

ALASKA LEGISLATURE SPECIAL COMMITTEE / SUBJECT FILES 86 / 2

207 SCOMM 9: HOUSE SPEC. COMM. ON PERMANENT FUND 1977-78

BY THE RULES COMMITTEE
BY REQUEST OF THE LEGISLATIVE
COUNCIL INTERIM COMMITTEE
ON THE ALASKA PERMANENT FUND

IN THE HOUSE

HOUSE BILL NO.

IN THE LEGISLATURE OF THE STATE OF ALASKA

TENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act relating to appropriations of income from the
Alaska permanent fund."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

* Section 1. AS 37.10.065 is amended by adding a new subsection to read:

(d) Plans for expenditures of income from the permanent fund shall
be submitted to the legislature annually by the governor. The plans
shall provide for apportionment of the income, as the governor considers
appropriate, to the following:

(1) additional contributions to the Alaska permanent fund
established in AS 37.10.065;

(2) additional contributions to the Alaska renewable resources
development fund established in AS 37.11.010;

(3) dividend payments on shares established in AS 37.18.010 -
37.18.110; and

(4) contributions to the following loan funds:

(A) the agricultural loan fund (AS 03.10);

(B) the commercial fishing revolving loan fund (AS 16.-
10.300 - 16.10.370);

(C) the fisheries enhancement loan program (AS 16.10.500
16.10.560);

(D) the senior citizens' housing development fund
(AS 18.100.070);

(E) the veterans' loan program (AS 26.15);

(F) the child care facility revolving loan fund (AS 44.-

1 33.240 - 44.33.275);

2 (G) the water resources revolving loan fund (AS 45.86);

3 (H) the tourism revolving loan fund (AS 45.90);

4 (I) the small business revolving loan fund (AS 45.95).

STATE OF ALASKA THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

September 21, 1977

#100
POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

SUBJECT: Permanent Fund (Work Order No. 4305)
TO: Representative Clark Gruening
FROM: Billy G. Berrier
Director, Division of Legal Services
Kenneth E. Vassar
Staff Attorney

You have requested an opinion relating to the following questions:

- (1) May bonded debt of the state or of local governments be retired or purchased with permanent fund principal or interest?
- (2) Assuming a permanent fund structure as proposed in HB 298, what legislative power of confirmation exists and can the legislature establish a system of periodic reconfirmations?

1. Bonded Indebtedness. The authority for any expenditure of permanent fund principal or interest is Section 15, Article IX of the Constitution of the State of Alaska. This section reads:

"Section 15. ALASKA PERMANENT FUND. At least twenty-five percent of all mineral lease rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments and bonuses received by the State of Alaska shall be placed in a permanent fund, the principal of which shall be used only for those income-producing investments specifically designated by law as eligible for permanent fund investments. All income from the permanent fund shall be deposited in the general fund unless otherwise provided by law."

Representative Clark Gruening
Page 2
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The use of permanent fund principal to retire the bonded indebtedness of state or local governments is clearly prohibited by this language. Permanent fund principal may only be used for "income-producing investments specifically designated by law." The retirement of bonded indebtedness is not income-producing unless you take an extremely broad definition of income-producing as including the savings to the state and local governments of payments of interest on their outstanding bonds. In light of the clear intent of the section, which is to preserve the principal of the fund, such a wide sweeping definition would be improper.

The use of income produced by permanent fund investments to retire state and local government bonds could legitimately be provided by law. The proper disposition of permanent fund income, under section 15, is left for the determination of the legislature.

Whether the permanent fund principal may be used to purchase state and local bonds depends upon whether such purchase is "income-producing" as that term is used in section 15. Under general principles of trust law, the trend of modern authority is to measure "income-producing" by the "prudent investor" rule. In essence, the trustee is required to adhere to a standard of good faith, reasonable prudence, sound discretion and care in making trust investments. He must invest as a prudent businessman would do in making a permanent disposition of his own funds, considering both the probable income and probable safety of capital. Also, under trust law, the fact that a type of investment is permissible does not necessarily mean that the investment is proper, for in selecting from among the permissible investments, the trustee must exercise reasonable care, skill and prudence. All circumstances must be taken into account, including such things as minimizing risks to capital and the need to obtain a fair return on the investment. Usually, investments in sound government securities which are neither in default nor threatening default, in high grade corporate bonds, and in first mortgages on real estate, provided the margin of security is adequate, have been held to be reasonable and prudent.

As expressed to you in a previous memorandum from this office, the permanent fund is not, strictly speaking, a trust, and the permanent fund management may be allowed to

take into consideration a somewhat wider range of considerations in making investments of permanent fund principal.

Therefore, since investment in government securities would be proper under the prudent investor rule, as delineated above, it is proper for the permanent fund.

The use of income from permanent fund investments to purchase state and local government bonds, again, would be legitimately within the realm of legislative determination.

2. Confirmation. The issue of the extent of the legislative confirmation power was addressed in Bradner v. Hammond, 553 P.2d 1 (1976). In that case, the Supreme Court of Alaska held that the legislative confirmation power is limited to those offices described in Sections 25 and 26 of Article III of the state constitution and does not extend to other executive agencies. However, it is not clear from the opinion whether this limitation applies to confirmation of the heads of independent corporations located within the executive department.

The opinion is based upon the theory of separation of powers among the branches of government, and the court's concern centered primarily on legislative interference and intermeddling with essentially executive functions. Presumably, then, as the function of a particular entity becomes less executive in nature, the court's concern would decrease. An independent corporation located within the executive department would have little in the nature of an executive function, particularly where the corporation's sole function is to make income-producing investments. While the permanent fund corporation, as envisioned in HB 298, would be located within the Department of Revenue, it would be an independent instrumentality. In DeArmond v. Alaska State Development Corporation, 376 P.2d 717 (1962), the supreme court recognized that such independent corporations may be located in the executive branch while maintaining freedom from outside control in making its decisions. The court stated:

In this case we believe the corporation is essentially what the legislature says it is: an instrumentality of the state within the Department of Commerce, with a legal existence separate from the state....

Therefore, if the court's concern is with maintaining the separation of powers among the branches of state government, the establishment of confirmation procedures for the heads of the corporation should raise no serious problem.

With this in mind, it is necessary to take a closer look at the organizational structure of the permanent fund corporation as proposed in HB 298. Under that bill, the permanent fund corporation will exist as an independent legal entity located within the Department of Revenue. General policy and long-range operating plans for the corporation will be established by the policy board. The investment committee will have sole responsibility for approving investment proposals. The president, who will be appointed by the policy board, will sit as chairman of the policy board and of the investment committee and will be responsible for the ordinary business of the corporation. Since both the president and the investment committee members are appointed by the policy board, it may be assumed that the policy board is at the head of the corporation.

The duties of the policy board are not executive in nature. The policy board establishes policy for the corporation. An executive function relates to the enforcement and administration of policy decisions. In the case of the permanent fund corporation, it would seem that this function is to be performed by the investment committee. So, there would be two arguments favoring legislative confirmation of the policy board's membership. One argument is that, under Bradner v. Hammond, independent corporations within the executive department are so far from executive duties that they do not fall within the ambit of that decision. The other argument is that the policy board in this case is particularly non-executive in nature, and hence there is even less concern for the separation of powers concept.

You have also asked whether reconfirmation may be established for members of the board. It would seem that, if the legislature has the power of confirmation initially, the power to require reconfirmation would be implied. Therefore, a system of reconfirmation would be within the legislature's power to establish.

Representative Clark Gruening
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A caveat to the foregoing should be noted here. While it is our opinion that Bradner v. Hammond is limited to heads of executive agencies which are directly subordinate to the governor and does not apply to independent corporations located within the executive branch, it is possible that the court actually meant to strictly limit the legislative confirmation power to those agencies described in the constitution. In that case, of course, there would be no power of confirmation whatsoever over the permanent fund policy board.

KEV:jpd

Alaska State Legislature

#100

SPECIAL COMMITTEE ON
THE ALASKA PERMANENT FUND

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House of Representatives

MEMORANDUM

To: Bill Berrier, Director
Div. of Legal Services

From: Clark Gruening, Chairman
House Permanent Fund Committee

Date: June 28, 1977

Re: Permanent Fund and "Alaska Inc."

Bill, I hope your summer is enjoyable and you have had some relaxation since the last shots of the session were fired.

Would you please prepare a memo report with citation of authority on federal and Alaska constitutional problems in establishing Alaska Inc., in general and as specifically outlined in SB 348 (HB 525).

As you may know, Covington and Burling of D.C. are doing research for the Department of Revenue on the federal tax problems but here the House Special Committee on the Alaska Permanent Fund is concerned with other constitutional and legal problems with its establishment.

Another aspect of the present Alaska Inc. proposal bothers me and that is its marriage to the Permanent Fund. It is plain to me that if 50 percent of all the Permanent Fund earnings are paid out as per Alaska Inc., the principal or corpus of the fund will not be very permanent at all unless earning roughly equivalent to the rate of inflation over the next twenty years. I'm enclosing a December 16, 1976 Department of Commerce & Economic Development study on that problem. I would like your thoughts on the legal implications of the words "permanent" and "income-producing" on the legal standards and guides the legislature may wish to establish.

In order to examine a proposal which divorces "Alaska Inc." from the Permanent Fund, please prepare a bill which sets up the following procedure for treatment of all non-renewable resources revenues which are subject to the permanent share:

An Appropriation bill submitted by the Governor (in addition to the General Appropriation bill) which apportions the above revenue as the Governor deems appropriate (according to best revenue projections) to 1) additional PF Contributions (above 25%); 2) additional contributions to the Renewable Resources Development Fund; 3) various state revolving loan programs and 4) direct dividends to people who hold shares of Alaska Inc.

Please make whatever changes in SB 348 necessary to separate it from the Permanent Fund and have dividends paid directly from an appropriation from the General Fund. Make whatever other adjustments you feel are necessary to avoid clear constitutional problems.

The House Permanent Fund Committee will be meeting on July 15 and 16 in Anchorage. I would appreciate the report and "draft bill" in time for our July 15 and 16 meeting in Anchorage. Please call me if you have any questions.

SCOMM

#9: 101

STATE OF ALASKA

THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

JUNEAU 99801

2.4.3
AUDIT DIVISION
POUCH W — ALASKA OFFICE BUILDING

FINANCE DIVISION
POUCH WF — STATE CAPITOL

October 26, 1976

M E M O R A N D U M .

TO: J. H. Hogan, Director
Legislative Finance Division

FROM: Milt Barker
Fiscal Analyst
Legislative Finance Division

SUBJECT: Economic & Fiscal Considerations re Permanent Fund

Basically, the alternatives confronting Alaska regarding the disposition of additional revenues from outside the State economy, namely, North Slope oil revenues, are five:

1. Additional government expenditures.
2. Transfer of the income to individual Alaskans through tax credits, negative income tax, bonuses, repeal of existing taxes, etc.
3. Loans to individual Alaskans for housing and residential improvements.
4. Investment in Alaska in profitable enterprises.
5. Investment outside Alaska in the stock market, bond market, money market, through equity participation in profitable ventures, etc.

Each of these alternatives has different impacts on the Alaskan economy which may be assessed using some employment multipliers developed by the Department of Labor (Exhibit 1). These multipliers would differ from economic or Keynesian multipliers relating to gross state product to the extent that various expenditures differ in their relative labor intensiveness. However, since we are dealing in the following paragraphs with broad macroeconomic categories, these differences should roughly average out. Also, employment multipliers might more closely conform to the effects on personal income which would be a better measure of Alaskan benefits than gross product since a large portion of the depreciation and the returns to capital contained in the measure of gross state product accrue to persons outside Alaska.

Displayed in Exhibit II are the various income flows that would occur with respect to the Alaskan economy for each of the five alternatives as well as an additional variant of Alaskan investment in which leverage is used, column (6). Year zero records the utilization of an additional dollar of revenue in excess of current government expenditures.

1. In the case of government expenditure, the multiplier of 1.52 is used which is the weighted average of the government consumption and investment multipliers obtained from Exhibit I. This average is a way of reflecting the fact that capital expenditures lead to additional operating expenditures.
2. Data is unavailable for estimating an Alaskan marginal propensity to consume. Nationally, as Exhibit III reveals, the average expenditure out of disposable income is about 92%-93% currently. Thus, we could assume that 90¢ out of every dollar of income transferred to Alaskans would be spent, while 10¢ would be saved. As Exhibit III also indicates, roughly 25% of all savings go into residential investment. However, since all savings include business as well as individuals, we'll assume half of all individual savings in Alaska flow into residential investment and half into business investment. Let us further assume that the ratio of sales to assets for such business investment is 1.28 which is the ratio contained in Exhibit IV for the largest 500 U.S. corporations. (This may be a conservative estimate of sales, since the larger corporations are probably more capital-intensive than the smaller businesses financed by Alaskan banks.) (Finally, let us assume that the sales developed out of this investment are exported outside Alaska.) Then we can apply the multipliers for consumption (1.84) to 90¢ on the dollar, household investment (1.77) to 5¢, and business investment (1.78) to 5¢, followed thereafter by the private export multipliers (1.78) applied to 6.4¢ of annual sales. (If one were to assume the sales were local, thus replacing imports, all the various multipliers would increase in value. This increase times the corresponding total State expenditures in each category, data not available, would measure the additional benefits for Alaska.)
3. For home loans we use the household investment multiplier 1.77.

GNP
Consumption
Values for
Valid Economic
Structures in future

Not necessarily
Valid assumption
Not desirable.

4. For Alaskan investment we use the business investment multiplier 1.78 followed by the private export multiplier 1.78 applied to \$1.28 of sales for every \$1.00 of assets as in Example (2).
5. For outside investment, we assume the State receives a 10% return.
6. The arithmetic for leveraged Alaskan investment is the same as Example (4) except we apply the multipliers to two dollars of investment, and assume one dollar comes out of Alaska's economy, the other from outside.

Having laid out all the income flows for these alternatives, they are discounted to year zero at 10% to determine their present value. Some difficult theoretical problems are avoided by assuming the social discount rate is the same as the market interest rate.

Two important caveats are in order if one wants to actually make a claim for the benefits derived here. The quantitative relationships all assume that marginal rates will be the same as average rates and that these rates will not change with the expenditure or investment of additional dollars.

How does all this relate to State finances and the permanent fund? What some would desire is the maximum gain to Alaska as a whole with the proviso that the gain accrue over time so as to provide a stable base for the government taxation as well as avoiding a boom-bust experience.

On this criteria, Alaskan investment, leveraged or not, is far and away the most desirable. There would be differences in benefits attached to small business loans, infrastructure development, and industrial ventures that other analyses will no doubt assess, but these all have benefits that accrue over time, with higher values in later years.

Outside investment produces no net gain but does assure continued government revenue over time; while government expenditure and home loans create a significant one time impact. Income transfers create an impact with some extension in time; however, it is obviously a very uneven impact, again conducive to a boom-bust scenario.

Of course, if one's criteria includes restrictions on economic development, Alaska investment will be less favored. Then, the alternative of greatest value and also of greatest extension through time is income transfers.

However, Exhibit I deals with the value of various alternatives to Alaska as a whole, and not in terms of the State revenues generated under the existing State tax structure. Exhibits V and VI display these same alternatives in terms of cash flows to State government. Alaska investment is assumed to be in the form of loans. In Exhibit V, we assume home loans and Alaska investment at 5% interest; while in Exhibit VI, 10% is assumed. It is also assumed that the State tax structure takes 6.9% of the benefits displayed in Exhibit I. This ratio was developed by comparing FY 75 Revenue Sources estimates of unrestricted revenue less investment earnings and oil revenues to personal income as estimated by the Division of Economic Enterprise for FY 75 and FY 76. (We have adjusted the unrestricted revenue and related it to personal income rather than gross product because there is a significant element of value added in the petroleum sector that is not captured by the use of employment multipliers. Petroleum, of course, is an important revenue source.)

Examining Exhibits V and VI, we again see that Alaskan investments are the most attractive alternatives, both with respect to the magnitude of State revenues and their continuity over time. If Alaskan investment is restricted, then the next most desirable alternative is, now from a State revenue point of view, outside investment rather than income transfers, the most valuable to the State as a whole. Not only is outside investment more attractive from the State revenue point

of view, but again, it avoids the boom-bust tendencies of income transfers when the entire State economy is considered.

As we see in Exhibit VI, if the State charges enough for home loans, this could be more attractive than outside investment from a State revenue point of view. However, loans, like income transfers, create large one-time expenditures. And, if rates are so high, the State, depending on its loan practices, might only be usurping the role of private banking.

This brings us to the question of the disposition of, not an additional dollar of State revenue, but additional billions of dollars. Certainly, home loans can only absorb a small amount of these sums. Any of the other alternatives conceivably could absorb these flows, but there could be doubt that Alaskan investment could in profitable enterprises.

