

ALASKA LEGISLATURE SPECIAL COMMITTEE / SUBJECT FILES 86 / 2

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

217

SCOMM

#9:112

20
Question: What goals do you have for the future of Alaska?

Quality of Life

- man in harmony with nature
- individuals having control of their destiny
- political and environmental climate for diversity of culture & life style
- education, health, culture, justice
- maximize individual opportunities
- equitable distribution of wealth

Uniqueness

- limited population
- classless society
- scenic granduer
- Hope-perception we have control
- isolation
- seasonality
- harsh climate
- large geography
- cyclical-boom-bust
- Money & natural resources
- "last frontier"

Strategies to achieve goals:

- Alaskan profits for resource exports
- Knowledge and information repositories
- Small prosperous population
- Excellent education Institutions
- Open government---people controlled
- Diversified Stable Economy
- Economy where side effects are beneficial
- Regional economy-decentralized
- Deversity of regulatory procedures to meet rural and urban needs
- Guarantee diversity of information sources
- Discourage large cities
- Discourage non-Alaskan control of land ownership
- Rehabilitation of city environments
- Internalized economy
- Take lead in environmental standards
- Cottage industry development
- State zoning to control industrialization

Knowledge and information repositories

- Research & technology application
- communication system
- University of Alaska
- Federal agencies
- Funding
- Private financing
- Centralize repository
- Need oversight as to practical application
- 2 Aspects
 - marketing
 - production

Small prosperous population

- Blue ticket law
- Reverse income tax
- Birth control
- Publicity that goes out
- Remove military
- Local hire
- Increase existing job income
- Get away from massive development projects
- Study Swiss system
- Subsidize food & drug production and research
- Small capital intensive industry
- Education opportunities--highly specialized industrial precision

Excellent education institutions

- Fund
- Fiscal controls
- Get them to focus
- Rules/goals/objectives/strategies
- One element-consumer oriented
- Use outside expertise
- Elements of repository concept
- Utilize educational institutions
- Experimentations
- Continuing education
- Vocational education system
- Joint goal setting by public government education system

Open goverment--people controlled

- Campaign disclosure, conflict of interest
- Small population per Representative
- Communication systems
- Linkage between legislators, agencies and citizens
- Administrative regulations/accountability
- Size Directness of communication
 - Accountability
 - direct decision making vs buck passing

- First communication/decision maker
- System to get rid of unwanted inefficient employees
- How to control manipulation by special interest groups
- Unicameral?-Bicameral?
- Parlimentary government
- TV coverage personalized government
- Two way system
- Public forum
- Legislative pay
- Capitol move
- Lobby Laws
- Public financed campaigns
- Public financed polls

Diversified stable economy

- spread university facilities
- Spread public facilities geographically
- Permanent Fund
- Renewable Resources Development Fund
- General Fund
- Incentives-subsidies
- Research & utilization
- Vocational education
- Taxation
- Economic planning for side effects and long range impacts
- State energy policy & sources
- Land use policy-implementation method
- Coastal Zone Management planning
- This strategy overlaps with capturing profitability

Role of the Permanent Fund

Focuses long range
invest it for high income
seed money for leverage and guaranteed loans
consider impacts on Alaskan economy
Spin off from investment
Must have economic data base
Flexible role-capable of adaptation to current situation
permanent source of income for perpetuity
Alaska Inc. limits options for investments

→ ^{ment} State developed bank

direct loans, financing
reduce interest costs
local control as to where Permanent Fund invests money
Enigma Value/technology/economics
local/state decisions
Who makes decisions? structure? /
Council of economic advisors-state/Federal independent
Chartering of a state bank
Chartering a state credit union
Set up criteria weighted for items based on quality goals-include
non-market criteria
Use to finance projects to facilitate goal achievement
Availability of loans for small business, housing, etc.

PF: Goals Analysis

Question: What goals do you have for the future of Alaska?

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- 20 Alaskan profits for resource exports
- 20 Knowledge and information repositories
- 19 Small prosperous population
- 18 Excellent education Institutions
- 18 Open government---people controlled
- 16 Diversified Stable Economy
- 12 Economy where side effects are beneficial
- 11 Regional economy-decentralized
- 11 Diversity of regulatory procedures to meet rural and urban needs
- 9 Guarantee diversity of information sources
- 6 Discourage large cities
- 3 Discourage non-Alaskan control of land ownership
- 3 Rehabilitation of city environments
- 2 Internalized economy
- 1 Take lead in environmental standards
- 0 Cottage industry development
- 0 State zoning to control industrialization

Initial Goals:

Regionalized economy-people living in harmony with land
increase viable economy non-colonial at rural or regional
Discourage large cities
Tired of texans and oil companies-want to be left alone
Stable, labor-intensive blue collar economy
Repository and source of knowledge & research
Small but prosperous population
Excellent educational institutions
Increase quality of life, health, education, recreation, culture
Individual Alaskans having control over own destinies
Broad based economy (diversified) ~~so~~ won't fluctuate
Political environmental climate life style-culture, occupations
Keep processes of government open, people feel they are involved &
can influence decisions
Capture profit/ability of Alaskan resources before exportation as opposed
to non-Alaskan
Accommodation of nature/wildlife preservation
State zoning to control industrialization (including offshore)
Local ownership of land
minimize population growth
Take lead in environmental standards
Cottage industry development vs industrial development
Rehabilitation of misused urban land
Minimal federal presence including ownership of land & the military
Justice & correction system that works
Economy where side effects are beneficial
Economy based on skilled and educated people
Define Alaskan needs/ resources--make own resources meet needs

Alaskan Profits for Resource Exports

Discourage non-Alaskan control & land ownership (internalized economy)

- taxes
- jobs (specialized training & relocation)
- businesses
- regulatory authority
- financing
- rate & method of resources availability
- Ownership of resource & supports & supplies
- decisions on processing
- political influence
- laws
- trade-offs
- state ownership of business
- subsidy
- increase value added
- control of transportation, utilities

← Knowledge and information repositories

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- communication system
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lobby laws
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- Flexible role-capable of adaptation to current situation
- permanent source of income for perpetuity
- Alaska Inc. limits options for investments

State developed bank

- direct loans, financing
- reduce interest costs
- local control as to where Permanent Fund invests money
- Enigma Value/technology/economics
 - local/state decisions
- Who makes decisions? structure?
- Council of economic advisors-state/Federal independent
- Chartering of a state bank
- Chartering a state credit union
- Set up criteria weighted for items based on quality goals-include non-market criteria
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1

WHAT GOALS DO YOU HAVE FOR THE FUTURE OF ALASKA?

After listing some 25 possible goals, the group decided that several of the goal statements which had been made were actually strategies to achieve goals. The following statements were restated as goals, all in the context achieving a particular quality of life which would be unique to Alaska.

