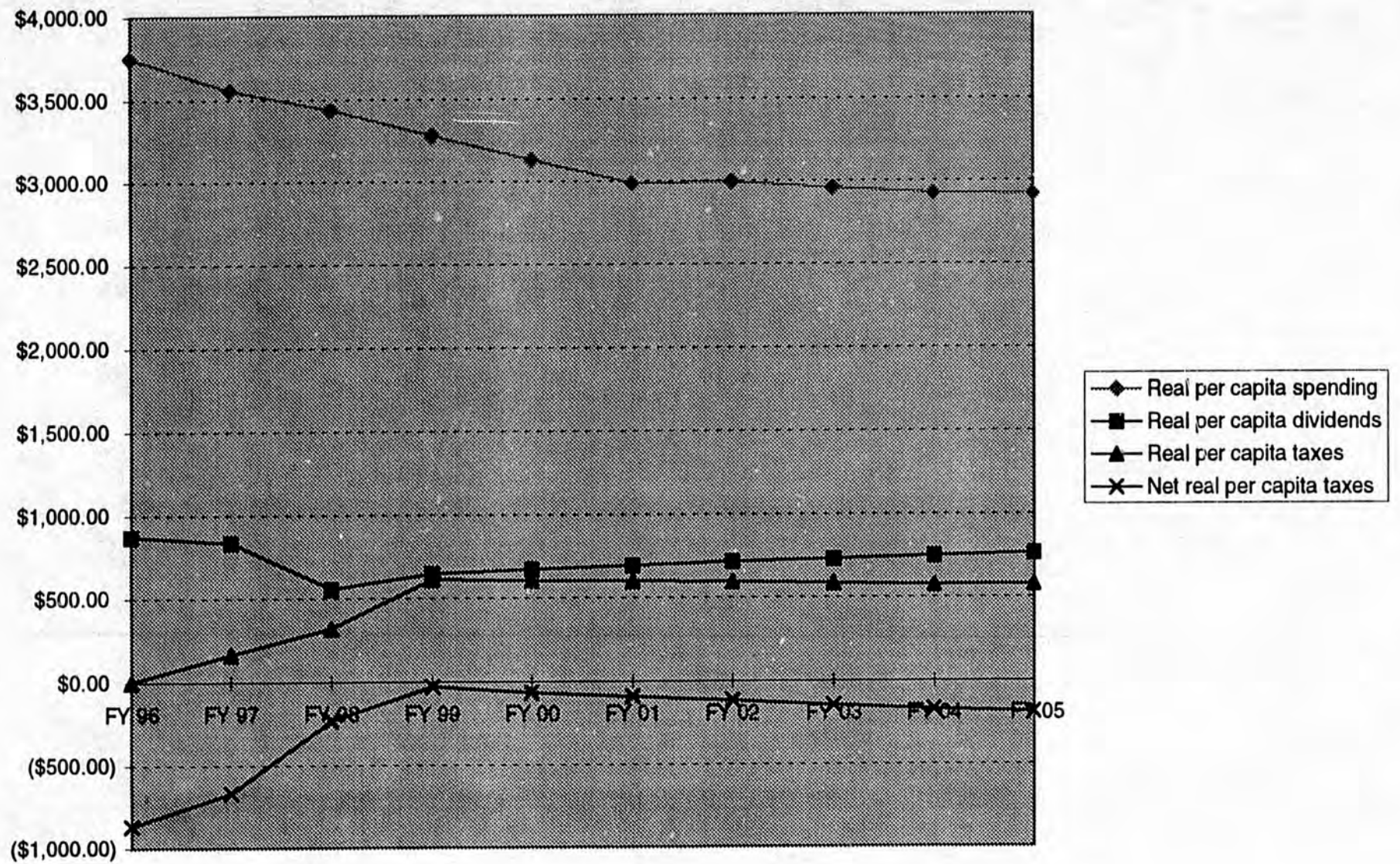
Spending frozen at FY96 levels for 5 years  
Additional \$50 million cut in FY97  
Growth constrained in out years - \$50M less each year than base case

Tobacco tax @ \$1 increase  
Alcohol tax increase  
Fees increased 50%  
Income Tax @4% beginning 1998  
Employment tax @\$25 1997, \$50 2001, \$100 2005  
Sales tax in unorganized borough  
Dedicated motor fuel tax

Permanent fund dividends frozen @ \$575 M 1997  
Permanent fund dividends @ 2% of principal value thereafter (2% within 5% draw)

Chart1

### Effect of Rogers Plan



# Rogers Budget Scenario Projection

(Nominal Dollars)

|                                                                | <u>FY 96</u>   | <u>FY 97</u>   | <u>FY 98</u>   | <u>FY 99</u>   | <u>FY 00</u>   | <u>FY 01</u>   | <u>FY 02</u>   | <u>FY 03</u>   | <u>FY 04</u>   | <u>FY 05</u>   |
|----------------------------------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| General Fund Revenues (base case)                              | 1,963.1        | 1,931.4        | 2,013.6        | 2,045.0        | 2,059.5        | 2,071.6        | 2,038.3        | 2,018.3        | 2002.7         | 1979.1         |
| Less: Royalties to Permanent Fund                              |                |                | -732.0         | -777.0         | -789.0         | -792.0         | -783.0         | -774.0         | -774.0         | -768.0         |
| Permanent Fund Net Income                                      | 1,218.0        | 1,289.1        |                |                |                |                |                |                |                |                |
| Permanent Fund 5% Draw                                         |                |                | 998.1          | 1219.6         | 1331.4         | 1439.6         | 1552.4         | 1669.0         | 1789.7         | 1915.2         |
| Tobacco tax @ \$1 increase                                     |                | 42.0           | 43.3           | 44.6           | 45.9           | 47.3           | 48.7           | 50.2           | 51.7           | 53.2           |
| Alcohol tax increase                                           |                | 10.0           | 10.3           | 10.6           | 10.9           | 11.3           | 11.6           | 11.9           | 12.3           | 12.7           |
| Fees increases @ 50%                                           |                | 25.0           | 25.8           | 26.5           | 27.3           | 28.1           | 29.0           | 29.9           | 30.7           | 31.7           |
| Income tax @ 4%                                                |                |                | 74.5           | 298.0          | 306.9          | 316.1          | 325.6          | 335.4          | 345.5          | 355.8          |
| Employment Tax @ \$25 4 yrs, \$50 4 yrs, \$100                 |                | 5.0            | 10.3           | 10.6           | 10.9           | 16.9           | 23.2           | 23.9           | 24.6           | 38.0           |
| Sales tax/unorganized borough                                  |                |                | 5.0            | 10.3           | 10.6           | 10.9           | 11.3           | 11.6           | 11.9           | 12.3           |
| Dedicated motor fuel tax                                       |                | 29.4           | 60.5           | 62.3           | 64.1           | 66.1           | 68.0           | 70.1           | 72.2           | 74.4           |
| <b>TOTAL REVENUES</b>                                          | <b>3,181.1</b> | <b>3,331.9</b> | <b>2,509.2</b> | <b>2,950.5</b> | <b>3,078.7</b> | <b>3,215.9</b> | <b>3,325.1</b> | <b>3,446.2</b> | <b>3,567.3</b> | <b>3,704.4</b> |
| <b>EXPENDITURES (\$ Millions):</b>                             |                |                |                |                |                |                |                |                |                |                |
| OPERATING - AGENCY                                             | 1,157.8        | 1,222.0        | 1,290.9        | 1,362.6        | 1,437.2        | 1,514.8        | 1,595.4        | 1,679.3        | 1,766.6        | 1,857.4        |
| FORMULA                                                        | 413.8          | 429.6          | 446.8          | 464.7          | 483.3          | 502.7          | 522.8          | 543.7          | 565.5          | 588.2          |
| K - 12 EDUCATION                                               | 660.3          | 697.0          | 737.2          | 779.6          | 824.6          | 872.0          | 922.3          | 975.4          | 1,031.6        | 1,091.0        |
| DEBT SERVICE                                                   | 109.4          | 86.6           | 81.5           | 72.8           | 50.8           | 33.4           | 20.5           | 16.5           | 15.2           | 14.4           |
| CAPITAL                                                        | 116.1          | 119.6          | 123.4          | 127.3          | 131.3          | 135.5          | 139.8          | 144.3          | 148.9          | 153.6          |
| LOANS/TRANSFERS                                                | 18.7           | 23.0           | 24.0           | 24.9           | 25.9           | 27.0           | 28.0           | 29.2           | 30.3           | 31.6           |
| Freeze spending @ FY96 Nominal level 5 yrs                     |                | -101.7         | -227.6         | -355.9         | -477.0         | -609.2         | -627.5         | -646.3         | -665.7         | -665.7         |
| Cut spending an additional \$50 M FY97                         |                | -50.0          | -50.0          | -50.0          | -50.0          | -50.0          | -51.5          | -53.0          | -54.6          | -56.3          |
| Reduce <i>growth</i> of spending by \$50 M per year after FY02 |                |                |                |                |                |                |                | -50.0          | -100.0         | -150.0         |
| Road maintenance from dedicated tax                            |                | 29.4           | 60.5           | 62.3           | 64.1           | 66.1           | 68.0           | 70.1           | 72.2           | 74.4           |
| PF Dividends @ Freeze FY96                                     | 575.0          | 575.0          |                |                |                |                |                |                |                |                |
| PF Dividends @ 2%                                              |                |                | 399.2          | 487.8          | 532.6          | 575.9          | 621.0          | 667.6          | 715.9          | 766.1          |
| Permanent Fund Earnings Reserve                                | 202.0          |                |                |                |                |                |                |                |                |                |
| Permanent Fund Inflation Proofing                              | 441.0          | 428.2          |                |                |                |                |                |                |                |                |
| <b>TOTAL EXPENDITURES</b>                                      | <b>3,694.1</b> | <b>3,458.6</b> | <b>2,885.8</b> | <b>2,976.2</b> | <b>3,022.8</b> | <b>3,068.0</b> | <b>3,238.8</b> | <b>3,376.7</b> | <b>3,525.8</b> | <b>3,704.5</b> |
| <b>PROJECTED ANNUAL FISCAL C</b>                               | <b>-513.0</b>  | <b>-126.8</b>  | <b>-376.5</b>  | <b>-25.7</b>   | <b>55.9</b>    | <b>147.9</b>   | <b>86.2</b>    | <b>69.5</b>    | <b>41.5</b>    | <b>-0.1</b>    |
| Gap filled by CBR withdrawal                                   | 513.0          | 126.8          | 376.5          | 25.7           |                |                |                |                |                |                |

# Rogers Budget Scenario Projection

(Nominal Dollars)

|                                |          |          |          |          |          |          |          |          |          |            |
|--------------------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|------------|
| PF Beginning Year Balance      | 14,145.0 | 17,658.0 | 19,961.3 | 24,392.2 | 26,628.1 | 28,792.5 | 31,047.8 | 33,380.7 | 35,794.3 | 38,304.5   |
| PF Adjust to Market Value      | 2,855.0  |          |          |          |          |          |          |          |          |            |
| PF Inflation-Proofing          | 441.0    | 220.5    |          |          |          |          |          |          |          |            |
| PF Growth from 25%             | 217.0    | 227.0    | 244.0    | 259.0    | 263.0    | 264.0    | 261.0    | 258.0    | 258.0    | 256.0      |
| PF Earnings Reserve Deposit    |          | 703.0    |          |          |          |          |          |          |          |            |
| CBR Deposit                    |          |          | 2,500.0  | 169.9    | 0.0      | 0.0      |          |          |          |            |
| PF Growth from 75%             |          | 340.5    | 732.0    | 777.0    | 789.0    | 792.0    | 783.0    | 774.0    | 774.0    | 768.0      |
| PF Earnings @ 9%               |          | 812.3    | 1,952.9  | 2,249.6  | 2,443.9  | 2,638.8  | 2,841.3  | 3,050.7  | 3,267.9  | 3,493.5    |
| PF Deposit to GF @ 5%          |          |          | -998.1   | -1,219.6 | -1,331.4 | -1,439.6 | -1,552.4 | -1,669.0 | -1,789.7 | -1,915.2   |
| PF Year-end Balance            | 17,658.0 | 19,961.3 | 24,392.2 | 26,628.1 | 28,792.5 | 31,047.8 | 33,380.7 | 35,794.3 | 38,304.5 | 40,906.8   |
| PF Earnings Reserve Balance    | 703.0    |          |          |          |          |          |          |          |          |            |
| CBR Balance beginning          | 2,005.5  | 2,112.8  | 2,612.8  | 43.1     |          |          |          |          |          |            |
| CBR Additions from tax settlem | 500.0    | 500.0    | 150.0    | 150.0    |          |          |          |          |          |            |
| CBR Withdrawal                 | -513.0   | -126.8   | -376.5   | -25.7    |          |          |          |          |          |            |
| Earnings on CBR @ 6%           | 120.3    | 126.8    | 156.8    | 2.6      |          |          |          |          |          |            |
| CBR transfer to Permanent Fund |          |          | -2,500.0 | -169.9   |          |          |          |          |          |            |
| CBR Balance ending             | 2,112.8  | 2,612.8  | 43.1     | 0.0      |          |          |          |          |          |            |
| PF Dividend Aggregate          | 575.0    | 575.0    | 399.2    | 487.8    | 532.6    | 575.9    | 621.0    | 667.6    | 715.9    | 766.1      |
| PF Dividend Per Capita         | \$870.68 | \$856.97 | \$585.63 | \$704.36 | \$756.81 | \$805.44 | \$854.85 | \$904.61 | \$954.75 | \$1,005.61 |
| Brian Rogers                   |          |          |          |          |          |          |          |          |          |            |

8/26/95

# Rogers Budget Scenario Projection

(FY 96 Dollars)

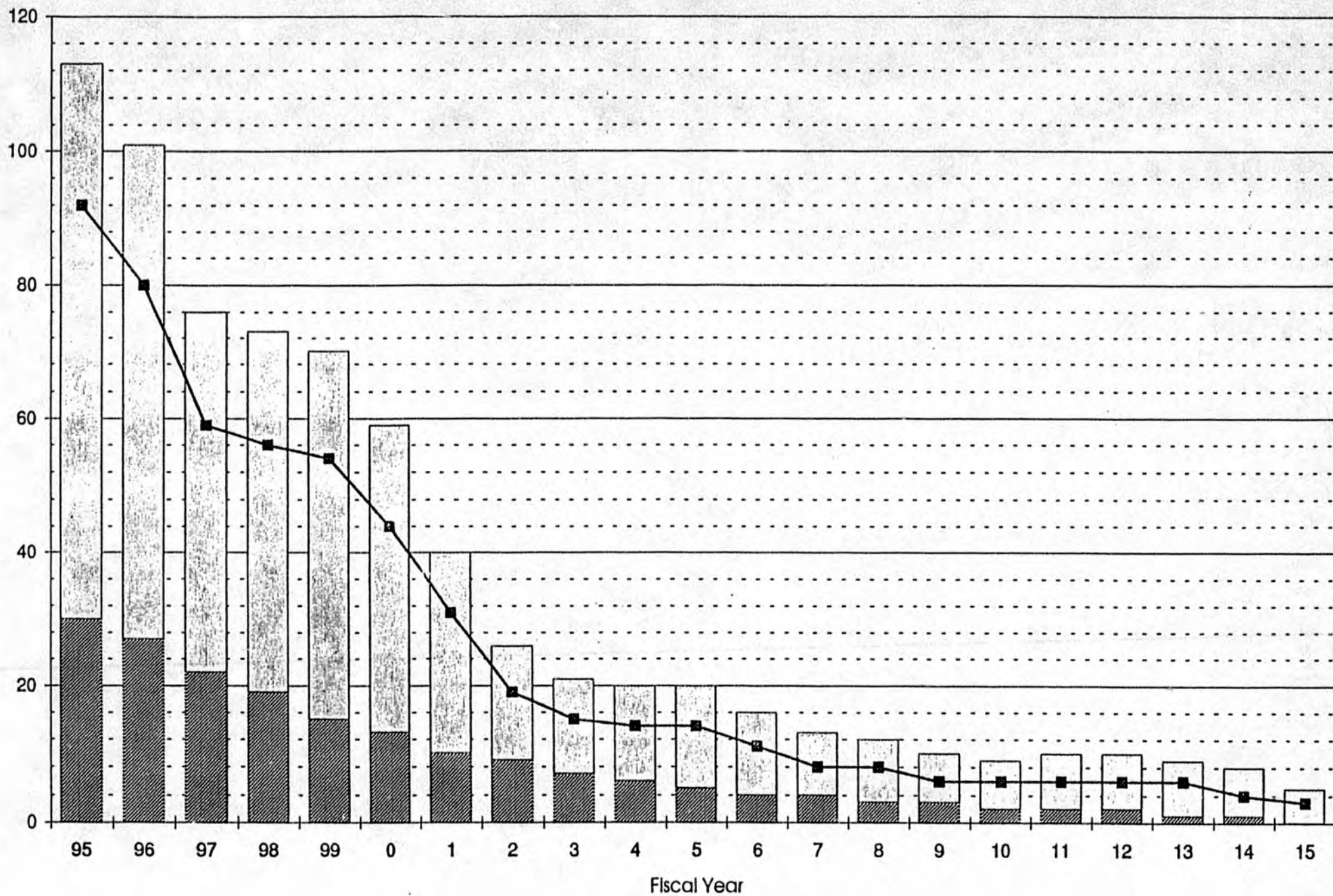
|                                                         | <u>FY 96</u>   | <u>FY 97</u>   | <u>FY 98</u>   | <u>FY 99</u>   | <u>FY 00</u>   | <u>FY 01</u>   | <u>FY 02</u>   | <u>FY 03</u>   | <u>FY 04</u>   | <u>FY 05</u>   |
|---------------------------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| General Fund Revenues (base case)                       | 1,963.1        | 1,875.3        | 1,894.9        | 1,865.1        | 1,820.5        | 1,774.7        | 1,692.4        | 1,624.1        | 1,561.9        | 1,495.9        |
| Less: Royalties to Permanent Fund                       |                |                | -688.8         | -708.7         | -697.4         | -678.5         | -650.1         | -622.8         | -603.6         | -580.5         |
| Permanent Fund Net Income                               | 1,218.0        | 1,251.7        |                |                |                |                |                |                |                |                |
| Permanent Fund 5% Draw                                  |                |                | 939.2          | 1,112.3        | 1,176.9        | 1,233.3        | 1,288.9        | 1,343.1        | 1,395.8        | 1,447.6        |
| Tobacco tax @ \$1 increase                              |                | 40.8           | 40.7           | 40.6           | 40.6           | 40.5           | 40.4           | 40.4           | 40.3           | 40.2           |
| Alcohol tax increase                                    |                | 9.7            | 9.7            | 9.7            | 9.7            | 9.6            | 9.6            | 9.6            | 9.6            | 9.6            |
| Fees increases @ 50%                                    |                | 24.3           | 24.2           | 24.2           | 24.1           | 24.1           | 24.1           | 24.0           | 24.0           | 23.9           |
| Income tax @ 4%                                         |                |                | 70.1           | 271.8          | 271.3          | 270.8          | 270.4          | 269.9          | 269.4          | 269.0          |
| Employment Tax @ \$25 4 yrs, \$50 4 yrs, \$100          |                | 4.9            | 9.7            | 9.7            | 9.7            | 14.5           | 19.3           | 19.2           | 19.2           | 28.7           |
| Sales tax/unorganized borough                           |                |                | 4.7            | 9.4            | 9.4            | 9.4            | 9.3            | 9.3            | 9.3            | 9.3            |
| Dedicated motor fuel tax                                |                | 28.5           | 56.9           | 56.8           | 56.7           | 56.6           | 56.5           | 56.4           | 56.3           | 56.2           |
| <b>TOTAL REVENUES</b>                                   | <b>3,181.1</b> | <b>3,235.2</b> | <b>2,361.3</b> | <b>2,691.0</b> | <b>2,721.3</b> | <b>2,755.0</b> | <b>2,760.8</b> | <b>2,773.2</b> | <b>2,782.1</b> | <b>2,800.0</b> |
| <b>EXPENDITURES (\$ Millions):</b>                      |                |                |                |                |                |                |                |                |                |                |
| OPERATING - AGENCY                                      | 1,157.8        | 1,186.5        | 1,214.8        | 1,242.8        | 1,270.4        | 1,297.7        | 1,324.7        | 1,351.3        | 1,377.8        | 1,403.9        |
| FORMULA                                                 | 413.8          | 417.1          | 420.4          | 423.8          | 427.2          | 430.6          | 434.1          | 437.5          | 441.0          | 444.6          |
| K - 12 EDUCATION                                        | 660.3          | 676.8          | 693.7          | 711.1          | 728.8          | 747.1          | 765.7          | 784.9          | 804.5          | 824.6          |
| DEBT SERVICE                                            | 109.4          | 84.1           | 76.7           | 66.4           | 44.9           | 28.6           | 17.0           | 13.3           | 11.9           | 10.9           |
| CAPITAL                                                 | 116.1          | 116.1          | 116.1          | 116.1          | 116.1          | 116.1          | 116.1          | 116.1          | 116.1          | 116.1          |
| LOANS/TRANSFERS                                         | 18.7           | 22.4           | 22.6           | 22.7           | 22.9           | 23.1           | 23.3           | 23.5           | 23.7           | 23.9           |
| Freeze spending @ FY96 Nominal level 5 yrs              | 0.0            | -98.7          | -214.2         | -324.6         | -421.6         | -521.9         | -521.0         | -520.1         | -519.2         | -503.2         |
| Cut spending an additional \$50 M FY97                  | 0.0            | -48.5          | -47.1          | -45.6          | -44.2          | -42.8          | -42.8          | -42.7          | -42.6          | -42.5          |
| Reduce growth of spending by \$50 M per year after FY02 |                |                |                |                |                |                |                | -40.2          | -78.0          | -113.4         |
| Road maintenance from dedicated tax                     | 0.0            | 28.5           | 56.9           | 56.8           | 56.7           | 56.6           | 56.5           | 56.4           | 56.3           | 56.2           |
| PF Dividends @ Freeze FY96                              | 575.0          | 558.3          |                |                |                |                |                |                |                |                |
| PF Dividends @ 2%                                       |                |                | 375.7          | 444.9          | 470.7          | 493.3          | 515.6          | 537.2          | 558.3          | 579.1          |
| Permanent Fund Earnings Reserve                         | 202.0          |                |                |                |                |                |                |                |                |                |
| Permanent Fund Inflation Proofing                       | 441.0          | 415.8          |                |                |                |                |                |                |                |                |
| <b>TOTAL EXPENDITURES</b>                               | <b>3,694.1</b> | <b>3,358.2</b> | <b>2,715.7</b> | <b>2,714.4</b> | <b>2,672.0</b> | <b>2,628.3</b> | <b>2,689.2</b> | <b>2,717.2</b> | <b>2,749.7</b> | <b>2,800.1</b> |
| <b>PROJECTED ANNUAL FISCAL GAP</b>                      | <b>-513.0</b>  | <b>-123.1</b>  | <b>-354.3</b>  | <b>-23.5</b>   | <b>49.4</b>    | <b>126.7</b>   | <b>71.6</b>    | <b>56.0</b>    | <b>32.4</b>    | <b>-0.1</b>    |
| Gap filled by CBR withdrawal                            | 513.0          | 123.1          | 354.3          | 23.5           |                |                |                |                |                |                |

## (FY 96 Dollars)

[illegible]

# SCHOOL CONSTRUCTION DEBT RETIREMENT

Millions



Prepared 2/23/95

OUTSTANDING INTEREST 
 OUTSTANDING PRINCIPAL 
 STATE LIABILITY

STATEWIDE PRINCIPAL  
Revised 2/22/95

SCHOOL CONSTRUCTION  
DEBT RETIRMENT

| Fiscal<br>Year | ALEUT.E | ANCHORAGE   | BRIST BAY | FAIRBANKS  | JUNEAU     | KENAI      | KETCHIKAN | KODIAK     | MAT-SU     | NOME      | N.SLOPE    | PTRSBRG.  | SITKA     | UNALASKA  | VALDEZ     | WRANGELL  | Statewide<br>Principal | Fiscal<br>Year |
|----------------|---------|-------------|-----------|------------|------------|------------|-----------|------------|------------|-----------|------------|-----------|-----------|-----------|------------|-----------|------------------------|----------------|
| FY95           | 90,000  | 28,965,000  | 225,000   | 7,718,400  | 2,891,075  | 8,650,000  | 1,565,000 | 2,025,000  | 18,160,000 | 670,000   | 6,000,000  | 585,000   | 2,083,548 | 936,457   | 2,225,000  | 608,000   | 83,397,480             | FY95           |
| FY96           | 100,000 | 28,301,497  | 240,000   | 5,338,400  | 3,113,504  | 6,205,000  | 1,585,000 | 2,150,000  | 13,725,000 | 670,000   | 6,410,000  | 620,000   | 2,138,387 | 959,530   | 1,640,000  | 657,000   | 73,853,318             | FY96           |
| FY97           | 105,000 | 16,980,000  | 260,000   | 5,593,400  | 3,248,826  | 6,700,000  | 1,610,000 | 1,220,000  | 5,515,000  |           | 6,855,000  | 650,000   | 1,915,000 | 962,757   | 1,770,000  | 705,000   | 54,089,983             | FY97           |
| FY98           | 110,000 | 17,415,000  | 275,000   | 5,943,400  | 3,440,855  | 7,245,000  | 1,400,000 | 1,295,000  | 5,230,000  |           | 7,340,000  | 690,000   | 790,000   | 971,145   | 1,530,000  | 760,000   | 54,435,400             | FY98           |
| FY99           | 120,000 | 18,110,000  | 300,000   | 6,293,400  | 2,928,696  | 7,840,000  | 1,200,000 | 1,385,000  | 4,995,000  |           | 7,860,000  | 250,000   | 410,000   | 974,702   | 1,625,000  | 805,000   | 55,096,798             | FY99           |
| FY2000         | 125,000 | 10,765,000  | 320,000   | 5,930,000  | 3,111,131  | 8,490,000  | 1,200,000 | 1,465,000  | 1,655,555  |           | 8,420,000  | 270,000   | 410,000   | 983,437   | 1,625,000  | 845,000   | 45,615,122             | FY2000         |
| FY2001         | 135,000 | 9,725,000   | 340,000   | 3,465,000  | 2,123,566  | 9,200,000  |           | 1,555,000  | 1,600,580  |           |            |           | 410,000   | 577,359   | 140,000    | 885,000   | 30,156,505             | FY2001         |
| FY2002         |         | 6,805,000   | 365,000   | 3,685,000  | 2,256,812  |            |           | 415,000    | 1,556,086  |           |            |           | 410,000   | 171,477   | 150,000    | 785,000   | 16,599,375             | FY2002         |
| FY2003         |         | 7,185,000   |           | 3,900,000  | 63,305     |            |           | 435,000    | 715,000    |           |            |           | 410,000   | 180,801   |            | 830,000   | 13,719,105             | FY2003         |
| FY2004         |         | 7,590,000   |           | 4,185,000  | 66,957     |            |           | 455,000    | 755,000    |           |            |           |           | 95,341    |            | 870,000   | 14,017,298             | FY2004         |
| FY2005         |         | 8,000,000   |           | 4,460,000  | 71,421     |            |           | 475,000    | 795,000    |           |            |           |           | 100,108   |            | 800,000   | 14,701,528             | FY2005         |
| FY2006         |         | 5,460,000   |           | 4,755,000  | 75,479     |            |           | 495,000    | 835,000    |           |            |           |           | 105,113   |            |           | 11,725,592             | FY2006         |
| FY2007         |         | 4,475,000   |           | 2,830,000  |            |            |           | 520,000    | 885,000    |           |            |           |           | 110,369   |            |           | 8,820,369              | FY2007         |
| FY2008         |         | 4,750,000   |           | 3,035,000  |            |            |           | 550,000    | 935,000    |           |            |           |           | 115,887   |            |           | 9,385,887              | FY2008         |
| FY2009         |         | 5,045,000   |           |            |            |            |           | 580,000    | 985,000    |           |            |           |           | 121,682   |            |           | 6,731,682              | FY2009         |
| FY2010         |         | 5,355,000   |           |            |            |            |           | 610,000    | 1,040,000  |           |            |           |           | 127,766   |            |           | 7,132,766              | FY2010         |
| FY2011         |         | 5,690,000   |           |            |            |            |           | 640,000    | 1,100,000  |           |            |           |           | 134,154   |            |           | 7,564,154              | FY2011         |
| FY2012         |         | 6,010,000   |           |            |            |            |           | 675,000    | 1,170,000  |           |            |           |           | 140,862   |            |           | 7,995,862              | FY2012         |
| FY2013         |         | 6,305,000   |           |            |            |            |           | 715,000    | 1,240,000  |           |            |           |           | 147,905   |            |           | 8,407,905              | FY2013         |
| FY2014         |         | 4,935,000   |           |            |            |            |           | 755,000    | 1,315,000  |           |            |           |           | 133,177   |            |           | 7,138,177              | FY2014         |
| FY2015         |         | 5,235,000   |           |            |            |            |           |            |            |           |            |           |           |           |            |           | 5,235,000              | FY2015         |
| TOTALS         | 785,000 | 213,101,497 | 2,325,000 | 67,132,000 | 23,391,626 | 54,330,000 | 8,560,000 | 18,415,000 | 64,207,221 | 1,340,000 | 42,885,000 | 3,065,000 | 8,976,935 | 8,050,026 | 10,705,000 | 8,550,000 | 535,819,305            | TOTALS         |