Exhibit VII which is the same as Exhibit V, except that no interest at all is received by the State, suggests that even an unprofitable enterprise could still show the greatest benefit to the State as a whole. There even appears to be some room for corporate tax forgiveness, subsidy of the outside investor in the leverage situation, other forms of subsidy, etc., and to still have a net gain in State revenue which is also still greater than any alternative. Given this latitude, there might be enough Alaskan investments that could at least meet their costs to absorb large cash flows.

Certainly, all the alternatives we have been discussing are available to the General Fund which conceivably could have balances excess to the operating needs of State government, even with a Permanent Fund. However, the requirement in the proposed constitutional amendment that the principal of the permanent fund "shall be used only for . . . income producing investments" restricts the use of these funds to alternatives 3 - 6.

Thus, for the Permanent Fund, Alaskan investment in profitable enterprises yielding an income to the State is quantitatively the best alternative. For some, qualitative considerations may recommend outside investment. Home loans are least favored by this analysis but may merit consideration on other grounds or in specially-targeted programs.

A point that is sometimes raised concerning the benefits of investment in Alaskan enterprise is that while total incomes rise, they do not do so on a real per capita basis because of outside job-seekers who come north and development-induced inflation. Below is Alaskan personal income per capita in current dollars on the left and adjusted by the Anchorage Consumer Price Index (with 1967 as the base year) on the right.

PER CAPITA PERSONAL INCOME

<u>Year</u>	<u>Current Dollars</u>	<u>Real Dollars</u>
1970	4,644	4,237
1971	4,916	4,354
1972	5,195	4,482
1973	5,923	4,903
1974	6,890	5,145
1975	7,988	5,244

Source: Division of Economic Enterprise

On the whole, real incomes per capita can be seen to have risen throughout the period of heavy pipeline construction activity. However, the rapid inflation accompanying this activity has meant great hardship for individuals not participating in the boom economy.

<u>Year</u>	<u>% Change in Anchorage CPI</u>
1970	3.4
1971	2.3
1972	1.9
1973	7.9
1974	13.8
1975	11.1

The boom has lowered the unemployment rate although the average number of unemployed has increased:

<u>Year</u>	<u>% Unemployed</u>	<u>Average Unemployment</u>
1970	9.0	9,700
1971	10.4	12,100
1972	10.5	12,900
1973	10.8	13,900
1974	10.0	14,900
1975	8.0	14,500

Source: Research & Analysis, Alaska Dept. of Labor

Given the seasonality of much of Alaska's employment, 8% may be close to the minimum unemployment one can expect. If so, the greater number of unemployed merely reflects normal turnover, new entrants, layoffs, seasonally unemployed, etc., and strongly suggests that most Alaskan workers were able to participate in the boom.

Thus, the main drawbacks one may oppose to Alaskan investment are inflation and changes in lifestyle, environmental quality, etc.

Some will argue that there is no choice but Alaskan investment if State government is to continue at its established level after oil revenues are gone. For example, for FY 77 a General Fund budget of \$692 million was signed by the Governor. If we had no oil revenues, only our 6.9% take relative to personal income as discussed above, this budget would require \$10.0 billion in personal income. Estimated personal income for 1976 is only \$3.7 billion and, indeed, a good portion of this is derived from employment in the petroleum sector.

If Alaska presently had a permanent fund of \$2 billion earning 10% a year, this would reduce the necessary budget funding to \$492 million, requiring personal income of \$7.1 billion, still almost twice the current level.

If the rate of growth of State government matches or exceeds the rate of growth in personal income, the State will not be able to balance its budget without extraordinary resource income or else a severe upward revision of its ordinary tax structure.

<u>Year</u>	<u>Actual General Fund Budget</u>	<u>% Increase</u>	<u>Personal Income</u>	<u>% Increase</u>
1970	296		1,412	
1971	292	- 1.4	1,548	9.6
1972	321	9.9	1,697	9.6
1973	371	15.6	1,957	15.3
1974	468	26.1	2,398	22.5
1975	620 est.	32.5	3,232 est.	34.7
1976	700 est.	12.9	3,700 est.	14.5
6 year increase		136.5		162.0

Source: Budget Document & Division of Economic Estimation

Personal income growth has however outstripped budget growth somewhat in the recent past. From the above table, we see that the growth of personal income has been 18% greater than the growth of the budget over a six-year period. At this rate, it would take almost 50 years for personal income to reach a level able to finance the then current general fund budget through a 6.9% take from ordinary taxes with no permanent fund or resource revenues.

To some, this will argue strongly for Alaskan investments to step up the growth in incomes. Others may believe, particularly with the permanent fund in place, that government growth will abate. Private development of resources in Alaska without governmental stimulus may have a longer horizon than most anticipate.

Exhibit VII shows per capita state and local government employment for all states. Part of the answer in the long run to the problem of State finances may be to move toward a more normal ratio of government employment per capita.

Exhibit I

Since we assumed employment is proportional to local income and consumption, the marginal propensity to consume locally, s , would be the total employment generated directly and indirectly divided by total employment.

$$C - Mc = sY$$

Where C = Consumption
 Mc = Imports for Consumption
 s = Marginal Propensity to Spend Locally = Average Propensity
 Y = Income

The portion of the equation, $C - Mc$, generated 28,779 jobs in 1970 in Alaska (see Table 2, Col. 3). For the same time period average non-ag wage and salary employment was 90,865.

$$\begin{aligned} \text{Substituting} \quad 28,779 &= s \ 90,865 \\ s &= .3167 \end{aligned}$$

Therefore, in 1970 the short-run multiplier for an increase in employment in any of these sectors, export, government, or investment - was 1.46 ($\frac{1}{1 - 0.3167} = 1.46$).

Furthermore, an increase in one of these sectors causes an indirect increase in the interindustrial linkages. A direct increase in employment from private exports causes increases in employment and income in the supplying industries. Therefore, the overall multiplier for a change in employment in the private export sector would be as follows:

$$dy = \frac{1}{1-s} \ 1.22 \ dx$$

Where 1.22 is the ratio of direct private export employment to total private export employment.
Private Exports $dy = \frac{1}{1 - 0.3167} \ 1.22 \ dx = 1.78 \ dx$

For the other six components measured by the model the multipliers are:

Government Exports	$dy = 1.72 \ dx$
Consumption	$dy = 1.84 \ dx$
Business Investment	$dy = 1.78 \ dx$
Household Investment	$dy = 1.77 \ dx$
Government	$dy = 1.50 \ dx$
Government Investment	$dy = 1.74 \ dx$

It is interesting that in Alaska consumption appears to have the highest multiplier, 1.84, and government appears to have the lowest, 1.50. On a national scale this same relationship is assumed true with private consumption being the real mover of the economy.

Source: *Economic Analysis Vol. 1 Issue Ten; Research & Analysis, Alaska Dept. of Labor*

	(1) Private Exports Xp	(2) Govt. Exports Xg	(3) Consump- tion C	(4) Business Invest. Ib	(5) Household Invest. Ih	(6) Govt. Local Consump- tion Gc	(7) Govt. Local Investment Gs	(8) Total
Mining								
Direct	2506							2506
Indirect	247	2	41	26	10	39	22	387
Total	2753	2	41	26	10	39	22	2893
Direct %	91.0							86.6
Contract Construction								
Direct				2440	1434		3019	6893
Indirect								
Total				2440	1434		3019	6893
Direct %				100.0	100.0		100.0	100.0
Manufacturing								
Direct	5886		157	219		235	31	6528
Indirect	29	2	830	98	60	97	117	1233
Total	5915	2	987	317	60	332	147	7761
Direct %	99.5		15.9	69.1		70.8	21.1	84.1
Canneries*								
Direct	2794							2794
Indirect			729			1		730
Total	2791		729			1		3524
Direct %	100.0							79.3
Wood Products*								
Direct	2493		55			17		2565
Indirect	1		132	13	8	13	17	184
Total	2494		187	13	8	30	17	2749
Direct %	100.0		29.4			56.7		93.3
TC&PU								
Direct		191	2860			2368		5419
Indirect	562	13	1685	192	164	347	203	3166
Total	562	204	4545	192	164	2715	203	8585
Direct %		93.6	62.9			87.2		63.1
Trade Retail								
Direct			10320	12		763		11095
Indirect	150	4	1030	61	74	153	54	1526
Total	150	4	11350	73	74	916	54	12621
Direct %			90.9	16.4		83.3		87.9

Total, Direct and Indirect Employment to Demand
Sectors & Percentages of Direct to Total Employment
State of Alaska
(continued)

	(1) Private Exports Xp	(2) Govt. Exports Xg	(3) Consump- tion C	(4) Business Invest. Ib	(5) Household Invest. Ih	(6) Govt. Local Consump- tion Gc	(7) Govt. Local Investment Gs	(8) Total
Trade Wholesale								
Direct	16		29			68		113
Indirect	467	11	1133	156	114	239	170	2290
Total	483	11	1162	156	114	307	170	2403
Direct %	3.3		2.5			22.1		4.7
FIRE								
Direct			1379	186	706	71	68	2410
Indirect	104	2	329	37	33	53	36	594
Total	104	2	1708	227	739	124	104	3004
Direct %			80.7	81.9	95.5	57.3	65.4	80.2
Services								
Direct			8154	126	423	915		9618
Indirect	259	6	832	97	94	151	98	1537
Total	259	6	8986	223	517	1066	98	11155
Direct %			90.7	56.5	81.8	85.8		86.2
Government								
Direct						34981	569	35550
Indirect								
Total						34981	569	35550
Direct %						100.0	100.0	100.0
Total								
Direct	8392	195	22899	2983	2563	39401	3687	80120
Indirect	1818	40	5880	667	549	1079	700	10733
Total	10226	231	28779	3650	3112	40480	4387	90865**
Direct %	82.1	84.4	79.6	81.7	82.4	97.3	84.0	88.2

Indirect employment is obtained by an iterative process, 1.6% of mining goes to Contract Construction: 1.6 X 35.4 (percentage of contract construction to business investment) yields 0.57 percent sales from mining goes to business investment.

* Canneries and Wood Products are part of manufacturing.

** Differs from actual non-ag wage and salary because of rounding.

EXHIBIT II

BENEFITS TO THE STATE AS A WHOLE

Year	Government Expenditure	Income Transfers	Home Loans	Alaskan Investment	Outside Investment	Leveraged Alaskan Investment
0	(1.00)	(1.00)	(1.00)	(1.00)	(1.00)	(1.00)
1	1.52	1.83	1.77	1.78	.10	3.56
2		.11		2.27	.10	4.54
3		.11		2.27	.10	4.54
4		.11		2.27	.10	4.54
5		.11		2.27	.10	4.54
:		:		:	:	:
:		:		:	:	:
Net Present Value @ 10%	.38	1.66	.61	2.68	.00	6.36

Exhibit III

ECONOMIC EXPECTATIONS: LOOKING AHEAD FOUR QUARTERS

	—1975— —Actual— IVQ	—1976— Estimated			
		IQ	IIQ	IIIQ	IVQ
		(billions of dollars, annual rate)			
Gross National Product	1,572.5	1,611.0	1,654.0	1,712.0	1,781.0
Personal Consumption Expenditures	1,001.1	1,027.0	1,051.0	1,074.0	1,100.0
Durable Goods	137.6	142.0	149.0	155.0	165.0
Nondurable Goods	423.7	438.0	447.0	456.0	465.0
Services	439.7	447.0	455.0	463.0	470.0
Gross Private Domestic Investment	205.4	220.0	230.0	251.0	280.0
Producers' Durable Equipment	98.3	103.0	106.0	114.0	126.0
Nonresidential Structures	53.6	55.0	56.0	60.0	65.0
Residential Investment	55.4	60.0	65.0	72.0	81.0
Change in Business Inventories	-2.0	+2.0	+3.0	+5.0	+8.0
Net Export of Goods and Services	21.2	12.0	8.0	7.0	6.0
Govt. Purchase of Goods and Services ...	344.8	352.0	365.0	380.0	395.0
National Defence	87.4	89.0	92.0	95.0	95.0
Nondefence	42.5	45.0	47.0	50.0	52.0
State and Local	214.8	218.0	226.0	235.0	248.0
Personal Disposable Income	1,114.0	1,141.0	1,160.0	1,180.0	1,208.0
Personal Savings	88.6	90.0	85.0	82.0	84.0
Savings as % of Disposable Income	8.0%	7.9%	7.3%	6.9%	7.0%
Gross National Product (1972 dollars) ..	1,216.0	1,229.0	1,242.0	11,260.0	1,283.0
Implicit Price Deflator (1972 = 100)	129.3	131.1	133.2	135.9	138.8

Source: Department of Commerce and Moody's Estimates. Totals may not add because of rounding.

Exhibit IV

Performance of the 500

	1975	1974	1973
Combined sales			
(\$000)	865,233,382	833,089,679	667,105,711
Change in sales (%)	+3.9	+24.9	+19.6
Combined profits			
(\$000)	37,849,994	43,642,945	38,680,461
Change in profits			
(%)	-13.3	+12.8	+39
Combined assets			
(\$000)	668,478,042	630,271,081	555,462,284
Sales increases	338	472	490
Profit increases	231	347	425
Money losers	28	21	9
Median profit			
margin (%)	3.9	4.3	4.5
Median return on			
equity (%)	11.6	13.6	12.4
Median growth in earnings			
per share over			
previous decade (%)	6.59	9.45	9.67
Median total			
return (%)	+51.23	-22.35	-25.49
Median total return			
over previous			
decade (%)	3.08	1.83	5.22
Combined			
employment	14,412,992	15,318,046	15,532,083

EXHIBIT V

STATE REVENUES (LOANS @ 5%)

Year	Government Expenditure	Income Transfers	Home Loans	Alaskan Investment	Outside Investment	Leveraged Alaskan Investment
0	(1.00)	(1.00)	(1.00)	(1.00)	(1.00)	(1.00)
1	.10	.13	.17	.17	.10	.30
2		.01	.05	.21	.10	.36
3		.01	.05	.21	.10	.36
4		.01	.05	.21	.10	.36
5		.01	.05	.21	.10	.36
:		:	:	:	:	:
:		:	:	:	:	:
Present Value @ 10% of cash inflows only	.09	.21	.61	2.06	1.00	3.55

EXHIBIT VI

STATE REVENUES (LOANS @ 10%)

Year	Government Expenditure	Income Transfers	Home Loans	Alaskan Investment	Outside Investment	Leveraged Alaskan Investment
0	(1.00)	(1.00)	(1.00)	(1.00)	(1.00)	(1.00)
1	.10	.13	.22	.22	.10	.35
2		.01	.10	.26	.10	.41
3		.01	.10	.26	.10	.41
4		.01	.10	.26	.10	.41
5		.01	.10	.26	.10	.41
:		:	:	:	:	:
:		:	:	:	:	:
Present Value @ 10% of cash inflows only	.09	.21	1.11	2.56	1.00	4.05

EXHIBIT VII

STATE REVENUES (INVESTMENT WITH NO RETURN)

Year	Government Expenditures	Income Transfers	Home Loans	Alaskan Investment	Outside Investment	Leveraged Alaskan Investment
0	(1.00)	(1.00)	(1.00)	(1.00)	(1.00)	(1.00)
1	.10	.13	.17	.12	.10	.25
2		.01	.05	.16	.10	.31
3		.01	.05	.16	.10	.31
4		.01	.05	.16	.10	.31
5		.01	.05	.16	.10	.31
:		:	:	:	:	:
:		:	:	:	:	:
Present Value @ 10% of cash inflow only	.09	.21	.61	1.56	1.00	3.05

Table 11. Full-Time Equivalent Employment of State and Local Governments Per 10,000 Population, by Function and by State: October 1975