MAN IN HARMONY WITH NATURE

This is interpreted to mean that one of the goals to be maintained is a consideration of the environment; that man should not violate the basic laws of nature and should always consider the environmental effects when making decisions which would effect environmental quality.

INDIVIDUALS HAVING CONTROL OF THEIR DESTINY

This is interpreted to mean that we should maintain a system of government and business where the individual citizen has an equal opportunity to participate in his government, to seek his own vocation, and to the greatest extent possible, to be free from the imposition of other's demands either as individuals or through government action

POLITICAL AND ENVIRONMENTAL CLIMATE FOR DIVERSITY OF CULTURE & LIFESTYLE

This is interpreted to mean that the people of Alaska share a vastly different background and experience and that we should to the greatest degree possible allow for the maintenance of that diversity. We should encourage cultural diversity, understanding, and protect the aspects of culture which make them unique.

EDUCATION, HEALTH, CULTURE, JUSTICE

This is interpreted to mean the society of Alaskans will encourage the full potential for each person to have access to excellent social insitutions with special emphasis on educaiton, health, cultural opportunities, and justice.

MAXIMIZE INDIVIDUAL OPPORTUNITIES

This is interpreted to mean that we will endeavor to maintain a diversity of opportunities in Alaska; not allow any fraction of Alaskans to capture a undue share of the resources or opportunities; and to preserve those opportunities for which Alaska is in a unique possible to offer.

EQUITABLE DISTRIBUTION OF WEALTH

This is interpreted to mean that the government of Alaska will to the best of its ability not allow for a concentration of wealth which would not be consistent with the other stated goals. To the best of its abilities and to the extent of its powers, the government will encourage equal opportunity to individual enterprise, and will reward those who contribute ~~as-they-prosper~~ ~~along-with-the-State-~~ to the State and its stated goals and people as they themselves prosper.

UNIQUE CHARACTERISTICS OF ALASKA

It was suggested that if Alaska is to realize the full potential which ~~it now dreams of~~ some of you are now considering, it will be beneficial to bear in mind those things which make Alaska unique. The following listing was developed by the group

LIMITED POPULATION

CLASSLESS SOCIETY

SCENIC GRANDEUR

HOPE--THE PERCEPTION OF HAVING CONTROL

ISOLATION

SEASONALITY

HARSH CLIMATE

LARGE GEOGRAPHY

CYCLICAL NATURE--BOOM/BUST ECONOMY

MONEY AND NATURAL RESOURCES

"LAST FRONTIER"

4

or SUB-GOALS
STRATEGIES TO ACHIEVE GOALS
1

Several possible strategies were suggested by member of the group. Following is a listing of the suggestions. The numbers at the left indicate the total weighted vote which each suggestion received.

- 20 ALASKAN PROFITS FOR RESOURCE EXPORTS
- 20 KNOWLEDGE AND INFORMATION REPOSITORIES
- 19 SMALL PROSPEROUS POPULATION
- 18 EXCELLENT EDUCATION INSTITUTIONS
- 18 OPEN GOVERNMENT, PEOPLE CONTROLLED
- 16 DIVERSIFIED STABLE ECONOMY
- 12 ECONOMY WHERE SIDE EFFECTS ARE BENEFICIAL
- 11 REGIONAL ECONOMY, DECENTRALIZED
- 11 DIVERSITY OF REGULATORY PROCEDURES TO MEET RURAL AND URBAN NEEDS
- 9 GUARANTEE DIVERSITY OF INFORMATION SOURCES
- 6 DISCOURAGE LARGE CITIES
- 3 DISCOURAGE NON-ALASKAN CONTROL OF LAND OWNERSHIP
- 2 REHABILITATION OF CITY ENVIRONMENTS
- 2 INTERNALIZED ECONOMY
- 1 TAKE LEAD IN ENVIRONMENTAL STANDARDS
- COTTAGE INDUSTRY DEVELOPMENT
- STATE ZONING TO CONTROL INDUSTRIES

The top 6 strategies (or sub-goals) were discussed in greater depth. Each of the ~~the~~ following pages will address one of these six.

5

ALASKA PROFITS FOR RESOURCE EXPORTS

to include

DISCOURAGE NON-ALASKAN CONTROL AND LAND OWNERSHIP

TAXES

(It was suggested that taxes could be used as a tool to capture more profit for Alaska and to act as an incentive to develop industries which would serve the same purpose.)

JOBS---Specialized Training and Relocation

(It was suggest that the state could train personnel to accomplish jobs which would build an industrial base which was desirable, and the state could supply incentives to relocate particular facets of the work force to better accomplish this strategy)

BUSINESSES

(It was suggested that the State could supply incentives to attract desirable industries or businesses to maintain more of Alaska's resource profitability within the state)

REGULATORY AUTHORITY

(It was suggested that the State could supply incentives and disincentives as was desirable to encourage or discourage businesses which respectively increase or decrease the profitability realized within Alaska)

FINANCING

(It was suggested that State financial assistance could be used as a tool to accomplish this strategy)

-----RATE AND METHOD OF RESOURCE AVAILABILITY-----

OWNERSHIP OF RESOURCES AND SUPPORTS AND SUPPLIES

RATE AND METHOD OF RESOURCE AVAILABILITY

(It was suggested that since much of the resource wealth was contained on lands in the public sector, that the state could control the rate of resource development to maximize the benefits for the people of Alaska-- that the State could use its powers to control the necessary resource development support facilities (roads, airports, utilities, etc) to supply the necessary incentive or disincentive in the State's interest)

DECISIONS ON PROCESSING

(It was suggested that the state could make decisions as to whether we wished to develop the processing capability of each resource sector in Alaska (refining, fish processing, mineral processing, etc) and could encourage those which would meet other criteria of acceptance in an effort to maintain a larger percentage of the resource profitability within the state)

POLITICAL INFLUENCE

(It was suggested that the State could use political influence as a means to accomplish this strategy)

LAWS

(It was suggested that the laws of Alaska could reflect the desire of the people to maintain a higher percentage of resource profitability within the State)

TRADE-OFFS

It was suggested that the State may find it necessary and desirable to make trade-offs when trying to capture resource profitability)

STATE OWNERSHIP OF BUSINESS

(It was suggested that the State may find it in its best interest to actually form state-owned business ventures and develop the resources itself)

SUBSIDY

(it was suggested that a powerful tool which could be brought to bear on this issue was the concept of subsidizing those endeavors which would tend to maximize the realized profit of resource exploitation)

INCREASE VALUE ADDED

(It was suggested that the State could encourage in any number of ways the value-added to the raw products while they are still in the state, thus allowing several ways of capturing more profitability both directly and indirectly)