# STATEWIDE INTEREST

Revised 2/22/95

| Fiscal<br>Year | ALEUT. E | ANCHORAGE  | BRIST BAY | FAIRBANKS  | JUNEAU    | KENAI      | KETCHIKAN | KODIAK    | MAT-SU     | NOME    | N. SLOPE  | PTRSBRG | SITKA     | UNALASKA  | VALDEZ    | WRANGELL  | Statewide<br>Interest | Fiscal<br>Year |
|----------------|----------|------------|-----------|------------|-----------|------------|-----------|-----------|------------|---------|-----------|---------|-----------|-----------|-----------|-----------|-----------------------|----------------|
| FY95           | 49,708   | 9,496,733  | 186,000   | 4,108,421  | 1,375,712 | 4,354,620  | 535,915   | 1,150,091 | 3,499,598  | 91,120  | 2,815,968 | 224,595 | 570,707   | 486,162   | 714,265   | 454,312   | 30,113,926            | FY95           |
| FY96           | 43,295   | 9,896,615  | 168,000   | 3,566,823  | 1,164,627 | 3,769,870  | 438,844   | 897,845   | 2,500,609  | 45,560  | 2,389,220 | 176,053 | 410,139   | 401,217   | 572,227   | 408,699   | 26,849,641            | FY96           |
| FY97           | 36,376   | 8,244,073  | 148,800   | 3,177,035  | 972,775   | 3,273,470  | 339,188   | 784,213   | 1,851,116  |         | 1,924,834 | 125,004 | 295,279   | 348,113   | 456,650   | 362,648   | 22,339,572            | FY97           |
| FY98           | 29,120   | 7,357,210  | 128,000   | 2,763,285  | 778,057   | 2,730,770  | 244,400   | 703,436   | 1,452,573  |         | 1,422,625 | 71,133  | 160,080   | 288,674   | 346,538   | 320,708   | 18,796,607            | FY98           |
| FY99           | 21,448   | 6,463,528  | 106,000   | 2,314,204  | 585,576   | 2,136,680  | 160,200   | 617,678   | 1,097,688  |         | 882,043   | 26,008  | 108,650   | 228,163   | 243,815   | 283,729   | 15,275,407            | FY99           |
| FY2000         | 13,300   | 5,717,615  | 82,000    | 1,965,048  | 395,981   | 1,485,960  | 80,400    | 530,700   | 1,722,368  |         | 301,015   | 8,910   | 85,280    | 166,746   | 133,190   | 243,245   | 12,931,757            | FY2000         |
| FY2001         | 4,556    | 5,116,535  | 56,400    | 1,608,353  | 229,978   | 772,800    |           | 437,153   | 1,751,962  |         |           |         | 61,295    | 104,370   | 21,000    | 199,208   | 10,363,609            | FY2001         |
| FY2002         |          | 4,599,740  | 29,200    | 1,435,103  | 89,160    |            |           | 379,928   | 1,778,956  |         |           |         | 36,900    | 82,667    | 10,500    | 151,384   | 8,593,537             | FY2002         |
| FY2003         |          | 4,230,666  |           | 1,247,168  | 14,156    |            |           | 361,875   | 675,363    |         |           |         | 12,300    | 74,074    |           | 109,848   | 6,725,449             | FY2003         |
| FY2004         |          | 3,818,951  |           | 1,044,368  | 10,315    |            |           | 342,735   | 638,183    |         |           |         |           | 67,284    |           | 65,638    | 5,987,473             | FY2004         |
| FY2005         |          | 3,379,199  |           | 822,563    | 6,338     |            |           | 322,033   | 598,168    |         |           |         |           | 62,517    |           | 21,400    | 5,212,216             | FY2005         |
| FY2006         |          | 3,003,274  |           | 581,723    | 2,151     |            |           | 299,470   | 555,238    |         |           |         |           | 57,512    |           |           | 4,499,367             | FY2006         |
| FY2007         |          | 2,726,214  |           | 322,575    |           |            |           | 275,215   | 509,313    |         |           |         |           | 52,256    |           |           | 3,885,573             | FY2007         |
| FY2008         |          | 2,460,276  |           | 166,925    |           |            |           | 247,135   | 459,753    |         |           |         |           | 46,738    |           |           | 3,380,827             | FY2008         |
| FY2009         |          | 2,174,485  |           |            |           |            |           | 217,435   | 406,458    |         |           |         |           | 40,943    |           |           | 2,839,321             | FY2009         |
| FY2010         |          | 1,866,106  |           |            |           |            |           | 186,115   | 349,820    |         |           |         |           | 34,859    |           |           | 2,436,901             | FY2010         |
| FY2011         |          | 1,534,616  |           |            |           |            |           | 153,175   | 289,500    |         |           |         |           | 28,471    |           |           | 2,005,762             | FY2011         |
| FY2012         |          | 1,180,080  |           |            |           |            |           | 117,975   | 223,500    |         |           |         |           | 21,763    |           |           | 1,543,318             | FY2012         |
| FY2013         |          | 802,453    |           |            |           |            |           | 80,850    | 153,300    |         |           |         |           | 14,720    |           |           | 1,051,323             | FY2013         |
| FY2014         |          | 462,150    |           |            |           |            |           | 41,525    | 78,900     |         |           |         |           | 7,325     |           |           | 589,900               | FY2014         |
| FY2015         |          | 157,050    |           |            |           |            |           |           |            |         |           |         |           |           |           |           | 157,050               | FY2015         |
| TOTALS         | 197,803  | 84,687,569 | 904,400   | 25,123,590 | 5,624,825 | 18,524,170 | 1,798,946 | 8,146,580 | 20,592,361 | 136,680 | 9,735,704 | 631,701 | 1,740,630 | 2,614,578 | 2,498,184 | 2,620,815 | 185,578,536           | TOTALS         |

# STATEWIDE LIABILITY

Revised 2/22/95

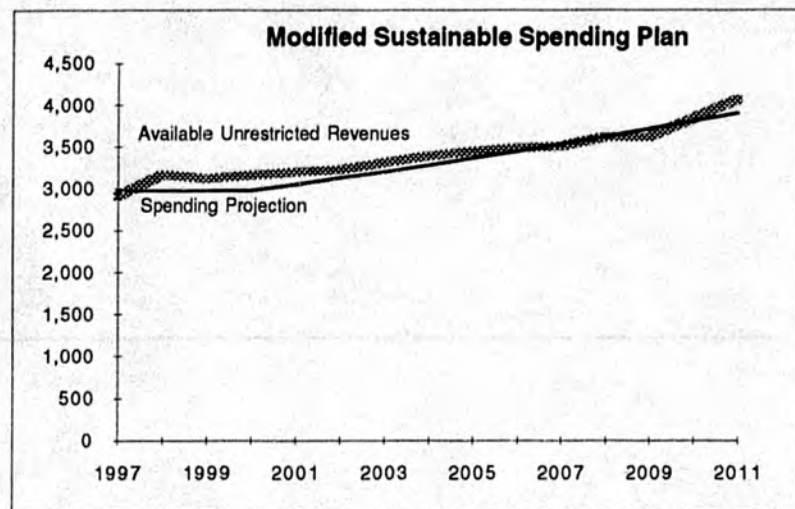
| Fiscal<br>Year | ALEUT.E | ANCHORAGE   | BRIST BAY | FAIRBANKS  | JUNEAU     | KENAI      | KETCHIKAN | KODIAK     | MAT-SU     | NOME      | N. SLOPE   | PTRSBURG  | SITKA     | UNALASKA  | VALDEZ     | WRANGELL   | Statewide<br>Liability | Fiscal<br>Year |
|----------------|---------|-------------|-----------|------------|------------|------------|-----------|------------|------------|-----------|------------|-----------|-----------|-----------|------------|------------|------------------------|----------------|
| FY95           | 54,193  | 32,913,795  | 369,900   | 10,299,269 | 3,195,035  | 9,826,962  | 1,766,955 | 2,570,352  | 17,816,424 | 620,313   | 5,155,260  | 730,339   | 2,070,183 | 1,164,268 | 2,735,714  | 956,080    | 92,245,040             | FY95           |
| FY96           | 55,584  | 31,197,227  | 367,200   | 7,645,912  | 3,203,989  | 7,979,896  | 1,705,004 | 2,474,606  | 13,254,932 | 583,181   | 5,145,467  | 718,074   | 1,987,752 | 1,113,842 | 2,007,492  | 959,129    | 80,399,288             | FY96           |
| FY97           | 54,840  | 18,995,325  | 367,920   | 7,520,582  | 3,147,590  | 7,978,776  | 1,645,708 | 1,639,793  | 6,084,499  |           | 5,134,131  | 698,523   | 1,693,769 | 1,074,263 | 2,020,723  | 960,883    | 59,017,323             | FY97           |
| FY98           | 53,965  | 18,559,822  | 362,700   | 7,460,563  | 3,144,619  | 7,980,616  | 1,356,520 | 1,634,212  | 5,402,629  |           | 5,124,068  | 685,416   | 689,130   | 1,033,669 | 1,705,296  | 972,637    | 56,165,862             | FY98           |
| FY99           | 54,868  | 18,393,244  | 365,400   | 7,389,644  | 2,510,793  | 7,981,344  | 1,088,160 | 1,637,693  | 4,922,050  |           | 5,112,032  | 220,806   | 346,942   | 987,805   | 1,698,484  | 979,856    | 53,689,119             | FY99           |
| FY2000         | 53,647  | 11,760,540  | 361,800   | 6,667,478  | 2,505,211  | 7,980,768  | 1,024,320 | 1,631,295  | 2,644,081  |           | 5,099,736  | 223,128   | 331,309   | 945,825   | 1,598,984  | 979,421    | 43,807,542             | FY2000         |
| FY2001         | 54,134  | 10,441,362  | 356,760   | 4,126,303  | 1,785,526  | 7,978,240  |           | 1,628,225  | 2,621,347  |           |            |           | 315,264   | 571,193   | 161,000    | 975,787    | 31,015,141             | FY2001         |
| FY2002         |         | 7,685,458   | 354,780   | 4,164,326  | 1,779,799  |            |           | 551,095    | 2,606,308  |           |            |           | 298,946   | 228,729   | 160,500    | 842,745    | 18,672,686             | FY2002         |
| FY2003         |         | 7,692,444   |           | 4,186,339  | 61,969     |            |           | 552,445    | 856,005    |           |            |           | 282,490   | 229,388   |            | 845,863    | 14,706,941             | FY2003         |
| FY2004         |         | 7,691,477   |           | 4,253,194  | 61,818     |            |           | 553,041    | 857,741    |           |            |           |           | 146,363   |            | 842,074    | 14,405,707             | FY2004         |
| FY2005         |         | 7,670,891   |           | 4,296,459  | 62,207     |            |           | 552,554    | 857,732    |           |            |           |           | 146,363   |            | 739,260    | 14,325,465             | FY2005         |
| FY2006         |         | 5,338,521   |           | 4,340,509  | 62,104     |            |           | 550,777    | 855,928    |           |            |           |           | 146,363   |            |            | 11,294,202             | FY2006         |
| FY2007         |         | 4,324,048   |           | 2,564,079  |            |            |           | 551,294    | 858,437    |           |            |           |           | 146,363   |            |            | 8,444,221              | FY2007         |
| FY2008         |         | 4,327,539   |           | 2,604,217  |            |            |           | 552,625    | 858,708    |           |            |           |           | 146,363   |            |            | 8,489,452              | FY2008         |
| FY2009         |         | 4,332,470   |           |            |            |            |           | 552,833    | 856,679    |           |            |           |           | 146,363   |            |            | 5,888,345              | FY2009         |
| FY2010         |         | 4,331,877   |           |            |            |            |           | 551,918    | 855,671    |           |            |           |           | 146,363   |            |            | 5,885,828              | FY2010         |
| FY2011         |         | 4,333,432   |           |            |            |            |           | 549,880    | 855,474    |           |            |           |           | 146,363   |            |            | 5,885,148              | FY2011         |
| FY2012         |         | 4,304,997   |           |            |            |            |           | 549,741    | 857,937    |           |            |           |           | 146,363   |            |            | 5,859,037              | FY2012         |
| FY2013         |         | 4,238,843   |           |            |            |            |           | 551,734    | 857,813    |           |            |           |           | 146,363   |            |            | 5,794,753              | FY2013         |
| FY2014         |         | 2,871,284   |           |            |            |            |           | 552,202    | 858,183    |           |            |           |           | 126,452   |            |            | 4,408,121              | FY2014         |
| FY2015         |         | 2,868,571   |           |            |            |            |           |            |            |           |            |           |           |           |            |            | 2,868,571              | FY2015         |
| TOTALS         | 381,231 | 214,273,167 | 2,906,460 | 77,518,875 | 21,520,658 | 57,706,602 | 8,586,666 | 20,388,312 | 65,638,577 | 1,203,494 | 30,770,693 | 3,276,286 | 8,015,785 | 8,939,059 | 12,088,191 | 10,053,734 | 543,267,790            | TOTALS         |

Reimbursements for projects approved for cash expenditures from local revenue are not included in this information.

**Modified Sustainable Spending Plan**  
**Base Case**

P Fund 16,000  
CBFF 2,000  
ERA 1,000

|      | Beginning Balance | Base Case O&G Rev | Fishing Resource Rev | 10% Earnings Amount | 6.00% Withdrawl Percentage | Withdrawl Amount | Ending Balance | Fund Withdrawl | Non Resource Revenues | Unrestricted Gen Fund | State Spend Projection | Yearly Shortfall or Surplus | Cumulative Shortfall or Surplus |
|------|-------------------|-------------------|----------------------|---------------------|----------------------------|------------------|----------------|----------------|-----------------------|-----------------------|------------------------|-----------------------------|---------------------------------|
| 1997 | 19,000            | 1,767             | 33                   | 1,833               | 13.00%                     | (2,470)          | 20,130         | 2,470          | 438                   | 2,908                 | 2,975                  | (67)                        | (67)                            |
| 1998 | 20,130            | 1,866             | 34                   | 1,956               | 12.25%                     | (2,466)          | 21,486         | 2,466          | 695                   | 3,161                 | 2,975                  | 186                         | 119                             |
| 1999 | 21,486            | 1,912             | 35                   | 2,104               | 11.50%                     | (2,393)          | 23,110         | 2,393          | 725                   | 3,118                 | 2,975                  | 143                         | 263                             |
| 2000 | 23,110            | 1,932             | 36                   | 2,268               | 10.75%                     | (2,397)          | 24,913         | 2,397          | 757                   | 3,154                 | 2,975                  | 179                         | 442                             |
| 2001 | 24,913            | 1,944             | 37                   | 2,449               | 10.00%                     | (2,401)          | 26,905         | 2,401          | 790                   | 3,191                 | 3,047                  | 144                         | 586                             |
| 2002 | 26,905            | 1,908             | 38                   | 2,645               | 9.25%                      | (2,397)          | 29,062         | 2,397          | 824                   | 3,221                 | 3,121                  | 99                          | 685                             |
| 2003 | 29,062            | 1,886             | 39                   | 2,854               | 8.75%                      | (2,449)          | 31,353         | 2,449          | 855                   | 3,303                 | 3,198                  | 106                         | 791                             |
| 2004 | 31,353            | 1,870             | 41                   | 3,077               | 8.25%                      | (2,492)          | 33,808         | 2,492          | 888                   | 3,380                 | 3,276                  | 104                         | 895                             |
| 2005 | 33,808            | 1,844             | 42                   | 3,317               | 7.75%                      | (2,525)          | 36,444         | 2,525          | 913                   | 3,438                 | 3,357                  | 80                          | 976                             |
| 2006 | 36,444            | 1,775             | 43                   | 3,572               | 7.25%                      | (2,547)          | 39,244         | 2,547          | 930                   | 3,477                 | 3,441                  | 36                          | 1,012                           |
| 2007 | 39,244            | 1,709             | 44                   | 3,844               | 6.75%                      | (2,554)          | 42,243         | 2,554          | 948                   | 3,503                 | 3,527                  | (24)                        | 987                             |
| 2008 | 42,243            | 1,724             | 46                   | 4,136               | 6.50%                      | (2,648)          | 45,455         | 2,648          | 966                   | 3,615                 | 3,615                  | 0                           | 987                             |
| 2009 | 45,455            | 1,666             | 47                   | 4,454               | 6.00%                      | (2,631)          | 48,943         | 2,631          | 985                   | 3,616                 | 3,706                  | (90)                        | 897                             |
| 2010 | 48,943            | 1,608             | 48                   | 4,777               | 6.00%                      | (2,832)          | 52,496         | 2,832          | 1,005                 | 3,837                 | 3,800                  | 36                          | 933                             |
| 2011 | 52,496            | 1,608             | 50                   | 5,111               | 6.00%                      | (3,043)          | 56,172         | 3,043          | 1,025                 | 4,068                 | 3,897                  | 171                         | 1,104                           |

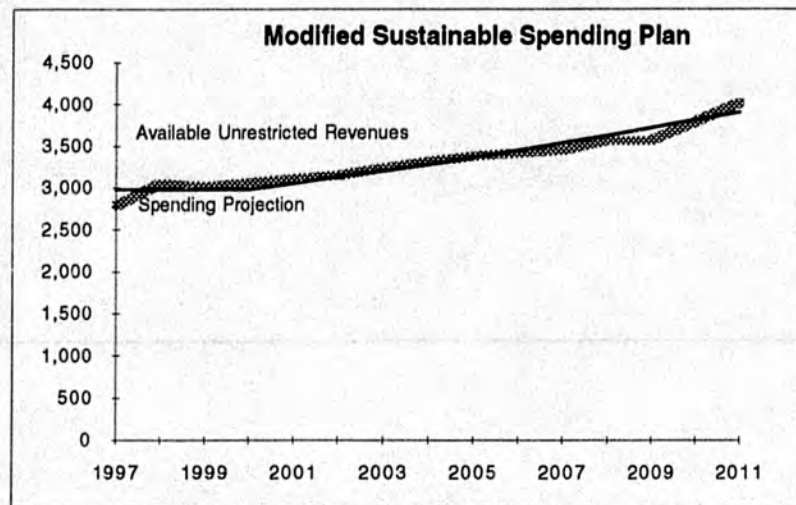


| Base Non Resource Revenues | Add \$25 School Tax | Add Motor Fuels Nat. Average | Add Tobacco to \$3/pack | Add Alcohol per HB-96 | Add Misc Fees MV&Liq | Add 4% Sales Tax | Subtotal Non Resource Revenue |
|----------------------------|---------------------|------------------------------|-------------------------|-----------------------|----------------------|------------------|-------------------------------|
| 301                        | 10                  | 26                           | 57                      | 19                    | 25                   | 0                | 438                           |
| 305                        | 10                  | 27                           | 71                      | 20                    | 26                   | 236              | 695                           |
| 307                        | 10                  | 28                           | 85                      | 21                    | 27                   | 247              | 725                           |
| 310                        | 10                  | 29                           | 99                      | 23                    | 27                   | 259              | 757                           |
| 313                        | 10                  | 30                           | 113                     | 24                    | 28                   | 271              | 790                           |
| 316                        | 10                  | 31                           | 127                     | 26                    | 29                   | 285              | 824                           |
| 317                        | 10                  | 32                           | 141                     | 26                    | 30                   | 298              | 855                           |
| 319                        | 10                  | 33                           | 155                     | 27                    | 31                   | 313              | 888                           |
| 321                        | 10                  | 34                           | 160                     | 28                    | 32                   | 328              | 913                           |
| 321                        | 10                  | 35                           | 164                     | 29                    | 33                   | 338              | 930                           |
| 321                        | 10                  | 36                           | 169                     | 30                    | 34                   | 348              | 948                           |
| 321                        | 10                  | 37                           | 174                     | 31                    | 35                   | 358              | 966                           |
| 321                        | 10                  | 38                           | 180                     | 32                    | 36                   | 369              | 985                           |
| 321                        | 10                  | 39                           | 185                     | 33                    | 37                   | 380              | 1,005                         |
| 321                        | 10                  | 40                           | 191                     | 34                    | 38                   | 392              | 1,025                         |

**Modified Sustainable Spending Plan**  
**Lower Initial Fund Balance**

P Fund 15,000  
 CBHF 2,000  
 EPA 1,000

|      | Beginning Balance | Base Case O&G Rev | Fishing Resource Rev | 10% Earnings Amount | 6.00% Withdrawal Percentage | Withdrawal Amount | Ending Balance | Fund Withdrawal | Non Resource Revenues | Unrestricted Gen Fund | State Spend Projection | Yearly Shortfall or Surplus | Cumulative Shortfall or Surplus |
|------|-------------------|-------------------|----------------------|---------------------|-----------------------------|-------------------|----------------|-----------------|-----------------------|-----------------------|------------------------|-----------------------------|---------------------------------|
| 1997 | 18,000            | 1,767             | 33                   | 1,746               | 13.00%                      | (2,340)           | 19,173         | 2,340           | 438                   | 2,778                 | 2,975                  | (197)                       | (197)                           |
| 1998 | 19,173            | 1,866             | 34                   | 1,872               | 12.25%                      | (2,349)           | 20,563         | 2,349           | 695                   | 3,044                 | 2,975                  | 69                          | (128)                           |
| 1999 | 20,563            | 1,912             | 35                   | 2,022               | 11.50%                      | (2,285)           | 22,212         | 2,285           | 725                   | 3,010                 | 2,975                  | 35                          | (93)                            |
| 2000 | 22,212            | 1,932             | 36                   | 2,188               | 10.75%                      | (2,299)           | 24,033         | 2,299           | 757                   | 3,057                 | 2,975                  | 82                          | (11)                            |
| 2001 | 24,033            | 1,944             | 37                   | 2,370               | 10.00%                      | (2,312)           | 26,035         | 2,312           | 790                   | 3,102                 | 3,047                  | 55                          | 44                              |
| 2002 | 26,035            | 1,908             | 38                   | 2,567               | 9.25%                       | (2,316)           | 28,194         | 2,316           | 824                   | 3,140                 | 3,121                  | 19                          | 62                              |
| 2003 | 28,194            | 1,886             | 39                   | 2,775               | 8.75%                       | (2,373)           | 30,482         | 2,373           | 855                   | 3,227                 | 3,198                  | 30                          | 92                              |
| 2004 | 30,482            | 1,870             | 41                   | 2,997               | 8.25%                       | (2,420)           | 32,929         | 2,420           | 888                   | 3,309                 | 3,276                  | 33                          | 124                             |
| 2005 | 32,929            | 1,844             | 42                   | 3,236               | 7.75%                       | (2,457)           | 35,552         | 2,457           | 913                   | 3,370                 | 3,357                  | 13                          | 137                             |
| 2006 | 35,552            | 1,775             | 43                   | 3,489               | 7.25%                       | (2,482)           | 38,333         | 2,482           | 930                   | 3,413                 | 3,441                  | (28)                        | 109                             |
| 2007 | 38,333            | 1,709             | 44                   | 3,759               | 6.75%                       | (2,494)           | 41,308         | 2,494           | 948                   | 3,442                 | 3,527                  | (85)                        | 24                              |
| 2008 | 41,308            | 1,724             | 46                   | 4,049               | 6.50%                       | (2,588)           | 44,492         | 2,588           | 966                   | 3,555                 | 3,615                  | (60)                        | (37)                            |
| 2009 | 44,492            | 1,666             | 47                   | 4,363               | 6.00%                       | (2,574)           | 47,948         | 2,574           | 985                   | 3,559                 | 3,706                  | (147)                       | (184)                           |
| 2010 | 47,948            | 1,608             | 48                   | 4,683               | 6.00%                       | (2,773)           | 51,465         | 2,773           | 1,005                 | 3,778                 | 3,800                  | (22)                        | (206)                           |
| 2011 | 51,465            | 1,608             | 50                   | 5,014               | 6.00%                       | (2,982)           | 55,105         | 2,982           | 1,025                 | 4,007                 | 3,897                  | 110                         | (96)                            |