State	All functions	Education							
		Total	Local schools			Institutions of higher education			Other education
			Total	Instructional staff	Other	Total	Instructional staff	Other	
UNITED STATES, TOTAL	474.4	232.3	179.4	126.4	53.0	48.8	18.8	30.0	4.1
ALABAMA	449.7	214.2	154.3	113.9	40.4	50.4	17.9	32.5	9.6
ALASKA	722.0	311.4	234.3	153.5	80.8	67.2	31.2	36.1	9.9
ARIZONA	509.5	265.4	190.7	127.9	62.8	70.1	25.7	44.4	4.6
ARKANSAS	424.2	222.0	161.7	115.4	46.3	48.9	12.7	36.2	11.5
CALIFORNIA	496.5	228.7	169.6	115.0	54.7	56.9	21.7	35.2	2.2
COLORADO	538.7	297.2	205.0	143.7	62.4	88.9	27.1	61.8	2.3
CONNECTICUT	416.6	220.7	185.3	141.5	43.9	27.9	11.2	16.7	7.5
DELAWARE	532.0	278.6	198.7	143.3	55.4	75.6	25.0	50.6	4.3
DISTRICT OF COLUMBIA	726.4	204.4	178.0	119.4	58.6	26.4	10.8	15.7	-
FLORIDA	484.8	220.8	178.4	121.0	57.4	39.3	15.3	24.0	3.1
GEORGIA	522.7	235.7	182.4	127.4	54.9	46.1	16.1	30.1	7.2
HAWAII	489.4	217.2	152.9	112.4	40.5	62.3	25.2	37.1	1.9
IDAHO	507.7	249.5	186.4	139.6	46.8	57.1	20.7	36.4	6.0
ILLINOIS	446.0	225.3	174.8	123.3	51.5	48.1	20.0	28.0	2.5
INDIANA	435.4	235.1	177.9	122.0	55.9	52.2	19.7	32.5	4.9
IOWA	483.2	275.7	210.6	150.5	60.1	60.4	21.2	39.2	4.7
KANSAS	511.1	262.7	190.6	137.4	53.2	68.7	32.9	35.8	7.1
KENTUCKY	420.3	220.5	160.0	111.2	48.8	44.9	14.5	30.3	1.1
LOUISIANA	517.5	256.5	204.9	132.5	72.4	44.6	14.3	30.3	7.0
MAINE	445.9	242.5	194.8	143.4	51.5	38.9	10.7	28.3	8.7
MARYLAND	498.7	250.8	186.6	131.0	55.5	59.6	28.0	31.6	4.6
MASSACHUSETTS	457.0	202.3	176.0	131.9	44.1	23.6	9.8	13.8	2.6
MICHIGAN	446.8	243.3	185.3	125.9	59.4	55.4	19.4	36.0	2.6
MINNESOTA	480.2	258.5	201.3	144.6	56.7	54.0	23.8	30.2	3.2
MISSISSIPPI	468.2	235.9	176.2	126.6	49.5	53.9	19.8	34.1	5.8
MISSOURI	442.0	223.4	175.8	122.5	53.3	44.0	21.7	22.3	3.5
MONTANA	556.8	288.0	218.4	160.5	58.0	65.5	24.9	40.6	4.1
NEBRASKA	563.7	279.2	197.1	145.3	51.8	76.9	29.3	47.7	5.2
NEVADA	554.5	232.9	182.3	125.7	56.6	46.9	19.4	27.5	3.7
NEW HAMPSHIRE	432.0	208.8	159.2	125.6	33.6	43.9	14.3	29.6	5.7
NEW JERSEY	455.7	220.3	189.4	138.2	51.1	28.3	11.8	16.4	2.6
NEW MEXICO	563.2	309.9	213.8	154.0	59.8	87.9	20.1	67.8	8.2
NEW YORK	534.9	207.1	168.7	120.1	48.6	36.3	17.8	18.5	2.0
NORTH CAROLINA	442.7	224.5	160.5	107.5	53.0	58.6	22.2	36.4	5.4
NORTH DAKOTA	466.4	264.8	189.3	134.7	54.6	69.4	27.3	42.1	6.1
OHIO	409.6	209.5	166.6	116.6	50.0	40.9	14.8	26.2	1.9
OKLAHOMA	480.4	245.5	177.7	126.6	51.1	61.6	20.8	40.8	6.2
OREGON	532.5	277.4	197.6	136.3	61.3	75.3	35.7	39.6	4.4
PENNSYLVANIA	401.2	187.5	162.2	113.1	49.1	22.9	8.9	13.9	2.5
RHODE ISLAND	456.4	218.1	161.5	123.3	38.2	46.4	17.0	29.4	10.2
SOUTH CAROLINA	473.1	239.2	177.2	141.4	35.8	45.0	12.4	32.6	17.0
SOUTH DAKOTA	481.5	259.5	203.6	152.3	51.4	52.6	20.7	31.9	3.3
TENNESSEE	474.5	215.5	171.1	116.9	54.3	37.5	14.5	23.0	6.8
TEXAS	476.2	261.0	202.2	145.9	56.3	55.6	19.9	35.7	3.2
UTAH	497.3	294.1	182.7	130.1	52.6	105.3	23.9	81.4	6.1
VERMONT	485.6	272.8	198.9	150.2	48.7	67.6	33.4	34.2	6.2
VIRGINIA	487.2	265.0	207.2	145.9	61.3	52.1	19.3	32.8	5.7
WASHINGTON	502.2	246.3	176.0	123.7	52.3	67.0	24.8	42.2	3.3
WEST VIRGINIA	478.2	256.0	198.3	136.0	62.3	50.5	20.4	30.1	7.2
WISCONSIN	464.9	249.2	175.8	126.5	49.2	71.9	32.6	39.4	3.1
WYOMING	627.9	315.2	230.7	167.5	63.2	79.3	29.4	49.8	5.3

See footnotes at end of table.

Table 11. Full-Time Equivalent Employment of State and Local Governments Per 10,000 Population, by Function and by State: October 1975—Continued

State	Functions other than education										
	Total	Highways	Public welfare	Hospitals	Health	Police protection	Fire protection (local)	Sewerage (local)	Sanitation other than sewerage (local)	Parks and recreation (local)	Natural resources
UNITED STATES, TOTAL	242.1	26.7	15.9	44.3	8.8	25.5	10.1	3.7	5.7	6.9	8.2
ALABAMA	235.4	36.0	11.8	62.5	7.0	20.2	9.4	2.4	10.3	5.1	8.3
ALASKA	410.7	55.0	9.5	13.1	17.3	23.0	11.2	3.3	4.0	6.9	33.1
ARIZONA	244.1	28.0	8.1	33.0	7.2	29.3	8.3	3.0	7.1	8.1	10.8
ARKANSAS	202.3	35.6	9.4	46.9	8.4	16.0	6.5	2.3	4.9	2.3	13.0
CALIFORNIA	267.8	18.1	19.0	36.2	11.1	29.5	12.3	3.0	3.2	10.6	9.6
COLORADO	241.5	29.3	14.1	36.1	11.2	26.2	9.2	4.6	3.3	9.6	8.5
CONNECTICUT	195.9	26.4	8.9	29.0	7.2	25.2	13.6	4.0	4.6	6.6	3.3
DELAWARE	253.4	28.9	19.7	29.8	13.7	27.6	4.1	6.8	3.8	9.4	11.8
DISTRICT OF COLUMBIA	522.0	17.0	36.9	41.2	44.9	76.5	19.5	8.4	27.7	14.5	-
FLORIDA	264.0	21.3	10.7	52.6	9.6	28.5	10.7	4.8	8.3	10.4	11.4
GEORGIA	287.4	31.0	9.9	95.6	13.0	24.1	10.3	3.6	10.3	5.7	9.9
HAWAII	272.2	22.5	7.6	29.8	17.8	27.5	15.6	5.0	6.6	22.6	14.7
IDAH0	258.2	38.5	11.8	37.0	18.8	22.9	9.0	2.7	1.6	5.1	29.5
ILLINOIS	220.6	18.5	14.1	35.3	6.3	28.2	9.5	5.4	3.9	9.3	4.4
INDIANA	200.3	23.1	11.9	47.0	4.3	20.2	9.4	4.2	3.9	10.9	4.9
IOWA	207.5	34.8	16.4	45.9	3.4	17.7	6.2	3.6	2.3	4.3	10.7
KANSAS	248.4	43.1	13.5	49.6	6.4	22.0	10.0	2.9	4.3	4.4	11.3
KENTUCKY	199.8	32.0	15.5	31.7	7.0	18.1	8.2	3.9	5.6	2.4	11.8
LOUISIANA	261.0	32.6	13.9	63.7	6.8	26.1	10.1	4.1	10.3	6.2	14.4
MAINE	203.4	46.2	8.6	20.9	4.4	21.3	11.0	2.8	1.8	4.1	14.1
MARYLAND	247.9	24.5	12.1	40.1	15.1	30.4	11.2	5.6	6.0	10.0	6.8
MASSACHUSETTS	254.7	23.8	12.6	48.4	5.5	28.3	22.4	2.7	4.6	6.0	5.9
MICHIGAN	203.6	19.6	16.2	42.4	6.5	24.2	8.1	2.9	3.3	5.0	5.3
MINNESOTA	221.7	33.4	18.2	42.8	6.2	18.9	5.4	3.6	2.0	6.7	8.9
MISSISSIPPI	232.3	40.2	9.4	66.5	9.4	19.2	7.7	3.2	9.5	3.1	11.4
MISSOURI	218.6	25.3	13.8	52.0	7.5	26.2	9.5	3.6	2.3	5.0	8.2
MONTANA	268.7	48.4	17.3	34.8	7.3	25.0	6.3	2.2	4.5	2.6	22.1
NEBRASKA	284.5	36.4	18.7	48.1	8.6	20.7	8.0	2.8	1.9	6.5	16.9
NEVADA	321.6	35.5	12.0	45.6	9.3	39.7	19.1	2.9	1.1	11.8	13.4
NEW HAMPSHIRE	223.1	39.5	32.8	27.5	5.9	21.4	14.2	2.5	4.1	3.0	9.7
NEW JERSEY	230.4	24.7	16.0	30.2	6.6	35.0	10.8	3.2	5.2	6.5	3.3
NEW MEXICO	253.3	38.7	13.7	41.6	7.5	24.0	8.6	3.6	6.6	6.7	15.2
NEW YORK	327.8	25.6	27.1	67.9	13.4	34.1	11.2	3.5	9.1	8.0	4.3
NORTH CAROLINA	218.3	29.4	13.9	41.4	10.2	21.1	7.3	3.7	8.8	4.4	10.2
NORTH DAKOTA	201.6	37.7	13.2	25.1	5.5	17.2	6.3	1.4	4.3	1.9	17.7
OHIO	200.1	21.8	15.3	30.8	8.0	21.7	9.0	5.0	4.8	5.3	4.5
OKLAHOMA	234.9	34.1	22.2	43.1	6.5	21.4	11.3	3.1	7.9	5.1	9.1
OREGON	255.1	33.5	17.5	32.0	8.0	23.9	11.9	5.0	1.2	7.2	12.8
PENNSYLVANIA	213.6	29.0	22.8	30.2	4.8	24.6	6.1	3.7	4.5	4.8	4.7
RHODE ISLAND	238.3	21.3	17.7	39.5	8.8	25.5	19.8	3.5	4.1	4.5	6.0
SOUTH CAROLINA	233.9	26.7	13.6	60.7	16.2	20.1	5.6	3.2	10.2	3.6	10.0
SOUTH DAKOTA	222.0	44.6	13.9	26.9	5.9	19.7	4.9	2.3	3.0	4.0	17.3
TENNESSEE	259.0	30.7	13.3	60.2	9.5	21.6	11.8	3.6	9.9	3.2	9.2
TEXAS	215.2	29.8	11.5	44.2	7.3	21.6	10.0	3.8	6.9	6.3	8.2
UTAH	203.2	29.1	9.5	30.6	9.6	21.8	7.1	2.3	3.6	6.4	10.4
VERMONT	212.8	47.4	11.3	21.8	7.4	19.4	5.4	2.3	1.4	2.1	21.2
VIRGINIA	222.2	30.7	11.3	35.1	11.9	21.2	8.8	5.0	7.7	6.9	7.7
WASHINGTON	255.9	31.2	16.0	27.7	6.5	21.5	11.9	3.6	2.4	7.0	15.9
WEST VIRGINIA	222.2	49.4	17.8	45.0	7.4	19.0	5.1	2.7	5.0	1.8	16.3
WISCONSIN	214.2	27.6	13.8	40.4	6.5	23.0	9.3	4.1	4.5	7.2	6.4
WYOMING	312.7	53.7	12.3	76.5	7.6	26.3	6.2	2.4	7.2	3.6	24.8

See footnotes at end of table.

BILLIONS

10.0
9.5
9.0
8.5
8.0
7.5
7.0
6.5
6.0
5.5
5.0
4.5
4.0
3.5
3.0
2.5
2.0
1.5
1.0

40%

30%

20%

700

FY 75 76 77 78 79 80 81 82 83 84 85

NOTE: ASSUMING FY75 BASE AT 503 MILLION AND FY76 TOTAL
AT 700 MILLION = 39% ANNUAL GROWTH FACTOR 75-76

EFFECT OF ILLIQUID ASSETS ON GENERAL FUND CASH BALANCES - FY 76

1. No Sale of Illiquid Assets

Cash	\$717
Illiquid	(192)
Cash Available	\$525

2. V.A. Loans Sold at Par to Permanent Fund

Cash	\$717
Remaining Illiquid	
192-105=87	(87)
Available Cash	\$630

3. V.A. Loans Sold at 82.5% to A.H.F.C.

Cash	\$717
17.5% Loss from Discount	(18)
Remaining Illiquid	(87)
Cash Available	\$612

4. V.A. Loans Sold at 75% to Open Market

a) \$105 V.A. Loans on July 1, 1976

Cash	\$717
25% Loss from Discount	(26)
Remaining Illiquid	(87)
Cash Available	\$604

b) \$69 V.A. Loans on July 1, 1975 - No Treasury Purchases Thereafter

Cash	\$717
25% Loss from Discount	(17)
Remaining Illiquid	(87)
Cash Available	\$613

STATE OF ALASKA

THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

AUDIT DIVISION
POUCH W — ALASKA OFFICE BUILDING

FINANCE DIVISION
POUCH W/F — STATE CAPITOL

JUNEAU 99601

MEMORANDUM

TO: All Members
Budget & Audit Committee

DATE: July 27, 1976

FROM: Milt Barker
Legislative Finance

SUBJ: General Fund
Balance Projections

Enclosed are two sample general fund balance projections reflecting the proposed permanent fund contributions, preliminary results of FY 1976 revenue collections and an FY 1977 budget of \$700 million. Projection #1 assumes a 10% per annum growth in state appropriations while projection #2 assumes a 20% rate.

Also enclosed is the Department of Revenue's preliminary report of the FY 1976 unrestricted tax collections used for these projections. Added to their \$622 million of net tax receipts is \$71 million of oil royalties, facility-related (airports and ferries) charges, and service-related (court system) charges to arrive at the estimate of \$693 million FY 1976 unrestricted revenues used in the projections.

You may note that the general fund balance is allowed to fall to zero although roughly \$190 million of that balance is in the form of illiquid investments in loans & mortgages, and Alaskan CD's. The assumption here is that these investments will be turned over to the permanent fund at cost.

If you would like to see any additional scenarios developed with this model, e.g. delayed pipeline construction, another price for oil, etc., please let me know.

STATE OF ALASKA
LEGISLATIVE FINANCE WORKING DOCUMENT
BUDGET FORECASTING MODEL

2

28-JUL-76

COMMENTS

NO DELAY IN PIPELINE CONSTRUCTION
RESERVE TAX FY 76 & 77 WITH CREDIT
\$13 OIL
NATIVE CLAIMS AND RESOURCE PAYMENTS INCLUDED
CURRENT TAXES

ASSUMPTIONS

ANNUAL RATE OF INTEREST ON GENERAL & PERMANENT FUNDS = 7.00%
ANNUAL RATE OF INTEREST ON NEW BONDS = 8.50%
MATURITY PERIOD ON NEW BONDS IN YEARS = 22.00
% OF CURRENT YEAR EXPEND. IN G.P. CASH BAL = 20.00%
% OF ROYALTIES LEASES AND BONUSES DEPOSITED IN PERMANENT FUND = 15.00%
ANNUAL % INCREASE IN BUDGET APPROPRIATION = 20.00%

YEAR	NON INVESTMENT REVENUE	INVESTMENT INTEREST	TOTAL REVENUE	BUDGET APPROPRIATION	SUPPLE- MENTALS	DEBT SERVICE	PAYMENTS TO FUNDS	TOTAL EXPENDITURE	SURPLUS OR DEFICIT	PERM- ANENT FUNDS	GENERAL FUND END OF YEAR	REVENUE PER FOR OF B/L
1976											452.0	
1977	700.0	43.9	743.9	693.0	0.0	0.0	7.0	700.0	43.9	0.0	421.0	0.0
1978	888.0	49.9	937.9	831.6	0.0	0.0	172.0	1003.6	-95.7	75.0	426.1	0.0
1979	1063.0	51.8	1114.8	997.9	0.0	0.0	235.2	1233.1	-119.3	177.2	306.8	0.0
1980	1220.0	53.4	1273.4	1122.5	0.0	0.0	292.3	1414.8	-141.4	264.9	127.0	0.0
1981	1354.0	57.2	1411.2	1437.0	0.0	0.0	350.0	1787.0	-175.8	474.9	-0.0	78.9
1982	1707.0	67.3	1774.3	1724.4	0.0	0.0	239.5	1963.9	-189.6	561.4	-0.0	189.6
1983	1830.0	65.7	1895.7	2069.3	0.0	0.0	242.3	2311.6	-415.9	261.4	-0.0	171.7
1984	1912.0	105.9	2017.9	2493.1	0.0	0.0	250.6	2733.7	-715.9	1049.2	-0.0	715.9
1985	1951.0	126.9	2077.9	2979.8	0.0	0.0	220.1	3199.8	-1121.9	1277.3	-0.0	1121.9
1986	1969.0	137.7	2106.7	3570.7	0.0	0.0	208.2	3778.9	-1672.2	1452.0	-0.0	1672.2
1987	2033.0	174.3	2207.3	4290.9	0.0	0.0	208.7	4499.6	-2292.3	1674.1	-0.0	2292.3
1988	1980.0	200.2	2180.2	5149.0	0.0	0.0	194.3	5343.3	-3163.1	1888.4	-0.0	3163.1
1989	1921.0	237.4	2158.4	6178.9	0.0	0.0	178.5	6357.4	-4199.0	2226.9	-0.0	4199.0
1990	1795.0	255.9	2050.9	7414.6	0.0	0.0	152.3	7566.9	-5515.9	2219.1	-0.0	5515.9