CONTROL OF TRANSPORTATION AND UTILITIES

(This is very similar to an ^{earlier} suggestion)

KNOWLEDGE AND INFORMATION REPOSITORIES

(Staff interprets this strategy to mean the creation of varied kinds of information retrieval, analysis, and synthesis businesses--specializing on information which is indigenous to Alaska, but which could be marketed either throughout particular resource industries world-wide or in general to the polar- audience which would be interested in polar-related information)

RESEARCH AND TECHNOLOGY APPLICATION

(It was suggested that the State could encourage research and development (or technology application) activities)

COMMUNICATION SYSTEM

(It was suggested that we could encourage the development of information in the communications sector)

UNIVERSITY OF ALASKA

(It was suggested that the University of Alaska could be a part of this strategy)

FEDERAL AGENCIES

(It was suggested that federal agencies which deal in information development could be encourage to come to the State)

FUNDING

PRIVATE FINANCING

CENTRALIZE REPOSITORY

NEED OVERSIGHT AS A PRACTICAL APPLICATION

TWO ASPECTS OF RESEARCH: MARKETING AND PRODUCTION

10

SMALL PROSPEROUS POPULATION

(Staff interprets this strategy to mean that the goals of Alaska can be more easily attained if the State endeavors to maintain a small population, and the maintain a high standard of living for the residents)

BLUE TICKET LAW

(It was suggested that the State could reinstitute the "blue-ticket" law, so that anyone wishing to leave the state could do so with the best wishes of the state and a ticket home)

REVERSE INCOME TAX

(It was suggested that the state could pay tax returns for low income persons to maintain a minimum disposable income)

BIRTH CONTROL

(It was suggested that the state could encourage or subsidize birth control measure to decrease the indigenous birth rate)

PUBLICITY THAT GOES OUT

(It was suggested that the state could better control the type of publicity that goes out--to discourage new emigrants)

REMOVE MILITARY

(It was suggested that a great amount of emigration can be attributed to military personnel who were at some time stationed in Alaska, and that if the large military presence could be removed, that the emigration rate would significantly decrease)

LOCAL HIRE

(It was suggested that the State could better enforce local hire laws, to make sure that any Alaskans desiring work will have first option at all jobs; thus decreasing the numbers of people who are imported to the State to fulfill local needs)

INCREASE EXISTING JOB INCOME

(It was suggested that rather than create new jobs in many locations in the state, that the strategy would be better served by increasing the productivity of the existing population and thus allowing them to receive a higher disposable income)

GET AWAY FROM MASSIVE DEVELOPMENT PROJECTS

(It was suggested that the state should discourage massive development projects and should encourage smaller scale business which does not depend heavily on new construction--that massive developments will simply continue the historical boom/bust nature of the state)

STUDY SWISS SYSTEM

(It was suggested that other populations have been successful at attaining qualities of life or at least lifestyles which we from which we may learn--this includes Switzerland and some Scandinavian countries)

SUBSIDIZE FOOD AND DRUG PRODUCTION AND RESEARCH

SMALL CAPITAL INTENSIVE INDUSTRY

(It was suggested that a good path to follow would be to encourage small capital intense industry as opposed to large labor intensive industry

EDUCATION OPPORTUNITIES--HIGHLY SPECIALIZED INDUSTRIAL PRECISION

(It was suggested that we should supply the necessary educational opportunities so that Alaskans could learn the ways and means to develop industries which will assist in achieving the aforementioned goals--and that a particular industrial sector which meets those qualifications would be the high-precision industries, such as watchworks, computer parts, etc)

EXCELLENT EDUCATION INSTITUTIONS

(Staff interprets this strategy or sub-goal to mean that a well educated society can ~~better~~ be better prepared to make the right decisions for ~~themselves~~ ^{itself}, and that we as a society shall encourage each member to educate themselves to the fullest extent they so desire, and that we will supply a quality education through the public sector)

FUND

FISCAL CONTROLS

GET THEM TO FOCUS

(It was suggested that the public sector could supply better education if it can cause the public educational system to focus on its problems and tasks)

ROLES/GOALS/OBJECTIVES/STRATEGIES

(It was suggested that the role of the public sector educational ~~-----~~ ~~(it was suggested-~~ institutions be clarified, along with the establishment of goals, setting objectives, and deciding on strategies to achieve the formerly stated components)

ONE ELEMENT--CONSUMER ORIENTED

USE OUTSIDE EXPERTISE

ELEMENTS OF REPOSITORY CONCEPT

UNITIZE EDUCATIONAL INSTITUTIONS

EXPERIMENTATIONS

(It was suggested that the educational institutions should be encourage to experiment in their efforts to upgrade their service)

CONTINUING EDUCATION

(It was suggested that an improtant aspect of the public sector educational effort should be continuing education, or the classic extension system--which allows adults to upgrade their skills or to learn new skills)

VOCATIONAL EDUCATION SYSTEM

JOINT GOAL SETTING BY PUBLIC, GOVERNMENT, AND EDUCATION SYSTEM

(It was suggested that ~~before~~ successful attainment of the wishes of the people for their educaitonal institutions will require that the public, government representatives, and ~~member~~ the administration of the educational systems jointly decide what the educational system is supposed to be and what it is to supply. For example, the role of the University of Alaska should be established by a joint working group so that consensus can be reached by all participants as to what function the University is to serve in the State of Alaska)

13
OPEN GOVERNMENT--PEOPLE CONTROLLED

CAMPAIGN DISCLOSURE, CONFLICT OF INTEREST

SMALL POPULATION PER REPRESENTATIVE

COMMUNICATION SYSTEMS

LINKAGE BETWEEN LEGISLATORS, AGENCIES AND CITIZENS

~~ADMINISTRATIONS~~

ADMINISTRATIVE REGULATIONS SHOULD HAVE ACCOUNTABILITY

SIZE--DIRECTNESS OF COMMUNICATION

ACCOUNTABILITY

DIRECT DECISION MAKING VS BUCK PASSING

FIRST COMMUNICATION--DECISION MAKER

SYSTEM TO GET RID OF UNWANTED INEFFICIENT EMPLOYEES

HOW TO CONTROL MANIPULATION BY SPECIAL INTEREST GROUPS

UNICAMERAL--BICAMERAL LEGISLATURE?