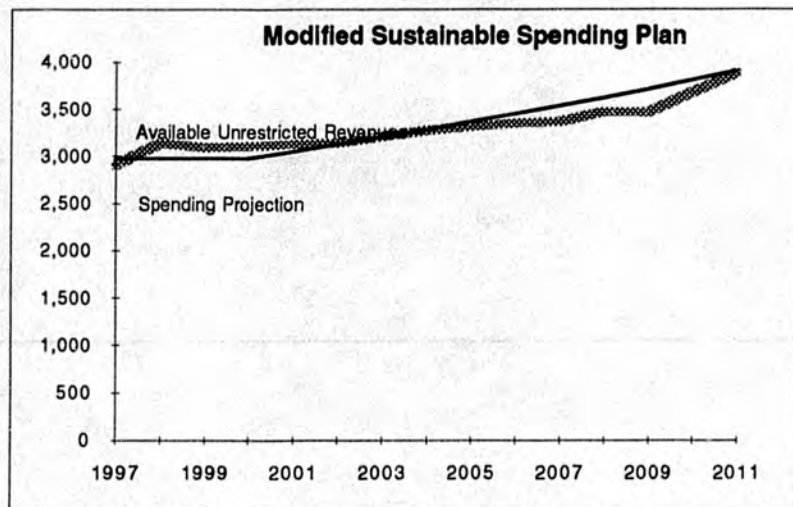


| Base Non Resource Revenues | Add \$25 School Tax | Add Motor Fuels Nat. Average | Add Tobacco to \$3/pack | Add Alcohol per HB-96 | Add Misc Fees MV&Liq | Add 4% Sales Tax | Subtotal Non Resource Revenue |
|----------------------------|---------------------|------------------------------|-------------------------|-----------------------|----------------------|------------------|-------------------------------|
| 301                        | 10                  | 26                           | 57                      | 19                    | 25                   | 0                | 438                           |
| 305                        | 10                  | 27                           | 71                      | 20                    | 26                   | 236              | 695                           |
| 307                        | 10                  | 28                           | 85                      | 21                    | 27                   | 247              | 725                           |
| 310                        | 10                  | 29                           | 99                      | 23                    | 27                   | 259              | 757                           |
| 313                        | 10                  | 30                           | 113                     | 24                    | 28                   | 271              | 790                           |
| 316                        | 10                  | 31                           | 127                     | 26                    | 29                   | 285              | 824                           |
| 317                        | 10                  | 32                           | 141                     | 26                    | 30                   | 298              | 855                           |
| 319                        | 10                  | 33                           | 155                     | 27                    | 31                   | 313              | 888                           |
| 321                        | 10                  | 34                           | 160                     | 28                    | 32                   | 328              | 913                           |
| 321                        | 10                  | 35                           | 164                     | 29                    | 33                   | 338              | 930                           |
| 321                        | 10                  | 36                           | 169                     | 30                    | 34                   | 348              | 948                           |
| 321                        | 10                  | 37                           | 174                     | 31                    | 35                   | 358              | 966                           |
| 321                        | 10                  | 38                           | 180                     | 32                    | 36                   | 369              | 985                           |
| 321                        | 10                  | 39                           | 185                     | 33                    | 37                   | 380              | 1,005                         |
| 321                        | 10                  | 40                           | 191                     | 34                    | 38                   | 392              | 1,025                         |

**Modified Sustainable Spending Plan**  
**10% Lower Oil Revenues**

P Fund 16,000  
 CBFF 2,000  
 ERA 1,000

|      | Beginning<br>Balance | Low<br>Case<br>O&G Rev | Fishing<br>Resource Rev | 10%<br>Earnings<br>Amount | 6.00%<br>Withdrawl<br>Percentage | Withdrawl<br>Amount | Ending<br>Balance | Fund<br>Withdrawl | Non Resource<br>Revenues | Unrestricted<br>Gen Fund | State Spend<br>Projection | Yearly<br>Shortfall or<br>Surplus | Cumulative<br>Shortfall or<br>Surplus |
|------|----------------------|------------------------|-------------------------|---------------------------|----------------------------------|---------------------|-------------------|-------------------|--------------------------|--------------------------|---------------------------|-----------------------------------|---------------------------------------|
| 1997 | 19,000               | 1,590                  | 33                      | 1,815                     | 13.00%                           | (2,470)             | 19,936            | 2,470             | 438                      | 2,908                    | 2,975                     | (67)                              | (67)                                  |
| 1998 | 19,936               | 1,679                  | 34                      | 1,921                     | 12.25%                           | (2,442)             | 21,094            | 2,442             | 695                      | 3,137                    | 2,975                     | 162                               | 96                                    |
| 1999 | 21,094               | 1,721                  | 35                      | 2,049                     | 11.50%                           | (2,359)             | 22,504            | 2,359             | 725                      | 3,084                    | 2,975                     | 109                               | 205                                   |
| 2000 | 22,504               | 1,739                  | 36                      | 2,194                     | 10.75%                           | (2,343)             | 24,093            | 2,343             | 757                      | 3,101                    | 2,975                     | 126                               | 331                                   |
| 2001 | 24,093               | 1,750                  | 37                      | 2,355                     | 10.00%                           | (2,330)             | 25,868            | 2,330             | 790                      | 3,120                    | 3,047                     | 73                                | 403                                   |
| 2002 | 25,868               | 1,717                  | 38                      | 2,531                     | 9.25%                            | (2,311)             | 27,806            | 2,311             | 824                      | 3,135                    | 3,121                     | 14                                | 417                                   |
| 2003 | 27,806               | 1,697                  | 39                      | 2,719                     | 8.75%                            | (2,348)             | 29,874            | 2,348             | 855                      | 3,203                    | 3,198                     | 5                                 | 422                                   |
| 2004 | 29,874               | 1,683                  | 41                      | 2,922                     | 8.25%                            | (2,379)             | 32,100            | 2,379             | 888                      | 3,268                    | 3,276                     | (9)                               | 414                                   |
| 2005 | 32,100               | 1,660                  | 42                      | 3,140                     | 7.75%                            | (2,402)             | 34,498            | 2,402             | 913                      | 3,314                    | 3,357                     | (43)                              | 371                                   |
| 2006 | 34,498               | 1,598                  | 43                      | 3,372                     | 7.25%                            | (2,414)             | 37,054            | 2,414             | 930                      | 3,344                    | 3,441                     | (96)                              | 274                                   |
| 2007 | 37,054               | 1,538                  | 44                      | 3,622                     | 6.75%                            | (2,415)             | 39,799            | 2,415             | 948                      | 3,363                    | 3,527                     | (164)                             | 110                                   |
| 2008 | 39,799               | 1,552                  | 46                      | 3,890                     | 6.50%                            | (2,498)             | 42,743            | 2,498             | 966                      | 3,464                    | 3,615                     | (151)                             | (41)                                  |
| 2009 | 42,743               | 1,499                  | 47                      | 4,181                     | 6.00%                            | (2,476)             | 45,947            | 2,476             | 985                      | 3,462                    | 3,706                     | (245)                             | (285)                                 |
| 2010 | 45,947               | 1,447                  | 48                      | 4,478                     | 6.00%                            | (2,661)             | 49,212            | 2,661             | 1,005                    | 3,666                    | 3,800                     | (135)                             | (420)                                 |
| 2011 | 49,212               | 1,447                  | 50                      | 4,785                     | 6.00%                            | (2,855)             | 52,590            | 2,855             | 1,025                    | 3,880                    | 3,897                     | (17)                              | (438)                                 |

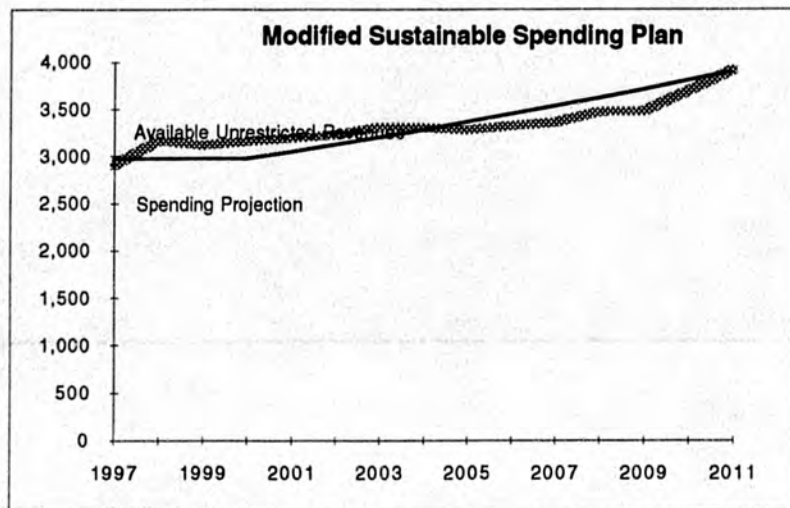


| Base<br>Non Resource<br>Revenues | Add<br>\$25 School<br>Tax | Add<br>Motor Fuels<br>Nat. Average | Add<br>Tobacco<br>to \$3/pack | Add<br>Alcohol<br>per HB-96 | Add<br>Misc Fees<br>MV&Liq | Add<br>4% Sales<br>Tax | Subtotal<br>Non Resource<br>Revenue |
|----------------------------------|---------------------------|------------------------------------|-------------------------------|-----------------------------|----------------------------|------------------------|-------------------------------------|
| 301                              | 10                        | 26                                 | 57                            | 19                          | 25                         | 0                      | 438                                 |
| 305                              | 10                        | 27                                 | 71                            | 20                          | 26                         | 236                    | 695                                 |
| 307                              | 10                        | 28                                 | 85                            | 21                          | 27                         | 247                    | 725                                 |
| 310                              | 10                        | 29                                 | 99                            | 23                          | 27                         | 259                    | 757                                 |
| 313                              | 10                        | 30                                 | 113                           | 24                          | 28                         | 271                    | 790                                 |
| 316                              | 10                        | 31                                 | 127                           | 26                          | 29                         | 285                    | 824                                 |
| 317                              | 10                        | 32                                 | 141                           | 26                          | 30                         | 298                    | 855                                 |
| 319                              | 10                        | 33                                 | 155                           | 27                          | 31                         | 313                    | 888                                 |
| 321                              | 10                        | 34                                 | 160                           | 28                          | 32                         | 328                    | 913                                 |
| 321                              | 10                        | 35                                 | 164                           | 29                          | 33                         | 338                    | 930                                 |
| 321                              | 10                        | 36                                 | 169                           | 30                          | 34                         | 348                    | 948                                 |
| 321                              | 10                        | 37                                 | 174                           | 31                          | 35                         | 358                    | 966                                 |
| 321                              | 10                        | 38                                 | 180                           | 32                          | 36                         | 369                    | 985                                 |
| 321                              | 10                        | 39                                 | 185                           | 33                          | 37                         | 380                    | 1,005                               |
| 321                              | 10                        | 40                                 | 191                           | 34                          | 38                         | 392                    | 1,025                               |

**Modified Sustainable Spending Plan**  
**Loss of One Year's Oil Revenues (2003)**

P Fund 16,000  
 CBFF 2,000  
 ERA 1,000

|      | Beginning<br>Balance | Base<br>Case<br>O&G Rev | Fishing<br>Resource Rev | 10%<br>Earnings<br>Amount | 6.00%<br>Withdrawl<br>Percentage | Withdrawl<br>Amount | Ending<br>Balance | Fund<br>Withdrawl | Non Resource<br>Revenues | Unrestricted<br>Gen Fund | State Spend<br>Projection | Yearly<br>Shortfall or<br>Surplus | Cumulative<br>Shortfall or<br>Surplus |
|------|----------------------|-------------------------|-------------------------|---------------------------|----------------------------------|---------------------|-------------------|-------------------|--------------------------|--------------------------|---------------------------|-----------------------------------|---------------------------------------|
| 1997 | 19,000               | 1,767                   | 33                      | 1,833                     | 13.00%                           | (2,470)             | 20,130            | 2,470             | 438                      | 2,908                    | 2,975                     | (67)                              | (67)                                  |
| 1998 | 20,130               | 1,866                   | 34                      | 1,956                     | 12.25%                           | (2,466)             | 21,486            | 2,466             | 695                      | 3,161                    | 2,975                     | 186                               | 119                                   |
| 1999 | 21,486               | 1,912                   | 35                      | 2,104                     | 11.50%                           | (2,393)             | 23,110            | 2,393             | 725                      | 3,118                    | 2,975                     | 143                               | 263                                   |
| 2000 | 23,110               | 1,932                   | 36                      | 2,268                     | 10.75%                           | (2,397)             | 24,913            | 2,397             | 757                      | 3,154                    | 2,975                     | 179                               | 442                                   |
| 2001 | 24,913               | 1,944                   | 37                      | 2,449                     | 10.00%                           | (2,401)             | 26,905            | 2,401             | 790                      | 3,191                    | 3,047                     | 144                               | 586                                   |
| 2002 | 26,905               | 1,908                   | 38                      | 2,645                     | 9.25%                            | (2,397)             | 29,062            | 2,397             | 824                      | 3,221                    | 3,121                     | 99                                | 685                                   |
| 2003 | 29,062               | 1,908                   | 39                      | 2,665                     | 8.75%                            | (2,449)             | 29,278            | 2,449             | 855                      | 3,303                    | 3,198                     | 106                               | 791                                   |
| 2004 | 29,278               | 1,870                   | 41                      | 2,878                     | 8.25%                            | (2,407)             | 31,620            | 2,407             | 888                      | 3,295                    | 3,276                     | 19                                | 810                                   |
| 2005 | 31,620               | 1,844                   | 42                      | 3,115                     | 7.75%                            | (2,360)             | 34,219            | 2,360             | 913                      | 3,273                    | 3,357                     | (85)                              | 725                                   |
| 2006 | 34,219               | 1,775                   | 43                      | 3,365                     | 7.25%                            | (2,387)             | 36,972            | 2,387             | 930                      | 3,317                    | 3,441                     | (124)                             | 601                                   |
| 2007 | 36,972               | 1,709                   | 44                      | 3,632                     | 6.75%                            | (2,403)             | 39,911            | 2,403             | 948                      | 3,351                    | 3,527                     | (176)                             | 425                                   |
| 2008 | 39,911               | 1,724                   | 46                      | 3,918                     | 6.50%                            | (2,499)             | 43,054            | 2,499             | 966                      | 3,465                    | 3,615                     | (150)                             | 275                                   |
| 2009 | 43,054               | 1,666                   | 47                      | 4,228                     | 6.00%                            | (2,489)             | 46,459            | 2,489             | 985                      | 3,474                    | 3,706                     | (232)                             | 43                                    |
| 2010 | 46,459               | 1,608                   | 48                      | 4,543                     | 6.00%                            | (2,685)             | 49,925            | 2,685             | 1,005                    | 3,690                    | 3,800                     | (110)                             | (67)                                  |
| 2011 | 49,925               | 1,608                   | 50                      | 4,869                     | 6.00%                            | (2,892)             | 53,510            | 2,892             | 1,025                    | 3,916                    | 3,897                     | 19                                | (48)                                  |



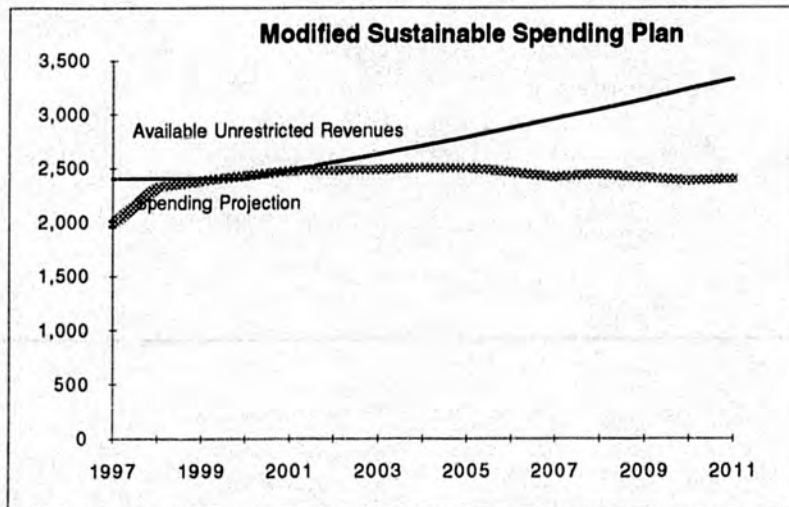
| Base<br>Non Resource<br>Revenues | Add<br>\$25 School<br>Tax | Add<br>Motor Fuels<br>Nat. Average | Add<br>Tobacco<br>to \$3/pack | Add<br>Alcohol<br>per HB-96 | Add<br>Misc Fees<br>MV&Liq | Add<br>4% Sales<br>Tax | Subtotal<br>Non Resource<br>Revenue |
|----------------------------------|---------------------------|------------------------------------|-------------------------------|-----------------------------|----------------------------|------------------------|-------------------------------------|
| 301                              | 10                        | 26                                 | 57                            | 19                          | 25                         | 0                      | 438                                 |
| 305                              | 10                        | 27                                 | 71                            | 20                          | 26                         | 236                    | 695                                 |
| 307                              | 10                        | 28                                 | 85                            | 21                          | 27                         | 247                    | 725                                 |
| 310                              | 10                        | 29                                 | 99                            | 23                          | 27                         | 259                    | 757                                 |
| 313                              | 10                        | 30                                 | 113                           | 24                          | 28                         | 271                    | 790                                 |
| 316                              | 10                        | 31                                 | 127                           | 26                          | 29                         | 285                    | 824                                 |
| 317                              | 10                        | 32                                 | 141                           | 26                          | 30                         | 298                    | 855                                 |
| 319                              | 10                        | 33                                 | 155                           | 27                          | 31                         | 313                    | 888                                 |
| 321                              | 10                        | 34                                 | 160                           | 28                          | 32                         | 328                    | 913                                 |
| 321                              | 10                        | 35                                 | 164                           | 29                          | 33                         | 338                    | 930                                 |
| 321                              | 10                        | 36                                 | 169                           | 30                          | 34                         | 348                    | 948                                 |
| 321                              | 10                        | 37                                 | 174                           | 31                          | 35                         | 358                    | 966                                 |
| 321                              | 10                        | 38                                 | 180                           | 32                          | 36                         | 369                    | 985                                 |
| 321                              | 10                        | 39                                 | 185                           | 33                          | 37                         | 380                    | 1,005                               |
| 321                              | 10                        | 40                                 | 191                           | 34                          | 38                         | 392                    | 1,025                               |

**Modified Sustainable Spending Plan  
Do Nothing Case**

P Fund 16,000  
CBFF 0  
ERA 1,000

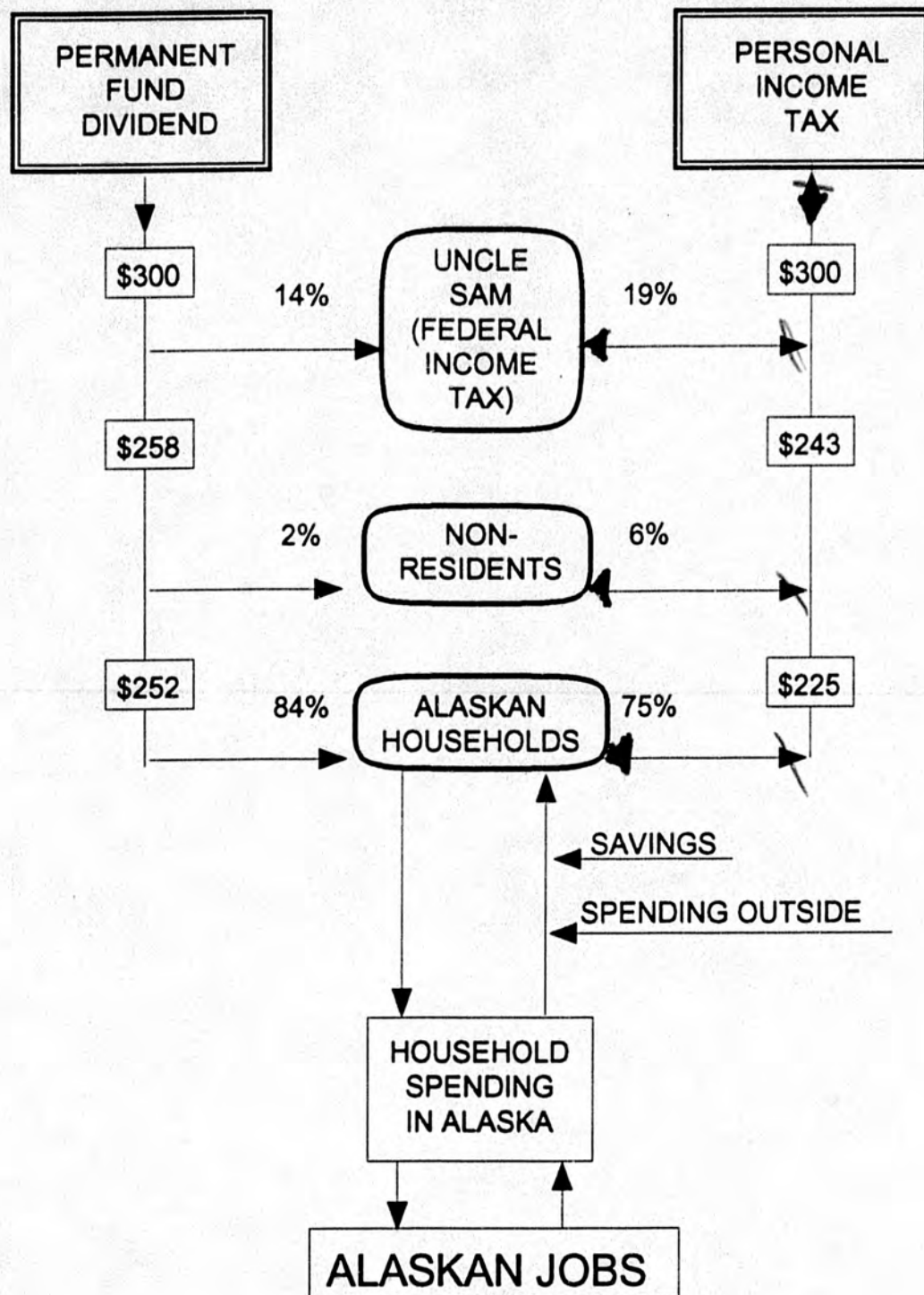
|      | Beginning<br>Balance | Base<br>Case<br>O&G Rev | Fishing<br>Resource Rev | 10%<br>Earnings<br>Amount | 6.00%<br>Withdrawl<br>Percentage | Withdrawl<br>Amount | Ending<br>Balance | Oil Revenues | Non Resource<br>Revenues | Unrestricted<br>Gen Fund | State Spend<br>Projection | Yearly<br>Shortfall or<br>Surplus | Cumulative<br>Shortfall or<br>Surplus |
|------|----------------------|-------------------------|-------------------------|---------------------------|----------------------------------|---------------------|-------------------|--------------|--------------------------|--------------------------|---------------------------|-----------------------------------|---------------------------------------|
| 1997 | 17,000               | 227                     |                         | 1,665                     |                                  | (575)               | 18,317            | 1,540        | 438                      | 1,978                    | 2,400                     | (422)                             | (422)                                 |
| 1998 | 18,317               | 244                     |                         | 1,796                     |                                  | (599)               | 19,758            | 1,622        | 695                      | 2,317                    | 2,400                     | (83)                              | (504)                                 |
| 1999 | 19,758               | 259                     |                         | 1,940                     |                                  | (615)               | 21,343            | 1,653        | 725                      | 2,378                    | 2,400                     | (22)                              | (526)                                 |
| 2000 | 21,343               | 263                     |                         | 2,096                     |                                  | (650)               | 23,051            | 1,669        | 757                      | 2,426                    | 2,400                     | 26                                | (500)                                 |
| 2001 | 23,051               | 264                     |                         | 2,260                     |                                  | (715)               | 24,860            | 1,680        | 790                      | 2,470                    | 2,472                     | (2)                               | (502)                                 |
| 2002 | 24,860               | 261                     |                         | 2,436                     |                                  | (759)               | 26,798            | 1,647        | 824                      | 2,471                    | 2,546                     | (75)                              | (577)                                 |
| 2003 | 26,798               | 259                     |                         | 2,625                     |                                  | (806)               | 28,877            | 1,627        | 855                      | 2,482                    | 2,623                     | (141)                             | (718)                                 |
| 2004 | 28,877               | 258                     |                         | 2,828                     |                                  | (855)               | 31,108            | 1,612        | 888                      | 2,500                    | 2,701                     | (201)                             | (919)                                 |
| 2005 | 31,108               | 256                     |                         | 3,046                     |                                  | (907)               | 33,502            | 1,588        | 913                      | 2,501                    | 2,782                     | (282)                             | (1,201)                               |
| 2006 | 33,502               | 249                     |                         | 3,279                     |                                  | (958)               | 36,073            | 1,526        | 930                      | 2,456                    | 2,866                     | (410)                             | (1,610)                               |
| 2007 | 36,073               | 243                     |                         | 3,532                     |                                  | (996)               | 38,852            | 1,466        | 948                      | 2,414                    | 2,952                     | (538)                             | (2,148)                               |
| 2008 | 38,852               | 253                     |                         | 3,807                     |                                  | (1,036)             | 41,875            | 1,471        | 966                      | 2,437                    | 3,040                     | (603)                             | (2,751)                               |
| 2009 | 41,875               | 246                     |                         | 4,104                     |                                  | (1,078)             | 45,148            | 1,420        | 985                      | 2,405                    | 3,131                     | (726)                             | (3,477)                               |
| 2010 | 45,148               | 239                     |                         | 4,427                     |                                  | (1,121)             | 48,692            | 1,369        | 1,005                    | 2,374                    | 3,225                     | (852)                             | (4,328)                               |
| 2011 | 48,692               | 239                     |                         | 4,777                     |                                  | (1,166)             | 52,542            | 1,369        | 1,025                    | 2,394                    | 3,322                     | (928)                             | (5,256)                               |