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ANNUAL RATE OF INTEREST ON GENERAL + PERMANENT FUNDS = 7.00%

ANNUAL RATE OF INTEREST ON NEW BONDS = 8.50%

MATURITY PERIOD ON NEW BONDS IN YEARS = 22.00

% OF CURRENT YEAR EXPEND. IN G.F. CASH BAL = 20.00%

F ROYALTIES LEASES AND BONUSES DEPOSITED IN PERMANENT FUND = 25.00%

ANNUAL % INCREASE IN BUDGET APPROPRIATION = 10.00%

NON							PAYMENTS		SURPLUS	PERM-	GENERAL	REVENUE 500
YEAR	INVESTMENT	INVESTMENT	TOTAL	BORROW	OTHER	TEST	TO	TOTAL	OR	PERM-	GENERAL	REVENUE 500
END	REVENUE	INTEREST	REVENUE	APPROPRIATION	MENTALS	SERVICE	FUNDS	EXPENDITURE	DEFICIT	FUND	END OF YEAR	OF \$0 MIL
1977	726.0	43.9	769.9	673.0	0.0	0.0	7.0	760.0	69.9	0.0	521.9	0.0
1976	858.0	51.4	909.4	762.3	0.0	0.0	172.0	934.3	-24.9	75.0	497.0	0.0
1977	1083.0	60.4	1143.4	839.5	0.0	0.0	243.2	1074.7	68.7	177.2	545.0	0.0
1980	1272.0	76.7	1348.7	932.4	0.0	0.0	297.8	1220.1	128.6	306.9	674.2	0.0
1981	1554.0	103.9	1657.9	1014.6	0.0	0.0	350.0	1354.6	293.3	474.9	967.3	0.0
1982	1737.0	143.0	1880.0	1116.1	0.0	0.0	339.5	1555.5	324.5	561.4	1082.5	0.0
1983	1830.0	195.7	2025.7	1227.7	0.0	0.0	242.2	1469.9	555.8	861.3	2018.6	0.0
1984	1912.0	251.0	2163.0	1350.3	0.0	0.0	259.6	1691.1	561.9	1069.2	2360.5	0.0
1985	1926.0	305.7	2231.7	1450.5	0.0	0.0	220.1	1705.6	526.1	1277.3	2631.7	0.0
1985	1982.0	359.4	2341.4	1634.1	0.0	0.0	208.2	1842.3	508.2	1485.5	3133.0	0.0
1987	2033.0	409.3	2442.3	1797.5	0.0	0.0	208.7	2096.1	436.2	1691.1	4074.2	0.0
1988	1980.0	450.0	2430.0	1977.2	0.0	0.0	194.3	2174.5	458.5	1854.4	4534.3	0.0
1989	1921.0	478.2	2399.2	2174.9	0.0	0.0	178.5	2353.4	43.8	2066.9	4376.6	0.0
1990	1795.0	402.6	2227.6	2392.4	0.0	0.0	152.3	2544.7	-267.0	2219.1	4109.6	0.0

						Net Receipts % of Estimated
Type of Tax	Receipts	Refunds	Net Receipts	Estimated	Estimated	
1 Property Tax	\$ 83,312,264.21	\$ 29,846.33	\$ 83,282,417.88	\$ 16,300,000.00	510.94	
36 Oil & Gas Reserve	223,146,615.52	-0-	223,146,615.52	212,000,000.00	105.26	
016 Alcohol Tax	7,841,757.91	-0-	7,841,757.91	7,831,800.00	100.12	
017 Cigarette Tax	1,733,717.28	106.76	1,733,610.52	1,745,200.00	99.34	
018 Cigarette Tax	2,883,692.30	15.62	2,883,676.68	2,904,700.00	99.28	
020 Elec & Telephone	926,355.18	-0-	926,355.18	740,000.00	125.18	
021 Highway Fuel Tax	25,930,950.35	5,632,467.26	20,298,483.09	18,767,700.00	108.16	
022 Aviation Fuel Tax	2,964,163.80	-0-	2,964,163.80	3,453,900.00	85.82	
023 Marine Fuel Tax	1,140,792.80	-0-	1,140,792.80	1,244,100.00	91.70	
036 Ind Income Tax	177,089,785.11	30,887,649.71	146,202,135.40	118,187,600.00	123.70	
037 Fiduciary Tax	52,762.21	877.05	51,885.16	50,000.00	103.77	
038 Corporation Tax	36,900,004.48	5,797,046.83	31,102,957.65	26,670,400.00	116.62	
046 Business Lic Tax	19,255,888.76	178,481.06	19,077,407.70	13,162,500.00	144.94	
051 Inheritance Tax	1,151.09	331.38	819.71	1,000.00	81.97	
052 Estate Tax	162,038.57	3,926.88	158,111.69	80,000.00	197.64	
057 School Tax	2,638,221.63	1,250.00	2,636,971.63	2,258,400.00	116.76	
061 Mines & Mining	89,155.55	20,036.10	69,119.45	65,400.00	105.69	
062 Raw Fish	1,819,434.69	50.00	1,819,384.69	1,431,700.00	127.97	
063 Cold Storage	789,924.75	1,125.36	788,799.39	840,000.00	93.90	
064 Freezer Ships	507,314.51	182.30	507,132.21	320,000.00	158.48	
065 Oil Prod Tax	26,186,859.76	-0-	26,186,859.76	25,254,000.00	103.69	
066 Oil & Gas Conserv	77,316.72	-0-	77,316.73	75,000.00	103.09	
068 Gas Prod Tax	1,714,259.00	-0-	1,714,259.00	1,760,000.00	97.40	
096 Prepaid Tax	299,404.47	73,144.27	226,260.20	-0-	.00	
102 Embalmers Lic	1,750.00	-0-	1,750.00	1,700.00	102.94	
106 Liquor Lic App	72,925.00	1,250.00	71,675.00	62,500.00	114.68	
107 Pub Liquor Lic	300.00	-0-	300.00	600.00	50.00	
110 Beverage Disp	473,953.00	19,500.00	454,453.00	466,100.00	97.50	
111 Club	21,575.00	400.00	21,175.00	21,100.00	100.36	
112 Common Carrier	12,150.00	-0-	12,150.00	13,400.00	90.67	
113 Restaurant	27,100.00	900.00	26,200.00	24,100.00	108.71	
114 Roadhouse	4,150.00	-0-	4,150.00	4,000.00	103.75	
115 Retail	250,750.00	16,250.00	234,500.00	228,300.00	102.72	
116 Retail Stock Sale	600.00	-0-	600.00	100.00	600.00	
117 Wholesale General	72,550.00	-0-	72,550.00	75,000.00	96.73	
118 Wholesale Malt Beverage	8,600.00	100.00	8,500.00	9,500.00	89.47	
119 Misc. Lic	13,311.61	-0-	13,311.61	16,500.00	80.68	
143 Motor Veh Dealer	4,485.00	-0-	4,485.00	6,000.00	74.75	
145 Amusement & Gaming	69,612.91	130.59	69,482.32	90,000.00	77.20	
146 Lottery Permits	5,101.03	10.00	5,091.03	5,400.00	94.28	
219 Motor Fgt Carrier	599,819.00	23,563.55	576,255.45	575,000.00	100.22	
220 Motor Veh Drivers	483,110.68	17,146.13	465,964.55	475,000.00	98.10	
221 Motor Veh Plates	10,582,578.58	404,873.91	10,177,704.67	9,850,000.00	103.33	
222 Motor Veh Titles	623,039.00	12,078.65	610,960.35	420,300.00	145.36	
402 Misc Revenues	84,695.51	1,047.27	83,648.24	70,000.00	119.50	
108 Brewery Liq Lic	100.00	-0-	100.00	-0-	.00	
109 Distillery Lic	150.00	-0-	150.00	-0-	.00	
Sub-Total	\$630,876,236.97	\$ 43,123,787.01	\$587,752,449.96	\$467,538,200.00	125.71%	
Fish & Game Licenses						
126 Vessels & Gear	\$ 578,619.00	\$ 20,346.50	\$ 558,272.50	\$ 509,400.00	109.59	
137-844 Comm Fish Res	167,310.00	5,083.33	162,226.67	140,500.00	115.46	
138-845 Comm Fish Non Res	190,020.00	5,262.37	184,757.63	153,700.00	120.21	
140 Comm Fish Ext Fee	3,960.00	-0-	3,960.00	6,600.00	60.00	
120-218 Sport Fish & Hunt	2,493,061.50	125,762.41	2,367,301.09	2,407,000.00	98.35	
Sub-Total	\$ 3,422,972.50	\$ 156,454.61	\$ 3,276,517.89	\$ 3,217,200.00	101.84%	
Total Tax	\$634,309,209.47	\$ 43,280,241.62	\$591,028,967.85	\$470,755,400.00	125.54%	
Interest						
575 Interest on Loans	\$ 666,135.24	\$ -0-	\$ 666,135.24	\$ 760,000.00	87.65	
576 Interest on Investments	25,700,171.32	-0-	25,700,171.32	18,000,000.00	142.78	
577 Interest on Deposits	5,244,654.95	-0-	5,244,654.95	3,500,000.00	149.85	
Total Interest	\$ 31,610,961.51	\$ -0-	\$ 31,610,961.51	\$ 22,260,000.00	141.98%	
TOTAL REVENUES	\$665,920,170.98	\$ 43,280,241.62	\$622,639,929.36	\$493,015,400.00	126.27%	

STATE OF ALABAMA
LEGISLATIVE FINANCE WORKING DOCUMENT
BUDGET FORECASTING MODEL

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05-Aug-76

COMMENTS

6 MONTH DELAY IN PIPELINE CONSTRUCTION
RESERVE TAX FY 76 & 77 WITH CREDIT
\$13 OIL
NATIVE CLAIMS AND RESOURCE PAYMENTS INCLUDED
CURRENT TAXES

ASSUMPTIONS

ANNUAL RATE OF INTEREST ON GENERAL + PERMANENT FUNDS = 7.00%
ANNUAL RATE OF INTEREST ON NEW BONDS = 6.50%
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YEAR END	NON INVESTMENT REVENUE	INVESTMENT INTEREST	TOTAL REVENUE	BUDGET APPROPRIATION	SUPPLE- MENTALS	DEBT SERVICE	PAYMENTS TO FUNDS	TOTAL EXPENDITURE	SURPLUS OR DEFICIT	PERM- ANENT FUND	GENERAL FUND END OF YEAR	REVENUE REQ FOR GF BAL OF \$0 MIL
1976											452.0	
1977	726.0	43.9	769.9	693.0	0.0	0.0	7.0	700.0	69.9	0.0	521.9	0.0
1978	683.0	45.6	728.6	762.3	0.0	0.0	98.2	860.5	-131.9	46.2	390.0	0.0
1979	1063.0	50.5	1113.5	838.5	0.0	0.0	236.2	1074.7	38.8	148.4	428.8	0.0
1980	1272.0	66.2	1338.2	922.4	0.0	0.0	297.8	1220.1	118.0	278.1	546.8	0.0
1981	1490.0	90.1	1580.1	1014.6	0.0	0.0	340.4	1355.0	225.1	436.5	771.9	0.0
1982	1707.0	126.1	1833.1	1116.1	0.0	0.0	275.5	1391.5	441.5	623.0	1213.5	0.0
1983	1830.0	174.9	2004.9	1227.7	0.0	0.0	242.3	1469.9	534.9	823.2	1748.4	0.0
1984	1912.0	228.6	2140.6	1350.5	0.0	0.0	250.6	1601.1	539.5	1030.8	2287.9	0.0
1985	1951.0	281.7	2232.7	1485.5	0.0	0.0	229.1	1714.6	518.2	1238.9	2806.1	0.0
1986	1989.0	333.0	2322.0	1634.1	0.0	0.0	208.2	1842.3	479.8	1447.1	3285.8	0.0
1987	2033.0	381.0	2414.0	1797.5	0.0	0.0	208.7	2006.1	407.8	1655.7	3693.7	0.0
1988	1980.0	419.6	2399.6	1977.2	0.0	0.0	194.3	2171.5	228.2	1850.0	3921.8	0.0
1989	1921.0	443.6	2364.6	2174.9	0.0	0.0	178.5	2353.4	11.2	2028.5	3933.0	0.0
1990	1795.0	447.7	2242.7	2392.4	0.0	0.0	152.3	2544.7	-302.0	2180.7	3631.0	0.0

STATE OF ALASKA
LEGISLATIVE FINANCE WORKING DOCUMENT
BUDGET FORECASTING MODEL

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05-Aug-76

COMMENTS

6 MONTH DELAY IN PIPELINE CONSTRUCTION
RESERVE TAX FY 76 & 77 WITH CREDIT
\$13 OIL
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YEAR END	NON INVESTMENT REVENUE	INVESTMENT INTEREST	TOTAL REVENUE	BUDGET APPROPRIATION	SUPPLE- MENTALS	DEBT SERVICE	PAYMENTS TO FUNDS	TOTAL EXPENDITURE	SURPLUS OR DEFICIT	PERM- ANENT FUND	GENERAL FUND END OF YEAR	REVENUE REQ FOR GF BAL OF \$0 MIL
1976											452.0	
1977	726.0	43.9	769.9	693.0	0.0	0.0	7.0	700.0	69.9	0.0	521.9	0.0
1978	683.0	44.1	727.1	831.6	0.0	0.0	98.2	929.8	-202.7	46.2	319.2	0.0
1979	1063.0	41.9	1104.9	997.9	0.0	0.0	236.2	1234.1	-129.2	148.4	190.0	0.0
1980	1272.0	42.8	1314.8	1197.5	0.0	0.0	297.8	1495.3	-180.4	278.1	9.6	0.0
1981	1490.0	50.2	1540.2	1437.0	0.0	0.0	340.4	1777.4	-237.2	436.5	0.0	227.6
1982	1707.0	65.1	1772.1	1724.4	0.0	0.0	275.5	1999.9	-227.8	623.0	0.0	227.8
1983	1830.0	83.0	1913.0	2069.3	0.0	0.0	242.3	2311.5	-398.6	823.2	0.0	398.6
1984	1912.0	103.2	2015.2	2483.1	0.0	0.0	250.6	2733.7	-718.6	1030.8	0.0	718.6
1985	1951.0	124.4	2075.4	2979.8	0.0	0.0	229.1	3208.8	-1133.5	1238.9	0.0	1133.5
1986	1989.0	147.0	2136.0	3575.7	0.0	0.0	208.2	3783.9	-1647.9	1447.1	0.0	1647.9
1987	2033.0	171.6	2204.6	4290.9	0.0	0.0	208.7	4499.5	-2294.9	1655.7	0.0	2294.9
1988	1980.0	197.5	2177.5	5149.0	0.0	0.0	194.3	5343.3	-3165.8	1850.0	0.0	3165.8
1989	1921.0	224.7	2145.7	6178.9	0.0	0.0	178.5	6357.4	-4211.6	2028.5	-0.0	4211.6
1990	1795.0	253.3	2048.3	7414.6	0.0	0.0	152.3	7566.9	-5518.6	2180.7	-0.0	5518.6

STATE OF ALASKA
LEGISLATIVE FINANCE WORKING DOCUMENT
BUDGET FORECASTING MODEL

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05-Aug-76

COMMENTS

ONE YEAR DELAY IN PIPELINE CONSTRUCTION
RESERVE TAX FY 76 & 77 WITH CREDIT
\$13 OIL
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1976											452.0	
1977	726.0	43.9	769.9	693.0	0.0	0.0	7.0	700.0	69.9	0.0	521.9	0.0
1978	462.0	38.1	500.1	762.3	0.0	0.0	12.5	774.8	-274.7	10.5	247.2	0.0
1979	1063.0	37.6	1100.6	838.5	0.0	0.0	236.2	1074.7	25.9	112.7	273.1	0.0
1980	1272.0	52.3	1324.3	922.4	0.0	0.0	297.8	1220.1	104.1	242.4	377.2	0.0
1981	1479.0	74.8	1553.8	1014.6	0.0	0.0	338.8	1353.4	200.5	399.2	577.7	0.0
1982	1707.0	109.2	1816.2	1116.1	0.0	0.0	278.5	1394.5	421.7	585.6	999.4	0.0
1983	1830.0	156.6	1986.6	1227.7	0.0	0.0	242.3	1469.9	516.7	785.9	1516.0	0.0
1984	1912.0	209.0	2121.0	1350.5	0.0	0.0	250.6	1601.1	519.9	993.5	2036.0	0.0
1985	1951.0	260.5	2211.5	1485.5	0.0	0.0	239.1	1724.6	487.0	1201.5	2522.9	0.0
1986	1989.0	309.8	2298.8	1634.1	0.0	0.0	208.2	1842.3	456.5	1409.7	2979.5	0.0
1987	2033.0	356.0	2389.0	1797.5	0.0	0.0	208.7	2006.1	382.9	1618.4	3362.4	0.0
1988	1980.0	392.9	2372.9	1977.2	0.0	0.0	194.3	2171.5	201.4	1812.6	3563.8	0.0
1989	1921.0	414.9	2335.9	2174.9	0.0	0.0	178.5	2353.4	-17.5	1991.1	3546.3	0.0
1990	1795.0	416.9	2211.9	2392.4	0.0	0.0	152.3	2544.7	-332.7	2143.4	3213.6	0.0