PARLIMENTARY GOVERNMENT

TV COVERAGE PERSONALIZED GOVERNMENT

TWO WAY SYSTEM

PUBLIC FORUM

LEGISLATIVE PAY

CAPITOL MOVE

LOBBY LAWS

PUBLIC FINANCING CAMPAIGNS

PUBLIC FINANCED POLLS

DIVERSIFIED STABLE ECONOMY

SPREAD UNIVERISTY FACILITIES

SPREAD PUBLIC FACILITIES GEOGRAPHICALLY

PERMANENT FUND

RENEWABLE RESOURCES DEVELOPMETN FUND

GENERAL FUND

INCENTIVES--SUBSIDIES

RESEARCH AND UTILIZATION

VOCATIONAL EDUCATION

TAXATION

ECONOMIC PLANNING FOR SIDE EFFECTS AND LONG RANGE IMPACTS

STATE ENERGY POLICY AND SOURCES

LAND USE POLICY--IMPLEMENTATION METHOD

COASTAL ZONE MANAGEMENT PLANNING

THE ROLE OF THE PERMANENT FUND

FOCUSES LONG RANGE

INVEST IT FOR HIGH INCOME

SEED MONEY FOR LEVERAGE AND GUARANTEED LOANS

CONSIDER IMPACTS ON ALASKAN ECONOMY

SPIN OFF FROM INVESTMENT

MUST HAVE ECONOMIC DATA BASE

FLEXIBLE ROLE, CAPABLE OF ADAPTATION TO CURRENT SITUATIONS

PERMANENT SOURCE OF INCOME IN PERPETUITY

ALASKA, INC. (LIMITS OPTIONS FOR INVESTMENT)

STATE DEVELOPMENT BANK

DIRECT LOANS, FINANCING

REDUCE INTEREST COSTS

~~LOCAL CONTROL~~

LOCAL CONTROL AS TO WHERE PERMANENT FUND INVEST MONEY

ENIGMA: VALUE/TECHNOLOGY/ECONOMICS
LOCAL/ STATE DECISIONS

WHO MAKES DECISIONS? STRUCTURE?

COUNCIL OF ECONOMIC ADVISORS--STATE/FEDERAL OR INDEPENDENT

CHARTERING FOR A STATE BANK

CHARTERING OF A STATE CREDIT UNION

SET UP CRITERIA WEIGHTED FOR ITEMS BASED ON QUALITY GOALS TO INCLUDE
NON-MARKET CRITERIA

USE TO FINANCE PROJECTS TO FACILITATE GOAL ACHIEVEMENT

AVAILABILITY OF LOANS FOR SMALL BUSINESS, HOUSING, ETC.

SCOMM

9:113

MEMORANDUM

March 23, 1977

TO: Clark Gruening
FROM: Shari Gross
RE: Brookings Institute Seminars, 1969

In 1969 Alaska received a windfall of \$900 million from lease sales of oil-bearing land. The Legislature was looking for guidance from the people of the state as to how the money ought to be spent. Eugene Guess was Speaker of the House and Chairman of the Legislative Council. Under his leadership, the Brookings Institute was contracted with to conduct a series of seminars concerning "The Future of Alaska". Over 100 Alaskans from all areas of the state attended the conference. They represented a cross-section of the State in terms of cultural background, political parties, professions, etc. Legislators were invited to attend the conference as observers; it was felt that their presence would dominate the conference if they were participants, and that since the purpose of the conference was to hear views of Alaskans they should play a more passive role.

The purpose of the conference was to explore some of the major policy issues emerging in the State of Alaska at that time. Attention was focused on determination of a set of goals, rather than on Alaska's problems. The goals were to be those that the conferees believed to be accurate expressions of the tremendous potential of the state. To match those goals, a practical policy plan for local action was to be developed. The experience of the conference was intended to help citizens make better decisions about Alaska and to play a thoughtful role in the future growth and development of the state. For the first time, except perhaps the Constitutional Convention, Alaskans had an opportunity to come together from their various vantage points and consider problems of state-wide import. The participants were serious about their mission, and succeeded, for the most part, in casting aside prejudices and misconceptions and worked diligently at considering problems of a large and, in some cases, hitherto unknown scope.

A series of four three-day seminars were planned. Brookings Institute (James Mitchell, Director, 1775 Massachusetts Avenue N.W., Washington, D.C. 20036) was paid a fee of \$60,000 to conduct those seminars. Terry Brady was paid \$5000 for his technical assistance in handling the mechanics of the conference.

The format for the seminar was essentially the same for each. The conference was entitled: "A Conference On the Future of Alaska". Meetings-of-the-whole were held each morning with guest lecturers speaking to the group. The speeches provided background information and served to stimulate discussion. Persons speaking included such Alaskans as George Rogers and Arlon Tussing. Others from "outside" included urban planning specialists, futurists, and scholars. Afternoon sessions (and some evening) were of a smaller, more intimate, nature. Members were assigned to one of four groups called "Policy Planning Sections"

for the duration of the conference. Reports were prepared summarizing each groups' discussions. Those reports were the work of such "recorders" as: Betzi Woodman, Tim Bradner, Jan Erickson, Terry Brady, Evey Ruskin. The same balanced make-up was sought for the smaller groups as for the conference as a whole.

The seminars were spaced about two weeks apart from one another. Preparatory readings were recommended and encouraged. As is usual for such a conference, some participants were better prepared than others. Four separate topics were covered at each of the seminars. They were:

1. The Financial Foundations for the Future of Alaska
2. Use of Human Resources in Future Alaska
3. The Quality of the Natural Environment in Future Alaska
4. Alternative Futures for the State of Alaska

Although I will summarize the findings of each of the four seminars, certain goals stand out as being of overall concern to those attending the conference. Everyone agreed that it was of paramount importance that the "Alaska way of life" be preserved. This came to be defined, roughly, as a style that affords the conveniences of technological innovation combined with the opportunity and values of living as close to nature as possible. Members wanted Alaska to remain much the way it was in 1969 in terms of quality of life in urban centers. A desire was felt to set up safeguards or programs that would maintain this quality and enhance its value. Long term planning was seen by many to be of great importance. Upgrading the educational system throughout the state, but most particularly, in the bush, was probably the highest priority item. Other overall directions included: upgrading communication and transportation systems, abolition of tax incentives as a government policy, no reduction of taxes, development of a comprehensive land use plan, and development of means to protect the environment through an environmental Bill of Rights, and a Department of the Environment.

*Most
Achieved*

It is difficult, if not impossible, to assess the value of such a conference. Most of those matters considered of high priority have indeed taken place during the ensuing seven years. Whether they would have occurred anyway is an unknown. Many of the participants were opinion makers themselves and held influential positions throughout Alaska. Perhaps the directions given the legislators were not new, but legislation probably passed with more understanding and less opposition than would have been the case had the Brookings Seminars not been held. The Institute sought to help Alaskans seek new methods of dealing with problems typical of a burgeoning society; in that respect I don't believe they were successful. We were unable to shake off the old structures and look at problems from new perspectives.