CBFF Gone



| Base<br>Non Resource<br>Revenues | Add<br>\$25 School<br>Tax | Add<br>Motor Fuels<br>Nat. Average | Add<br>Tobacco<br>to \$3/pack | Add<br>Alcohol<br>per HB-96 | Add<br>Misc Fees<br>MV&Liq | Add<br>4% Sales<br>Tax | Subtotal<br>Non Resource<br>Revenue |
|----------------------------------|---------------------------|------------------------------------|-------------------------------|-----------------------------|----------------------------|------------------------|-------------------------------------|
| 301                              | 10                        | 26                                 | 57                            | 19                          | 25                         | 0                      | 438                                 |
| 305                              | 10                        | 27                                 | 71                            | 20                          | 26                         | 236                    | 695                                 |
| 307                              | 10                        | 28                                 | 85                            | 21                          | 27                         | 247                    | 725                                 |
| 310                              | 10                        | 29                                 | 99                            | 23                          | 27                         | 259                    | 757                                 |
| 313                              | 10                        | 30                                 | 113                           | 24                          | 28                         | 271                    | 790                                 |
| 316                              | 10                        | 31                                 | 127                           | 26                          | 29                         | 285                    | 824                                 |
| 317                              | 10                        | 32                                 | 141                           | 26                          | 30                         | 298                    | 855                                 |
| 319                              | 10                        | 33                                 | 155                           | 27                          | 31                         | 313                    | 888                                 |
| 321                              | 10                        | 34                                 | 160                           | 28                          | 32                         | 328                    | 913                                 |
| 321                              | 10                        | 35                                 | 164                           | 29                          | 33                         | 338                    | 930                                 |
| 321                              | 10                        | 36                                 | 169                           | 30                          | 34                         | 348                    | 948                                 |
| 321                              | 10                        | 37                                 | 174                           | 31                          | 35                         | 358                    | 966                                 |
| 321                              | 10                        | 38                                 | 180                           | 32                          | 36                         | 369                    | 985                                 |
| 321                              | 10                        | 39                                 | 185                           | 33                          | 37                         | 380                    | 1,005                               |
| 321                              | 10                        | 40                                 | 191                           | 34                          | 38                         | 392                    | 1,025                               |

# LEAKS & SPENDING: THE DIVIDEND AND INCOME TAX



From: Scott  
Goldsmith

# THE PURCHASING POWER OF THE 1989 STATE BUDGET: JOBS AND INCOME GENERATED

## STATEWIDE

| CATEGORY OF STATE<br>GOVT EXPENDITURES | SPENDING<br>(\$MILL) | DIRECT EFFECTS        |                          | TOTAL EFFECTS        |                          | "BANG PER BUCK"<br>TOTAL EFFECT<br>PER MILLION \$ OF STATE SPENDING |                 |               |                        |
|----------------------------------------|----------------------|-----------------------|--------------------------|----------------------|--------------------------|---------------------------------------------------------------------|-----------------|---------------|------------------------|
|                                        |                      | GOVT<br>JOBS<br>(000) | HH<br>INCOME<br>(\$MILL) | ALL<br>JOBS<br>(000) | HH<br>INCOME<br>(\$MILL) | PUBLIC<br>JOBS                                                      | PRIVATE<br>JOBS | TOTAL<br>JOBS | INCOME<br>(\$THOUSAND) |
| =====                                  | =====                | =====                 | =====                    | =====                | =====                    |                                                                     |                 |               |                        |
| GRAND TOTAL                            | \$3,608              | 31.83                 | \$2,190                  | 81.40                | \$3,021                  | 8.8                                                                 | 13.7            | 22.6          | \$837                  |
| =====                                  | =====                |                       |                          |                      |                          |                                                                     |                 |               |                        |
| TOTAL GENERAL FUND                     | \$3,169              | 31.83                 | \$1,751                  | 74.90                | \$2,441                  | 10.0                                                                | 13.6            | 23.6          | \$770                  |
| =====                                  | =====                |                       |                          |                      |                          |                                                                     |                 |               |                        |
| OPERATING BUDGET                       | \$2,825              | 31.83                 | \$1,751                  | 70.43                | \$2,292                  | 11.3                                                                | 13.7            | 24.9          | \$811                  |
| PERSONAL SERVICES                      | \$884                |                       |                          |                      |                          | 21.8                                                                | 16.2            | 38.0          | \$1,106                |
| Wages                                  | \$663                | 19.27                 | \$665                    | 29.94                | \$898                    | 29.1                                                                | 16.1            | 45.2          | \$1,354                |
| Benefits                               | \$221                | -                     | \$219                    | 3.67                 | \$80                     | 0.0                                                                 | 16.6            | 16.6          | \$362                  |
| GRANTS                                 | \$1,250              |                       |                          |                      |                          |                                                                     |                 |               |                        |
| Local Aid                              | \$792                | -                     | -                        | -                    | -                        | 0.0                                                                 | 29.5            | 29.5          | \$807                  |
| Wages                                  | -                    | 12.55                 | \$389                    | 18.80                | \$525                    | -                                                                   | -               | 48.3          | \$1,350                |
| Benefits                               | -                    | -                     | \$128                    | 2.15                 | \$47                     | -                                                                   | -               | 16.7          | \$365                  |
| Other                                  | -                    | -                     | -                        | 2.44                 | \$67                     | -                                                                   | -               | 8.9           | \$243                  |
| Local Debt Service                     | \$109                | -                     | -                        | 0.35                 | \$12                     |                                                                     |                 | NA            | NA                     |
| Individuals                            | \$349                | -                     | \$349                    | 5.17                 | \$462                    | 0.0                                                                 | 14.8            | 14.8          | \$1,323                |
| CONTRACTS                              | \$366                | -                     | -                        | 5.75                 | \$142                    | 0.0                                                                 | 15.7            | 15.7          | \$389                  |
| DEBT SERVICE                           | \$143                | -                     | -                        | 0.46                 | \$15                     |                                                                     |                 | NA            | NA                     |
| COMMODITIES                            | \$85                 | -                     | -                        | 0.76                 | \$21                     | 0.0                                                                 | 8.9             | 8.9           | \$243                  |
| TRAVEL                                 | \$36                 | -                     | -                        | 0.40                 | \$9                      | 0.0                                                                 | 11.1            | 11.1          | \$243                  |
| EQUIPMENT                              | \$25                 | -                     | -                        | 0.22                 | \$6                      | 0.0                                                                 | 8.9             | 8.9           | \$243                  |
| MISCELLANEOUS                          | \$36                 | -                     | -                        | 0.32                 | \$9                      | 0.0                                                                 | 8.9             | 8.9           | \$243                  |
| CAPITAL BUDGET                         | \$344                | -                     | -                        | 4.46                 | \$149                    | 0.0                                                                 | 13.0            | 13.0          | \$432                  |
| =====                                  | =====                |                       |                          |                      |                          |                                                                     |                 |               |                        |
| PERMANENT FUND DIVIDEND                | \$439                | -                     | \$439                    | 6.50                 | \$581                    | 0.0                                                                 | 14.8            | 14.8          | \$1,323                |
| =====                                  | =====                |                       |                          |                      |                          |                                                                     |                 |               |                        |

08/25/95

From: Scott  
Goldsmith

ISER

IMPACT2.WK4

## Designated Fund Sources

DRAFT

| <u>DBR</u><br><u>Code</u> | <u>Short Name</u> | <u>Long Name</u> | <u>Comments</u> |
|---------------------------|-------------------|------------------|-----------------|
|---------------------------|-------------------|------------------|-----------------|

### General Funds:

|      |             |                               |  |
|------|-------------|-------------------------------|--|
| 1003 | G/F Match   | General Fund Match            |  |
| 1004 | G/F Receipt | General Fund Receipts         |  |
| 1005 | GF/PRGM     | General Fund/Program Receipts |  |
| 1006 | GF/MHT      | Gen. Fund/Mental Health Trust |  |

### Loan Funds:

|      |            |                                                |                                                                                                                                                               |
|------|------------|------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1013 | A/D RLF    | Alcoholism & Drug Abuse<br>Revolving Loan Fund | <p>Portion of revolving funds used specifically for servicing loans.<br/>An appropriation is not required to pay for loans.<br/>Active. No loans to date.</p> |
| 1020 | Grain Fund | Grain Reserve Loan Fund                        | Nonactive fund.                                                                                                                                               |
| 1021 | Agric Fund | Agricultural Loan Fund                         | Active. Principal & interest receipts used for new loans and servicing loans.                                                                                 |
| 1035 | Vet Fund   | Veterans Revolving Loan Fund                   | Nonactive fund. Principal & interest receipts that are not used for loan servicing costs go to the general fund.                                              |
| 1036 | C/F Loan   | Commercial Fishing Loan Fund                   | Active. Principal & interest receipts used for new loans and servicing loans.                                                                                 |
| 1046 | Stdnt Loan | Student Revolving Loan Fund                    | Active. Principal & interest receipts used for new loans and servicing loans.                                                                                 |
| 1057 | Small Bus  | Small Business Loan Fund                       | Nonactive fund. Principal & interest receipts that are not used for loan servicing costs go to the general fund.                                              |
| 1058 | Trsm Loan  | Tourism Revolving Loan Fund                    | Nonactive fund. Principal & interest receipts that are not used for loan servicing costs go to the general fund.                                              |
| 1062 | PPL Fund   | Power Project Loan Fund                        | Active. Principal & interest receipts used for new loans and servicing loans.                                                                                 |

8/24/95

Prepared by OMB, Div. of Budget Review

## Designated Fund Sources

| <u>DBR<br/>Code</u> | <u>Short Name</u> | <u>Long Name</u>                             | <u>Comments</u>                                                                                                                 |
|---------------------|-------------------|----------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------|
| 1064                | House Loan        | Housing Assistance Loan Fund                 |                                                                                                                                 |
| 1065                | RERL Fund         | Rural Electrification Revolving<br>Loan Fund | Nonactive fund. Principal & interest receipts that are not used<br>for loan servicing costs go to the general fund.             |
| 1067                | MRL Fund          | Mining Revolving Loan Fund                   | Nonactive fund. Principal & interest receipts that are not used<br>for loan servicing costs go to the general fund              |
| 1068                | CCRL Fund         | Child Care Revolving Loan Fund               | Nonactive fund. Principal & interest receipts that are not used<br>for loan servicing costs go to the general fund.             |
| 1069                | HDRL Fund         | Historical District Revolving Loan<br>Fund   | Nonactive fund. Principal & interest receipts that are not used<br>for loan servicing costs go to the general fund.             |
| 1070                | FERL Fund         | Fisheries Enhancement<br>Revolving Loan Fund | Active. Principal & interest receipts used for new loans and<br>servicing loans.                                                |
| 1071                | AERL Fund         | Alternative Energy Revolving<br>Loan Fund    | Nonactive fund. Principal & interest receipts that are not used<br>for loan servicing costs go to the general fund.             |
| 1072                | RECL Fund         | Residential Energy Conservation<br>Loan Fund | Nonactive fund. Principal & interest receipts that are not used<br>for loan servicing costs go to the general fund              |
| 1073                | PDRL Fund         | Power Development Revolving<br>Loan Fund     | Nonactive fund. Principal & interest receipts that are not used<br>for loan servicing costs go to the 4-dam pool transfer fund. |
| 1074                | BFRL Fund         | Bulk Fuel Revolving Loan Fund                | Active. Principal & interest receipts used for new loans and<br>servicing loans.                                                |
| 1075                | AKCWL Fund        | Alaska Clean Water Loan Fund                 | Active. Principal & interest receipts used for new loans and<br>servicing loans.                                                |
| 1078                | Sr Hsg Ln         | Senior Housing Loan Fund                     |                                                                                                                                 |

### Federal Funds:

|      |            |                   |
|------|------------|-------------------|
| 1002 | Fed Rcpts  | Federal Receipts  |
| 1043 | P/L 81-874 | Public Law 81-874 |

## Designated Fund Sources

| <u>DBR</u><br><u>Code</u> | <u>Short Name</u> | <u>Long Name</u> | <u>Comments</u> |
|---------------------------|-------------------|------------------|-----------------|
|---------------------------|-------------------|------------------|-----------------|

|      |          |                                 |  |
|------|----------|---------------------------------|--|
| 1047 | Title 20 | Title 20                        |  |
| 1063 | NPR Fund | National Petroleum Reserve Fund |  |

### University Receipts:

|      |            |                                             |  |
|------|------------|---------------------------------------------|--|
| 1010 | UA/INT INC | U/A Interest Income                         |  |
| 1011 | AACTP Fund | Alaska Advance College Tuition Payment Fund |  |
| 1015 | UA/DFA SVC | U/A Dormitory/Food/Auxiliary Service        |  |
| 1038 | UA/STF SVC | U/A Student Tuition/Fees/Services           |  |
| 1039 | UA/ICR     | U/A Indirect Cost Recovery                  |  |
| 1048 | Univ Rcpt  | University Receipts                         |  |

### Retirement Funds:

|      |            |                                  |  |
|------|------------|----------------------------------|--|
| 1029 | P/E Retire | Public Employees Retirement Fund |  |
| 1034 | Teach Ret  | Teachers' Retirement System Fund |  |
| 1042 | Jud Retire | Judicial Retirement System       |  |

Funds held in trust and used for the management and investment of pension funds.

## Designated Fund Sources

| <u>DBR<br/>Code</u>                                           | <u>Short Name</u> | <u>Long Name</u>                  | <u>Comments</u>                                                                                                                                                                                         |
|---------------------------------------------------------------|-------------------|-----------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Created by appropriation from GF for specific purpose:</b> |                   |                                   |                                                                                                                                                                                                         |
| 1012                                                          | Rail Energy       | Railbelt Energy Fund              | Appropriated by the Legislature to meet railbelt energy needs. Legislature may appropriate 25% of timber/stumpage sales for reforestation. \$900.0 appropriated so far, remainder goes to General Fund. |
| 1019                                                          | Reforest          | Reforestation Fund                |                                                                                                                                                                                                         |
| 1037                                                          | Child Trst        | Children's Trust Fund             | No appropriations ever made to this fund                                                                                                                                                                |
| 1044                                                          | Debt R Fnd        | Debt Retirement Fund              | The same amount appropriated to this fund is appropriated to pay debt obligation of the state.                                                                                                          |
| 1053                                                          | ILT Fund          | Investment Loss Trust Fund        | Fund grants for site prep and construction to extend electric service to private residences and small businesses.                                                                                       |
| 1056                                                          | ES Ext Fnd        | Electrical Service Extension Fund |                                                                                                                                                                                                         |
| 1076                                                          | AMHS Fund         | Marine Highway System Fund        | Allows the separate accounting of marine highway receipts and appropriations.                                                                                                                           |
| 1079                                                          | Storg Tank        | Storage Tank Assistance Fund      | Identifies funds used for tank tightness tests, site assessments, grants and loans.                                                                                                                     |
| 1080                                                          | Sch Const         | School Construction Fund          | The same amount appropriated to this fund is appropriated to pay design and construction of public school facilities.                                                                                   |
| 1082                                                          | VR Fund           | Vessel Replacement Fund           | Funds used for refurbishment or replacement of existing or acquisition of additional vessels. Zero balance.                                                                                             |

### Special revenue funds - use of funds specified in constitution or statute:

|      |            |                                        |                                                                                                   |
|------|------------|----------------------------------------|---------------------------------------------------------------------------------------------------|
| 1008 | G/O Bonds  | General Obligation Bonds               | Funds from federal agencies to cover costs of distributing federal surplus foods. (USC 7 CFR 250) |
| 1009 | Rev Bonds  | Revenue Bonds                          |                                                                                                   |
| 1014 | DC/HF Acct | Donated Commodity/Handling Fee Account |                                                                                                   |
| 1016 | Fed Incent | Federal Incentive Payments             |                                                                                                   |

## Designated Fund Sources

| <u>DBR<br/>Code</u> | <u>Short Name</u> | <u>Long Name</u>                          | <u>Comments</u>                                                                                                                                                                                                        |
|---------------------|-------------------|-------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1017                | Ben Sys           | Benefits Systems Receipts                 |                                                                                                                                                                                                                        |
| 1018                | EV Oil Set        | Exxon Valdez Oil Spill Settlement<br>Fund |                                                                                                                                                                                                                        |
| 1023                | FICA Acct         | FICA Administration Fund<br>Account       | Fund is no longer used. Has a zero balance.                                                                                                                                                                            |
| 1024                | Fish/Game         | Fish and Game Fund                        | Receipts from sale of sport fishing and hunting licenses and permits to be used for sport fish and game management. Required for participation in federal programs. (AK Constitution Article IX, sec. 7, AS 16.05.100) |
| 1025                | Endow Inc         | Science & Technology<br>Endowment Income  | Income from investment of endowment fund used for administration of the foundation and grants to promote basic and applied research, economic development, technological innovations.                                  |
| 1027                | Int Airprt        | International Airport Revenue<br>Fund     |                                                                                                                                                                                                                        |
| 1030                | School Fnd        | School Fund                               | Proceeds from payment of cigarette taxes, fees, penalties and licenses to be used to rehabilitate, construct and repair school facilities. (AS 43.50.140)                                                              |
| 1031                | Sec Injury        | Second Injury Fund Reserve<br>Account     | Collections of civil penalties from employer or insurance carrier for employees' compensable injuries. Paid as benefits based on awards of AK Workers' Comp Board. (AS 23.30.040)                                      |
| 1032                | Dis Fisher        | Disabled Fisherman's Reserve<br>Account   | 60% of commercial fishing license fees to be used to pay emergency treatment, transportation, medical care of commercial fishers. (AS 23.35.060)                                                                       |
| 1033                | Surpl Prop        | Surplus Property Fund                     | Receipts from sale of federal surplus property.                                                                                                                                                                        |
| 1040                | R E Surety        | Real Estate Surety Fund                   | Payments by licensed real estate brokers and salesmen to be used for payment of claims and real estate educational purposes. (AS 08.88.450)                                                                            |

## Designated Fund Sources

| <u>DBR<br/>Code</u> | <u>Short Name</u> | <u>Long Name</u>                         | <u>Comments</u>                                                                                                                                                                                                                  |
|---------------------|-------------------|------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1041                | PF Earning        | Permanent Fund Earnings Reserve Account  |                                                                                                                                                                                                                                  |
| 1049                | Trng/Bldg         | Training and Building Fund               | Interest and penalties for failure to file reports and nonpayment of unemployment insurance fund contributions to be used for training and building acquisitions. Excess funds go to the unemployment trust fund. (AS 23.20.130) |
| 1051                | Rural Dev         | Rural Development Initiative Fund        |                                                                                                                                                                                                                                  |
| 1052                | Oil Resp          | Oil/Hazardous Response Fund              |                                                                                                                                                                                                                                  |
| 1054                | Empl Trng         | State Employment & Training Program      |                                                                                                                                                                                                                                  |
| 1059                | Corr. Ind.        | Correctional Industries Fund             |                                                                                                                                                                                                                                  |
| 1066                | P/S Fund          | Public School Fund                       |                                                                                                                                                                                                                                  |
| 1077                | IFC GGB           | Indv/Foundt'n/Corp Gifts/Grants/Bequests |                                                                                                                                                                                                                                  |

### Internal Service Funds:

Funds transferred by other state agencies and political subdivisions as reimbursement for services provided.

|      |            |                              |
|------|------------|------------------------------|
| 1026 | Hwy Capitl | Highway Working Capital Fund |
| 1081 | IS Fund    | Information Services Fund    |

### Transfer of funds between agencies or budgets for contractual obligations:

|      |           |                      |                                                                                                              |
|------|-----------|----------------------|--------------------------------------------------------------------------------------------------------------|
| 1007 | I/A Rcpts | Interagency Receipts | Funds transferred from one state agency to another in payment of services provided under specific contracts. |
|------|-----------|----------------------|--------------------------------------------------------------------------------------------------------------|

## Designated Fund Sources

| <u>DBR<br/>Code</u> | <u>Short Name</u> | <u>Long Name</u>                            | <u>Comments</u>                                                                                                       |
|---------------------|-------------------|---------------------------------------------|-----------------------------------------------------------------------------------------------------------------------|
| 1055                | IA/OIL HAZ        | Inter-agency Rcpts/Oil &<br>Hazardous Waste | Funds transferred from DEC appropriation from the Oil &<br>Hazardous Substance Response Fund to another state agency. |
| 1061                | CIP Rcpts         | Capital Improvement Project<br>Receipts     | Reflects capital supported expenditures in operating budget)                                                          |

# Appendix A - Capital Improvement Program Budget Request - November 5, 1994

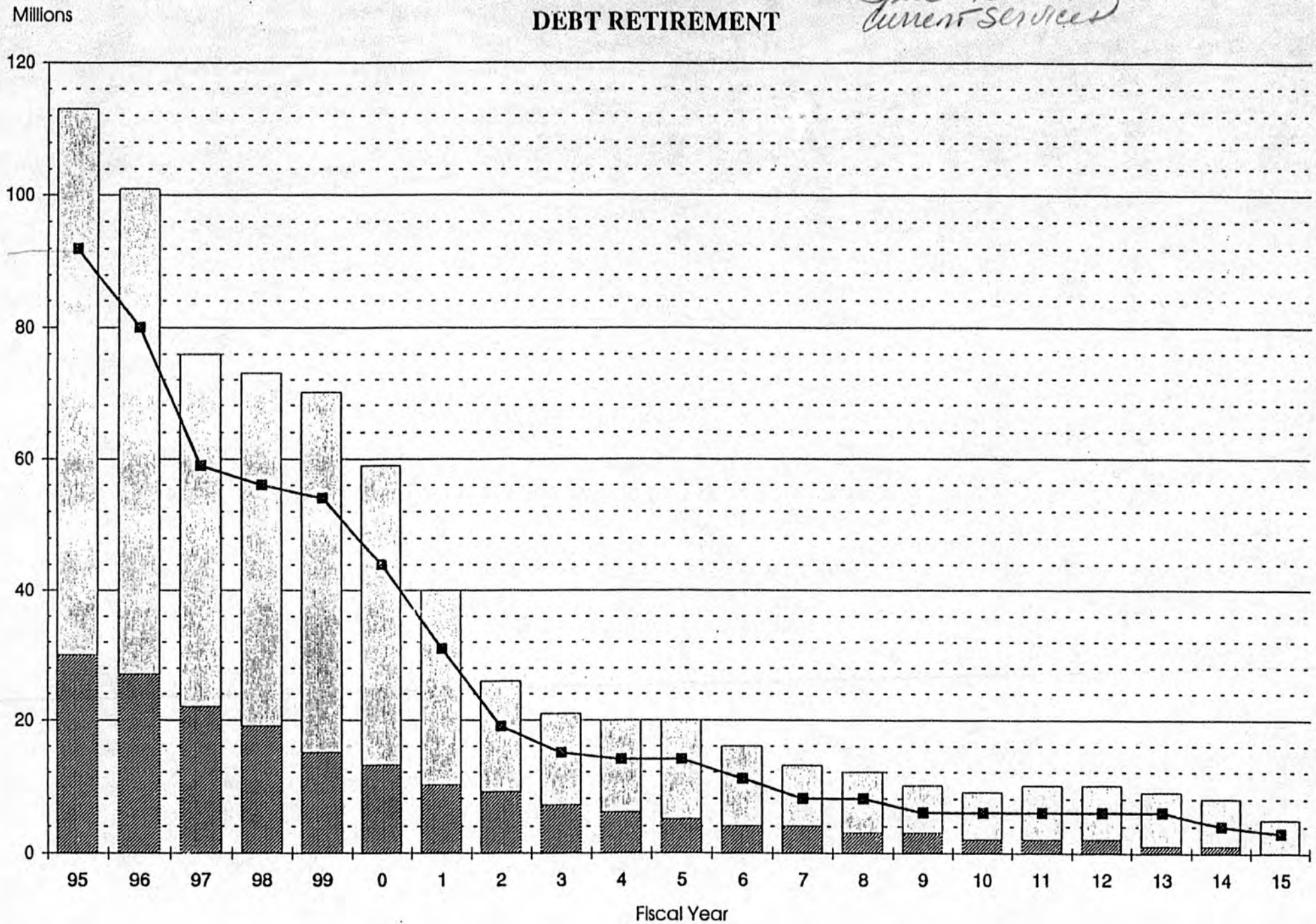
| FIXED FUNDING LEVEL 65 - 98%  |                                  |                    |                       | Percent        |
|-------------------------------|----------------------------------|--------------------|-----------------------|----------------|
|                               | 1994 FULL VALUE<br>DETERMINATION | ACTUAL<br>FY94 ADM | Full Value<br>per ADM | Funded<br>FY96 |
| <b>DISTRICT NAME</b>          |                                  |                    |                       |                |
| <b>RANGE PER ADM</b>          | <b>\$200,001 - \$600,000</b>     |                    |                       |                |
| FAIRBANKS                     | 3,452,917,970                    | 15,408.00          | 224,099               | 70%            |
| ALEUTIANS EAST                | 89,105,700                       | 369.00             | 241,479               | 70%            |
| DILLINGHAM                    | 131,012,300                      | 494.45             | 264,966               | 70%            |
| ANCHORAGE                     | 12,295,989,030                   | 45,645.36          | 269,381               | 70%            |
| WRANGELL                      | 148,130,400                      | 541.20             | 273,707               | 70%            |
| SITKA                         | 528,278,800                      | 1,873.38           | 281,992               | 70%            |
| PETERSBURG                    | 202,055,700                      | 711.10             | 284,145               | 70%            |
| PELICAN                       | 13,968,900                       | 45.00              | 310,420               | 70%            |
| KODIAK                        | 858,852,600                      | 2,747.82           | 312,558               | 70%            |
| HAINES                        | 130,714,100                      | 409.05             | 319,555               | 70%            |
| JUNEAU                        | 1,765,984,100                    | 5,394.45           | 327,371               | 70%            |
| KENAI                         | 3,540,628,280                    | 9,846.05           | 359,599               | 70%            |
| KETCHIKAN                     | 985,541,900                      | 2,735.38           | 360,294               | 70%            |
| CORDOVA                       | 185,337,580                      | 511.15             | 362,589               | 70%            |
| <b>RANGE PER ADM</b>          | <b>Over \$600,000</b>            |                    |                       |                |
| SKAGWAY                       | 90,198,400                       | 143.00             | 630,758               | 65%            |
| BRISTOL BAY                   | 176,792,300                      | 271.60             | 650,929               | 65%            |
| UNALASKA                      | 358,385,300                      | 358.60             | 999,401               | 65%            |
| VALDEZ                        | 1,052,513,810                    | 896.90             | 1,173,502             | 65%            |
| NORTH SLOPE                   | 12,293,043,490                   | 1,623.05           | 7,574,039             | 65%            |
| <b>TOTALS / AVERAGE VALUE</b> | <b>\$41,225,488,950</b>          | <b>119,672.97</b>  | <b>\$344,485</b>      |                |
| <b>Excluding North Slope</b>  | <b>\$28,932,445,460</b>          | <b>118,049.92</b>  | <b>\$245,087</b>      |                |