STATE OF ALASKA
LEGISLATIVE FINANCE WORKING DOCUMENT
BUDGET FORECASTING MODEL

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05-AUG-76

COMMENTS

ONE YEAR DELAY IN PIPELINE CONSTRUCTION
RESERVE TAX FY 76 & 77 WITH CREDIT
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1976											452.0	
1977	726.0	43.9	769.9	693.0	0.0	0.0	7.0	700.0	69.9	0.0	521.9	0.0
1978	462.0	36.6	498.6	831.6	0.0	0.0	12.5	844.1	-345.5	10.5	176.4	0.0
1979	1063.0	29.0	1092.0	997.9	0.0	0.0	236.2	1234.1	-142.1	112.7	34.3	0.0
1980	1272.0	34.6	1306.6	1197.5	0.0	0.0	297.8	1495.3	-188.7	242.4	0.0	154.4
1981	1479.0	47.3	1526.3	1437.0	0.0	0.0	338.8	1775.8	-249.4	399.2	-0.0	249.4
1982	1707.0	62.5	1769.5	1724.4	0.0	0.0	278.5	2002.9	-233.3	585.6	-0.0	233.3
1983	1830.0	80.4	1910.4	2069.3	0.0	0.0	242.3	2311.5	-401.2	785.9	-0.0	401.2
1984	1912.0	100.5	2012.5	2483.1	0.0	0.0	250.6	2733.7	-721.2	993.5	-0.0	721.2
1985	1951.0	121.9	2072.9	2979.8	0.0	0.0	239.1	3218.8	-1145.9	1201.5	-0.0	1145.9
1986	1989.0	144.4	2133.4	3575.7	0.0	0.0	208.2	3783.9	-1650.6	1409.7	-0.0	1650.6
1987	2033.0	169.0	2202.0	4290.9	0.0	0.0	208.7	4499.5	-2297.5	1618.4	0.0	2297.5
1988	1980.0	194.9	2174.9	5149.0	0.0	0.0	194.3	5343.3	-3168.4	1812.6	-0.0	3168.4
1989	1921.0	222.1	2143.1	6178.9	0.0	0.0	178.5	6357.4	-4214.2	1991.1	-0.0	4214.2
990	1795.0	250.6	2045.6	7414.6	0.0	0.0	152.3	7566.9	-5521.2	2143.4	0.0	5521.2

STATE OF ALASKA

THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

#101
AUDIT DIVISION
POUCH W-ALASKA OFFICE BUILDINGFINANCE DIVISION
POUCH WF-STATE CAPITOL

JUNEAU 99801

MEMORANDUM

TO: Honorable Clark Gruening DATE: September 22, 1977
Chairman
House Permanent Fund Committee

FROM: Milt Barker *MB* SUBJ: Permanent & General
Fiscal Analyst Fund Projections
Legislative Finance

At your request, I am enclosing six computer scenarios which display projected budget surpluses or deficits, followed by end-of-year permanent fund and general fund balances, and finally a column entitled "revenue required for general fund balance of \$0 million". This last column may also be interpreted as the required reduction in expenditures for a zero general fund balance.

However, visualizing it as additional required revenue, Table 1 was developed. In this table, the required permanent fund balance is determined by dividing the required revenue from the computer report by .07, the earnings rate on the permanent fund, to find the additional fund principal required to produce this revenue, and adding that to the projected balance. However, in those cases where 50% of the permanent fund earnings go to Alaska, Inc., the additional required principal will be twice as large.

The required Alaskan economy in terms of personal income to continue funding the budget is determined by dividing the additional required revenue by .079 and adding this additional personal income base required to the projected base shown on Table 1. The projected base was determined by dividing "other revenue" shown in the assumptions by .079; "other revenue" consists of all unrestricted revenue less severance taxes, property taxes, state and federal resource revenue, and Prudhoe income taxes. In other words, all those items which may relate somewhat to personal income. In FY 76, "other revenue" was roughly \$286.1 million which was 7.9% of the FY 76 personal income of \$3.6 billion.

The first scenario is a best guess of what will be with no statutory changes. It assumes 25% of royalty goes to the permanent fund and 5% to the renewable resources fund. Conceivably, the 5% could stop once \$250 million is reached. In all scenarios 2% of royalty goes to native claims until \$500 million is reached. The required general fund balance of \$0 million assumes the sale, transfer to the permanent fund, or liquidation of the state's unmarketable loan portfolio; this is one assumption you might want changed.

Scenario 2 adds Alaska Inc. at 50% of permanent fund earnings which moves forward the date of insolvency by one year. However, increasing the royalty contribution to 50% moves insolvency forward five years as in Scenario 3. If the rate were then cut back to 30%, the permanent fund would stand \$489.3 million higher in 1982, providing an additional \$17 million a year in revenue after deducting Alaska, Inc. Looking back to Scenario 2, it is clear that this will not cover the projected deficits beyond 1982. With 100% of royalties put in the permanent fund, as in Scenario 3A, the situation only gets worse.

As long as deficits or borderline surpluses are envisioned, it makes no sense to sock away a greater proportion of royalties, since in the mid-term at budget growth rates of 15%, we are relying on royalties to fund such budgets. If we could hold budget growth to some lower level, a greater proportion of royalties could be put in the permanent fund, thus reducing deficits in the long run when oil revenue halts.

A lower growth rate than 15% may be necessary anyway since, as table one indicates, the required permanent fund, or Alaskan economy given the present tax structure, to sustain such growth appears unrealistic. Yet, the compound growth rate from FY 68's general fund appropriation of \$103 million to FY 78'3 of \$819 million has been 23% per annum.

Scenarios 4 and 5 allow none of the permanent fund earnings to be used to support the budget, 4 by retaining all earnings in the permanent fund, 5 by paying all earnings to Alaska, Inc. Of course, the idea with 4 would be at some point to begin putting the earnings back in the general fund. If this is done at the point at which the general fund balance reaches zero, scenario 4 is then essentially the same as scenario 1, except that earnings and surplus are carried in the permanent fund rather than the general fund and, as a consequence of locking up these amounts, the general fund reaches zero a little sooner.

Honorable Clark Gruening

-3-

September 22, 1977

Scenario 6 retains 10% of the budget appropriation in the general fund balance where surpluses permit, all the rest of the general fund balance being transferred to the permanent fund. If you would rather the program maintain the general fund balance at the specified percentage of budget, regardless of surpluses or deficits, showing the additional revenue required to do so, this modification could be made.

Please let me know if you desire any additional scenarios using different assumptions.

MB:bf

STATE OF ALASKA
LEGISLATIVE FINANCE WORKING DOCUMENT
BUDGET FORECASTING MODEL

21-SEP-77

COMMENTS

SLCAN

TAPS BUILDUP RESUMES MARCH 78

MEDIUM REVENUES (HAGGART CASE II)

ASSUMPTIONS

ANNUAL RATE OF INTEREST ON GENERAL + PERMANENT FUNDS = 7.00%
% OF CURRENT YEAR EXPEND. IN G.F. CASH BAL. = 20.00%
% OF ROYALTIES LEASES AND BONUSES DEPOSITED IN PERMANENT FUND = 30.00%
ANNUAL % INCREASE IN BUDGET APPROPRIATION = 15.00%

YEAR	NON INVESTMENT REVENUE	INVESTMENT INTEREST	TOTAL REVENUE	BUDGET APPROPRIATION	SUPPL- MENTALS	DEBT SERVICE	PAYMENTS TO FUNDS	TOTAL EXPENDITURE	SURPLUS OR DEFICIT	PERM- ANENT FUND	GENERAL FUND END OF YEAR	REVENUE REQ FOR GF BAL. OF \$0 MIL.
1977										4.0	652.7	
1978	794.0	56.4	850.4	853.8	0.0	0.0	119.0	972.8	-122.5	81.6	530.2	0.0
1979	1100.8	60.3	1161.1	981.9	0.0	0.0	206.9	1188.8	-27.7	216.6	502.6	0.0
1980	1269.1	70.7	1339.8	1129.2	0.0	0.0	237.8	1367.0	-27.2	374.9	475.4	0.0
1981	1583.2	87.7	1670.9	1298.5	0.0	0.0	261.4	1559.9	110.9	548.5	586.3	0.0
1982	1745.4	100.7	1855.1	1493.3	0.0	0.0	283.9	1777.2	78.0	738.0	664.3	0.0
1983	1925.9	130.2	2056.1	1717.3	0.0	0.0	327.6	2044.9	11.2	954.4	675.5	0.0
1984	2069.7	150.1	2219.8	1974.9	0.0	0.0	242.5	2217.4	2.4	1189.9	677.9	0.0
1985	2251.2	167.7	2418.9	2271.1	0.0	0.0	254.9	2526.0	-107.1	1444.8	570.2	0.0
1986	2403.9	176.6	2580.5	2611.8	0.0	0.0	274.5	2886.3	-305.8	1719.3	264.9	0.0
1987	2563.4	182.0	2745.4	3003.6	0.0	0.0	295.1	3298.7	-553.3	2014.4	-0.0	286.3
1988	2732.3	200.5	2932.8	3454.1	0.0	0.0	316.7	3770.8	-838.1	2331.1	-0.0	838.1
1989	2910.2	230.7	3140.9	3972.2	0.0	0.0	339.4	4311.6	-1170.7	2670.5	-0.0	1170.7
1990	3096.8	263.6	3360.4	4568.0	0.0	0.0	363.3	4931.3	-1570.9	3033.8	-0.0	1570.9

STATE OF ALASKA
LEGISLATIVE FINANCE WORKING DOCUMENT
BUDGET FORECASTING MODEL

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COMMENTS

ALCAN

TAPS BUILDUP RESUMES MARCH 78

MEDIUM REVENUES (HAGGART CASE II)

ASSUMPTIONS

ANNUAL RATE OF INTEREST ON GENERAL + PERMANENT FUNDS = 7.00%

% OF CURRENT YEAR EXPEND. IN G.P. CASH BAL. = 20.00%

% OF ROYALTIES LEASES AND BONUSES DEPOSITED IN PERMANENT FUND = 30.00%

ANNUAL % INCREASE IN BUDGET APPROPRIATION = 15.00%

% OF PERMANENT FUND EARNINGS TO ALASKA INC = 50.00%

YEAR	NON INVESTMENT REVENUE	INVESTMENT INTEREST	TOTAL REVENUE	BUDGET APPROPRIATION	SUPPLIE- MENTALS	DEBT SERVICE	PAYMENTS TO FUNDS	TOTAL EXPENDITURE	SURPLUS OR DEFICIT	PERM- ANENT FUND	GENERAL FUND END OF YEAR OF	REVENUE FRO FOR GE BAL. SO MII
1977										4.0	652.7	
1978	794.0	56.3	850.3	853.8	0.0	0.0	120.5	974.3	-124.0	81.6	528.7	0.0
1979	1100.8	60.0	1160.6	981.9	0.0	0.0	212.2	1194.0	-33.2	216.6	495.5	0.0
1980	1269.1	69.8	1338.9	1129.2	0.0	0.0	248.2	1377.3	-38.4	374.9	457.1	0.0
1981	1583.2	85.7	1668.9	1298.5	0.0	0.0	277.6	1576.1	92.9	548.5	550.0	0.0
1982	1745.4	106.2	1851.6	1493.3	0.0	0.0	306.4	1799.7	52.0	738.0	601.9	0.0
1983	1925.9	124.6	2050.5	1717.3	0.0	0.0	357.2	2074.5	-24.0	954.4	577.9	0.0
1984	2069.7	141.6	2211.3	1974.9	0.0	0.0	280.0	2254.9	-43.6	1189.9	534.4	0.0
1985	2251.2	155.6	2406.8	2271.1	0.0	0.0	301.0	2572.1	-165.3	1444.8	369.0	0.0
1986	2403.9	169.2	2564.1	2611.8	0.0	0.0	329.9	2941.7	-377.5	1719.3	0.0	8.5
1987	2563.4	172.7	2736.1	3003.6	0.0	0.0	360.5	3364.0	-627.9	2014.4	0.0	627.9
1988	2732.3	200.5	2932.8	3454.1	0.0	0.0	392.8	3846.9	-914.1	2331.1	0.0	914.1
1989	2910.2	230.7	3140.9	3972.2	0.0	0.0	426.9	4399.1	-1258.2	2670.5	-0.0	1258.2
1990	3096.8	263.6	3360.4	4568.0	0.0	0.0	463.1	5031.1	-1670.7	3033.8	0.0	1670.7

STATE OF ALASKA
LEGISLATIVE FINANCE WORKING DOCUMENT
BUDGET FORECASTING MODEL

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COMMENTS

ALCAN

TAPS BUILDUP RESUMES MARCH 78

MEDIUM REVENUES (HAGGART CASE II)

ASSUMPTIONS

ANNUAL RATE OF INTEREST ON GENERAL + PERMANENT FUNDS = 7.00%

% OF CURRENT YEAR EXPEND. IN G.F. CASH BAL = 20.00%

% OF ROYALTIES LEASES AND BONUSES DEPOSITED IN PERMANENT FUND = 50.00%

ANNUAL % INCREASE IN BUDGET APPROPRIATION = 15.00%

% OF PERMANENT FUND EARNINGS TO ALASKA INC = 50.00%

YEAR	NON INVESTMENT REVENUE	INVESTMENT INTEREST	TOTAL REVENUE	BUDGET APPROPRIATION	SUPPLE- MENTALS	DEBT SERVICE	PAYMENTS TO FUNDS	TOTAL EXPENDITURE	SURPLUS OR DEFICIT	PERM- ANENT FUND	GENERAL FUND END OF YEAR	REVENUE REQ FOR GF BAL 50 MIL
1977										4.0	652.7	
1978	794.0	56.3	850.3	853.8	0.0	0.0	173.2	1027.0	-176.7	133.4	476.0	0.0
1979	1100.8	59.8	1160.6	981.9	0.0	0.0	305.5	1287.4	-126.7	358.3	349.3	0.0
1980	1269.1	69.3	1338.4	1129.2	0.0	0.0	360.6	1489.7	-151.3	622.2	197.9	0.0
1981	1583.2	84.5	1667.7	1299.5	0.0	0.0	404.0	1702.5	-34.8	911.5	163.1	0.0
1982	1745.4	104.0	1849.4	1493.3	0.0	0.0	447.6	1940.9	-91.5	1227.3	71.6	0.0
1983	1925.9	125.1	2051.0	1717.3	0.0	0.0	521.2	2238.5	-187.5	1588.1	-0.0	175.9
1984	2069.7	152.5	2222.2	1974.9	0.0	0.0	461.9	2436.8	-214.5	1980.5	0.0	214.5
1985	2251.2	185.3	2436.5	2271.1	0.0	0.0	501.6	2772.7	-336.2	2405.4	0.0	336.2
1986	2403.9	221.0	2624.9	2611.8	0.0	0.0	549.7	3161.5	-536.6	2862.4	0.0	536.6
1987	2563.4	259.7	2823.1	3003.6	0.0	0.0	600.7	3604.2	-781.2	3354.7	0.0	781.2
1988	2732.3	301.7	3034.0	3454.1	0.0	0.0	654.5	4108.6	-1074.6	3892.6	0.0	1074.6
1989	2910.2	347.2	3257.4	3972.2	0.0	0.0	711.4	4683.6	-1426.2	4448.2	-0.0	1426.2
1990	3096.8	396.5	3493.3	4568.0	0.0	0.0	771.7	5339.8	-1846.5	5053.6	-0.0	1846.5

STATE OF ALASKA
LEGISLATIVE FINANCE WORKING DOCUMENT
BUDGET FORECASTING MODEL

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COMMENTS

ALCAN

TAPS BUILDUP RESUMES MARCH 78
MEDIUM-REVENUES-(HAGGART-CASE, IT)

ASSUMPTIONS

ANNUAL RATE OF INTEREST ON GENERAL + PERMANENT FUNDS = 7.00%
% OF CURRENT YEAR EXPEND. IN C.F. CASH BAL. = 20.00%
% OF ROYALTIES LEASES AND HOMES DEPOSITED IN PERMANENT FUND = 2-100%
ANNUAL % INCREASE IN BUDGET APPROPRIATION = 15.00%
% OF PERMANENT FUND EARNINGS TO ALASKA INC = 50.00%