SEMINAR ONE: The Financial Foundations for the Future of Alaska

Most did not want to see Alaska's wealth tied up in trust, yet felt that we should make spending decisions with a view toward the future generations. Expenditures should be in accordance with comprehensive long-range planning. Priorities included: upgrading education, upgrading planning, replacement of renewable resources, slow development of industry and only as it upgrades human resources. Improved medical facilities in rural Alaska, a cautious approach to

the reduction of taxes, and revenue sharing were also seen as priorities. Participants were mindful of the scope of Alaska's problems--particularly in the bush--and were willing to pay taxes to alleviate them.

SEMINAR TWO: Use of Human Resources in Future Alaska

A full commitment by the State to the Health and Welfare of all was seen as a highly desired goal by the conferees. Improved housing, water, sanitation and nutrition and education were high priorities for rural Alaska. The need to upgrade education, provide more cultural enrichment, provide improved medical facilities in the bush were also high on priority lists. Long-range planning was stressed throughout, as was a need to reorganize government's structure so as to maximize local involvement in decision-making. Abolition of government tax incentives, and slow industrial growth was mentioned again and again by each of the groups. A need was seen for the development of programs for the aged. Housing programs were needed.

SEMINAR THREE: The Quality of the Natural Environment in Future Alaska

In this area as well, there seemed to be a general consensus on a number of issues. Strong interest was expressed in an environmental Bill of Rights. Also seen as important was the creation of an "Office of Ecology". A national policy for the Arctic was viewed as desirable. Long-range planning was stressed, as was the development of a comprehensive land-use plan for the state. Here, too, emphasis was placed on maintain the "Alaska way of life", and slow careful industrial growth. Expansion of the park system was seen as desirable. The participants wanted the state to develop environmental policies which would encourage industrial development in an orderly manner, yet minimize the effects on the ecology and environment. Increased research and money should be spent on renewable resources.

SEMINAR FOUR: Alternative Futures for the State of Alaska

This seminar was a further refinement of areas already discussed in the previous three seminars. Emphasis was again on long-range planning, improved educational facilities as the highest priority, creation of a Department of Ecology, an environmental Bill of Rights, improved communication and transportation facilities throughout the state, improved medical facilities in the bush, programs for the aged. Development of a land-use plan. Acquisition of parks. Restoration of renewable resources. Development of new industrial opportunities with job training programs, and low-interest, long-term loans were seen as important. Again, a desire to see the state tax incentive program dropped was expressed.

The Legislative Council of the State of Alaska
in association with
The Brookings Institution

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9:114

November 17, 1977

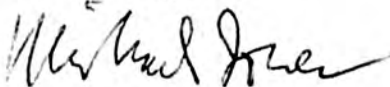
Representative Clark Gruening
Chairman, House Permanent Fund Committee
Anchorage, Alaska

Dear Representative Gruening:

In response to your request, we herewith submit a scope of services and fee schedule for preparation of an analysis of state involvement in housing finance as relates to the information needs of the Permanent Fund Committee as you have outlined them to me. The scope of services is of course amendable, and if you have suggestions for additions or deletions we would be pleased to make them.

The information and analyses you're seeking represent issues that I've been dealing with in Alaska for some time, and I look forward to doing a good report for you.

Sincerely.



Michael B. Jones
Principal

ATTACHMENT A
SCOPE OF SERVICES

The Contractor will prepare a report for the House Permanent Fund Committee, suitable for publication, containing information and analyses which will enable the Committee to make informed judgements regarding potential uses of the State Permanent Fund to assist Alaskans in satisfying their housing needs. The report will address the following issues:

1. Several state agencies are involved in one way or another in financing and other assistance leading to housing development. The Contractor will chart those activities by agency and type of activity for calendar years 1976 and 1977, and will interview agency decision makers to project planned activity for 1978.

Agencies scheduled for this review are:

- a. Alaska State Housing Authority
- b. Regional housing authorities
- c. Alaska Housing Finance Corporation
- d. State Department of Revenue (pension and investment funds)
- e. State Department of Commerce (if any)
- f. Department of Community and Regional Affairs (planning, technical assistance, and Senior Citizens Housing Development Fund)
- g. Division of Policy Development and Planning (HUD 701 planning grants for housing)

Financial, planning and technical assistance activity will be delineated as tables, graphs and narrative which portray the following:

- a. Funding amounts and sources
 - b. Dates available
 - c. Dates committed
 - d. Indirect costs charged
 - e. Numbers, types and locations of units produced
 - f. Other housing related products (eg. planning, technical assistance)
2. The Contractor will prepare an analysis for each agency listed above which outlines their statutory authorities (legislative mandates) and indicates agency activity or nonactivity for each specific authority. This analysis will also demonstrate the overall pattern of agency authorities and activities, indicating points to good program fit, overlapping authorities and activities, and areas of nonactivity.

3. The Contractor will prepare a rough analysis characterizing Alaska's housing needs for rental and home ownership for the following types of communities:

- a. Urban centers (Anchorage and Fairbanks)
- b. Small towns
- c. Villages

Rough estimates will be drawn from existing data and the Contractor's familiarity with many Alaskan communities, and will be outlined as the following types of mortgage requirements:

- a. Deep subsidy (nominal repayment ability)
- b. Moderate subsidy (partial repayment ability)
- c. Market interest (total repayment ability)

4. The Contractor will prepare a chart of the various available federal, state and private housing finance programs, demonstrating their relationships to the categories outlined above. This chart will also indicate the types of sponsors entitled to develop under each program, and obstacles found within program regulations and Alaskan communities which impede program utilization (eg. land title problems, restrictive income and mortgage limits, high cost of fire and extended coverage).
5. The pattern of involvement of private lending institutions with state programs for housing finance will be explored and outlined in the report. Geographical areas of the state without the benefit of active lending programs by private institutions will be shown.
6. The report will contain a summary which includes recommendations for:
 - a. Efficient overall organization of statutory authorities and agency responsibilities.
 - b. State actions to resolve obstacles for use of existing programs in Alaskan Communities.
 - c. Potential uses of the State Permanent Fund for housing assistance in Alaskan communities, including the description of several possible models combining agency roles and financing mechanisms.

ATTACHMENT B

FEE SCHEDULE

The Contractor will prepare an original report, suitable for publication, developing all of the items in the Scope of Services in a manner which is cohesive, clear and valuable to the Committee for its purposes. The Contractor will perform the work for a lump sum fee of \$10,500, including all travel and expenses, payable as follows:

a. Retainer, 1/3 of contract amount.	\$3,500
b. Progress payment, 1/3 upon submittal of rough draft report for Committee review	3,500
c. Final payment upon presentation of the final report.	<u>3,500</u>
Total	10,500

MIKE —
IF THIS IS ACCEPTABLE,
LET'S JUST APPEND IT
TO A STANDARD STATE
CONTRACT FORM, AND
INDICATE DEC. 15 AS
FINAL REPORT DATE.