# Appendix A - Capital Improvement Program Budget Request - November 5, 1994

| FIXED FUNDING LEVEL 65 - 98%  |                                  |                    |                              | Percent        |
|-------------------------------|----------------------------------|--------------------|------------------------------|----------------|
|                               | 1994 FULL VALUE<br>DETERMINATION | ACTUAL<br>FY94 ADM | Full Value<br>per ADM        | Funded<br>FY96 |
| <b>DISTRICT NAME</b>          |                                  |                    |                              |                |
| <b>RANGE PER ADM</b>          |                                  |                    | <b>\$200,001 - \$600,000</b> |                |
| FAIRBANKS                     | 3,452,917,970                    | 15,408.00          | 224,099                      | 70%            |
| ALEUTIANS EAST                | 89,105,700                       | 369.00             | 241,479                      | 70%            |
| DILLINGHAM                    | 131,012,300                      | 494.45             | 264,966                      | 70%            |
| ANCHORAGE                     | 12,295,989,030                   | 45,645.36          | 269,381                      | 70%            |
| WRANGELL                      | 148,130,400                      | 541.20             | 273,707                      | 70%            |
| SITKA                         | 528,278,800                      | 1,873.38           | 281,992                      | 70%            |
| PETERSBURG                    | 202,055,700                      | 711.10             | 284,145                      | 70%            |
| PELICAN                       | 13,968,900                       | 45.00              | 310,420                      | 70%            |
| KODIAK                        | 858,852,600                      | 2,747.82           | 312,558                      | 70%            |
| HAINES                        | 130,714,100                      | 409.05             | 319,555                      | 70%            |
| JUNEAU                        | 1,765,984,100                    | 5,394.45           | 327,371                      | 70%            |
| KENAI                         | 3,540,628,280                    | 9,846.05           | 359,599                      | 70%            |
| KETCHIKAN                     | 985,541,900                      | 2,735.38           | 360,294                      | 70%            |
| CORDOVA                       | 185,337,580                      | 511.15             | 362,589                      | 70%            |
| <b>RANGE PER ADM</b>          |                                  |                    | <b>Over \$600,000</b>        |                |
| SKAGWAY                       | 90,198,400                       | 143.00             | 630,758                      | 65%            |
| BRISTOL BAY                   | 176,792,300                      | 271.60             | 650,929                      | 65%            |
| UNALASKA                      | 358,385,300                      | 358.60             | 999,401                      | 65%            |
| VALDEZ                        | 1,052,513,810                    | 896.90             | 1,173,502                    | 65%            |
| NORTH SLOPE                   | 12,293,043,490                   | 1,623.05           | 7,574,039                    | 65%            |
| <b>TOTALS / AVERAGE VALUE</b> | <b>\$41,225,488,950</b>          | <b>119,672.97</b>  | <b>\$344,485</b>             |                |
| <b>Excluding North Slope</b>  | <b>\$28,932,445,460</b>          | <b>118,049.92</b>  | <b>\$245,087</b>             |                |

# SCHOOL CONSTRUCTION DEBT RETIREMENT

*\$100m per year  
needed to provide  
space to maintain  
current services*



Prepared 2/23/95

OUTSTANDING INTEREST OUTSTANDING PRINCIPAL STATE LIABILITY

2010

STATEWIDE PRINCIPAL  
Revised 2/22/95

SCHOOL CONSTRUCTION  
DEBT RETIRMENT

| Fiscal<br>Year | ALEUT.E | ANCHORAGE   | BRIST BAY | FAIRBANKS  | JUNEAU     | KENAI      | KETCHIKAN | KODIAK     | MAT-SU     | NOME      | N. SLOPE   | PTRSBRG   | SITKA     | UNALASKA  | VALDEZ     | WRANGELL  | Statewide<br>Principal | Fiscal<br>Year |
|----------------|---------|-------------|-----------|------------|------------|------------|-----------|------------|------------|-----------|------------|-----------|-----------|-----------|------------|-----------|------------------------|----------------|
| FY95           | 90,000  | 28,965,000  | 225,000   | 7,718,400  | 2,891,075  | 8,650,000  | 1,565,000 | 2,025,000  | 18,160,000 | 670,000   | 6,000,000  | 585,000   | 2,083,548 | 936,457   | 2,225,000  | 608,000   | 83,397,480             | FY95           |
| FY96           | 100,000 | 28,301,497  | 240,000   | 5,338,400  | 3,113,504  | 6,205,000  | 1,585,000 | 2,150,000  | 13,725,000 | 670,000   | 6,410,000  | 620,000   | 2,138,387 | 959,530   | 1,640,000  | 657,000   | 73,853,318             | FY96           |
| FY97           | 105,000 | 16,980,000  | 260,000   | 5,593,400  | 3,248,836  | 6,700,000  | 1,610,000 | 1,220,000  | 5,515,000  |           | 6,855,000  | 650,000   | 1,915,000 | 962,757   | 1,770,000  | 705,000   | 54,089,983             | FY97           |
| FY98           | 110,000 | 17,415,000  | 275,000   | 5,943,400  | 3,440,855  | 7,245,000  | 1,400,000 | 1,295,000  | 5,230,000  |           | 7,340,000  | 690,000   | 790,000   | 971,145   | 1,530,000  | 760,000   | 54,435,400             | FY98           |
| FY99           | 120,000 | 18,110,000  | 300,000   | 6,293,400  | 2,928,696  | 7,840,000  | 1,200,000 | 1,385,000  | 4,995,000  |           | 7,860,000  | 250,000   | 410,000   | 974,702   | 1,625,000  | 805,000   | 55,096,798             | FY99           |
| FY2000         | 125,000 | 10,765,000  | 320,000   | 5,930,000  | 3,111,131  | 8,490,000  | 1,200,000 | 1,465,000  | 1,655,555  |           | 8,420,000  | 270,000   | 410,000   | 983,437   | 1,625,000  | 845,000   | 45,615,122             | FY2000         |
| FY2001         | 135,000 | 9,725,000   | 340,000   | 3,465,000  | 2,123,566  | 9,200,000  |           | 1,555,000  | 1,600,580  |           |            |           | 410,000   | 577,359   | 140,000    | 885,000   | 30,156,505             | FY2001         |
| FY2002         |         | 6,805,000   | 365,000   | 3,685,000  | 2,256,812  |            |           | 415,000    | 1,556,086  |           |            |           | 410,000   | 171,477   | 150,000    | 885,000   | 16,599,375             | FY2002         |
| FY2003         |         | 7,185,000   |           | 3,900,000  | 63,305     |            |           | 435,000    | 715,000    |           |            |           | 410,000   | 180,801   |            | 830,000   | 13,719,105             | FY2003         |
| FY2004         |         | 7,590,000   |           | 4,185,000  | 66,957     |            |           | 455,000    | 755,000    |           |            |           |           | 95,341    |            | 870,000   | 14,017,298             | FY2004         |
| FY2005         |         | 8,000,000   |           | 4,460,000  | 71,421     |            |           | 475,000    | 795,000    |           |            |           |           | 100,108   |            | 800,000   | 14,701,528             | FY2005         |
| FY2006         |         | 5,460,000   |           | 4,755,000  | 75,479     |            |           | 495,000    | 835,000    |           |            |           |           | 105,113   |            |           | 11,725,592             | FY2006         |
| FY2007         |         | 4,475,000   |           | 2,830,000  |            |            |           | 520,000    | 885,000    |           |            |           |           | 110,369   |            |           | 8,820,369              | FY2007         |
| FY2008         |         | 4,750,000   |           | 3,035,000  |            |            |           | 550,000    | 935,000    |           |            |           |           | 115,887   |            |           | 9,385,887              | FY2008         |
| FY2009         |         | 5,045,000   |           |            |            |            |           | 580,000    | 985,000    |           |            |           |           | 121,682   |            |           | 6,731,682              | FY2009         |
| FY2010         |         | 5,355,000   |           |            |            |            |           | 610,000    | 1,040,000  |           |            |           |           | 127,766   |            |           | 7,132,766              | FY2010         |
| FY2011         |         | 5,690,000   |           |            |            |            |           | 640,000    | 1,100,000  |           |            |           |           | 134,154   |            |           | 7,564,154              | FY2011         |
| FY2012         |         | 6,010,000   |           |            |            |            |           | 675,000    | 1,170,000  |           |            |           |           | 140,862   |            |           | 7,995,862              | FY2012         |
| FY2013         |         | 6,305,000   |           |            |            |            |           | 715,000    | 1,240,000  |           |            |           |           | 147,905   |            |           | 8,407,905              | FY2013         |
| FY2014         |         | 4,935,000   |           |            |            |            |           | 755,000    | 1,315,000  |           |            |           |           | 133,177   |            |           | 7,138,177              | FY2014         |
| FY2015         |         | 5,235,000   |           |            |            |            |           |            |            |           |            |           |           |           |            |           | 5,235,000              | FY2015         |
| TOTALS         | 785,000 | 213,101,497 | 2,325,000 | 67,132,000 | 23,391,626 | 54,330,000 | 8,560,000 | 18,415,000 | 64,207,221 | 1,340,000 | 42,885,000 | 3,065,000 | 8,976,935 | 8,050,026 | 10,705,000 | 8,550,000 | 535,819,305            | TOTALS         |

# STATEWIDE INTEREST

Revised 2/22/95

| Fiscal Year | ALEUT. E. | ANCHORAGE  | BRIST BAY | FAIRBANKS  | JUNEAU    | KENAI      | KETCHIKAN | KODIAK    | MAT-SU     | NOME    | N. SLOPE  | PTRSBRG | SITKA     | UNALASKA  | VALDEZ    | WRANGELL  | Statewide Interest | Fiscal Year |
|-------------|-----------|------------|-----------|------------|-----------|------------|-----------|-----------|------------|---------|-----------|---------|-----------|-----------|-----------|-----------|--------------------|-------------|
| FY95        | 49,708    | 9,496,733  | 186,000   | 4,108,421  | 1,375,712 | 4,354,620  | 535,915   | 1,150,091 | 3,499,598  | 91,120  | 2,815,968 | 224,595 | 570,707   | 486,162   | 714,265   | 454,312   | 30,113,926         | FY95        |
| FY96        | 43,295    | 9,896,615  | 168,000   | 3,566,823  | 1,164,627 | 3,769,870  | 438,844   | 897,845   | 2,500,609  | 45,560  | 2,389,220 | 176,053 | 410,139   | 401,217   | 572,227   | 408,699   | 26,849,641         | FY96        |
| FY97        | 36,376    | 8,244,073  | 148,800   | 3,177,035  | 972,775   | 3,273,470  | 339,188   | 784,213   | 1,851,116  |         | 1,924,834 | 125,004 | 295,279   | 348,113   | 456,650   | 362,648   | 22,339,572         | FY97        |
| FY98        | 29,120    | 7,357,210  | 128,000   | 2,763,285  | 778,057   | 2,730,770  | 244,400   | 703,436   | 1,452,573  |         | 1,422,625 | 71,133  | 160,080   | 288,674   | 346,538   | 320,708   | 18,796,607         | FY98        |
| FY99        | 21,448    | 6,463,528  | 106,000   | 2,314,204  | 585,576   | 2,136,680  | 160,200   | 617,678   | 1,097,688  |         | 882,043   | 26,008  | 108,650   | 228,163   | 243,815   | 283,729   | 15,275,407         | FY99        |
| FY2000      | 13,300    | 5,717,615  | 82,000    | 1,965,048  | 395,981   | 1,485,960  | 80,400    | 530,700   | 1,722,368  |         | 301,015   | 8,910   | 85,280    | 166,746   | 133,190   | 243,245   | 12,931,757         | FY2000      |
| FY2001      | 4,556     | 5,116,535  | 56,400    | 1,608,353  | 229,978   | 772,800    |           | 437,153   | 1,751,962  |         |           |         | 61,295    | 104,370   | 21,000    | 199,208   | 10,363,609         | FY2001      |
| FY2002      |           | 4,599,740  | 29,200    | 1,435,103  | 89,160    |            |           | 379,928   | 1,778,956  |         |           |         | 36,900    | 82,667    | 10,500    | 151,384   | 8,593,537          | FY2002      |
| FY2003      |           | 4,230,666  |           | 1,247,168  | 14,156    |            |           | 361,875   | 675,363    |         |           |         | 12,300    | 74,074    |           | 109,848   | 6,725,449          | FY2003      |
| FY2004      |           | 3,818,951  |           | 1,044,368  | 10,315    |            |           | 342,715   | 638,183    |         |           |         |           | 67,284    |           | 65,638    | 5,987,473          | FY2004      |
| FY2005      |           | 3,379,199  |           | 822,563    | 6,338     |            |           | 322,033   | 598,168    |         |           |         |           | 62,517    |           | 21,400    | 5,212,216          | FY2005      |
| FY2006      |           | 3,003,274  |           | 581,723    | 2,151     |            |           | 299,470   | 555,238    |         |           |         |           | 57,512    |           |           | 4,499,367          | FY2006      |
| FY2007      |           | 2,726,214  |           | 322,575    |           |            |           | 275,215   | 509,313    |         |           |         |           | 52,256    |           |           | 3,885,573          | FY2007      |
| FY2008      |           | 2,460,276  |           | 166,925    |           |            |           | 247,135   | 459,753    |         |           |         |           | 46,738    |           |           | 3,380,827          | FY2008      |
| FY2009      |           | 2,174,485  |           |            |           |            |           | 217,435   | 406,458    |         |           |         |           | 40,943    |           |           | 2,839,321          | FY2009      |
| FY2010      |           | 1,866,106  |           |            |           |            |           | 186,115   | 349,820    |         |           |         |           | 34,859    |           |           | 2,436,901          | FY2010      |
| FY2011      |           | 1,534,616  |           |            |           |            |           | 153,175   | 289,500    |         |           |         |           | 28,471    |           |           | 2,005,762          | FY2011      |
| FY2012      |           | 1,180,080  |           |            |           |            |           | 117,975   | 223,500    |         |           |         |           | 21,763    |           |           | 1,543,318          | FY2012      |
| FY2013      |           | 802,453    |           |            |           |            |           | 80,850    | 153,300    |         |           |         |           | 14,720    |           |           | 1,051,323          | FY2013      |
| FY2014      |           | 462,150    |           |            |           |            |           | 41,525    | 78,900     |         |           |         |           | 7,325     |           |           | 589,900            | FY2014      |
| FY2015      |           | 157,050    |           |            |           |            |           |           |            |         |           |         |           |           |           |           | 157,050            | FY2015      |
| TOTALS      | 197,803   | 84,687,569 | 904,400   | 25,123,590 | 5,624,825 | 18,524,170 | 1,798,946 | 8,146,580 | 20,592,361 | 136,680 | 9,735,704 | 631,701 | 1,740,630 | 2,614,578 | 2,498,184 | 2,620,815 | 185,578,536        | TOTALS      |

# STATEWIDE LIABILITY

Revised 2/22/95

| Fiscal Year | ALEUT.E | ANCHORAGE   | BRIST BAY | FAIRBANKS  | JUNEAU     | KENAI      | KETCHIKAN | KODIAK     | MAT-SU     | NOME      | N. SLOPE   | PTRSBUrg  | SITKA     | UNALASKA  | VALDEZ     | WRANGELL   | Statewide Liability | Fiscal Year |
|-------------|---------|-------------|-----------|------------|------------|------------|-----------|------------|------------|-----------|------------|-----------|-----------|-----------|------------|------------|---------------------|-------------|
| FY95        | 54,193  | 32,913,795  | 369,900   | 10,299,269 | 3,195,035  | 9,826,962  | 1,766,955 | 2,570,352  | 17,816,424 | 620,313   | 5,155,260  | 730,339   | 2,070,183 | 1,164,268 | 2,735,714  | 956,080    | 92,245,040          | FY95        |
| FY96        | 55,584  | 31,197,227  | 367,200   | 7,645,912  | 3,203,989  | 7,979,896  | 1,705,004 | 2,474,606  | 13,254,932 | 583,181   | 5,145,467  | 718,074   | 1,987,752 | 1,113,842 | 2,007,492  | 959,129    | 80,399,288          | FY96        |
| FY97        | 54,840  | 18,995,325  | 367,920   | 7,520,582  | 3,147,590  | 7,978,776  | 1,645,708 | 1,639,793  | 6,084,499  |           | 5,134,131  | 698,523   | 1,693,769 | 1,074,263 | 2,020,723  | 960,883    | 59,017,323          | FY97        |
| FY98        | 53,965  | 18,559,822  | 362,700   | 7,460,563  | 3,144,619  | 7,980,616  | 1,356,520 | 1,634,212  | 5,402,629  |           | 5,124,068  | 685,416   | 689,130   | 1,033,669 | 1,705,296  | 972,637    | 56,165,862          | FY98        |
| FY99        | 54,868  | 18,393,244  | 365,400   | 7,389,644  | 2,510,793  | 7,981,344  | 1,088,160 | 1,637,693  | 4,922,050  |           | 5,112,032  | 220,806   | 346,942   | 987,805   | 1,698,484  | 979,856    | 53,689,119          | FY99        |
| FY2000      | 53,647  | 11,760,540  | 361,800   | 6,667,478  | 2,505,211  | 7,980,768  | 1,024,320 | 1,631,295  | 2,644,081  |           | 5,099,736  | 223,128   | 331,309   | 945,825   | 1,598,984  | 979,421    | 43,807,542          | FY2000      |
| FY2001      | 54,134  | 10,441,362  | 356,760   | 4,126,303  | 1,785,526  | 7,978,240  |           | 1,628,225  | 2,621,347  |           |            |           | 315,264   | 571,193   | 161,000    | 975,787    | 31,015,141          | FY2001      |
| FY2002      |         | 7,685,458   | 354,780   | 4,164,326  | 1,779,799  |            |           | 551,095    | 2,606,308  |           |            |           | 298,946   | 228,729   | 160,500    | 842,745    | 18,672,686          | FY2002      |
| FY2003      |         | 7,692,444   |           | 4,186,339  | 61,969     |            |           | 552,445    | 856,005    |           |            |           | 282,490   | 229,388   |            | 845,863    | 14,706,941          | FY2003      |
| FY2004      |         | 7,691,477   |           | 4,253,194  | 61,818     |            |           | 553,041    | 857,741    |           |            |           |           | 146,363   |            | 842,074    | 14,405,707          | FY2004      |
| FY2005      |         | 7,670,891   |           | 4,296,459  | 62,207     |            |           | 552,554    | 857,732    |           |            |           |           | 146,363   |            | 739,260    | 14,325,465          | FY2005      |
| FY2006      |         | 5,338,521   |           | 4,340,509  | 62,104     |            |           | 550,777    | 855,928    |           |            |           |           | 146,363   |            |            | 11,294,202          | FY2006      |
| FY2007      |         | 4,324,048   |           | 2,564,079  |            |            |           | 551,294    | 858,437    |           |            |           |           | 146,363   |            |            | 8,444,221           | FY2007      |
| FY2008      |         | 4,327,539   |           | 2,604,217  |            |            |           | 552,625    | 858,708    |           |            |           |           | 146,363   |            |            | 8,489,452           | FY2008      |
| FY2009      |         | 4,332,470   |           |            |            |            |           | 552,833    | 856,679    |           |            |           |           | 146,363   |            |            | 5,888,345           | FY2009      |
| FY2010      |         | 4,331,877   |           |            |            |            |           | 551,918    | 855,671    |           |            |           |           | 146,363   |            |            | 5,885,828           | FY2010      |
| FY2011      |         | 4,333,432   |           |            |            |            |           | 549,880    | 855,474    |           |            |           |           | 146,363   |            |            | 5,885,148           | FY2011      |
| FY2012      |         | 4,304,997   |           |            |            |            |           | 549,741    | 857,937    |           |            |           |           | 146,363   |            |            | 5,859,037           | FY2012      |
| FY2013      |         | 4,238,843   |           |            |            |            |           | 551,734    | 857,813    |           |            |           |           | 146,363   |            |            | 5,794,753           | FY2013      |
| FY2014      |         | 2,871,284   |           |            |            |            |           | 552,202    | 858,183    |           |            |           |           | 126,452   |            |            | 4,408,121           | FY2014      |
| FY2015      |         | 2,868,571   |           |            |            |            |           |            |            |           |            |           |           |           |            |            | 2,868,571           | FY2015      |
| TOTALS      | 381,231 | 214,273,167 | 2,906,460 | 77,518,875 | 21,520,658 | 57,706,602 | 8,586,666 | 20,388,312 | 65,638,577 | 1,203,494 | 30,770,693 | 3,276,286 | 8,015,785 | 8,939,059 | 12,088,191 | 10,053,734 | 543,267,790         | TOTALS      |

Reimbursements for projects approved for cash expenditures from local revenue are not included in this information.

A REVIEW

# THE ALASKA SCHOOL FOUNDATION FUNDING PROGRAM

JANUARY 1995

THE FOUNDATION PROGRAM is based on the "instructional unit" method of funding.

TERMS AND CONCEPTS printed on page 2, when used with the two mathematical formulas below and the numerical data on page 4, provide for understanding the foundation law.

THE FORMULA USED TO CALCULATE BASIC NEED:

$$\text{BASIC NEED} = (\text{INSTRUCTIONAL UNITS}) \times (\text{AREA COST DIFFERENTIAL}) \times (\$61,000)$$

THE FORMULA USED TO CALCULATE STATE FOUNDATION AID:

$$\text{STATE FOUNDATION AID} = (\text{BASIC NEED}) - (\text{LOCAL EFFORT}) - (90\% \text{ ELIGIBLE PL 81-874})$$



## TERMS AND CONCEPTS:

80% generated by ANKA 15% military

**ADM (AVERAGE DAILY MEMBERSHIP)** - The average of the number of students enrolled in a school district or specific school program (vocational education, bilingual education, special education) over a specified fall or spring student count period. The more students a district has in Average Daily Membership, the more instructional units the district generates increasing the funding it receives through the foundation program.

**AREA COST DIFFERENTIAL** - A factor multiplied by a school district's instructional units to adjust for costs associated with geographic conditions, sparsity and location of various school districts. Factors vary between 1.0 and 1.46, depending usually on remoteness of the district.

**BASIC NEED** - An amount of money determined by multiplying the area cost differential by the number of a school district's allowable instructional units times the instructional unit value, set by the legislature. The foundation program sets the instructional unit value at \$61,000. (See page 4, column A)

**INSTRUCTIONAL UNIT** - A number represented by a group of students identified by grade level and the student profile dependent on whether the students are enrolled in vocational, special or bilingual education programs.

**INSTRUCTIONAL UNIT VALUE** - The amount under the foundation formula is \$61,000 per instructional unit and is established by law.

**PL 81-874** - Federal Law PL 81-874, impact aid to education, provides federal funds to school districts for children of parents living and/or working on federal property as an "in lieu of local tax revenue." Under the foundation program 90 percent of each school district's eligible PL 81-874 receipts is subtracted from the district's basic need. (See page 4, column E)

**REQUIRED LOCAL EFFORT** - Under the law, city and borough school districts are required to contribute the lesser amount of:

- (1) the equivalent amount generated by a four mill tax levy based on the full and true value of the taxable real and personal property in the school district in the second preceding year (two years prior); or
- (2) 35 percent of a school district's basic need for the preceding school year.

In addition to the required local effort school districts are allowed to contribute the greater of an equivalent of 2.0 mills or \$14,030 per adjusted unit to hold disparities in funding per instructional unit among school districts to no more than 25 percent. The amount of local effort, either in the 4 mill equivalent or 35 percent basic need, is subtracted from a school district's basic need. Since Regional Education Attendance Areas do not have authority to collect taxes, there is no deduction for the local contribution portion of basic need in these districts. (See page 4, column B)

**STATE FOUNDATION AID** - The amount of state money school districts are entitled to receive under the Public School Foundation Program, after local and federal shares are deducted. (See page 4, column F)