YEAR END	NON		INVESTMENT INTEREST	INVESTMENT REVENUE	TOTAL REVENUE	BUDGET APPROPRIATION	SUPPLY- MENTALS	DEFT- SERVICE	PAYMENTS		TOTAL EXPENDITURE	SURPLUS OR DEFICIT	PERM- ANENT FUND	GENERAL FUND	REVENUE REC- FOR GP BAL.
	INVESTMENT	REVENUE							TO FUNDS						
1977													4.0	652.7	
1978	701.0	56.2		550.2	853.8	0.0	0.0	0.0	304.8	1158.6	-308.4	252.7	344.3	0.0	
1979	1100.8	50.9		1160.7	981.9	0.0	0.0	0.0	538.9	1520.7	-360.0	712.5	-0.0	15.7	
1980	1269.1	84.2		1353.3	1129.2	0.0	0.0	0.0	541.5	1770.5	-417.4	1240.3	-0.0	417.4	
1981	1583.2	125.3		1708.5	1298.5	0.0	0.0	0.0	720.0	2018.6	-310.1	1819.0	-0.0	310.1	
1982	1745.4	170.3		1915.7	1493.3	0.0	0.0	0.0	800.6	2293.9	-378.2	2450.5	-0.0	378.2	
1983	1925.9	220.8		2146.7	1717.3	0.0	0.0	0.0	931.1	2548.4	-501.7	3172.1	-0.0	501.7	
1984	2069.7	277.2		2346.9	1974.9	0.0	0.0	0.0	916.7	2891.6	-544.7	3957.0	-0.0	544.7	
1985	2251.2	339.5		2590.7	2271.1	0.0	0.0	0.0	1003.1	3274.2	-684.5	4806.7	-0.0	684.5	
1986	2403.9	405.1		2809.0	2611.8	0.0	0.0	0.0	1099.2	3711.0	-902.1	5721.7	-0.0	902.1	
1987	2563.4	477.0		3040.4	3003.6	0.0	0.0	0.0	1201.2	4204.7	-1164.3	6705.4	-0.0	1164.3	
1988	2732.3	554.7		3287.0	3454.1	0.0	0.0	0.0	1308.9	4763.0	-1476.0	7761.1	-0.0	1476.0	
1989	2910.2	638.5		3548.7	3972.2	0.0	0.0	0.0	1422.6	5394.8	-1846.2	8492.3	-0.0	1846.2	
1990	3096.8	728.6		3825.6	4568.0	0.0	0.0	0.0	1543.3	6111.4	-2285.8	10103.2	0.0	2285.8	

STATE OF ALASKA
LEGISLATIVE FINANCE WORKING DOCUMENT
BUDGET FORECASTING MODEL

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COMMENTS

ALCAN

TAPS BUILDUP RESUMES MARCH 78

MEDIUM REVENUES (HAGGART CASE 11)

ASSUMPTIONS

ANNUAL RATE OF INTEREST ON GENERAL + PERMANENT FUNDS = 7.00%

% OF CURRENT YEAR EXPEND. IN G.F. CASH BAL = 20.00%

% OF ROYALTIES LEASES AND BONUSES DEPOSITED IN PERMANENT FUND = 30.00%

ANNUAL % INCREASE IN BUDGET APPROPRIATION = 15.00%

% OF EARNING RETAINED IN PERMANENT FUND = % 100 %

% OF SURPLUS TO PERMANENT FUND = % 100 %

YEAR END	NON INVESTMENT REVENUE	INVESTMENT INTEREST	TOTAL REVENUE	BUDGET APPROPRIATION	SUPPL- MENTALS	DEBT SERVICE	PAYMENTS TO FUNDS	TOTAL EXPENDITURE	SURPLUS OR DEFICIT	PERM- ANENT FUND	GENERAL FUND END OF YEAR OF	REVENUE PRO FOR GF BAL \$0 MIL
1977										4.0	652.7	
1978	794.0	56.2	850.2	853.8	0.0	0.0	122.0	975.8	-125.6	84.6	527.1	0.0
1979	1100.8	59.9	1160.7	981.9	0.0	0.0	217.6	1199.5	-38.7	230.2	485.4	0.0
1980	1269.1	69.9	1339.0	1129.2	0.0	0.0	259.5	1398.6	-49.6	410.2	438.8	0.0
1981	1583.2	86.3	1669.5	1298.5	0.0	0.0	296.2	1594.7	74.8	693.4	438.8	0.0
1982	1745.4	107.5	1852.9	1493.3	0.0	0.0	339.0	1832.3	20.6	958.6	438.8	0.0
1983	1925.9	127.1	2053.0	1717.3	0.0	0.0	402.3	2119.6	-66.5	1249.7	372.2	0.0
1984	2069.7	146.0	2215.7	1974.9	0.0	0.0	338.2	2313.1	-97.4	1580.9	274.9	0.0
1985	2251.2	162.5	2413.7	2271.1	0.0	0.0	374.5	2645.6	-231.9	1955.4	43.0	0.0
1986	2403.9	184.6	2588.5	2611.8	0.0	0.0	421.0	3032.8	-444.3	2376.4	-0.0	401.4
1987	2563.4	218.7	2782.1	3003.6	0.0	0.0	471.8	3475.3	-693.2	2848.2	-0.0	693.2
1988	2732.3	258.8	2991.1	3454.1	0.0	0.0	527.2	3981.3	-990.1	3375.4	-0.0	990.1
1989	2910.2	303.8	3214.0	3972.2	0.0	0.0	587.5	4559.7	-1345.8	3962.9	-0.0	1345.8
1990	3096.8	354.1	3450.9	4568.0	0.0	0.0	653.4	5221.4	-1770.6	4616.3	-0.0	1770.6

BUDGET FORECASTING MODEL

MEDIUM REVENUES (HAGGART CASE 11)

2 OF SURPLUS TO PERMANENT FUND = 100 %

YEAR	NON			BUDGET	SUPPL-	DEPT,	PAYMENTS		SURPLUS	PERM-	GENERAL	REVENUE REQ
	INVESTMENT	INVESTMENT	TOTAL				TO	TOTAL				
FMD	REVENUE	INTEREST	REVENUE	APPROPRIATION	MENTALS	SERVICE	FUNDS	EXPENDITURE	DEFICIT	FUND	END OF YEAR OF	SO VIL
1977										4.0	452.7	
1978	794.0	56.2	850.2	853.8	0.0	0.0	122.0	975.8	-125.6	81.6	527.1	0.0
1979	1100.8	59.7	1160.5	981.9	0.0	0.0	217.4	1199.2	-38.7	216.6	488.4	0.0
1980	1269.1	69.0	1338.1	1129.2	0.0	0.0	258.5	1387.7	-49.6	374.9	438.8	0.0
1981	1483.2	83.8	1567.0	1298.5	0.0	0.0	293.7	1592.3	74.8	623.3	438.8	0.0
1982	1745.4	102.6	1848.0	1493.3	0.0	0.0	334.1	1827.4	20.6	833.3	432.2	0.0
1983	1925.9	118.3	2044.2	1717.3	0.0	0.0	393.5	2110.8	-66.5	1049.8	372.2	0.0
1984	2069.7	132.0	2201.7	1974.9	0.0	0.0	374.2	2299.1	-97.4	1285.3	271.9	0.0
1985	2251.2	141.8	2393.0	2271.1	0.0	0.0	353.8	2624.9	-231.9	1540.2	43.0	0.0
1986	2403.6	155.5	2559.1	2611.8	0.0	0.0	391.9	3003.7	-444.3	1814.7	0.0	401.4
1987	2563.4	179.4	2742.8	3003.6	0.0	0.0	432.5	3436.0	-693.2	2109.8	0.0	673.2
1988	2732.3	207.1	2939.4	3454.1	0.0	0.0	475.5	3929.6	-990.1	2426.5	0.0	990.1
1989	2910.2	237.3	3147.5	3972.2	0.0	0.0	521.1	4469.3	-1345.8	2765.9	0.0	1345.8
1990	3096.8	270.3	3367.1	4568.0	0.0	0.0	569.6	5137.6	-1770.6	3129.1	-0.0	1770.6

STATE OF ALASKA
LEGISLATIVE FINANCE WORKING DOCUMENT
BUDGET FORECASTING MODEL

6

21-SEP-77

COMMENTS

ALCAN
TAPS MILLIUM REVENUES MARCH 78
MILLIUM REVENUES (HAGGART CASE 11)

ASSUMPTIONS

ANNUAL RATE OF INTEREST ON GENERAL + PERMANENT FUNDS = 7.00%
% OF CURRENT YEAR EXPEND. IN G.F. CASH BAL. = 20.00%
% OF ROYALTIES LEASES AND BONUSES DEPOSITED IN PERMANENT FUND = 30.00%
ANNUAL % INCREASE IN BUDGET APPROPRIATION = 15.00%
% OF PERMANENT FUND EARNINGS TO ALASKA INC = 50.00%
RESERVE AS % OF BUDGET ADDED TO REQUIRED OF BALANCE = 10.00%

YEAR	NOV	INVESTMENT	INTEREST	TOTAL	BUDGET	SUPPLY-	DEBT	PAYMENTS	TOTAL	SURPLUS	PERM-	GENERAL	REVENUE
FND	REVENUE			REVENUE	APPROPRIATION	MENTALS	SERVICE	TO	EXPENDITURE	OR	FUND	FUND	FOR OF
								FUNDS		DEFICIT	END OF	END OF	SO VIL
1977	791.0	56.3	850.3	853.8	0.0	0.0	0.0	120.5	974.3	-124.0	4.0	652.7	0.0
1978	1100.8	50.5	1160.3	981.9	0.0	0.0	0.0	227.7	1209.5	-49.3	521.9	95.4	0.0
1979	1269.1	68.8	1337.9	1129.2	0.0	0.0	0.0	263.7	1392.9	-55.0	659.9	36.1	0.0
1981	1543.2	84.2	1627.4	1298.5	0.0	0.0	0.0	293.1	1591.6	75.8	818.2	0.0	18.9
1982	1745.4	103.4	1848.8	1493.3	0.0	0.0	0.0	321.9	1815.2	33.7	991.8	75.8	0.0
1983	1925.9	120.4	2046.3	1717.3	0.0	0.0	0.0	372.7	2090.0	-43.7	1191.3	109.4	0.0
1984	2049.7	136.1	2205.8	1974.9	0.0	0.0	0.0	295.5	2270.4	-64.6	1397.7	65.8	0.0
1985	2251.2	154.1	2405.3	2271.1	0.0	0.0	0.0	316.5	2587.7	-181.4	1633.2	1.1	0.0
1986	2403.9	178.3	2582.2	2611.8	0.0	0.0	0.0	345.4	2957.2	-374.9	1843.1	0.0	120.2
1987	2563.4	203.8	2767.2	3003.6	0.0	0.0	0.0	376.0	3379.5	-612.4	2162.6	0.0	374.9
1988	2732.4	231.5	2963.8	3454.1	0.0	0.0	0.0	408.3	3862.4	-898.6	2457.7	-0.0	612.4
1989	2910.2	261.7	3171.9	3972.2	0.0	0.0	0.0	442.4	4414.6	-1242.7	2774.4	-0.0	898.6
1990	3096.8	294.6	3391.4	4568.0	0.0	0.0	0.0	478.6	5046.7	-1655.2	3113.8	-0.0	1242.7
											3477.1	0.0	1655.2

TABLE 1

PROJECTED ECONOMY (\$ MILLION PERSONAL INCOME)	FY	SCENARIO 1		SCENARIO 2		SCENARIO 3		SCENARIOS 4 & 5		SCENARIO 6	
		REQUIRED PERMANENT FUND (\$ MILLION)	REQUIRED ECONOMY PERSONAL INCOME (\$ MILLION)	REQUIRED PERMANENT FUND (\$ MILLION)	REQUIRED ECONOMY PERSONAL INCOME (\$ MILLION)	REQUIRED PERMANENT FUND (\$ MILLION)	REQUIRED ECONOMY PERSONAL INCOME (\$ MILLION)	REQUIRED PERMANENT FUND (\$ MILLION)	REQUIRED ECONOMY PERSONAL INCOME (\$ MILLION)	REQUIRED PERMANENT FUND (\$ MILLION)	REQUIRED ECONOMY PERSONAL INCOME (\$ MILLION)
2,845.6	78										
3,120.2	79										
3,550.6	80									1,358.2	3,789.8
3,860.7	81										
3,932.9	82										
4,073.4	83					4,899.5	5,540.4				
4,392.4	84					8,109.0	4,695.6				
4,770.8	85					12,011.1	9,026.5			7,036.6	7,051.8
5,008.8	86			1,962.1	5,116.3	18,194.3	11,801.2	Not	10,089.8	12,874.0	9,754.3
5,259.8	87	6,133.0	8,909.2	19,954.4	13,207.9	25,674.7	15,148.4		14,034.4	19,954.8	13,011.6
5,522.7	88	14,303.9	16,131.5	28,448.2	17,093.6	34,585.4	19,125.2	Applicable	18,055.6	28,448.6	16,897.3
5,798.9	89	19,394.7	20,617.8	38,619.1	21,725.4	45,196.7	23,852.1		22,834.3	38,619.5	21,529.2
6,088.8	90	25,475.2	25,973.6	50,768.1	27,236.9	57,810.7	29,462.2		28,501.4	50,768.5	27,040.6

ASSUMPTIONS

	1	2	3	4	5	6	7	8	9	10	11	12
FY	LA PRICE \$	LOWER 48 TRANSPORT \$	TAPS TARRIF \$	INCOME TAX PRUDHOE (\$ MILLION)	PRUDHOE PRODUCTION MMB	OIL & GAS PROPERTY TAX (\$ MILLION)	\$ FLOOR PRICE FOR OIL SEVERANCE TAX	OTHER REVENUE (\$ MILLION)	GAS SALES MM/MCF	GAS SALE PRICE ¢/MCF	COOK INLET OIL ROYALTY (\$ MILLION)	COOK INLET OIL SEVERANCE (\$ MILLION)
78	13.75	1.50	5.40	35.0	262.5	167.3	6.53	225.8	17.0	39.8	33.1	16.3
79	14.44	2.00	5.40	51.0	474.5	170.6	6.53	346.5	20.4	39.8	31.3	14.4
80	15.16	2.50	5.40	54.0	547.5	193.2	7.18	280.5	26.4	41.6	29.5	12.7
81	15.92	2.50	5.40	55.0	547.5	226.7	7.18	305.0	34.0	44.2	27.9	10.9
82	16.71	2.50	5.40	56.0	547.5	251.8	7.90	310.7	37.5	46.8	26.4	9.1
83	17.55	2.50	4.90	58.0	547.5	257.0	7.90	321.8	111.6	50.9	24.6	7.3
84	18.43	2.50	4.90	59.0	547.5	261.4	8.69	347.0	117.4	73.1	22.9	5.5
85	19.35	2.50	4.90	60.0	547.5	295.9	8.69	376.9	122.0	77.1	21.2	3.7
86	20.31	2.50	4.90	62.0	547.5	310.7	9.55	395.7	122.0	77.1	19.7	1.9
87	21.33	2.50	4.90	63.0	547.5	326.2	9.55	415.5	122.0	77.1	18.4	.1
88	22.40	2.50	4.90	64.0	547.5	342.5	10.51	436.3	122.0	77.1	17.1	--
89	23.52	2.50	4.90	66.0	547.5	359.7	10.51	458.1	122.0	77.1	16.0	--
90	24.70	2.50	4.90	67.0	547.5	377.6	11.56	481.0	122.0	77.1	14.9	--

FOOTNOTES:

1. Haggart Case II (5% annual increase) July 14, 1977 Memo
2. Haggart Case II
3. Haggart Case II as revised for FY 78-82 in his July 15, 1977 memo for pump station no. 8 slowdown
- 4, 5. Haggart Case II revised for FY 78 for pump station no. 8 slowdown
6. Haggart Case II revised for FY 78 for missing pump station no. 8
7. Haggart (10% increase every two years)
8. Department of Revenue; "Alaska's Oil & Gas Tax Structure"; p. IV-32; Alcan scenario
- 9-12. Haggart

SCOMM

#9:102

November 15, 1977

Mr. Michael Doogan
House Special Committee on
Permanent Fund
528 W. 5th Avenue
Anchorage, Alaska 99501

Dear Mike,

As we discussed with you when you visited CEDC a few weeks ago, CEDC is interested in seeing that a rural business development loan fund of some type is established with a portion of the permanent fund. As you know, the development and support of rural Alaska businesses has been CEDC's single objective since its inception in 1969.

Enclosed please find a copy of CEDC's current investment policies. These will give you a general idea of the criteria on which our board bases its decisions for funding of enterprises. As you will notice, the criteria are general, given the new and relatively undetermined nature of economic development in the bush. CEDC's refunding proposal for 1976-78 is also enclosed, and specifies those industries in which CEDC is currently active.