— MIKE JONES



Michael Jones &
John F. Sevy, Principals

Habitat North Housing • Planning • Community Development
Post Office Box 2240 Anchorage, Alaska 99510 (907) ~~277-0272~~
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\$10,000 - \$15,000

ALASKA FUNDING AND AGENCY INVOLVEMENT IN HOUSING DEVELOPMENT
FOR ALASKANS, AN ANALYSIS FOR THE HOUSE PERMANENT FUND COMMITTEE.

Proposed Scope of Services (for discussion only)

The general purpose is to assess the utilization of state resources and involvement of state agencies in the development of housing for Alaskans, by any mechanisms. The assessment will evaluate such activity during the past 3 years.

Specific elements of the proposed scope of services include the following:

(1) For each of the following agencies, trace the lending and grant activities related in any way to housing development.

AHFC
ASHA
State Dept. Revenue
State Dept. Commerce
DCRA
DPDP
(Regional Housing Authorities?)

Financial activity will be delineated as tables, graphs and narrative statements which portray the following:

Funding amounts
Funding origins
Dates available
Dates committed
Indirect costs charged
numbers of units generated, types of units and locations

(2) Explore and delineate the participation of private lending institutions in state assisted housing developments, by institution, geography, type of lending, dollars and units.

(3) Analyze the state statutes for each agency listed in (1) above to determine legislative authorizations and mandates with respect to housing financing activity. Make analyses of

agency activities in light of such authorizations and mandates to determine the extent of use of each specific authority.

(4) Identify major obstacles to housing development in urban communities, small towns and villages, and indicate possible solutions within ability of the state to act.

(5) Chart the modes of housing financing related activities of each of the agencies listed in (1), indicating areas of overlapping responsibility and activity, points of collaborative use of resources, and nonfunctioning statutory authorities.

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9:115

STATE OF ALASKA THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

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

September 15, 1977

M E M O R A N D U M

SUBJECT: Updated Revenue Impacts of Pump Station No. 8 Explosion.

TO: The Honorable Clark Gruening, Chairman
House Permanent Fund Committee

The Honorable Russ Meekins

FROM: Richard G. Haggart *RGH*
Research Analyst

This memorandum is in response to your request that we update our memorandum of July 15, 1977 discussing potential impacts on state revenues arising from the explosion at Pump Station No. 8. Since July 15 two major changes have occurred in the underlying assumptions used to calculate the revenue impacts contained in that memorandum:

1. The length of the delay in getting Pump Station No. 8 back on line is now known with greater precision. According to both industry and government officials with whom we have spoken, it now seems most likely that Pump Station No. 8 will go back into service about March 1, 1978, and that as a result, fiscal 1978 average daily production from the North Slope will be about 720,000 bbl/d - down from the pre-explosion estimate of 940,000 bbl/d.
2. Wellhead values for Prudhoe Bay oil, which had to be estimated in July, are now available for the months of June and July. For a variety of reasons which will be discussed below, these actual values are significantly lower than those previously estimated.

Pump Station No. 8 Impacts

Assuming that Pump Station No. 8 is back on line by March 1, the total delay entailed in terms of Prudhoe Bay production will have totaled approximately 8 months. As a result, Prudhoe Bay production for fiscal 1978 will be approximately 23% lower than it would have been if Pump Station No. 8 were to have been in operation. While further delays are clearly possible, we found no indications in our conversations with either industry or state officials that Alyeska's March 1, 1978 start-up estimate for Pump Station No. 8 is unreasonable.

Prudhoe Bay Wellhead Values

Prior to the start-up of actual production at Prudhoe Bay, most revenue forecasts assumed wellhead values in the \$7.25 to \$8.00 per barrel range, for purposes of calculating state royalty and severance tax revenues. Based on company returns filed for the months of June and July (the only returns available at this writing), wellhead values will be significantly lower than those previously forecast.

There are three primary reasons for these differences between actual and estimated wellhead values:

1. The companies are claiming field gathering and treatment costs as deductible against the state's royalty payments.
2. Tanker charges to all markets are higher than previously estimated.
3. Sales prices in all markets are lower than previously forecast.

All of these issues are currently in litigation. On September 2, 1977, the state filed Civil Action No. 77-847 against 18 North Slope companies and lease-holders requesting relief in regard to the matters outlined above. According to the Attorney General's office the state has a "good" case, although many of the issues are "close". Regardless of the eventual outcome of the suit, however, it seems likely that the state cannot avoid suffering at least the short-term revenue losses outlined above - even if the revenues are recouped, by court order, in later years. The specific areas effecting the state's wellhead values are discussed in more detail below.

Table I contains the wellhead values which were asserted by the three largest North Slope producers in June and July.

As can be seen from Table I, there are in essence two wellhead values. The value under the first column (LACT meter value per-barrel value) is the basis on which state severance taxes are calculated. The amount in the third column (net value per-barrel) is used by the producers as the basis for computing state royalties. The difference between the two values is contained in the second column of Table I - representing so-called field gathering and treatment costs.

The question of which of the two values to use for calculating state royalties (the recently enacted severance tax clearly sets forth the point of taxation at the LACT meter, and consequently that issue is not in dispute) essentially centers around the definition of the phrase "at the well" as used in both the state royalty statute and in the Prudhoe Bay leases. The companies contend that gathering and treatment costs which occur after the oil physically emerges from the ground should be deducted before calculating the royalty value, while the state contends

that such costs should be borne by the companies and that royalties should be based on the value of oil in "good and merchantable" condition.

Table II contains the tanker charges claimed by the companies for the month of June, 1977, as compared to previous estimates of the level of such charges. As can be seen from Table II, in all cases these charges are significantly in excess of those forecast previously, and according to Department of Revenue officials, are well above "reasonable" levels. Obviously, the level of tanker charges affects both state royalties and severance taxes.

Table III contains imputed West Coast sales prices for North Slope crude oil for the month of June, again, as compared to previously estimated levels. These values are calculated by adding the Trans-Alaska Pipeline tariff and the tanker charges onto the LACT meter wellhead values contained in Table I - a sort of reverse "net-back" process. As with the tanker charges, the sales prices for North Slope crude are lower than those previously forecast, and affect both royalties and severance taxes.

The net effect of these lower-than-expected wellhead values and of the pipeline explosion on state revenues and Permanent Fund contributions in fiscal 1978 are set forward in Table IV.

It should be noted that the figures contained in Tables I-IV are preliminary in the sense that only two months of production data from the Prudhoe Bay field are currently available. Data for August should be available approximately the first week in October, and monthly thereafter. As can be seen from Table I, shifts in wellhead values occurred between the months of June and July - Exxon's wellhead value declined marginally, while Sohio's increased significantly. Such shifts are likely to continue, as different mixes of tankers and destinations for Alaska oil occur in the months ahead. Likewise, some price fluctuations in lower-48 markets can be expected as the North Slope companies seek to market increasing volumes of crude oil at varying prices and discounts.