ALASKA DEPARTMENT OF EDUCATION  
PROJECTED FY96 FOUNDATION PROGRAM ENTITLEMENTS

1/10/95 File:FND96PJ.XLS

Indian Lands Add-on

Columns >>>

|  | A          | B        | C        | D        | E          | F          | G         | H       |
|--|------------|----------|----------|----------|------------|------------|-----------|---------|
|  | BASIC NEED | REQUIRED | ELIGIBLE | PL81-874 | DEDUCTIBLE | PROJ FY96  | 100%      | FOUND./ |
|  | \$61,000   | LOCAL    | PL81-874 | PERCENT  | PL81-874   | FOUNDATION | PL-874    | PL-874  |
|  |            |          |          |          | @ 90%      | STATE AID  | FLOW THRU | TOTAL   |

|                    |             |            |           |         |           |             |            |             |
|--------------------|-------------|------------|-----------|---------|-----------|-------------|------------|-------------|
| ADAK               | 0           | 0          | \$0       | 100.00% | \$0       | \$0         |            | \$0         |
| ALASKA GATEWAY     | 5,278,940   | 0          | 435,487   | 100.00% | 391,938   | 4,887,002   | 0          | 4,887,002   |
| ALEUTIAN REGION    | 527,650     | 0          | 65,245    | 100.00% | 58,721    | 468,929     | 0          | 468,929     |
| ALEUTIANS EAST     | 4,218,150   | 356,423    | 583,157   | 36.91%  | 193,719   | 3,668,008   | 0          | 3,668,008   |
| ANCHORAGE          | 237,595,000 | 49,183,956 | 9,515,470 | 65.91%  | 5,644,482 | 182,766,562 | 10,611,700 | 193,378,262 |
| ANNETTE ISLANDS    | 2,637,640   | 0          | 1,163,121 | 100.00% | 1,046,809 | 1,590,831   | 0          | 1,590,831   |
| BERING STRAIT      | 19,588,320  | 0          | 3,954,145 | 100.00% | 3,558,731 | 16,029,589  | 0          | 16,029,589  |
| BRISTOL BAY        | 2,464,400   | 707,169    | 275,326   | 60.52%  | 149,965   | 1,607,266   | 0          | 1,607,266   |
| CHATHAM            | 3,241,540   | 0          | 745,681   | 100.00% | 671,113   | 2,570,427   | 0          | 2,570,427   |
| CHUGACH            | 1,831,220   | 0          | 143,295   | 100.00% | 128,966   | 1,702,254   | 0          | 1,702,254   |
| COPPER RIVER       | 5,166,700   | 0          | 92,218    | 100.00% | 82,996    | 5,083,704   | 0          | 5,083,704   |
| CORDOVA            | 3,287,290   | 741,350    | 21,781    | 100.00% | 19,603    | 2,526,337   | 0          | 2,526,337   |
| CRAIG              | 2,505,270   | 254,661    | 19,100    | 70.88%  | 12,184    | 2,238,425   | 0          | 2,238,425   |
| DELTA/GREELY       | 6,268,360   | 0          | 1,025,609 | 100.00% | 923,048   | 5,345,312   | 0          | 5,345,312   |
| DENALI             | 3,491,640   | 301,901    | 31,601    | 84.33%  | 23,984    | 3,165,755   | 0          | 3,165,755   |
| DILLINGHAM         | 3,913,150   | 524,049    | 383,482   | 60.09%  | 207,391   | 3,181,710   | 0          | 3,181,710   |
| FAIRBANKS          | 82,378,060  | 13,811,672 | 7,545,794 | 53.89%  | 3,659,786 | 64,906,602  | 8,535,241  | 73,441,843  |
| GALENA             | 1,916,620   | 79,335     | 360,235   | 63.00%  | 204,253   | 1,633,032   | 0          | 1,633,032   |
| HAINES             | 2,680,950   | 522,856    | 21,727    | 49.40%  | 9,660     | 2,148,434   | 0          | 2,148,434   |
| HOONAH             | 2,170,380   | 96,718     | 273,515   | 16.38%  | 40,322    | 2,033,340   | 0          | 2,033,340   |
| HYDABURG           | 1,005,280   | 23,129     | 19,500    | 25.93%  | 4,551     | 977,600     | 0          | 977,600     |
| IDITAROD           | 5,981,660   | 0          | 664,578   | 100.00% | 598,120   | 5,383,540   | 0          | 5,383,540   |
| JUNEAU             | 28,694,400  | 7,063,936  | 19,402    | 54.93%  | 9,592     | 21,620,812  | 0          | 21,620,812  |
| KAKE               | 1,381,650   | 69,261     | 322,640   | 26.78%  | 77,763    | 1,234,626   | 0          | 1,234,626   |
| KASHUNAMIUT        | 2,272,250   | 0          | 310,795   | 100.00% | 279,716   | 1,992,534   | 0          | 1,992,534   |
| KENAI              | 59,780,000  | 14,162,513 | 95,077    | 53.10%  | 45,437    | 45,572,050  | 0          | 45,572,050  |
| KETCHIKAN          | 13,486,490  | 3,942,168  | 10,283    | 59.26%  | 5,484     | 9,538,838   | 0          | 9,538,838   |
| KLAWOCK            | 1,673,230   | 59,329     | 314,293   | 26.80%  | 75,807    | 1,538,094   | 0          | 1,538,094   |
| KODIAK             | 17,080,000  | 3,435,410  | 1,237,707 | 93.13%  | 1,037,409 | 12,607,181  | 1,373,786  | 13,980,967  |
| KUSPUK             | 5,725,460   | 0          | 635,951   | 100.00% | 572,356   | 5,153,104   | 0          | 5,153,104   |
| LAKE AND PENINSULA | 7,230,940   | 276,911    | 1,176,907 | 30.60%  | 324,120   | 6,629,909   | 0          | 6,629,909   |
| LOWER KUSKOKWIM    | 39,335,850  | 0          | 5,264,043 | 100.00% | 4,737,639 | 34,598,211  | 0          | 34,598,211  |
| LOWER YUKON        | 17,285,570  | 0          | 3,750,674 | 100.00% | 3,375,607 | 13,909,963  | 0          | 13,909,963  |
| MAT-SU             | 58,306,580  | 8,602,703  | 16,753    | 55.37%  | 8,349     | 59,695,528  | 0          | 59,695,528  |
| NENANA             | 1,647,000   | 65,098     | 3,348     | 94.64%  | 2,852     | 1,579,050   | 0          | 1,579,050   |
| NOME               | 4,986,750   | 531,875    | 49,695    | 42.04%  | 18,803    | 4,436,072   | 0          | 4,436,072   |
| NORTH SLOPE        | 16,070,450  | 5,398,988  | 3,031,150 | 19.34%  | 527,602   | 10,143,860  | 0          | 10,143,860  |
| NORTHWEST ARCTIC   | 18,837,410  | 1,168,962  | 2,564,419 | 53.62%  | 1,237,537 | 16,430,911  | 0          | 16,430,911  |
| PELICAN            | 609,390     | 55,876     | 0         | 83.80%  | 0         | 553,514     | 0          | 553,514     |
| PETERSBURG         | 4,022,950   | 808,223    | 18,152    | 55.80%  | 9,116     | 3,205,611   | 0          | 3,205,611   |
| PRIBILOF           | 2,166,720   | 0          | 426,205   | 100.00% | 383,585   | 1,783,135   | 0          | 1,783,135   |
| SITKA              | 9,029,220   | 2,113,115  | 181,711   | 55.78%  | 91,223    | 6,824,882   | 0          | 6,824,882   |
| SKAGWAY            | 1,067,500   | 360,794    | 0         | 72.95%  | 0         | 706,706     | 0          | 706,706     |
| SOUTHEAST          | 4,499,970   | 0          | 527,526   | 100.00% | 474,773   | 4,025,197   | 0          | 4,025,197   |
| SOUTHWEST          | 7,679,290   | 0          | 1,231,902 | 100.00% | 1,108,712 | 6,570,578   | 0          | 6,570,578   |
| ST. MARY'S         | 1,133,990   | 18,134     | 140,224   | 79.70%  | 100,583   | 1,015,273   | 0          | 1,015,273   |
| TANANA             | 1,231,590   | 44,931     | 203,952   | 41.22%  | 75,662    | 1,110,997   | 0          | 1,110,997   |
| UNALASKA           | 2,765,130   | 1,015,620  | 415       | 70.44%  | 263       | 1,749,247   | 0          | 1,749,247   |
| VALDEZ             | 5,203,910   | 1,795,535  | 50,110    | 44.06%  | 19,871    | 3,388,504   | 0          | 3,388,504   |
| WRANGELL           | 3,209,820   | 592,522    | 2,074     | 52.20%  | 974       | 2,616,324   | 0          | 2,616,324   |
| YAKUTAT            | 1,374,940   | 111,204    | 44,730    | 59.16%  | 23,816    | 1,239,920   | 0          | 1,239,920   |
| YUKON FLATS        | 6,299,470   | 0          | 723,254   | 100.00% | 650,929   | 5,648,541   | 0          | 5,648,541   |
| YUKON/KOYUKUK      | 8,017,840   | 0          | 1,144,433 | 100.00% | 1,029,990 | 6,987,850   | 0          | 6,987,850   |
| YUPIIT             | 4,969,670   | 0          | 989,912   | 100.00% | 890,921   | 4,078,749   | 0          | 4,078,749   |
| STATE CCS          | 5,859,050   | 0          | 0         | 100.00% | 0         | 3,808,383   | 0          | 3,808,383   |
| MT. EDGE CUMBE     | 1,586,000   | 0          | 0         | 100.00% | 0         | 1,586,000   | 0          | 1,586,000   |

|        |               |               |              |  |              |                                  |              |               |
|--------|---------------|---------------|--------------|--|--------------|----------------------------------|--------------|---------------|
| TOTALS | \$772,668,700 | \$118,296,327 | \$51,827,804 |  | \$34,826,833 | \$617,494,873                    | \$20,520,727 | \$638,015,600 |
|        |               |               |              |  |              | CONTRACTUAL                      |              | 3,886,260     |
|        |               |               |              |  |              | ESTIMATED PRIOR YEAR ADJUSTMENTS |              | 1,500,000     |
|        |               |               |              |  |              | EST. FY96 FOUNDATION ENTITLEMENT |              | \$643,401,860 |

ALASKA DEPARTMENT OF EDUCATION  
PROJECTED FY96 FOUNDATION PROGRAM ENTITLEMENTS

1/10/95 File:FND96PJ.XLS

The Department of Education has not verified the unit computations submitted by the local school districts.

|                  | PROJ.<br>FY96 ADM | K-12<br>UNITS | BIL/<br>BIC. | SPEC.<br>ED. | VOC.<br>ED. | FY96 PROJ.<br>INSTR. UNITS | AREA<br>DIFF. | ADJUSTED FY96<br>INSTR. UNITS |
|------------------|-------------------|---------------|--------------|--------------|-------------|----------------------------|---------------|-------------------------------|
| ADAK             | 0.00              | 0.00          | 0.00         | 0.00         | 0.00        | 0.00                       | 1.27          | 0.00                          |
| ALASKA GATEWAY   | 535.00            | 62.16         | 1.00         | 8.56         | 1.00        | 72.72                      | 1.19          | 86.54                         |
| ALEUTIAN REGION  | 18.00             | 3.60          | 1.00         | 1.00         | 1.00        | 6.60                       | 1.31          | 8.65                          |
| ALEUTIANS EAST   | 371.00            | 46.86         | 0.00         | 4.93         | 1.00        | 52.79                      | 1.31          | 69.15                         |
| ANCHORAGE        | 46,843.00         | 3,140.02      | 88.56        | 629.98       | 36.44       | 3,895.00                   | 1.00          | 3,895.00                      |
| ANNETTE ISLANDS  | 420.00            | 34.00         | 1.00         | 5.98         | 1.00        | 41.98                      | 1.03          | 43.24                         |
| BERING STRAIT    | 1,694.00          | 195.23        | 13.98        | 19.53        | 2.28        | 231.02                     | 1.39          | 321.12                        |
| BRISTOL BAY      | 279.00            | 26.33         | 1.00         | 3.48         | 1.00        | 31.81                      | 1.27          | 40.40                         |
| CHATHAM          | 328.00            | 44.61         | 1.00         | 4.98         | 1.00        | 51.59                      | 1.03          | 53.14                         |
| CHUGACH          | 135.00            | 22.87         | 1.00         | 1.46         | 1.00        | 26.33                      | 1.14          | 30.02                         |
| COPPER RIVER     | 614.00            | 67.88         | 0.00         | 5.42         | 1.00        | 74.30                      | 1.14          | 84.70                         |
| CORDOVA          | 525.00            | 40.63         | 1.00         | 5.92         | 1.00        | 48.55                      | 1.11          | 53.89                         |
| CRAIG            | 385.00            | 31.67         | 1.00         | 6.20         | 1.00        | 39.87                      | 1.03          | 41.07                         |
| DELTA/GREELY     | 971.00            | 72.46         | 1.00         | 14.13        | 1.00        | 88.59                      | 1.16          | 102.76                        |
| DENALI           | 405.00            | 42.20         | 0.00         | 3.34         | 1.00        | 46.54                      | 1.23          | 57.24                         |
| DILLINGHAM       | 503.80            | 39.06         | 1.19         | 9.26         | 1.00        | 50.51                      | 1.27          | 64.15                         |
| FAIRBANKS        | 15,893.50         | 1,088.15      | 6.09         | 190.78       | 13.50       | 1,298.52                   | 1.04          | 1,350.46                      |
| GALENA           | 194.00            | 18.93         | 1.00         | 3.24         | 1.00        | 24.17                      | 1.30          | 31.42                         |
| HAINES           | 422.00            | 35.91         | 1.00         | 3.95         | 1.00        | 41.86                      | 1.05          | 43.95                         |
| HOONAH           | 275.00            | 24.33         | 1.00         | 6.61         | 1.00        | 32.94                      | 1.08          | 35.58                         |
| HYDABURG         | 108.00            | 13.00         | 1.00         | 1.00         | 1.00        | 16.00                      | 1.03          | 16.48                         |
| IDITAROD         | 440.00            | 63.74         | 1.24         | 7.75         | 1.00        | 73.73                      | 1.33          | 98.06                         |
| JUNEAU           | 5,394.00          | 364.76        | 3.84         | 98.71        | 3.09        | 470.40                     | 1.00          | 470.40                        |
| KAKE             | 178.00            | 17.86         | 1.00         | 2.13         | 1.00        | 21.99                      | 1.03          | 22.65                         |
| KASHUNAMIUT      | 242.00            | 22.13         | 1.83         | 3.05         | 1.00        | 28.01                      | 1.33          | 37.25                         |
| KENAI            | 10,459.00         | 828.39        | 19.60        | 120.72       | 11.29       | 980.00                     | 1.00          | 980.00                        |
| KETCHIKAN        | 2,731.50          | 190.04        | 1.54         | 25.15        | 4.36        | 221.09                     | 1.00          | 221.09                        |
| KLAWOCK          | 220.00            | 20.67         | 1.00         | 3.96         | 1.00        | 26.63                      | 1.03          | 27.43                         |
| KODIAK           | 2,737.86          | 217.44        | 5.63         | 30.84        | 2.97        | 256.88                     | 1.09          | 280.00                        |
| KUSPUK           | 467.00            | 62.52         | 1.00         | 6.05         | 1.00        | 70.57                      | 1.33          | 93.86                         |
| LAKE AND PENN.   | 498.00            | 81.71         | 1.00         | 6.78         | 1.00        | 90.49                      | 1.31          | 118.54                        |
| LOWER KUSKOKWIM  | 3,250.00          | 335.00        | 83.47        | 32.05        | 3.60        | 454.12                     | 1.42          | 644.85                        |
| LOWER YUKON      | 1,605.60          | 179.76        | 9.57         | 18.78        | 1.79        | 209.90                     | 1.35          | 283.37                        |
| MAT-SU           | 12,720.00         | 944.67        | 10.57        | 153.11       | 11.43       | 1,119.78                   | 1.00          | 1,119.78                      |
| NENANA           | 180.00            | 18.00         | 1.00         | 2.50         | 1.00        | 22.50                      | 1.20          | 27.00                         |
| NOME             | 694.00            | 50.62         | 1.04         | 8.33         | 1.02        | 61.01                      | 1.34          | 81.75                         |
| NORTH SLOPE      | 1,768.00          | 158.84        | 9.15         | 11.91        | 1.79        | 181.69                     | 1.45          | 263.45                        |
| NORTHWEST ARCTIC | 1,891.00          | 184.79        | 4.14         | 21.65        | 2.39        | 212.97                     | 1.45          | 308.81                        |
| PELICAN          | 46.00             | 7.25          | 0.00         | 1.00         | 1.00        | 9.25                       | 1.08          | 9.99                          |
| PETERSBURG       | 768.00            | 56.82         | 1.00         | 7.13         | 1.00        | 65.95                      | 1.00          | 65.95                         |
| PRIIBILOF        | 190.00            | 22.85         | 1.00         | 2.47         | 1.00        | 27.32                      | 1.30          | 35.52                         |
| SITKA            | 1,820.00          | 131.05        | 1.00         | 14.03        | 1.94        | 148.02                     | 1.00          | 148.02                        |
| SKAGWAY          | 130.00            | 14.67         | 0.00         | 1.00         | 1.00        | 16.67                      | 1.05          | 17.50                         |
| SOUTHEAST        | 381.00            | 63.86         | 1.00         | 4.97         | 1.10        | 70.93                      | 1.04          | 73.77                         |
| SOUTHWEST        | 633.00            | 77.08         | 11.12        | 6.90         | 1.00        | 96.10                      | 1.31          | 125.89                        |
| ST. MARY'S       | 85.00             | 11.08         | 1.00         | 1.22         | 1.00        | 14.30                      | 1.30          | 18.59                         |
| TANANA           | 101.00            | 12.42         | 1.00         | 1.11         | 1.00        | 15.53                      | 1.30          | 20.19                         |
| UNALASKA         | 370.00            | 30.67         | 1.00         | 3.02         | 1.00        | 35.69                      | 1.27          | 45.33                         |
| VALDEZ           | 925.00            | 67.50         | 0.00         | 8.36         | 1.00        | 76.86                      | 1.11          | 85.31                         |
| WRANGELL         | 567.00            | 43.62         | 1.00         | 7.00         | 1.00        | 52.62                      | 1.00          | 52.62                         |
| YAKUTAT          | 161.00            | 16.73         | 1.00         | 2.14         | 1.00        | 20.87                      | 1.08          | 22.54                         |
| YUKON FLATS      | 413.00            | 62.91         | 2.07         | 4.65         | 1.10        | 70.73                      | 1.46          | 103.27                        |
| YUKON/KOYUKUK    | 613.00            | 82.52         | 2.62         | 10.89        | 2.06        | 98.09                      | 1.34          | 131.44                        |
| YUPIIT           | 371.00            | 42.47         | 7.82         | 6.49         | 1.00        | 57.78                      | 1.41          | 81.47                         |
| STATE CCS        | 1,577.93          | 96.05         | 0.00         | 0.00         | 0.00        | 96.05                      | 1.00          | 96.05                         |
| MT. EDGE CUMBE   | 270.00            | 23.00         | 1.00         | 1.00         | 1.00        | 26.00                      | 1.00          | 26.00                         |
| TOTALS           | 125,817.19        | 9,653.39      | 313.07       | 1,566.60     | 139.15      | 11,672.21                  |               | 12,666.70                     |

## TABLE OF INSTRUCTIONAL UNITS

### COMBINED, ELEMENTARY & SECONDARY INSTRUCTIONAL UNITS

Instructional units for funding communities with fewer than 200 students in grades K-6 or fewer than 200 students in grades 7-12 are determined by the formula:

| ADM     | UNITS                         |
|---------|-------------------------------|
| 1-10    | 2                             |
| 11-20   | $2 + \frac{(ADM - 10)}{5}$    |
| 21-60   | $4 + \frac{(ADM - 20)}{8}$    |
| 61-120  | $9 + \frac{(ADM - 60)}{12}$   |
| 121-525 | $14 + \frac{(ADM - 120)}{15}$ |

Elementary instructional units for funding communities with more than 200 students in grades K-6 are determined by the formula:

$$UNITS = 15 + \frac{(ADM - 200)}{17}$$

Secondary instructional units for funding communities with more than 200 students in grades 7-12 are determined by the formula:

$$UNITS = 18 + \frac{(ADM - 200)}{13}$$

Kindergarten students who attend less than four hours a day are counted as 0.5 ADM.

District correspondence or other students who do not regularly attend school on a daily basis are counted in the appropriate grade level of the funding community with the highest ADM in the district.

### VOCATIONAL EDUCATION

FTE \* X WEIGHTING FACTOR X .05 = VOCATIONAL EDUCATION UNIT - 280 students in 7 period day or 240 students in 6 period day = 1 Unit

MINIMUM FUNDING: Any funding community in which a vocational education course, approved by the Dept. of Education, is operated receives a minimum of .10 instructional units for vocational education, or each school district in which such a course is operated receives a minimum of 1.00 units whichever is greater.

#### FACTOR PROGRAM

.5 CATEGORY 1 contains 16 programs: health, consumer and homemaking, horticulture, commercial art, clothing and textiles, general marketing, food production, renewable and natural resources, forestry, agriculture services and supplies, transportation and travel, wildlife management, business management, child care management and surveying.

.5 CATEGORY 2 contains 7 programs: aircraft mechanics, communication technologies, commercial photography, agriculture mechanics, accounting and related, small engine mechanic and automotive body repair.

#### FACTOR PROGRAM

.5 CATEGORY 3 contains 9 programs: agricultural production, welding, industrial education, woodworking, automobile mechanics, electrical technician, drafting, fisheries and diesel engine mechanics.

.5 CATEGORY 4 contains 3 programs: graphics, secretarial and word processing, and construction trades.

\* Full Time Equivalent

### SPECIAL EDUCATION

NUMBER OF STUDENTS X WEIGHTING FACTOR = SPECIAL EDUCATION UNITS

MINIMUM FUNDING: Any funding community in which a special education program, approved by the Department of Education, is operated receives a minimum of 0.25 instructional units for special education, or any school district in which such a program is operated receives a minimum of 1.00 such units, whichever is greater.

#### FACTOR PROGRAM

.025 GIFTED AND TALENTED - 40 Students = 1 Unit  
.056 RESOURCES - 18 Students = 1 Unit

#### FACTOR PROGRAM

0.1 SELF-CONTAINED - 10 Students = 1 Unit  
.333 INTENSIVE/HOSPITAL HOMEBOUND - 3 Students = 1 Unit

### BILINGUAL EDUCATION

WEIGHTING FACTOR \* X STUDENT COUNT X .042 = BILINGUAL EDUCATION UNITS

MINIMUM FUNDING: Any funding community in which a bilingual program, approved by the Dept. of Education, is operated receives a minimum of 0.10 instructional units for bilingual education, or each school district in which such a program is operated receives a minimum of 1.00 such units, whichever is greater.

#### FACTOR PROGRAM

1 CATEGORY A: Students who speak a language other than English exclusively. 24 Students = 1 Unit  
1 CATEGORY B: Students who speak mostly a language other than English, but also speak some English. 24 Students = 1 Unit  
.2 CATEGORY C: Students who speak a language other than English and English with equal ease. 119 Students = 1 Unit

#### FACTOR PROGRAM

.2 CATEGORY D: Students who speak mostly English but also speak a language other than English. 119 Students = 1 Unit  
.1 CATEGORY E: Students who speak English exclusively but whose manner of speaking reflects the grammatical structure of another language. 238 Students = 1 Unit

\*Language dominance category weighting factor.

ALASKA DEPARTMENT OF EDUCATION  
FY95 FOUNDATION PROGRAM AS 14.17.025

1/18/95 FILE: LOCAL95.XLS

| Abbreviations for chart on page 1. |   |    | ( 1993 Value )                   | ALLOWABLE   | AS 14.17.250(7) | 1993 FULL VALUE  | FY95          | TOTAL         | AS 14.17.250(7) |
|------------------------------------|---|----|----------------------------------|-------------|-----------------|------------------|---------------|---------------|-----------------|
|                                    |   |    | REQUIRED                         | EXCESS      | BUDGETED        | DETERMINATION    | REQUIRED      | ALLOWABLE     | BUDGETED        |
|                                    |   |    | MILL EQUIV.                      | MILL EQUIV. | MILL EQUIV.     | BY C&RA          | LOCAL         | EXCESS        | LOCAL           |
| ALEUTIANS EAST                     | = | AE | 4.0                              | 11.1        | 10.8            | \$88,639,100     | \$354,556     | \$981,399     | \$1,335,955     |
| ANCHORAGE                          | = | AN | 4.0                              | 4.6         | 6.4             | 11,684,138,340   | 46,736,553    | 53,589,690    | 100,326,243     |
| BRISTOL BAY                        | = | BB | 4.0                              | 3.1         | 6.4             | 181,347,300      | 725,389       | 562,182       | 1,287,571       |
| CORDOVA                            | = | CO | 4.0                              | 4.3         | 4.1             | 174,882,450      | 699,530       | 760,286       | 1,459,816       |
| CRAIG                              | = | CG | 4.0                              | 10.1        | 6.2             | 57,618,300       | 230,473       | 581,824       | 723,549         |
| DENALI                             | = | DE | 4.0                              | 10.7        | 4.9             | 72,572,400       | 290,290       | 775,999       | 1,066,289       |
| DILLINGHAM                         | = | DI | 4.0                              | 7.0         | 5.7             | 127,166,600      | 508,666       | 891,607       | 1,400,273       |
| FAIRBANKS                          | = | FB | 4.0                              | 5.5         | 7.9             | 3,377,031,860    | 13,508,127    | 18,423,495    | 31,931,622      |
| GALENA                             | = | GA | 4.0                              | 18.9        | 6.3             | 19,383,700       | 77,535        | 365,482       | 443,017         |
| HAINES                             | = | HA | 4.0                              | 4.7         | 8.4             | 124,255,200      | 497,021       | 589,400       | 1,086,421       |
| HOONAH                             | = | HO | 4.0                              | 20.4        | 24.4            | 23,127,700       | 92,511        | 471,268       | 563,779         |
| HYDABURG                           | = | HY | 4.0                              | 21.0        | 10.9            | 5,686,500        | 22,746        | 230,653       | 253,399         |
| JUNEAU                             | = | JU | 4.0                              | 4.2         | 8.2             | 1,574,439,800    | 6,297,759     | 6,620,617     | 12,918,376      |
| KAKE                               | = | KA | 4.0                              | 18.9        | 1.5             | 17,231,200       | 68,925        | 326,057       | 394,982         |
| KENAI                              | = | KE | 4.0                              | 3.9         | 7.8             | 3,428,536,760    | 13,714,147    | 13,319,240    | 27,033,387      |
| KETCHIKAN                          | = | KT | 4.0                              | 3.2         | 7.1             | 954,350,400      | 3,817,402     | 3,092,493     | 6,909,895       |
| KLAWOCK                            | = | KL | 4.0                              | 21.0        | 11.1            | 14,808,300       | 59,233        | 372,216       | 431,449         |
| KODIAK                             | = | KO | 4.0                              | 4.7         | 4.4             | 843,618,100      | 3,374,472     | 3,938,361     | 7,312,833       |
| LAKE AND PENINSULA                 | = | LP | 4.0                              | 21.0        | 12.9            | 68,357,600       | 273,430       | 1,675,603     | 1,949,033       |
| MAT-SU                             | = | MS | 4.0                              | 7.2         | 7.6             | 2,037,791,320    | 8,151,165     | 14,619,260    | 22,770,425      |
| NENANA                             | = | NE | 4.0                              | 21.0        | 4.3             | 14,628,600       | 58,514        | 358,326       | 416,840         |
| NOME                               | = | NO | 4.0                              | 9.8         | 9.5             | 122,757,400      | 491,030       | 1,207,001     | 1,698,031       |
| NORTH SLOPE /2                     | = | NS | 0.4                              | 2.0         | 2.3             | 12,174,025,630   | 5,042,443     | 24,348,051    | 29,390,494      |
| NORTHWEST ARCTIC                   | = | NW | 4.0                              | 14.0        | 6.1             | 307,484,000      | 1,229,936     | 4,298,652     | 5,528,588       |
| PELICAN                            | = | PL | 4.0                              | 9.8         | 4.0             | 14,044,800       | 56,179        | 138,055       | 194,234         |
| PETERSBURG                         | = | PT | 4.0                              | 4.8         | 7.5             | 191,832,400      | 767,330       | 914,756       | 1,682,086       |
| SITKA                              | = | SI | 4.0                              | 3.9         | 7.0             | 540,479,000      | 2,161,916     | 2,111,936     | 4,273,852       |
| SKAGWAY                            | = | SK | 4.0                              | 2.7         | 5.5             | 89,643,500       | 358,574       | 242,719       | 601,293         |
| ST. MARY'S                         | = | SM | 4.0                              | 21.0        | 5.1             | 4,438,300        | 17,753        | 302,627       | 320,380         |
| TANANA                             | = | TA | 4.0                              | 21.0        | 10.5            | 11,221,100       | 44,884        | 285,090       | 329,974         |
| UNALASKA /2                        | = | UN | 2.7                              | 2.0         | 4.0             | 351,078,720      | 945,805       | 702,157       | 1,647,962       |
| VALDEZ /2                          | = | VA | 1.6                              | 2.0         | 3.6             | 1,117,648,910    | 1,798,311     | 2,235,298     | 4,033,609       |
| WRANGELL                           | = | WR | 4.0                              | 5.5         | 8.4             | 133,060,900      | 532,244       | 729,700       | 1,261,944       |
| YAKUTAT                            | = | YA | 4.0                              | 13.2        | 7.2             | 24,915,200       | 99,661        | 328,723       | 428,384         |
| TOTALS                             |   |    | Average contribution in mills >: |             | 7.7             | \$39,972,241,390 | \$113,104,510 | \$160,390,223 | \$273,405,985   |
|                                    |   |    |                                  |             |                 |                  |               |               | \$217,714,642   |

/1 Can not exceed the total allowable local.