It is our sincere hope that any legislation concerning the use of the permanent fund for rural business development will be of such a nature that it can be easily used by organizations such as ours, which have experience in the field, and which are familiar with the myriad of problems associated with it. It is important that organizations set up for the same purpose be able to coordinate their efforts. We have in Alaska too many examples of overlapping offices which are not structured in a manner which facilitates cooperation.

We spoke also of subsidies which may be required to carry rural businesses through a development period. By far the greatest subsidy provided by CEDC to assisted ventures is now technical assistance, in the development, management,

CEDC

Community Enterprise Development Corporation of Alaska

1011 E. Tudor Road, Suite 210/Anchorage, Alaska 99503.907-279-4551/cable address: Enterprise

Mr. Michael Doogan
November 15, 1977
Page 2

retailing and accounting fields. This is the area of greatest need for developing businesses, given the lack of business skills in the bush. In the past CEDC provided subsidy in the form of grants. However, that practice has been discontinued, and CEDC financial participation in enterprises is comprised of loans and equity investments. Our current interest rate is 7½ percent, for a maximum loan term of ten years.

As you know it is virtually impossible to predict any dollar amount of potential business development in rural Alaska. During Fiscal Year 1977 (September 30 - October 1) CEDC received requests for assistance totalling \$10 million. However, not all of these requests were feasible, and yet there were many other new businesses which did not apply to us, given our eligibility requirements.

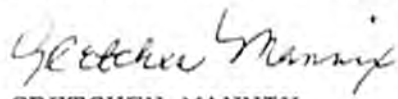
The types of businesses that we are involved with are illustrated on the enclosed map. I have marked the newest ventures in pencil. Not shown are the recently acquired Alaska Commercial Company stores, located in Aniak, Bethel, Emmonak, Fort Yukon, Kotlik, McGrath, Nome, Sheldon Point, St. Michael, Tanana and Unalakleet.

We will be watching for future developments with the permanent fund.

Thank you for your consideration.

Sincerely,

COMMUNITY ENTERPRISE DEVELOPMENT
CORPORATION OF ALASKA


GRETCHEN MANNIX
Researcher

GM:jl

Enclosures

INVESTMENT POLICIES

COMMUNITY ENTERPRISE DEVELOPMENT
CORPORATION OF ALASKA
1011 East Tudor Road
Anchorage, Alaska 99503
(907) 279-4551

11/77

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GENERAL POLICIES OF CEDC OF ALASKA

1. To make investments that will enable the creation of new or the expansion of existing businesses that:
 - (a) are widely owned, community owned, or cooperatively owned by rural Alaskans, or owned by CEDC;
 - (b) are designed to make a profit or at least break even within a reasonable length of time as determined by the CEDC Board of Directors or Executive Committee;
 - (c) provide rural Alaskans substantial employment, or provide rural Alaskans a needed service or substantially reduce the cost of an existing service;
 - (d) provide rural Alaskans with an opportunity to improve their business skills.
2. Any business venture into which CEDC enters for its own account must meet at least the following criteria:
 - (a) the business provides a product or service which is widely needed and will be widely used by rural Alaskans;
 - (b) the business is of sufficient scope or complexity that it is unlikely that any single region, village, or group of individuals from rural Alaska would be able to enter that specific business. In other words, CEDC does not contemplate owning fully or partially, any business which is under active consideration and within the abilities of any single region, village, or group of individuals from rural Alaska;
 - (c) the business should return a reasonable profit on invested capital. These profits will be placed in the revolving fund and be available as seed capital for starting cooperatives or other widely owned rural businesses as described in Section 1 above.
3. All investment or loan recipients must be approved by the Board of Directors or the Executive Committee. Most financing proposals must be approved by CSA. For more detailed policies, see the CEDC policy statements for the various categories of financing it provides.

CURRENT OPERATING PRACTICES FOR CEDC INVESTMENT CAPITAL

1. Applicants must initiate a written request to the CEDC Executive Director.
2. The Executive Director instructs Development Department to respond by letter to the request. If applicant does not qualify for assistance or if the proposed project is obviously unfeasible, the applicant is rejected or referred to an appropriate agency. If they qualify for CEDC assistance, they are also sent an application form.
3. The applicant completes the form which provides information on the proposed business and village economy. If information shown on this form is negative, projects may be rejected at this stage.
4. If findings are positive, a positive recommendation is given to the Grant & Loan Review Committee which determines if Development Department will conduct a full feasibility study on the project.
5. The Grant & Loan Review Committee gives its recommendation to the Board of Directors or the Executive Committee which gives final approval to commit staff time to the project.
6. Development Department personnel are sent to the village to do a field analysis of the venture's feasibility. If findings are positive, work begins with the village in planning development of the project, setting target dates. If the findings are not positive, the project may be dropped at this stage.
7. When the feasibility study is completed, the Staff Finance Committee (composed of the Associate Director (chairman), Director of Operations, Director of Development, Manager of Field Accounting, Controller, CEDC Treasurer and Executive Director, as an ex-officio member), reviews the proposal for final comments and recommendations.
8. The feasibility study is presented to the Grant & Loan Review Committee for its analysis and recommendation to the CEDC Board of Directors or the Executive Committee. It is also presented to the board of the venture for its approval/disapproval/recommendations.
9. The completed feasibility study and CEDC Board of Directors or the Executive Committee recommendations

are forwarded to the CSA Program Analyst of the Office of Economic Development. CSA will analyze the proposal and give final approval to disburse the funds.

10. If CSA has questions on the proposal, these questions are answered or the proposal is modified by Development Department staff. If the changes are satisfactory, CSA will give final approval to disburse funds.
11. A report is given to the Grant & Loan Review Committee or Executive Committee if any substantial changes were made.

EQUITY FINANCING

CEDC has the authority to participate in ownership of ventures, partially or outright, according to the following guidelines:

- (a) must follow general policy guidelines for participation in any project;
- (b) must follow procedures outlined in investment capital procedures;
- (c) must be a legal corporation that is entitled to issue stock and conduct business;
- (d) stock may be cumulative or non-cumulative, participating or non-participating, voting or non-voting, common or preferred;
- (e) CEDC may be a general or limited partner.

SHORT TERM LOANS THROUGH CEDC

1. Borrower must be a legal corporation with:
 - (a) authority to borrow;
 - (b) ability to repay;
 - (c) a member in good standing with CEDC.
2. Term not to exceed six (6) months.
3. Principal not to exceed \$15,000 per enterprise.
4. Interest not to exceed $7\frac{1}{2}$ percent simple.
5. Must be approved by the Executive Director or by the Executive Committee.
6. Total outstanding balance of all CEDC short term loans from this fund may not exceed \$90,000.

CSA is informed, in writing, of all such loans within seven (7) calendar days of their issuance, at which time CSA receives copies of all legal documentation, as well as a written explanation of each such loan.

The short term loan fund was established with a \$90,000 deposit from CEDC venture capital. Repayments are returned to the fund; interest earned is paid into the revolving loan fund. The short term fund was established to meet the seasonal cash needs of ventures which have not developed a track record to qualify them for interim bank financing, or which are as yet unable to carry the high interest rates of bank short term loans.

CEDC REVOLVING FUND

1. The revolving fund receives the repayments of all loans made by CEDC as well as the proceeds from the sale of stock or other assets, funds released from loan guarantees, repayments of principal, and interest earned on CEDC loans that CEDC holds.

2. Disbursements are made from the revolving fund upon the sole approval of the Board of CEDC or its Executive Committee.

3. Disbursements according to the policy guidelines may be made for:

- (a) long term loan;
- (b) short term loan;
- (c) preferred stock;
- (d) common stock.

4. Additionally, disbursements from the revolving fund may be made for:

- (a) purchase of capital assets with the purpose of leasing;
- (b) making guarantees of obligations of client enterprises;
- (c) reimbursing administrative account for:
 - (1) overdue accounts receivable;
 - (2) valid business expense as per a CEDC Board of Directors or Executive Committee approved budget.

FISHERIES REVOLVING LOAN FUND

Introduction

Fishing ventures can usually obtain financing from CEDC or other funding institutions for their plant expansion or equipment purchases. These funding sources readily attach a lien against the venture's plant or equipment as collateral.

The fishing ventures, however, have experienced difficulty in obtaining funds to purchase fish from their members. The fish are unacceptable as collateral because of the risk of spoilage and the fluctuating prices of the product. In the past, fishing ventures had to rely on their buyers by securing an advance or obtaining a letter of credit. By these methods, either their bargaining position for fish prices is seriously weakened, or the fishermen become dependent upon the buyer's word that funds will come through when the fish is sold.

While CEDC can lend fishing ventures \$15,000 for 180 days under the present short term fund, their needs go beyond the scope of that program. Because of their extreme seasonality, fishing ventures require large amounts of money during the height of the operation. If a venture is processing 300,000 pounds of fish, at a cost of 40 cents a pound for the fish, and 15 cents a pound for overhead costs, it will need \$165,000 in working capital.

Fish ventures must also be able to respond quickly to emergency situations. If their freezing capability is hampered by a breakdown in one component, the plant can lose a substantial amount of revenue. However, if the fishing venture has sufficient funds to fly in the necessary equipment or parts on short notice, they can eliminate or minimize their losses.

CEDC, therefore has established a fisheries revolving loan fund. This fund is available to fishing ventures for their working capital needs.

The benefits derived by CEDC and the ventures are many. With the ability to purchase a greater volume of fish, the ventures are able to compete on a more equal footing with other fish buyers. The ventures are able to generate a greater profit level which gives them the flexibility to improve their plants, develop other markets, and pursue other goals. This kind of flexibility is very important if fishing businesses are to become self sufficient.

A description of this fisheries revolving loan fund follows.

FISHERIES REVOLVING LOAN PROGRAM

1. Recipient:

The fisheries revolving loan program is available to all CEDC assisted fishing ventures, currently members in good standing with CEDC.

2. Total Fund:

The initial fisheries revolving loan fund in the amount of \$600,000 has been established from CEDC's venture capital.

Interest earned and monies repaid are returned to the fisheries revolving loan fund.

3. Use of Funds:

The funds are used for, but not limited to, cash flow requirements, equipment breakdown, purchase of additional equipment and supplies, product transportation costs, et cetera.

4. Amount and Term of Loans:

When the total amount requested by CEDC-assisted fishing ventures exceeds the amount in the fund, the fund is prorated to the approved ventures based upon their anticipated production level. For example, if these ventures applied for loans from this fund in a given year, one expected production levels 1.5 million pounds and two with projections of 300,000 pounds each, and the total applied for exceeds the amount in the fund, each would receive an amount equal to its share of the total estimated production of 2.1 million pounds.

These loans at 7½ percent simple interest and are to be repaid at the end of the year's fishing cycle.

5. Procedures:

Requests for monies from the fisheries revolving loan fund are made by a written request accompanied by a budget from the venture to the CEDC Executive Director. If he feels that the request is warranted, he instructs the CEDC Staff Finance Committee (same as the committee in Investment Capital Section) to evaluate the venture's need and ability to repay the loan. The staff recommendation is given to the CEDC Executive Committee which makes the final decision.

If its decision is positive, the loan is issued with standard legal documents. The loan is secured against the venture's product, inventory, equipment, and accounts receivable.

A report of the proceedings is made by the Executive Director to the CEDC Grant and Loan Review Committee. CSA is notified of the transaction when copies of the loan documents are sent to them. CEDC audits the expenditure of the funds at its discretion during the season and at the end of the term of the loan.

6. Legal Documentation:

Legal Documentation of the loan includes a promissory note, loan and security agreement, and a management contract if one is not already in existence. CEDC claims first lien on business' product, inventory, equipment, and accounts receivable.

7. CEDC Recourse:

In the event of loan default, CEDC has the right to retain a manager, at cost to the fishery, if terms of the agreement are not followed.

Any controversies or claims arising out of or relating to this agreement may be settled in American Arbitration Association and judgment upon award rendered will be entered in any court having jurisdiction.

TESTIMONY FROM COMMUNITY ENTERPRISE DEVELOPMENT CORPORATION
ON HOUSE BILLS 596 AND 682

Community Enterprise Development Corporation of Alaska (CEDC) is a private, non-profit corporation funded by the federal government through the Community Services Administration. We were established in 1968 to assist low income rural groups develop businesses in their communities, by providing technical and financial assistance. Our staff of 45 is headquartered in Anchorage.

We have reviewed pending legislation on the management of the Permanent Fund, and find that several portions apply directly to CEDC and its purpose.

Rather than describe our programs and how they relate to this legislation, it will be simpler to review the process of business development as it occurs within CEDC. The possible relationship between CEDC and the proposed investment corporations will become apparent.

An idea for a rural business is brought to CEDC. At the outset this idea is very nebulous. The people often do not have the skills or money to formulate the concept into an operating entity. CEDC has the staff with the background in community and economic development to assist the community in: (1) determining whether or not the venture is feasible, and if it is; (2) designing a structure and operating plan for the business; and (3) obtaining financing. Our intent during this phase is to train these groups to make knowledgeable business decisions.

Once the business is financed and established in the village, further training and monitoring is provided by CEDC. Field accountants visit the venture regularly to train the local

people and monitor their programs. Fisheries and retail specialists also provide on-site assistance. An expediting service acts as a liaison between the village and merchants. Training is also offered to the venture boards of directors.

CEDC may provide financial assistance to these ventures through equity investments or debt financing. CEDC's participation occurs only when the commercial lending institutions reject requests for funding or provide partial financing.

Although these ventures are considered high risk businesses because of their rural location and lack of formal business expertise, CEDC recognizes that this need not preclude their long term viability. CEDC also understands the benefits realized by the villages through jobs, training, and services not otherwise available, which are provided by these ventures.

CEDC has structured its financing assistance to assure continued availability of capital for rural enterprises. Investment income and loan repayments are returned to a pool for use by more rural Alaskan businesses.

House Bill 596 is obviously applicable to our goal of economic development in rural Alaska. We are encouraged by this committee's obvious awareness of the unmet capital needs of small and medium sized businesses. And because fisheries development has been CEDC's first priority, we strongly support House Bill 682, which establishes the Alaska Renewable Resources Corporation.

We would like to suggest that the committee incorporate the following two concepts within House Bill 596 pertaining to paragraphs (c) and (d) of Section 44.55,125, INVESTMENTS:

- (1) develop a formula for the distribution of funds for rural and urban areas, having first defined "rural" and "urban"; and

- (2) recognize existing institutions which presently deliver rural economic development programs, and provide for their possible participation in the administration of the fund.

The addition of these two provisions is necessary to ensure that a regulated flow of capital funds is channeled to rural areas. The village population is becoming increasingly outnumbered by urban residents, obviating the use of the voting process in mandating rural needs and concerns. The State, therefore, must recognize the minority position of the rural residents. And it must build safeguards for this minority into legislation for programs such as the Alaska Enterprise Investment Corporation.

While the federal government has recognized the economic needs of rural Alaska through the funding of CEDC, there is no guarantee that the level of support will continue. And because the capital needs of rural businesses are not being met by commercial institutions, the State has now an excellent opportunity to fulfill this need while meeting its own investment requirements as set forth in this legislation.

CEDC's sole purpose for the past ten years has been the economic development of rural Alaska. We have built an experience base concerning the unique situations encountered in financing village businesses. We have developed criteria for evaluating proposals and acceptable standards of operation. We have worked slowly but continuously in developing our assets, both financial and human.

In implementing its investment and loan programs under the Permanent Fund, the State should recognize that CEDC's experience can help to avoid the pitfalls awaiting it. CEDC has been working to avoid the duplication of efforts that so

often occurs between various state and federal entities. We would hope that this committee is also anxious to reduce this waste. Therefore, CEDC is willing to assist in your efforts to define the sectors in rural Alaska which need financing; the size and nature of projects which are feasible; and to forecast the capital requirements as outlined in House Bill 596, Section 44.55.140, INITIAL DETERMINATION. Further, CEDC is in an ideal position to assist in the delivery of the State's financing of rural businesses.

An informational brochure describing CEDC and its programs is attached for your review.



Community Enterprise
Development Corporation
of Alaska



History

Community Enterprise Development Corporation of Alaska (CEDC) is a private, non-profit corporation funded and operating under the guidelines of the Community Services Administration (CSA), formerly the Office of Economic Opportunity.

The present CEDC organization evolved from an adaptation of a proposal entitled "Towards a Better Tomorrow" which was written in 1967 by the Alaska State Community Action Program (now known as Rural Alaska Community Action Program - RurAL CAP), and submitted to the Community Services Administration for a demonstration grant. This proposal was written in response to the need expressed by various Alaskan communities for a means of receiving financial, technical, and training assistance in the development of locally-owned businesses. Originally proposed to be titled "Alaska Guild of Native Industries, Arts and Crafts", the corporation was to provide the needed liason between the village business and the urban wholesalers, buyers, and financial institutions.