In sum, we expect that it will be necessary to revise and update the fiscal 1978 revenue forecast each month, at least until such time as overall cost and price patterns for North Slope crude oil stabilize to a greater degree than is presently the case. We do believe, however, that such changes will tend to be smaller than those which have already occurred. This is because the largest effect on fiscal 1978 revenues arises from the Pump Station No. 8 explosion. In addition, the variations in wellhead value that can reasonably be expected to occur for the remainder of the year are likely to be substantially smaller than was the difference between the estimated price in July, and the actual prices which have been posted.

DH:dh

Table I
Prudhoe Bay Wellhead Values and Field Costs for Three Companies
June - July 1977

<u>Company and Month</u>	<u>Value at LACT* Meter¹</u>	<u>Field Costs</u>	<u>Net Value Per Barrel²</u>
ARCO			
June	\$7.55	\$0.636	\$6.914
July	\$7.55	\$0.636	\$6.914
Exxon			
June	\$6.954	\$0.528	\$6.426
July	\$6.954	\$0.528	\$6.411
Sohio			
June	\$6.24	\$0.66	\$5.52
July	\$6.65	\$0.66	\$5.93

* Lease Automatic Custody Transfer; i.e., the measuring device used as a transfer point for the oil from the unit operators to the Alyeska Pipeline Company.

¹ This value is used for calculating state severance taxes.

² This value is used for calculating state royalty payments.

Prepared by:
Legislative Affairs Agency
Research Division
15 September 1977

Table II

Actual vs. Estimated North Slope Oil Tanker Charges
for Three Companies
June 1977

<u>Company</u>	<u>(\$/bb1) June Charges</u> ¹	<u>(\$/bb1) Estimated Charges</u> ²
ARCO	\$0.88	\$0.60
Exxon	\$1.10	\$0.75
Sohio		
West Coast	\$0.89	\$0.75
Gulf Coast	\$3.47	\$2.00

¹ It should be noted that tanker charges for June are likely to be higher in most cases than they will be in subsequent months. This is due to the fact that some companies are engaged in short-term chartering as the oil flow builds--a process which is likely to be more expensive than utilizing either long-term charters or the company's own tanker capacity.

² Based on Department of Revenue, Legislative Affairs Agency Research Division and miscellaneous private sector estimates.

Prepared by:
Legislative Affairs Agency
Research Division
15 September 1977

Table III

Imputed and Estimated Sales Price for North Slope Crude
by Three Companies
June 1977

<u>Company</u>	<u>Imputed Sales Price</u> ¹	<u>Estimated Sales Price</u> ²
ARCO	\$13.34	\$13.50-14.00
Exxon	\$13.15	\$13.25-13.75
Sohio ³	\$13.05	\$13.25-13.75

¹ Calculated by adding the LACT meter value contained in Table I, the tanker charges contained in Table II, and the Interstate Commerce Commission's interim Trans-Alaska Pipeline tariffs.

² Based on estimated tanker charges contained in Table II and representative West Coast prices of imported crudes of similar quality to Prudhoe Bay.

³ Sohio's imputed sales price represents a weighted average received for crude oil sold on the West Coast and the Gulf Coast. Sohio's weighted average tanker charges for both destinations (not included in Table II) was \$2.11 per barrel.

Prepared by:
Legislative Affairs Agency
Research Division
15 September 1977

TABLE IV

Revenue and Permanent Fund Impacts of TAPS Thru-Put Delays and Revised Wellhead Values
Fiscal 1978 (\$Million)

<u>Production or Wellhead Value Assumptions</u>	<u>Total Revenue¹</u>	<u>Expenditures²</u>	<u>Permanent Fund Contribution³</u>	<u>Permanent Fund Balance⁴</u>	<u>General Fund Balance⁵</u>
Based on memo of 7/15/77 (940,000 bbl/d)	\$978.5	\$853.8	\$87.2	\$89.6	\$690.2
Pump Station Restart 3/1/78, Revised Wellhead Values (720,000 bbl/d)	\$822.7	\$853.8	\$60.0	\$62.4	\$593.6
Pump Station Restart 3/1/78, Revised Wellhead Values and Modified Tariff ⁶ (720,000 bbl/d)	\$813.9	\$853.8	\$58.4	\$60.8	\$587.2

¹ Basic revenue data taken from memorandum of July 15, 1977, and adjusted to reflect differing throughput and wellhead values.

² Expenditures taken from July 15, 1977 memorandum.

³ Permanent Fund contribution level is set at 25% of state royalties from Prudhoe Bay and Cook Inlet oil and gas production.

⁴ Permanent Fund balance includes previous year's carry-forward.

⁵ General Fund balance includes previous year's carry-forward and reflects any deficit in the year. Also deducted are payments to the Native Claims Fund equal to 2% of the gross value of royalties, leases and bonuses.

⁶ Tariff effects due to Pump Station No. 8 explosion have been estimated to be approximately \$0.19 per barrel. North Slope companies have not filed for any such revision however.

Prepared by:
Legislative Affairs Agency
Research Division
15 September 1977

STATE OF ALASKA THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

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

August 5, 1977

M E M O R A N D U M

SUBJECT: Proposed Arthur D. Little Contract With the State of Alaska.

TO: The Honorable Clark Gruening, Chairman
House Permanent Fund Committee

FROM: Richard G. Haggart *RGH*
Research Analyst

As you requested, we have reviewed the proposal from Arthur D. Little Inc. of July 7, 1977, and, in general, believe that their proposed analysis of Alaska's economy, its sectoral components, and its overall relationship with national and international trends, is likely to prove to be an invaluable resource in developing a coherent and well-targeted policy for permanent fund investments and management.

However, in view of testimony which has been given before your committee, specifically by Messrs. Tussing and Daniels, we believe it will be desirable that the ADL study focus somewhat more heavily on two points raised by consultant testimony and which if amplified by ADL will permit a better melding of all the research and recommendations before the Committee. Specifically, we believe that:

- 1) The Sectoral Analysis section of the ADL proposal needs to be rewritten to insure full consideration of factors other than capital adequacy in terms of the Alaska economy. Such an analysis would permit the legislature to make important distinctions in terms of permanent fund policy where economic problems within the State arise from shortages of adequately skilled labor, high transportation costs, overall operating costs differentials between Alaska and competing economic areas, and those situations where actual capital shortages or inavailability have constrained otherwise economically viable operations.
- 2) In this same light we believe a shift in emphasis would be appropriate in the ADL proposal regarding their Task Five - Intersectoral Comparison and Development of Investment Criteria. Specifically on page 17 of their proposal they state:

"The fund strategy is initially determined. This includes identifying the mix of projects desired in the fund, and their risk, return, and capital

requirements. The choice of various projects will determine the financial structure of the fund and will define the overall level of risk the fund will be able to support. A "hurdle rate" refers to this risk level whenever a project is considered as a potential investment.