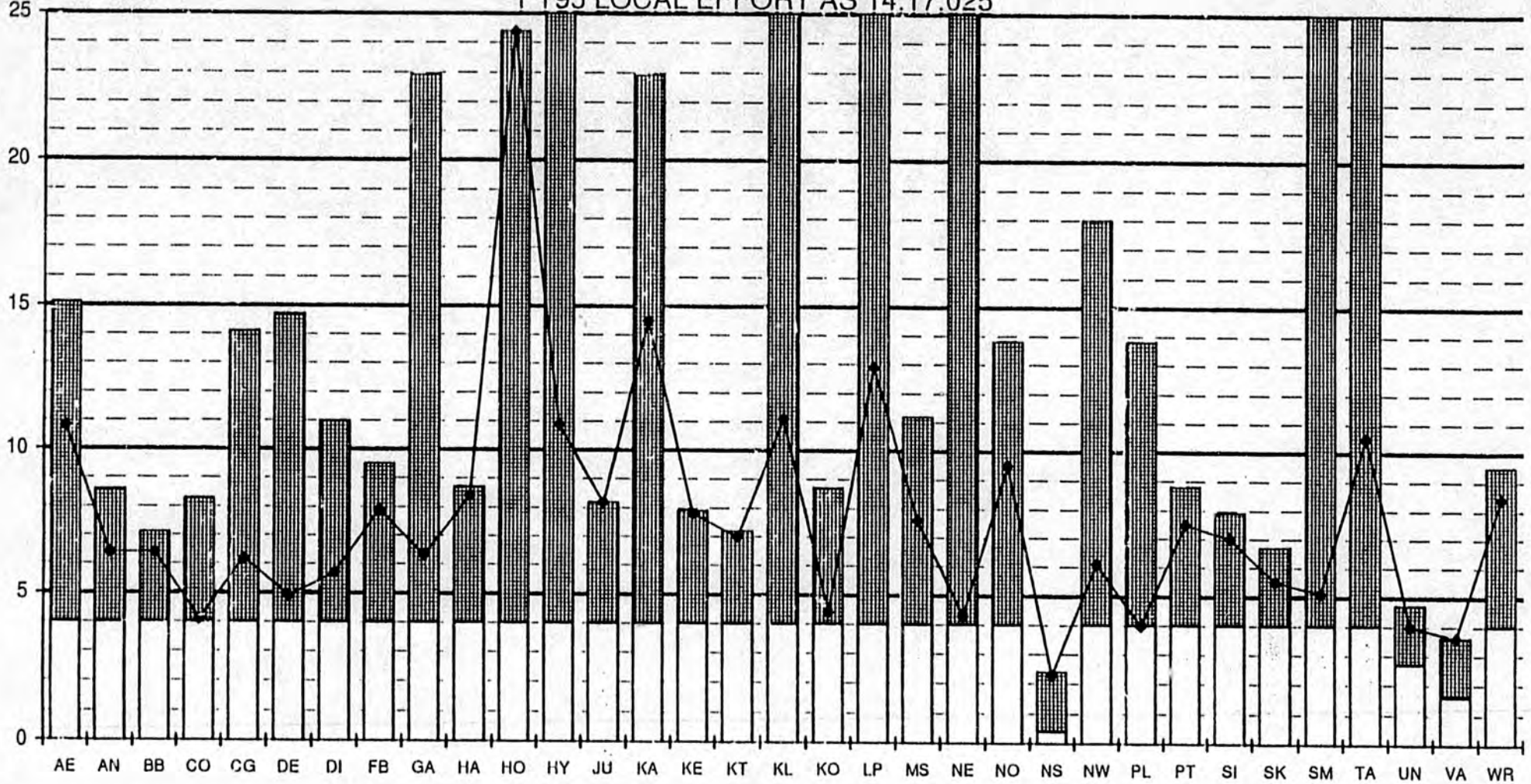
/2 Required local effort is limited to 35% of Basic Need of the preceeding year. Allowable excess is 2 mills.

# MILL EQUIVALENT OF TAX EFFORT

1/18/95 FILE: LOCAL.XLC

MILL EQUIVALENT

FY95 LOCAL EFFORT AS 14.17.025



MINIMUM - required local effort
  ALLOWABLE EXCESS - 23% of Basic Need
  LOCAL CONTRIBUTION - FY95 Budgeted Revenue, AS 14.17.250(7)

THIS CHART HAS BEEN LIMITED TO 25 MILLS.

# SMALL SCHOOLS FUNDING COMMUNITY FORMULA

Based on \$61,000 Unit Value

| ADM     | Avg ADM Per Instructional Unit | Instructional Units                               | Avg \$ Per ADM   |
|---------|--------------------------------|---------------------------------------------------|------------------|
| 1-10    | .5-5                           | 2*                                                | \$122,000-12,200 |
| 11-20   | 5                              | $2 + \left( \frac{\text{ADM} - 10}{5} \right)$    | \$12,200         |
| 21-60   | 5.25-6.66                      | $4 + \left( \frac{\text{ADM} - 20}{8} \right)$    | \$11,619-9,159   |
| 61-120  | 6.72-8.57                      | $9 + \left( \frac{\text{ADM} - 60}{12} \right)$   | \$9,077-7,118    |
| 121-525 | 8.60-12.80                     | $14 + \left( \frac{\text{ADM} - 120}{15} \right)$ | \$7,093-4,766    |

\*Front loading continues through all calculations

Range of \$ per each ADM= \$122,000-4,766

P.

Port Alsworth, Alaska 99653  
August 24, 1995

To: Alaska Long Range Financial Planning Commission  
From: Jay S. Hammond  
Subject: Implementing Proposals To Fill fiscal Gap

First, congratulations (commiserations?) for for being assigned the task of addressing Alaska's most crucial financial issue. Second, thank you for permitting me to perhaps further muddy the waters somewhat, while, hopefully, at the same time, suggesting a filtration process which might permit a solution to flow past political impoundments.

The basic solution, of course, is really quite simple: You either reduce the size of the gap or increase the amount of fill. While you've been given the chore of surveying the site, engineering the project and mixing the fill, no matter how logical your proposals may be, they'll each prove but another exercise in futility unless you can sluice them around those impoundments.

In your preliminary report there are several scenarios which could fill the gap. Most have three basic elements: 1. Cut spending; 2. Raise taxes and 3. Cap or eliminate dividends.

They all have something else in common: Regardless of merit, unless we provide some innovative means of detouring them around those political obstacles, all will high center.

Take cuts in spending: While politically popular in theory, in practice even the current, perhaps most fiscally conservative legislature ever, found it impossible to toss more than a few dollars saved into the void.

Similarly, even that most modest "revenue enhancement" which would have gleaned the greatest percentage of non-resident contributions, Governor Hickie's \$100 "Employment Tax", was shot down.

And if screams of public protest served to kill efforts to cut or raise but a few million to toss in the gap, you can bet proposals to cap or eliminate dividends will increase the crescendo ten-fold.

Some blame me in part for conditioning the public to consider dividends their due. If so, it is a charge to which I plead happily guilty. However, along with that admission let me suggest means by which the politics of

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dividends may be used to facilitate, rather than frustrate, filling the fiscal gap.

First, you must accept the rude fact the legislature not only will not, but cannot make substantial additional cuts nor impose new taxes no matter how modest or justified. The current legislative process simply will permit neither, even if most members support them. For example, most Alaskans agree it makes sense to at least trim back programs not based on need, such as Power Equalization; glean a few dollars from the roughly \$900,000,000 which flow out of Alaska in the pockets of non-resident fishermen or construction workers and perhaps even curb some benefits for public employees. Yet because of a committee system which permits an arbitrary chairman to frustrate majority will, such measures have virtually no chance of passage.

How can this be changed? Were the public allowed to vote on these matters they'd probably pass; but do you think for a moment a committee chairman dependant upon say "the fish vote" for re-election would ever let a new fish tax out of committee? Of course not. Similarly, while it's most generous for other Alaskans to pay part of my power bill while I'm catching their fish in Naknek, it's just a bit stupid to continue to do so in light of our looming fiscal crisis.

Equally stupid in my view was elimination of the Income Tax. Suspension or reduction may have made sense at one time, but wiping it out completely made it virtually impossible for any new development, save oil-related, which generated population increases, to pay its own way. Moreover, elimination created an almost insurmountable electoral obstacle to its re-imposition. Should the income tax be re-imposed, I believe it should be a "sliding scale tax" which rose or fell, dependant upon legislative ability to cut spending, oil prices and need to recoup dollars drawn from reserve accounts the previous year to ~~meet~~ fill budget gaps. This would permit the legislature to continue to gamble "on the come" should they so desire, while providing safeguards against fiscal chaos should they act imprudently or *judiciously*.

In my view, the best chance of reducing political resistance to any of the above cuts or enhancements lies in the Permanent Fund Dividend Program and its potential for presenting the public with substantial compensation for what trauma those actions would trigger.

Not only has the dividend program been deemed by many as economically the "best bang for the buck" of any state

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expenditure, it is the only state program based on absolute equity. Moreover, it has already demonstrated its ability to curb runaway spending. Or does anyone yet naively believe we would now have 13 billion in the Permanent Fund were there not a ring of militant dividend recipients fending off invasion by politicians who would rather spend all the people's resource wealth as they saw fit, rather than permit the people to spend the small portion allotted in dividends?

But now is the time for dividends to play even a greater roll by serving as a buffer against the pain of reduced services or increased taxes and user fees. Since it is a buffer legally provided only Alaskan residents, it also has the potential to promote local hire while it uniformly raises the tax base of every Alaskan community.

In light of the above, rather than capping or eliminating dividends, and squandering all the above potential, perhaps we should INCREASE that potential by increasing dividends.

#### HOW DIVIDENDS CAN BE USED TO FURTHER CUT SPENDING

Were dividends increased, political opposition to reduction of non-mandated programs would reduce as well. Dividend dollars could then be tapped thru many means. For example all non-mandated state funded programs could be placed on a dividend checkoff list. I've little doubt many, such as Ratnet, would glean sufficient dollars from the dividend check off to survive. Those which did not could then die with far less political pain.

Similarly, programs such as power equilization could become needs-based more easily. Those which could not be so modified without excessive political flak, such as the logevity bonus, should be restructured to return to the origianl intent of the act and thus phased out far more quickly, while at the same time eliminating gross inequities within the present plan.

#### DIVIDENDS CAN REDUCE OPPOSITION TO NEW TAXES AND USER FEES

Not only do dividends help all Alaskans more easily pay taxes and user fees they could be used to place a far greater burden of same on transient workers. I'm told it might even be possible to make transients bare the entire tax burden should we fully utilize the potential of dividends.

For example, were every Alaskan, on paper at least, granted their full per capita annual share of the resource wealth as a dividend, it would come to almost \$10,000. Instead they now recieve but 1/10 that amount in a check. The other nine tenths is retained by the state in what might be termed a

"dividend tax". In essence, dividends are being taxed at 90%. Were a credit against an income tax granted for that dividend tax, few alaskans would owe any income tax whatsoever.

If you really want to get innovative, think what we could do to facilitate, if not virtually mandate, local hire were employees allowed to transfer any unused "dividend Tax Credits" to employers as a means of reducing corporate taxes!

Were dividends increased, logical arguments against other taxes would be greatly reduced. While some argue sales taxes are the exclusive domain of municipalities, such of course is not true. Gasoline, liquor and cigarette taxes are really nothing but sales taxes which flow into state coffers. Since most of those taxes fail to tap the largest percentage of dividend dollars: those going to minors, some suggest their dividend dollars be tapped thro tuition charges.

My point of course is to urge you to consider innovatively using dividend dollars to help balance the budget, while permitting (obligating?) the public to determine the programs they are willing to pay for with their dividend dollars. I can think of no more politically palatable means of curbing runaway spending. Lamentably, most proposals you list would do just the opposite. In my view the plan which might best meet the above objectives is not even considered. That is the so-called Harbour Plan. I urge you to review it.

In conclusion I want to leave you with an unanswered question I've posed at every one of the dozen or so "economic conferences" I attended in recent months: "Would someone please tell me when it EVER makes more sense to cap or eliminate dividends, thereby imposing a "head tax" on every Alaskan and only Alaskans, than it would to simply crank up appropriate taxes or user fees to raise the same amount of revenue, much of which would be paid by non-resident transients and those of us who can best afford it?

If you conclude, as have I, that the answer to my question is: NEVER; then capping or eliminating dividends would seem even more stupid than wiping the income tax off the books.

## **Long Range Fiscal Planning Commission**

**716 W. 4th Avenue, Suite 470**

**Anchorage, AK 99501**

**907/258-8165**

### **LRFPC Continues Work on Fiscal Gap Media Advisory**

For Immediate Release:  
August 22, 1995

Contact:  
LRFPC Staff  
907/258-8165

ANCHORAGE -- The Long Range Fiscal Planning Commission will continue working on proposals to solve Alaska's Fiscal Gap on Friday, August 25 and Saturday, August 26th in the 2nd Floor Conference Room of the Anchorage Legislative Information Office building.

Department of Revenue Commissioner Will Condon will kick-off the two-day Commission meeting on Friday, August 26th at 8:30AM. Commissioner Condon will update members about the status of the State of Alaska revenue and debt picture.

Following Condon, Duane Guiley, Director of School Finance for the Department of Education, will discuss the school foundation formula. Guiley is scheduled to speak at 9:30AM

The rest of the Commission agenda for Friday will focus on work sessions about alternative plans for Alaska's fiscal future.

The Intergovernmental Affairs Subcommittee will present a report to the full Commission on Saturday, August 26th at 8:30AM. Following the subcommittee report, commission members will hear from members of the Alaska Municipal League and the Conference of Mayors via teleconference from Barrow.

The Commission will continue working on alternatives for Alaska's fiscal future, hear public testimony and discuss statewide public hearings during the rest of Saturday's meetings.

Earlier in August, the Long Range Fiscal Planning Commission released a preliminary report to the Legislature and the Governor. Copies of the report can be obtained by calling the Commission office at 258-8165. The Commission's final report to the Legislature and the Governor is due on October 1, 1995.

The Legislative Information Office is located at 716 W. 4th. For further information about the meetings, please contact the Long Range Fiscal Planning Commission at 258-8165.

#####

**SCOMM**

**101:10**

Summary of Public Hearings  
September 11, 1995  
Anchorage, Alaska

This public hearing session covered the North/Northwest and the Interior of the State of Alaska. Hearings commenced at 7:00P.M..

**Commission Members Present:**

|                     |               |                             |
|---------------------|---------------|-----------------------------|
| Brian Rogers, Chair | ) - Fairbanks |                             |
| Mary Nordale        | ) - Fairbanks |                             |
| Senator Lincoln     | ) - Rampart   |                             |
| Rep. Sean Parnell   | ) - Anchorage | Mike O'Conner ) - Anchorage |
| Hugh Motley         | ) - Anchorage | Pat Pourchot ) - Anchorage  |
| Marie Westfall      | ) - Ketchikan |                             |
| Annalee McConnell   | ) - Juneau    | Robert Loescher) Juneau     |
| Bruce Ludwig        | ) - Juneau    |                             |

**Staff Present:** Brad Pierce, Melissa Fouse, Bob Walsh

Public Hearings were called into order by the Chair at 7:00 P.M. Mr. Rogers gave a brief opening statement and then called on the first person to testify.

**Mr. Cliff Berglin, Fairbanks, Alaska-** Spoke about making available the leasing of more state lands for oil and gas development. Mr. Berglin spoke about the Point Thompson leases. Felt that there were at least 20 more fields that could be developed.

No questions from the Commission Members.

**Mr. Bob Knight- Post Office Box 84890 Fairbanks, Alaska 99708-**Felt that the Commission should run their projections out to 2010. Because he has and he sees a real drop. Felt that what was in the report didn't give a real clear picture of the gap as was written. Said he felt that the state would only have 10% purchasing power then with today's dollars.

The Chair explained that many commission members felt the same and the final report will reflect those projections.

Public Hearing North/Northwest and Interior  
Long Range Financial Planning Commission  
September 11, 1995  
Page 2

The Chairman went around the teleconference sites to check if anyone wished to testify. Delta Junction, Kotzebue, Nome?  
Only one observer in Nome.

**John Ringstead 757 Illinois, Fairbanks, Alaska 99708 -**  
Would like to see wider distribution of the final report. Feels that the awareness is just beginning as the summer is now behind us and we can start focusing on other issues. Was glad to see that everything was on the table. Encouraged economic development although there is not much benefit to the state other than employment. Phase in changes. These can't be done overnight.

Questions from Commissioners:

**Mary Nordale** asked where he would stand on an income tax? And when should one be imposed?

**Pat Pourchot** asked about forward funding, is it still a good way to go?

**Mary Nordale** asked that John submit in writing to the Commission his thoughts and concerns. John responded that he would get something to the commission for consideration.

**Hugh Fate - 750 Farmers Loop Road, Fairbanks, Alaska 99708 -** Felt that the Commission had to get the message out. Need a very comprehensive report with targeted solutions. Need to give the Governor and the Legislature more advice. Cap the PFD, Taxing is fair. The communities out there that are experiencing dissolution problems are doing so because they are buried. They feel that they will get more support from the Federal grant programs through their Tribal governments.

**Mary Nordale -** Questioned about the transfer of functions such as Class Three Roads to municipalities? What will happen to these communities?

**Stuart Peralá, 666 11th Ave., Fairbanks, Alaska-** felt that we should bite the bullet and bring up the dreaded "T" word. There should be a sales tax, an income tax as well as a gas tax. The gas tax is the lowest in the nation and this could go to fix our roads.

No questions from the commission members.

**David Bates, 2301 Wheat, Fairbanks, Alaska 99709.** Five year resident of the State, employed by Tanana Chiefs Conference. Would like to see an increase in the tobacco tax. Have not had a chance to read the report yet.

**Annalee McConnell-** Questioned him on the tobacco tax increase?

**Bob Loescher-** Would TCC favor elimination of the PFD or Capping the PDF? What would the impacts be regarding Revenue Sharing and Municipal Assistance elimination or reduction? What about the impacts to education?

**Mary Nordale -** Question. What was TCC's position on the alcohol tax proposal? What can be done to diminish the crime?

**Senator Lincoln-** Wanted to know what he means by the statement that the communities in Rural Alaska were unaware of the budget gap? How can we improve that? Why aren't they aware?

**Chairman Rogers** makes another round of the teleconference sites. Kotzebue, Barrow, and Nome.

**Barrow- Karen Hegyi, City of Barrow, Barrow, Alaska-** Spoke on behalf of the Mayor. Wanted to restate three items. 1.) hopes that everyone received the AML packet that a follow up to the August 26th meeting. 2.) The AML and the City of Barrow is ready and willing to work with the commission. 3.) Please remember the importance of Revenue Sharing and Municipal Assistance has in rural Alaska as well as all municipalities.

Public Hearing North/Northwest and Interior  
Long Range Financial Planning Commission  
September 11, 1995  
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**Fairbanks- Jane Hage, Fairbanks, Alaska 99701-** Don't cut schools that is our future. We have a good foundation program don't mess with it. There is a commission looking at the foundation program so don't do anything.

**Hugh Doogan, 359 Slater Street, Fairbanks, Alaska 99701-** Has been here a long long time and doesn't support a state sales tax this is a responsibility of the municipalities, and he doesn't support a statewide property tax.

The Chair recessed the Public Hearing at 8:15 pm until 9/12/95 at 7:00PM same locations.

Mon

Ringstad  
Nordale ask \$ → police + roads

Nordale Income Tax?

Ringstad  
• yes, politically feasible, big question is when.  
• taxes non-residents  
• govt not in good enough shape

Pomeroy Fund funding?

Il: Yes. Hard part getting <sup>go</sup> it. Not ultimate answer.

HUGH

Fate

- make final report very short
- any solution must involve prioritized cuts in spending
- cap dividend - \$ don't build infrastructure
- taxing - SB fair tax that does not impact business or oil cos/rates.
- rural Alaska - have lost faith in govt <sup>no economy</sup> regulated to death
- cottage industry bill

Nordale transfer functions i.e. road maint  
what would happen in rural AK

Loesch

unequal school funding?

- different system: more by elders, etc.

MNoodale:

inc. alcohol taxes

Lincoln

How can state improve communications?

- village people dis.

**STATE OF ALASKA  
LONG RANGE FINANCIAL PLANNING COMMISSION**

716 West Fourth Avenue, Anchorage, Alaska 99501

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Staff: Melissa Aber Fouse

Bob Walsh

**SUMMARY OF PUBLIC TESTIMONY  
TUESDAY, 12 SEPTEMBER 1995**

The hearing was called to order by Chairman Rogers at 7:00 PM.

Testimony was given as follows:

Terry Hoefferle, Dillingham:

- commend quality of report, ADN one-page summary better
- in the last 10 years as the population has grown more dollars have left the state; more jobs do not translate into more dollars to the state
- the permanent fund dividend is a negative tax
- we need an income tax; taxpayers were disenfranchised when statute repealed
- supports reenactment of a personal income tax, a property tax and a state sales tax as needed in that order
- changes to the permanent fund should be last
- the size of government is growing because of entitlement programs such as the longevity bonus, which should be needs based and phased out
- other entitlement programs should be examined

Vince O'Rielly, Kenai

- commends commission for work done so far
- Alaska needs a long term solution to fiscal management
- cuts should be made without causing a decline in the economy
- should examine Cremo plan
- need to consider how those outside the state (i.e. bond agencies) regard our financial responsibility

Question from Commissioner O'Connell: What are you hearing about peoples opinion's of the tools outlined in the report?

Mr. O'Rielly: It is generally accepted that people are not willing to pay taxes until they feel spending has been cut to the bone. People want to hang on to their PFDs. People agree that a long term solution is needed.

Question from Commissioner Rogers: It has been suggested that the Legislature repeal the municipal exemption for Sr. Citizen Property taxes and that it be reenacted as a optional municipal program with an option for a lien on property in lieu of taxes. What is opinion?

Mr. O'Rielly: A positive idea in that it pushes the issue to the local level; let seniors work to impact their local governments.

Question from Commissioner Rogers: Do you support enacting all the tools to close the fiscal gap at once?

Mr. O'Rielly: People are interested in a permanent solution to fiscal matters and are willing to pay for it and take drastic measures. Bond rating agencies should be brought into any process.

George Navarre, Kenai

- Permanent Fund Dividends have been sacred cows. We should take the \$575 million and put \$500 million back into government. We should then divide up the remainder into \$100,000 increments and hold a statewide drawing to determine who gets the money.

Rhonda Johnson, Seward

- supports increase in tobacco tax; it would improve our quality of life while closing the fiscal gap.

Bev Dunham, Seward

- supports income tax, also increases in tobacco and alcohol taxes
- income tax a way to pay for services
- do not take a way child care subsidies

Pat Hawkins, Kenai

- cut services and eliminate programs such as the longevity bonus and the Pioneers' homes, then raise taxes
- cut non-mandated local aid programs
- make 15% across the board agency cuts

Question from Commissioner Lincoln: What more information can we get out to the public?

Mr. Hawkins: the public does not believe more funds need to be spent.

Nathan Bailey, Kenai

- supports increase in tobacco tax

Marlene Luke, Anchorage

- feels the result of senior citizen perquisites is to make them wealthy and to price others out of the housing market
- thinks state employees should take pay cut graduated by salary scale

- don't eliminate the PFD, will help pay income tax

Arni Thompson, Alaska Crab Coalition

- feels that proposed increases in taxes are too high, especially in light of the recent decision to create CDQ allocations, thereby reducing the overall catch to the fleet and further reducing the net return of the fishery.

Question from Commissioner O'Connor: Of 57 boat owners represented by Alaska Crab Coalition how many are Alaskans?

Mr. Thompson: Twelve, but the entire fleet for the crab fishery is about 300.

Question from Commissioner O'Connor: What is the value of the vessels?

Mr. Thompson: about \$2million.

Question from Commissioner O'Connor: Why is \$20 million considered too much to pay in fish taxes; a personal property tax on the value of the boat would be more?

Mr. Thompson: While the value of the entire fishery is about \$600 million, the net income is down to about \$266 million. Net return is about 10% and shrinking.

James Nelson, Kenai

- the severity of the gap will require all tools be used to fix it to some degree
- important to protect business, provide value added, and protect our resources as well
- long term plan must provide incentives for business to come here

Paul Fisher, Kenai

- (Responding to the question "why aren't more people here"): Former Governor Cowper did workshop on same question, 140 people showed up, and there were no results from their work.
- government never listens and a sincere effort is hard to believe in.
- the public believes there is not constraint on spending
- the Alaska Science and Technology Fund should not be sacred
- dollars like the Polaris Fund should be invested inside Alaska
- increasing the teaching loan of professors by 3 credit hours would solve the problems of the university

Response from Commissioner Lincoln: we want government to listen.

Response from Commissioner Rogers: also have heard comments that government doesn't listen. Hopes that this commission will be better because it is a joint effort of the administration and the legislature.

Joan Bennett-Schrader, PO Box 1587, Kenai, Alaska

- reference to page 14 of LRFPC Report re: spending cuts.
- concerned that elected local government officials can be members of PERS
- felt the publication of the report and the hearings were too rushed

Request from Commissioner Lincoln: Please provide testimony in writing.

Tuesday

Brian Rogers  
Hugh Motley  
Marie Westbrook  
Arnaldo McConnell  
Pat Panchot  
Bruce Ludwig

010

7pm - Brian gives overview  
- 5 min limit -

8:30 break

Dillingham

Terry Hoekstra

- commend quality report, good summary. AIN 1 pg better
- last 10 yrs / as pop grows & leave more <sup>more</sup> jobs don't translate to more st \$
- no tax / - neg tax PD
- Need income tax
- disenfranchised taxpayers when repealed
- inc. tax progressive
- <sup>in order:</sup> pers, prop, st. sales tax, others

• PF SB last tinkered w.

• SIZE GOVT:

growing BECAUSE entitlement prog (K.A.B.)

② look e other entitlement programs.

INC. TAX = #1

①  
↓  
SB needs based & phased out

Kenai

Vince O'Rielly

- command for work some
- need long term solution
- cut w/o causing decline in economy.
- long term solution: (ie. Kenai)
- 2 1/2 yrs ago talked about Cremo plan
- long term solution
- need to consider how those outside the state regard our fiscal resp.

150 W/101

McConnell Question: do you hear about tools in report?

generally accepted that people not willing to pay taxes - state exp cut to home

PEOPLE HANG ON TO PFD. <sup>PEOPLE</sup> AGREE THAT LONG TERM SOLUTION IS NEEDED

Rogers Q: has been suggested  
repeal muni exemption +  
re-enact as optional muni  
program w option of lien in  
lieu of taxes

VOR: • Does push it down to local level  
- let ses. impact assemblies, etc.  
• Feels people will go to great  
le

BRQ: endowment approach?  
enact const amend.

1. up front
  2. minor taxes
  3. limit div
- haven't been able to get model to work

Public support > do you support enacting  
all tools at once?  
give up to get there

VOR

People interested in permanent solution to fiscal matters and are willing to pay for it. i.e. least measures

- bond rating agencies s/b brought into process.
- ~~media re: debt capacity~~

BR.