In the spring of 1968, a new proposal was submitted to CSA for the continued funding of CEDC and was favorably received. By that fall, CEDC received funding as a delegate agency of RurAL CAP and provided technical assistance to ten communities in rural Alaska. In August of 1969, CEDC became an independent, non-profit corporation which was funded by CSA as a legally titled "Community Development Corporation".

Purpose

CEDC's impact area includes all of rural Alaska (excluding the urban cities of Anchorage, Fairbanks, Juneau, and Ketchikan), which encompasses over half a million square miles and is inhabited by approximately 106,000 people living in over 285 towns and villages.

Using seed capital from CSA, other government and state agencies, and private sources, CEDC assists in developing and supporting business enterprises in the low-income areas of rural Alaska. In addition to financial assistance in the form of loans to new enterprises, the corporation also provides training and technical assistance for the business manager, employees, and board of directors.

Since its incorporation in 1968, CEDC has assisted over 60 community-owned businesses throughout Alaska. These businesses vary according to community needs and desires, but have included industries such as fish processing, consumer stores, real estate, tourism, fuel distribution, and construction. Each of these businesses is managed by its own staff and board of directors.

CEDC's main purpose is to create an economic impact on the communities of rural Alaska by providing them with an opportunity to participate in the free enterprise system.

INTRODUCTION

Membership

CEDC has a statewide membership which has full ownership authority over the corporation. The membership consists of a representative from each of the ten RurAL CAP regional development areas; a representative from each of the twelve regional corporations as defined under the Alaska Native Claims Settlement Act (ANCSA) of 1971; a representative from each of the enterprises that CEDC has provided with substantial technical and financial assistance; and three representatives of the Alaska business community.

The inclusion of the RurAL CAP regional corporation representatives and the ANCSA regional corporation representatives insures that the CEDC program maintains an objective statewide outlook and does not develop into a corporation serving a special geographical group. In addition, these representatives also provide CEDC with input concerning the economic needs and potentials of these various regions, thus allowing for coordination of CEDC's program with other native corporations. The representatives of the community enterprises which CEDC has assisted form the largest single block of members. This guarantees that CEDC is controlled and directed by those people it was designed to serve.

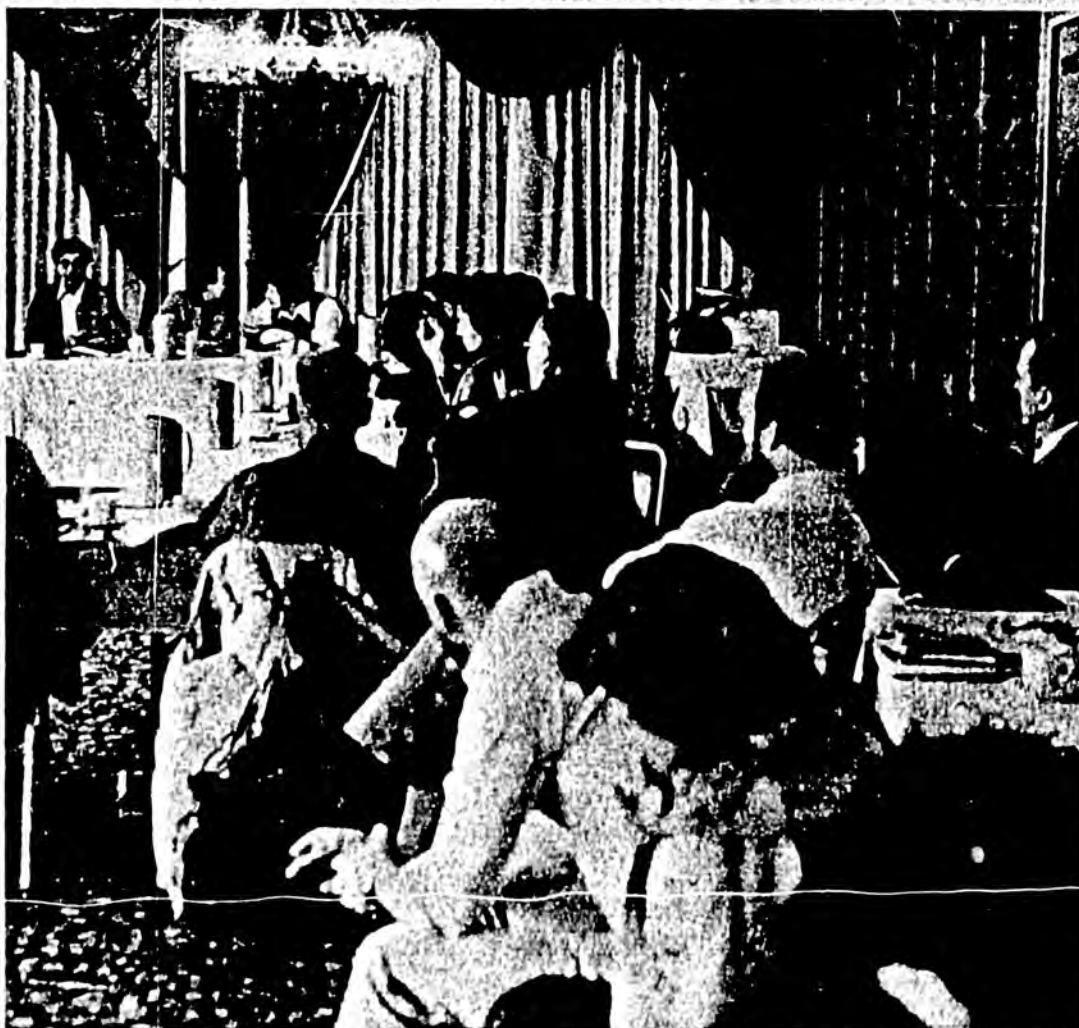


The board of directors of the RurAL CAP regional corporations, the ANCSA regional corporations, and the community enterprises each select one person to represent that organization on the membership of CEDC. These representatives are then responsible for reporting back to their organizations on the activities of CEDC. In this way, communication between the people of the target area of CEDC and the corporation is maintained.

To become a member of CEDC, a community-owned enterprise must petition the CEDC board of directors for membership. To be eligible, the enterprise must be broadly owned by low-income people who are actively engaged in the management of the enterprise and benefit from the enterprise's existence, and CEDC must have provided substantial financial and technical assistance.

The membership of CEDC meets once a year, unless a special meeting is called, and elects the board of directors which functions as the policy making body of the corporation.

ORGANIZATIONAL
STRUCTURE



Board of Directors

The board of directors of CEDC is elected each December at the annual membership meeting.

The board of directors consists of thirty members and includes the officers of the corporation. Of these, twenty seats are held by representatives from the community-owned enterprises; seven seats are filled by representatives of the ANCSA regional corporations and Rural CAP regional corporations combined; and three seats are held by Alaska business community representatives. Although they have full voting powers and can serve on the various committees, the business representatives cannot be elected to an office in the corporation.

The board of directors meets three times a year, unless a special meeting is called. It reviews the actions taken by the executive committee, measures the corporation's progress, sets policy which provides for the management of the corporation, and makes recommendations to the membership.

ORGANIZATIONAL
STRUCTURE



Committees

CEDC's board of directors annually elects an executive committee which is comprised of the five officers of the corporation (President, Vice President, Treasurer, Recording Secretary, and Corresponding Secretary) and four members-at-large.

In order to assure representation from the entire target area of CEDC, no more than two members of the executive committee may be from the same region (as defined under the Alaska Native Claims Settlement Act).

To provide for organizational continuity within the corporation, one-third of the executive committee members serve overlapping terms.

The executive committee meets on the average of every six to eight weeks and assumes the duties of the board of directors concerning the management of the corporation.

All actions by the executive committee are subject to ratification by the full board of directors. Such actions include the approval or disapproval of requests for technical, training, and financial assistance to enterprises; the monitoring of on-going projects; reviewing the financial situation and budget matters of the corporation; and the defining of goals and policies to be followed by the corporation.

In addition to the executive committee, the board has five other standing subcommittees. These committees consist of the grant and loan review committee, the personnel and program policy committee, the budget and finance committee, the information and education committee, and the election committee. Additional committees may be formed by the board of directors as they are required.

These communities meet periodically to make recommendations to the executive committee, board of directors, and staff concerning procedures and programs of the corporation.

Management

The board of directors is responsible for the management of the corporation and exercises this duty by delegating the responsibility to the executive director of the corporation. The executive director is hired by the board of directors.

The executive committee and other special committees of the board work closely with the executive director to determine goals and develop short and long range plans and budgets, while adhering to CSA guidelines and promoting the philosophy and objectives of the corporation. To fulfill his responsibilities, the executive director employs and gives direction to a staff that is competent to carry out the directives of management in its efforts to develop successful enterprises.

The staff of CEDC is organized into six main groups according to primary functions within the corporation: executive, administration and personnel, development, fisheries, operations, and expediting departments.



Executive Department

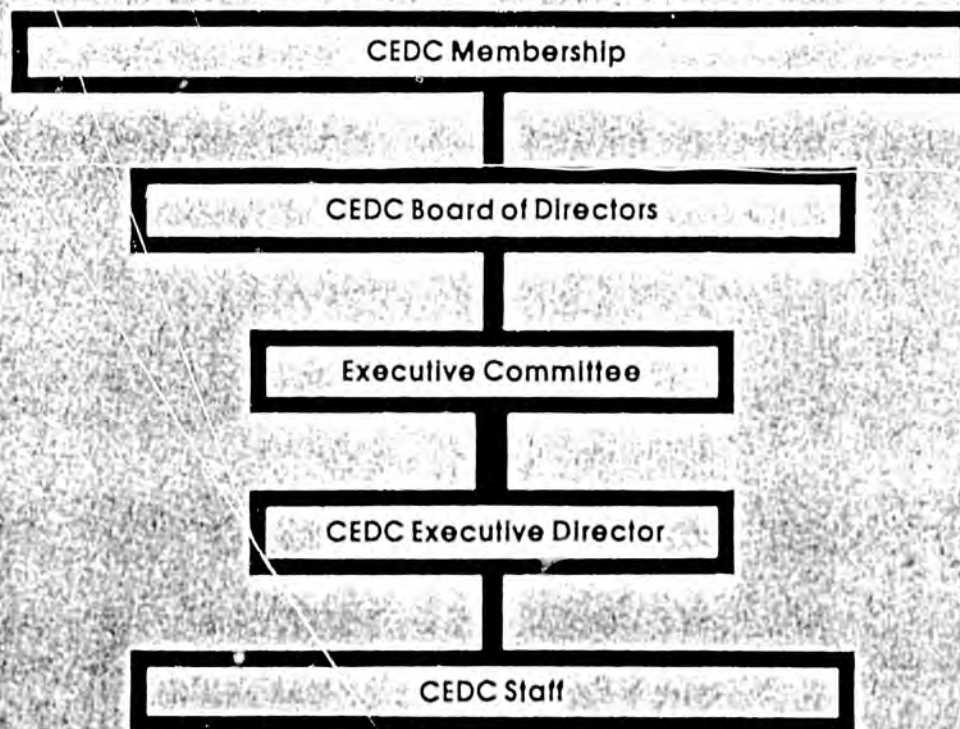
The executive department is composed of the executive director, deputy director, controller, and in-house attorney. The department's back up staff consists of an administrative assistant, two external auditors, an accounting technician, travel clerk, and legal secretary, who also serves as the board secretary.

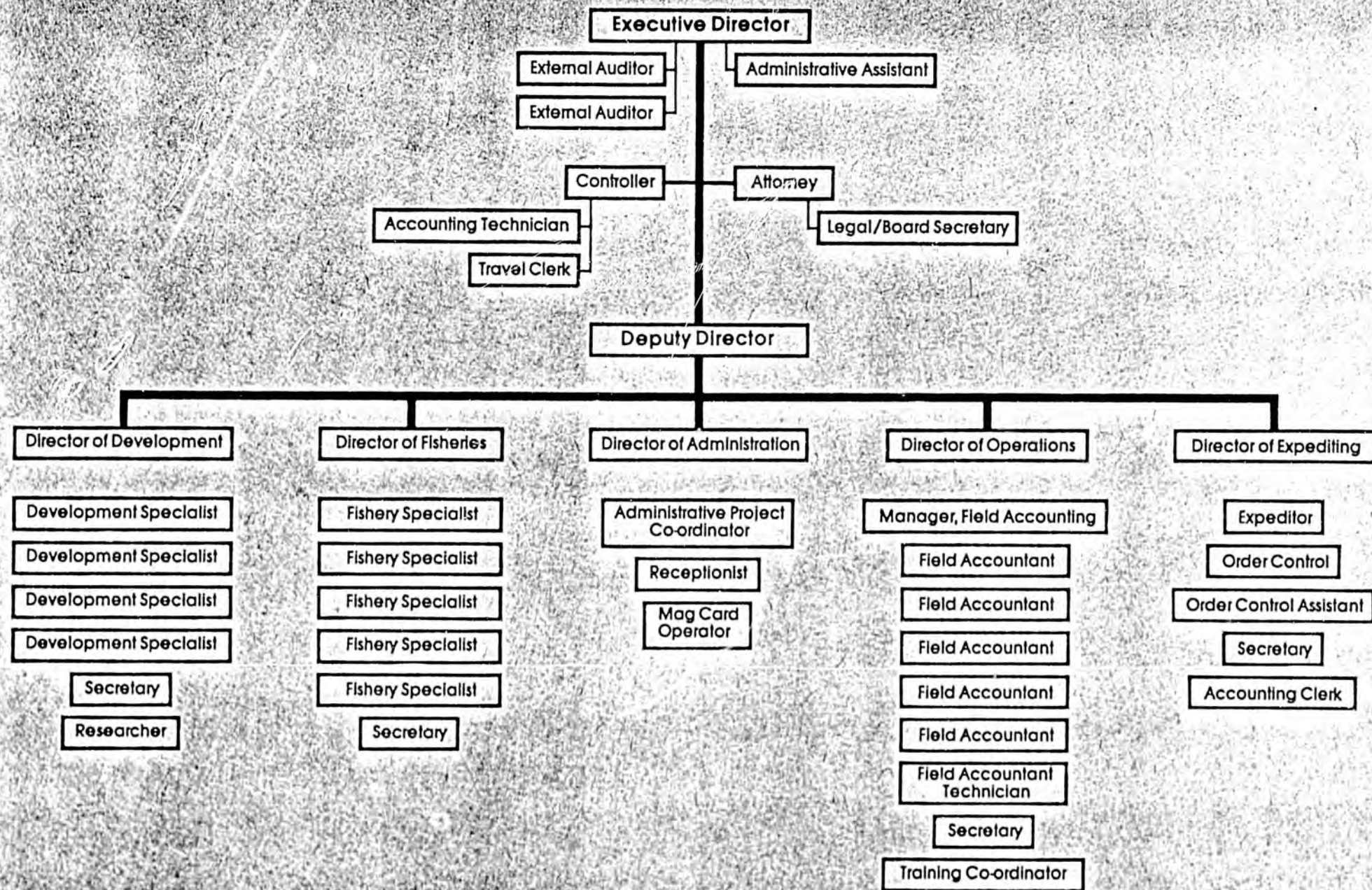
The department works closely with the directors of the other departments to maintain the flow of communication within the corporation.

Responsibility and authority are delegated by the executive director to the department heads, who provide the information to insure that CSA requirements, board policies and recommendations, department budgets, and the overall operational plan for CEDC are being followed. The department heads also provide support information to assist in decisions made by the executive director.

ORGANIZATIONAL
STRUCTURE

6 CEDC Corporate
Organizational Chart





CEDC Staff
Organizational Chart

Department of Administration and Personnel

The department of administration and personnel performs a support function to the executive director and other departments of the corporation. The director of administration and personnel is responsible for managing CEDC's personnel and recruitment program, managing CEDC's property and supplies, providing special research services, clerical services, and the development of publications and public relations materials. The staff is composed of the administrative project coordinator, the IBM mag card operator, and the receptionist.



Development Department

The development department has seven full-time personnel: a director, four business analysts, a research specialist, and a secretary. The department consults with outside corporations for specialized work such as appraisals, architectural and engineering design.

The department has expertise in project management, community organization, retailing, corporate structures, accounting, market analysis, real estate, research techniques, contract and financial negotiations. The department has worked with retail outlets, fisheries related industries, real estate projects, manufacturing plans, fuel distribution, tourism facilities, credit unions, and many other types of industries.

The development department has an extensive resource library that has been accumulated over ten years of dealing with rural Alaska economic development. This library has general reference books on business techniques, economic and demographic information on Alaska, regional and village studies. In addition, the development department maintains files on state, federal, and private funding sources and assistance programs.

The department is responsible for processing all requests for business assistance and any research projects that arise.

Once CEDC receives an inquiry for business assistance, development department screens the applicant for eligibility, and how it meets corporate priorities. The department then compiles preliminary information on venture management, operation, ownership, location, and financing requirements. Based upon the analysis of this information, the department recommends whether to complete a full feasibility study. If a positive decision is rendered by the CEDC board, the department begins the study.