GEORGE NAWANE. KENAI

- No one wants to touch PFD \$575M
- put it back into Gov (\$500). Divide \$75M into \$100,000 increments and then have a drawing for winners

SENATOR RONDA JOHNSON

- supports suggestion on increase in tobacco tax. would help improve quality of life while closing fiscal gap?

BEV DUNHAM

51 yr Resident

- supports income tax. also increase tobacco + alcohol tax
- inc tax is a way to pay for sres.
- do not take away child care subsidies

Pat Hopkins Hawkins

440

(Real Name) ~~Pat~~ ~~Hawkins~~

IC. ALB. Pioneer Hous.

- cut services, eliminate programs
- then raise taxes
- non mandated local aid prog.
- 15% across bd agency cuts

506

Senator Lincoln - ? What more information can we get out there?

- public does not believe more \$ needs to be spent

Nathan Bailey, Kerai

Tobacco Alliance @ Peninsula

- supports inc. tobacco tax

Maureen Luke

- ADFA employee
- lives in coop
- neighbors who are wealthy collect AUB, pay no property tax
- real issues = sr. citizens who can add amenities are pricing others out of their homes.
- prob should be tax but people object
- thinks state employees should ~~take~~ take graduated pay car.
- keep PFD to ~~now~~ pay state tax.

665

Leni Thompson, AK Crab Coalition  
Seattle WA

- AK ST. CHAMBER
- SUPPORTS GOALS OF COMMISSION
- rec. comm. carefully focus
  1. need for adequate key memr
  2. proposed royalty fees:
    - A. small business 90% landed ashore
    - B. subject to taxes landed value \$260M

3. Ltd entry crab fishery approved for Jan or Jul 1997. Taxation doubles when quotas trans. to villages equaling \$40M

Inc. taxes  
 alternative could endanger fishery

ACC supports dev. market based crab fishery

\* supports 2% of gross rev in context of 1st entry (quota) \*  
 sustainable revenue source in mgmt fishery

828 Pouchot: how CDQ relate to tax? allocation

Allocation % quota removed from total catch  
 216M (-20M)

2.5 allocated to 6 co-ops  
 310M ea.  
 quantity fish processing co. of vessel

Fleet loses access to

Pouchot

847 PP But no actual change in landed value

851 That's what loss of value to fleet

O'Connor

Of 57 boat owners, how many AKS = 18

2M per vessel catch value?

300 full time crab boats - \$600M CATCH VALUE

MC - \$20M too much? pers. prop. <sup>tax</sup> more return on inv.

AT: net income down to \$266M. Return about 10% + shrinking.

Divided Among 300 Vessels  
 Chm. Kerai  
 Ec. Dev. Committee

859 Kerai (Stan Ellison) James A. Jay Nelson

severity of gap will take all tools to account to some degree  
 noteer business, and resources  
 long term must provide incentives for

business) to come here.

Paul Fischee:

- Why not more people here?
- Cowper did workshop 140 showed up.
- Govt never listens. Sincere effort hard to believe.
- Pub believes there is no constraint on spending
- AS+TF should not be sacred
- Pdavis \$ should be invested inside AK
- teaching load of professors in 3 hrs would solve problems of university.

Lincoln

WANTS GOVT TO LISTEN

ROGERS

Also has heard comments that Govt not listening. Hopes that this comm. will be better because Govt is working together.

Joan Bennett-Schneider

P.O. 1587, Kenai, AK

Pg 14: re: spending cuts  
concerned that elected officials<sup>may</sup>  
(ie local govt) can be PERS retirees  
<sup>School Eds</sup>  
• too rushed to read + comment

Lincoln - plz give testimony in writing.

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Bob Walsh

**SUMMARY OF PUBLIC TESTIMONY  
WEDNESDAY, 13 SEPTEMBER 1995**

The meeting was called to order by Chairman pro tem O'Connor at 7 PM.

Testimony was given as follows:

Rich Kronberg, Anchorage

- Alaska does have a situation, need to cut spending and increase revenue, the question is how.
- Alaska is the #1 tax haven for individuals
- Alaska's youth are at risk
- We must continue to finance education but changes need to be made
- We must preserve the human capital of the state

Dr. Martin Lasser, Craig

- School facilities need investment
- Last years school construction budget was \$400,000; over one-half billion dollar backlog
- Please include need for school construction in final forecast
- Supports investing the permanent fund in Alaska's schools

Charles McKee, Anchorage

- The solution to our problem is territorial mining law
- Intends to mine upper Cook Inlet
- Protests ordinance giving police powers to large corporations

Milton Byrd, President, Alaska Support Industry Alliance, Anchorage

- Commends the commission on its energy but cannot commend report
- Only contribution the report makes is a credible case on the existence of the fiscal gap
- Spending should be cut
- Report seems to focus on raising revenue
- Don't tax, trim government, do not burden the economy
- Young punks need to be jailed and kept there
- Need regulations that are simple
- Reduce and combine state government agencies
- Cut a billion dollars from the budget

Question from Commissioner Nordale: Have you a laundry list of programs to cut?

Response: We have had in the past, we do not now.

Question from Commissioner Nordale: The Commission can use your advice re: excess expenditures; would appreciate having a list.

Response: Every two years we elected officials who then say tell us what to do. That's not our job.

Question from Commissioner Rogers: Any recommendations for specific departments to eliminate?

Response: Departments should be reconstructed rather than eliminated.

Question from Commissioner Rogers: For example, would you recommend elimination of the Department of Natural Resources?

Response: Need simpler regulation. Zero-based government reconstruction is needed.

(Note: written testimony submitted)

Kym Swift, Executive Director, Common Sense for Alaska, Anchorage

- There is a need for prudent state spending
- All of aspects of the state budget should be scrutinized
- Now subsidies are administered on the basis of entitlement, not need
- Urges committee to focus on states problem which is overspending

Question from Commissioner Nordale: You have suggested that the Longevity Bonus be terminated; do you have any other suggestions?

Response: programs should be based upon need.

Question from Commissioner Loescher: Appendix one of the commission's report lays out spending cuts, are there any comments from your organization about those scenarios.

Response: Will have to discuss with board.

(Note: written testimony submitted)

Mike Nelson, Wasilla

- Need to cut bloated state government
- The state should drill for its own oil
- Stop passing unnecessary laws
- Stop the federal government from passing unnecessary laws
- Stop funding boards and commissions

Tom Brennan, Anchorage

- Seconds Dr. Byrd's comments
- Report wrongly accepts the size of government and seeks to find ways to pay for it

Question from Commissioner Rogers: Do you find any of the scenarios in Appendix Two acceptable?

Response: Have not reviewed report, government needs restructuring

Question from Commissioner Rogers: We are looking as private citizens and as members of the commission for ideas. Please help us with ideas for specific cuts.

Response: the issue is not what to cut, but what to keep.

Question from Commissioner Parnell: 1) The report is a composite intended to lay options on the table, and 2) the mission of the commission is to fill the fiscal gap; a drop in oil prices could bring us another gap. How do you recommend we deal with the issue of stability in state revenues.

Response: Forward funding.

Question from Commissioner Parnell: Have you talked as a group (the Alliance) about an endowment approach?

Response: No.

Ann Marie Holen, Anchorage

- Supports increase in tobacco taxes, also alcohol

Jerry McCutcheon, Anchorage

- Maximize revenue, not jobs
- Jobs cost the economy of the state \$10,000 apiece
- There are 17 billion barrels of recoverable oil at Prudhoe Bay even using 1970s technology
- Early APUC report says the state will have lost \$40 billion by 2010 due to not building the gasline
- Where is the 4 billion barrels of extra oil?
- The report did not include AHFC and AIDEA as liquid assets. They should be put out of business and the money given to the permanent fund

Jane Coppenegge, Anchorage

- Supports reinstating the income tax
- Use funds from the permanent fund for research and development and for budget stabilization
- Supports a sales tax which will get tourist dollars

Mary Shields, Anchorage

- Any plan needs legislative support.
- Solutions are zero based budgeting and forward funding
- Alliance (Alaska Support Industry Alliance) has discussed the Cremo plan.
- Legislature needs to consider a long range plan as its primary consideration during the coming session
- Privatize
- Give her a high school graduate that can read
- Increased taxes unnecessary

Question from Commissioner Rogers: How do we convince people that the gap is real?

Response: Need a campaign such as "A Hole in the Bucket". Make departments justify expends. The legislature has been reluctant to look at the five year average price of oil as its basis for spending.

Tina Lindgren, Executive Director, Alaska Visitors Association, Anchorage

- AVA is a private non-profit corporation that contributes to economic development by tourism marketing
- Cuts of over 40% already made
- Now facing greater competition in attracting visitors
- Alaska now ranks 30th in tourism spending
- Of the \$5.4 million mentioned in the report, \$1.4 million comes from industry, which also contributes over \$3 million in goods and services
- Now is not the time to halt investment in the fastest growing segment of Alaska's economy

Don Valesco, Local 71, Anchorage

- Represents state employees
- We don't have a fiscal gap as long as we are putting money in the bank
- We have lots of money - cash reserves, the permanent fund, AHFC, AIDEA, etc.
- Citizens will not believe there is a fiscal gap as long as the state hands out cash and does not tax
- Development only costs the state money (i.e. Fort Knox)
- Be careful about "profitization" of state services
- State employees are not paid as well as oil company employees

Timothy M. Sullivan, Anchorage

- Concerned about the basis of our fiscal future
- What should be done with state assets such as AHFC, AIDEA, etc.? They should continue to provide money to the state; it is ridiculous to throw away our seed corn
- Did not see mention of energy efficiency in report; over \$300 million per year spent in Alaska for energy costs
- Need a long range plan for energy efficiency in state facilities

Larry Baker, Anchorage

- Important that all Alaskans share the pain of budget cuts
- Average wage less that 3 years ago
- Any taxes are harder on the populace
- "We're not wealthy, we're filthy rich". Although we have tremendous needs, we need to scrutinize programs unique to Alaska.

John Harrington, Anchorage

- Cut wasteful spending
- Cap or eliminate the permanent fund dividend
- Initiate a statewide sales tax

- Prefers Scenario #2

Nancy Cuddleback, Anchorage

- Eliminate permanent fund dividend and use to fill gap
- Dividend program attracts welfare recipients

Joelle Hall

- Her generation will be responsible for decisions made now
- Don't balance the budget on the backs of the poor or elderly

Mike Ryan, Anchorage

- Fiscal gap is big threat to our way of life
- Need to cut deeply

Wednesday

ROGERS  
LUDWIG  
LOESCHER  
McConnell

Nordate

O'Connor  
Mottley

26 Rich Keorberg, ANCH

- AK does have situation, cut sp/inc revenue - how
- #1 tax haven for individuals
- AK's youth at risk
- must continue to finance education <sup>but</sup> chgs need to be made
- preserve human capital of state

Dr Martin

Marty Laseer, Craig City Schools

- school facilities need investment
- \$400,000 last yers investment, backlog over \$1 billion
- Craig is prepared to match
- please incl in final forecast
- would invest Perm Fund.

Charles McKee, Anchorage

- solution to problem, territorial mining law.
- intention to mine upper COOK INLET
- has talked to various entities protesting an ordinance giving corporations police powers.

written testimony

Mick Byrd, AK Support Industry Alliance

- commend on energy but cannot commend upon
- only contribution credible case on existence of gap
- fuel's spending should be cut

- 2
- REPORT SEEKS TO RAISE REVENUE
  - I. NT TAX, TRIM GOVT, DONT BURDEN ECONOMY
  - YOUNG PUNKS NEED TO BE JAILED AND KEPT THERE
  - NEED REGULATIONS THAT ARE SIMPLE.
  - REDUCE, COMBINE, ETC.
  - CUT A BILLION DOLLARS FM BUDGET.

NORDALE: LIST OF PROGRAMS (LAUNDRY LIST)  
TO CUT

MB: YES, IN THE PAST NOT NOW

NORDALE: COMMISSION CAN USE YR Advice re:  
excess expenditures. would appreciate  
having a list.

BYRD: every two yrs elect officials, they  
say now tell us what to do. THAT'S  
NOT OUR JOB.

ROGERS: ANY SPECIFIC DEPARTMENTS TO ELIMINATE?

BYRD RECONSTRUCT RATHER THAN ELIMINATE

ROGERS IE.  
DIR

BYRD • SIMPLER REGULATION.  $\phi$ BASED GOV  
RECONSTRUCTION

KYM SWIFT EX. DIR COMMON SENSE

- NEED FOR PRUDENT STATE SPENDING
- SUBSIDIES ADMIN ON BASIS OF ENTITLEMENT  
NOT NEEDED

NORDALE: ALB terminated. Any others?

SWIFT: BASED ON NEED

LOESCHER: APPENDIX ONE LAID OUT SPENDING CUTS, ANY COMMENTS FM ORG.

MIKE NELSON, WASILLA

- NEED TO CUT BLOATED GOVT
- STATE DRILL FOR ITS OWN OIL
- STOP PASSING UNNECESSARY LAWS
- STOP FED GOVT FM . . . . .
- STOP FUNDING COMMISSIONS
- ~~ADDITIONAL CUTS~~

TOM BRENNAN: ANCH

- SECOND DR. BYRDS COMMENTS
- REPORT ACCEPTS SIZE GOVT OK AND NEED TO FIND A WAY TO PAY FOR IT

ROGERS LOOKING AT SCENARIOS, ANY OK?

BRENNAN: NO, NEED FUNDAMENTAL RESTRUCTURING  
↓ NOT REVIEWED

ROGERS: LOOKING AS PRIVATE CITIZENS FOR IDEAS. PLEASE HELP W IDEAS FOR CUTS W SPECIFICITY

BRENNAN: DECIDE NOT WHAT TO CUT, DECIDE WHAT TO KEEP

PAENELL: 1. REPORT IS COMPOSITE INTENDED TO LAY OPTIONS ON TABLE

2. MISSION OF COMMISSION TO FILL FISCAL GAP; <sup>ALSO COULD HAVE ANOTHER GAP</sup> HOW DO YOU RECOMMEND we deal w stability in state revenues.

BRENNAN: FORWARD FUNDING

Paenell Have talked as group about endowment? No

Ann Marie Holden, ANCHORAGE

- supports increase in tobacco taxes (also Alcohol)

Keey McCutcheon, ANCHORAGE

- maximize revenue, not jobs
- jobs cost us \$10,000 a piece
- 17 billion bbls recoverable oil w 1970s technology
- ~~17 billion~~ gasoline
- APUC STATE LOST \$40 billion by 2010.
- where 4 billion bbls of extra oil
- didn't incl AIDEA + AFE. They should be put out of business and money given to the permanent fund.

JANE COPPENIE, ANCHORAGE

- SUPPORTS REINSTITUTING income tax
- use PFD for R+D + budget stabilization
- Support sales tax which will GET TOURIST \$

MARY SHIELDS, ANCHORAGE

- <sup>plan</sup> NEEDS legislative support
- Solutions: Zero based budgeting, move to forward funding
- ALLIANCE HAS DISCUSSED CREMO PLAN
- LEGISLATURE NEEDS TO CONSIDER AS PRIMARY CONSIDERATION.
- Privatize
- K-12, give HS graduate that can read, etc.
- increase taxes - for what

~~NEEDS~~

ROGERS Q: How we convince people that gap is real?

SHIELDS: CAMPAIGN "HOLE IN THE BUCKET"  
MAKE DEPTS JUSTIFY EXPENSES.  
LEGISLATURE RELUCTANT TO LOOK  
AT FIVE YR OIL PRICE AVERAGE.

TINA LINDGREEN, ANCHORAGE

- EXDIR AVA. PRIVATE NON-PROFIT
- ECONOMIC DEVELOPMENT IE. TOURISM MARKETING
- CUTS ALREADY MADE, OVER 40%
- FACING GREATER COMPETITION.
- STATE RANK NOW 30<sup>th</sup> in tourism spending.
- \$5.4M in REPOS, 1.4M COMES fm industry (contains > \$3M goods + svcs)
- not time to halt investment in fastest growing segment of economy

DON VALEZIO

- REPRESENTS ST. EMPLOYEES
- EMPATHIZE / MANY DIVERSE INTERESTS
- DON'T HAVE FISCAL GAP, PUTTING \$ in the bank
- Perm Fund, reserves, AIDEA, AHFC - lots of \$
- CITIZENS WILL NOT BELIEVE THERE IS FISCAL GAP AS LONG AS STATE HANDS OUT \$1 and does not tax them.
- development (ie. Ft Knox) only costs the state money.

**DRAFT!!!****Designated Fund Sources**  
(shown in thousands)**DRAFT!!!**

| <u>Code</u> | <u>Est.<br/>Balance<br/>6/30/95</u> | <u>FY96<br/>Budget</u> | <u>Fund Name</u> | <u>Comments</u> |
|-------------|-------------------------------------|------------------------|------------------|-----------------|
|-------------|-------------------------------------|------------------------|------------------|-----------------|

**Federal Funds:**

|      |      |             |                                    |  |
|------|------|-------------|------------------------------------|--|
| 1002 | 0.0  | 1,023,153.9 | Federal Receipts                   |  |
| 1043 | 0.0  | 21,016.5    | Public Law 81-874                  |  |
| 1047 | 0.0  | 6,310.8     | Title 20                           |  |
| 1063 | 40.0 | 50.0        | National Petroleum Reserve<br>Fund |  |

**University Receipts:**

|      |   |          |                                                |  |
|------|---|----------|------------------------------------------------|--|
| 1010 | ? | 2,801.4  | U/A Interest Income                            |  |
| 1011 | ? | 19.7     | Alaska Advance College Tuition<br>Payment Fund |  |
| 1015 | ? | 23,984.8 | U/A Dormitory/Food/Auxiliary<br>Service        |  |
| 1038 | ? | 53,842.2 | U/A Student<br>Tuition/Fees/Services           |  |
| 1039 | ? | 16,273.0 | U/A Indirect Cost Recovery                     |  |
| 1048 | ? | 46,638.2 | University Receipts                            |  |

University receipts are specifically excluded from the  
definition of general fund program receipts by AS 37.05.146.

**DRAFT!!!**

**Designated Fund Sources**  
(shown in thousands)

**DRAFT!!!**

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|-------------|-------------------------------------|------------------------|------------------|-----------------|
|-------------|-------------------------------------|------------------------|------------------|-----------------|

**Retirement Funds:**

Funds held in trust and used for the management and investment of pension funds.

|      |   |          |                                  |
|------|---|----------|----------------------------------|
| 1029 | ? | 15,634.2 | Public Employees Retirement Fund |
| 1034 | ? | 10,086.7 | Teachers' Retirement System Fund |
| 1042 | ? | 164.8    | Judicial Retirement System       |

**Trust Funds**

|      |           |       |                                |
|------|-----------|-------|--------------------------------|
| 1037 | 0.0       | 0.0   | Children's Trust Fund          |
| 1053 | 129,955.0 | 18.7  | Investment Loss Trust Fund     |
| 1066 | 141,030.0 | 120.2 | Public School Fund             |
| 1092 | 200,000.0 | 952.8 | Mental Health Trust Settlement |

Consists of appropriations and gifts, grants, etc. Principal is retained in fund. Income is for grants to prevent child abuse. No appropriations ever made to fund - AS 37.14.200

Funds held in trust to benefit participants in supplemental annuity plan. To be spent to hold participants harmless from loss of investments issued by Executive Life of California - AS 37.14.300

Endowment fund from one half of one percent of receipts from management of land including mineral rentals, royalties, sales, etc. Principal is retained in fund. Income is used to support public school program - AS 37.14.110  
Includes cash appropriated and proceeds of trust land management. Principal is retained in fund. Income is used to support the trust authority, management of assets, and mental health program grants. - AS 37.14.031

**DRAFT!!!**

**Designated Fund Sources**  
(shown in thousands)

**DRAFT!!!**

| <u>Code</u>                                                   | <u>Est.<br/>Balance<br/>6/30/95</u> | <u>FY96<br/>Budget</u> | <u>Fund Name</u>                                  | <u>Comments</u>                                                                                                                          |
|---------------------------------------------------------------|-------------------------------------|------------------------|---------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Created by appropriation from GF for specific purpose:</b> |                                     |                        |                                                   |                                                                                                                                          |
| 1012                                                          | 4,596.0                             | 0.0                    | Railbelt Energy Fund                              | Appropriated by the Legislature to meet railbelt energy needs.                                                                           |
| 1019                                                          | 0.0                                 | 100.0                  | Reforestation Fund                                | Legislature may appropriate 25% of timber/stumpage sales for reforestation. \$900.0 appropriated so far, remainder goes to General Fund. |
| 1044                                                          | 11,788.0                            | 80,322.4               | Debt Retirement Fund                              | The same amount appropriated to this fund is appropriated to pay debt obligation of the state.                                           |
| 1056                                                          | 282.0                               | 0.0                    | Electrical Service Extension Fund                 | Fund grants for site prep and construction to extend electric service to private residences and small businesses.                        |
| 1076                                                          | 42,142.0                            | 74,347.7               | Marine Highway System Fund                        | Allows the separate accounting of marine highway receipts and appropriations.                                                            |
| 1079                                                          | 1,082.0                             | 3,191.3                | Storage Tank Assistance Fund                      | Identifies funds used for tank tightness tests, site assessments, grants and loans.                                                      |
| 1080                                                          | 0.0                                 | 0.0                    | School Construction Fund                          | The same amount appropriated to this fund is appropriated to pay design and construction of public school facilities.                    |
| 1082                                                          | 0.0                                 | 2,000.0                | Vessel Replacement Fund                           | Funds used for refurbishment or replacement of existing or acquisition of additional vessels.                                            |
| 1083                                                          | 0.0                                 | 0.0                    | Education Facilities Maintenance and Construction | The same amount appropriated to this fund is appropriated to pay major maintenance costs of public school facilities                     |
| 1085                                                          | 0.0                                 | 0.0                    | Railbelt Intertie Reserve                         |                                                                                                                                          |
| 1087                                                          | 0.0                                 | 18,248.1               | Municipal Matching Grant Fund                     | The same amount appropriated to this fund is then appropriated to pay for state share of the capital matching grant program              |
| 1088                                                          | 0.0                                 | 1,880.1                | Unincorporated Matching Grants                    | The same amount appropriated to this fund is then appropriated to pay for state share of the capital matching grant program.             |

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| <u>Code</u> | <u>Est.<br/>Balance<br/>6/30/95</u> | <u>FY96<br/>Budget</u> | <u>Fund Name</u>        | <u>Comments</u>                                                                                                          |
|-------------|-------------------------------------|------------------------|-------------------------|--------------------------------------------------------------------------------------------------------------------------|
| 1089        | 63,891.0                            | 20,785.6               | Power Cost Equalization | Capitalize funds to be used for payment to utility companies to equalize power costs throughout the state - AS 42.45.100 |

**Special revenue funds - use of funds specified in constitution or statute:**

|      |          |           |                                           |                                                                                                                                                                                                                        |
|------|----------|-----------|-------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1008 | ?        | 0.0       | General Obligation Bonds                  |                                                                                                                                                                                                                        |
| 1009 | ?        | 0.0       | Revenue Bonds                             |                                                                                                                                                                                                                        |
| 1014 | 205.0    | 358.6     | Donated Commodity/Handling<br>Fee Account | Funds from federal agencies to cover costs of distributing federal surplus foods. (USC 7 CFR 250)                                                                                                                      |
| 1016 | 0.0      | 2,847.2   | Federal Incentive Payments                |                                                                                                                                                                                                                        |
| 1017 | ?        | 4,005.8   | Benefits Systems Receipts                 |                                                                                                                                                                                                                        |
| 1018 | ?        | 0.0       | Exxon Valdez Oil Spill Settlement<br>Fund |                                                                                                                                                                                                                        |
| 1022 | ?        | 118,159.7 | Corporate Receipts                        | Appropriations for income generated from state corporations to be used for programs and administration                                                                                                                 |
| 1023 | 0.0      | 90.8      | FICA Administration Fund<br>Account       | Fund is no longer used. Has a zero balance.                                                                                                                                                                            |
| 1024 | 11,884.0 | 22,012.9  | Fish and Game Fund                        | Receipts from sale of sport fishing and hunting licenses and permits to be used for sport fish and game management. Required for participation in federal programs. (AK Constitution Article IX, sec. 7, AS 16.05.100) |
| 1025 | 4,800.0  | 12,508.0  | Science & Technology<br>Endowment Income  | Income from investment of endowment fund used for administration of the foundation and grants to promote basic and applied research, economic development, technological innovations.                                  |

**DRAFT!!!****Designated Fund Sources**  
(shown in thousands)**DRAFT!!!**

| <u>Code</u> | <u>Est.<br/>Balance<br/>6/30/95</u> | <u>FY96<br/>Budget</u> | <u>Fund Name</u>                        | <u>Comments</u>                                                                                                                                                                                                                 |
|-------------|-------------------------------------|------------------------|-----------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1027        | ?                                   | 50,017.5               | International Airport Revenue Fund      |                                                                                                                                                                                                                                 |
| 1030        | 936.0                               | 2,655.0                | School Fund                             | Proceeds from payment of cigarette taxes, fees, penalties and licenses to be used to rehabilitate, construct and repair school facilities. (AS 43.50.140)                                                                       |
| 1031        | 1,894.0                             | 2,831.7                | Second Injury Fund Reserve Account      | Collections of civil penalties from employer or insurance carrier for employees' compensable injuries. Paid as benefits based on awards of AK Workers' Comp Board. (AS 23.30.040)                                               |
| 1032        | 7,699.0                             | 1,290.7                | Disabled Fisherman's Reserve Account    | 60% of commercial fishing license fees to be used to pay emergency treatment, transportation, medical care of commercial fishers. (AS 23.35.060)                                                                                |
| 1033        | 233.0                               | 274.8                  | Surplus Property Fund                   | Receipts from sale of federal surplus property.                                                                                                                                                                                 |
| 1040        | 410.0                               | 175.3                  | Real Estate Surety Fund                 | Payments by licensed real estate brokers and salesmen to be used for payment of claims and real estate educational purposes. (AS 08.88.450)                                                                                     |
| 1041        | ?                                   | 0.0                    | Permanent Fund Earnings Reserve Account |                                                                                                                                                                                                                                 |
| 1049        | 54.0                                | 634.4                  | Training and Building Fund              | Interest and penalties for failure to file reports and nonpayment of unemployment insurance fund contributions to be used for training and building acquisitions. Excess funds go to the unemployment trust fund. (AS23.20.130) |
| 1052        | 65,708.0                            | 15,917.4               | Oil/Hazardous Response Fund             | Collects the 3 cent/barrel for prevention and 2 cent /barrel for response need                                                                                                                                                  |
| 1054        | 4,154.0                             | 3,781.2                | State Employment & Training Program     | 3/10 of 1 percent of the employees' contribution to unemployment insurance trust fund                                                                                                                                           |