In the evaluation process of choosing among projects one key assumption is that investment decisions will most likely be made under a capital rationing situation. This means that the fund itself will be limited in size and that if presented with several "attractive" investment opportunities, the selected process must decide upon only a subgroup of the total array of possibilities."

It seems that the ADL proposal, by postulating investment requirements in excess of fund capacities, is based on one of two possible, and, somewhat restrictive, assumptions.

1. Either the fund will be fully competitive with private sector markets, in which case it will have access to numerous investment opportunities of relatively high quality in a manner similar to current commercial lenders, or,
2. The fund will provide capital for a variety of activities which are not now served by the private capital markets, either due to inherent riskiness of such projects or because of blanket institutional constraints (i.e. "redlining" of investments in rural areas).

Since it seems unlikely that the legislature (or the people of Alaska) intend the Permanent Fund to go into competition with existing commercial lenders within the state, it seems likely to us that the ADL study contains assumptions similar to those contained in point number 2 above, viz., that existing capital markets have, in some fashion, failed to adequately serve the Alaskan economy. Since this question appears to be a central concern of any attempt to develop Permanent Fund (and as was noted, consultant testimony indicates that this presumed inadequacy of the private markets may, in fact, not exist) policy we believe tacit acceptance of the negative proposition unnecessarily limits the usefulness of the ADL study.

Consequently, we believe that the proposal should be expanded somewhat to include, if not an outright study of capital markets efficiency in Alaska, at least some discussion and analysis of the problems inherent in investment selection criteria where capital rationing is not a problem. Specifically, we believe consideration should be given to situations where demand for capital from the fund is significantly less than fund balances. Pertinent questions under such assumptions would be:

August 5, 1977

1. What statutory and administrative measures should be taken to insure that fund investments are not simply supplanting potentially available private sector capital?
2. Under what sets of assumptions might it be appropriate for the fund to make investments that are in competition with private sector sources?
3. What investment and risk evaluation criteria might be appropriate if a fund policy were adopted which limits project selection only to those projects considered unacceptable by the private sector?
4. Depending on the investment criteria established, what would be the aggregate and sectoral economic effects on the state of such a range of fund policies?
5. Finally, in view of the expanded consideration of non-capital economic development constraints recommended earlier, what investment policy mix in the judgment of ADL would seem to yield the most advantageous economic and/or social results for the state?

With the requisite modifications contained in this memorandum, we would recommend that the Arthur D. Little proposal of July 7, 1977 be accepted by the Committee.

DH:dh

PLEASE NOTE: THE FOLLOWING PAGES WERE TREATED
AS A UNIT IN THE ORIGINAL DOCUMENT.

STATE OF ALASKA THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

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

MEMORANDUM

November 17, 1977

SUBJECT: State Revenue Outlook Through 1985

TO: The Honorable Clark Gruening, Chairman
House Permanent Fund Committee

FROM: Richard G. Haggart
Research Analyst

This memorandum is in response to your request that we prepare an analysis of potential state revenues, and associated Permanent Fund and Renewable Resources Fund balances, through 1985. The key assumptions involved in the development of these revenue scenarios are set forth below.

As you requested, we have divided the revenue outlook into three cases--a "worst" case, a "median" case and a "best" case. For each of these cases we have calculated fund balances and expenditures based on 25%, 30% and 50% contributions to the Permanent Fund. In all cases, Renewable Resource Fund contributions total 5% annually beginning in 1979. And, as you requested, each Permanent Fund contribution level within each case study has been calculated twice--once assuming that earnings from the Permanent Fund are placed in the General Fund and may be spent, and once assuming that 50% of Permanent Fund earnings are reinvested in the Permanent Fund.

The following system was used in assigning names to the above variables contained in the cases:

1. All Case I tables are "worst" case assumptions.
2. All Case II tables are "median" case assumptions.
3. All Case III tables are "best" case assumptions.
4. All Cases lettered A, B, and C assume that Permanent Fund earnings are returned to the General Fund and are available for expenditure. Thus, Case I-A is a "worst" case analysis, which assumes Permanent Fund earnings are returned to the General Fund.

5. All Cases lettered D, E and F assume that 50% of Permanent Fund income is reinvested in the Permanent Fund each year. The remaining 50% is available for General Fund expenditures. Thus, Case I-D is a "worst" case analysis, which assumes 50% reinvestment of Permanent Fund income back into the Fund.
6. Finally, all cases (IA-IIIF) have Permanent Fund contribution levels calculated at 25%, 30% and 50% for each separate case.

Case I-A Through I-F: Assumptions

Basic assumptions utilized in developing the "worst case" scenarios were:

1. Wellhead values increasing 2.5% annually.
2. Expenditures increasing at a 15% annual rate, unless constrained by insufficient revenues or General Fund balances to finance such growth. (The minimum allowable General Fund balance is assumed to be \$100 million.)
3. Current tariff levels of about \$6.25/bbl are assumed to stay in effect through 1985.
4. The State is assumed to lose the present dispute over deduction of treatment costs for royalty calculations.
5. The "floor" price for calculating state severance taxes is assumed to remain at the present level of \$0.80 per barrel (equivalent to a wellhead value of about \$6.53/bbl).

With some exceptions, other variables used in calculating these revenue scenarios remain the same as those used in our estimates of June 15, 1977. We are currently preparing detailed background material on this series of estimates, which will outline the specific assumptions used in all cases.

Cases II-A Through II-F: Assumptions

Basic assumptions used in developing the "median" case scenarios were:

1. The State was assumed to be successful in its suit to halt deduction of field treatment costs on royalty oil.
2. It was assumed that the tariff dispute was resolved by "splitting the difference" between the I.C.C. interim tariff of \$4.90 per barrel and the company tariff of \$6.25 per barrel.
3. With the above additions to wellhead value, 1979 and subsequent years' oil prices were increased 3.75% annually.

4. The floor price for state severance tax calculations was assumed to remain at its present level.
5. State expenditures were escalated at 10% annually, unless constrained by insufficient revenues or General Fund balances. As in Case I, the minimum allowable General Fund balance was assumed to be \$100 million.

As with Case I, most other assumptions used in Case II were the same as those contained in our revenue estimates of June 15, 1977. Similarly, more detailed information on the specific assumptions is being prepared.

Cases III-A Through III-F: Assumptions

Basic assumptions used in developing the "best" case scenarios were:

1. The State was assumed to prevail in both the treatment costs dispute and the tariff dispute--increasing 1979 wellhead values approximately \$1.97 per barrel over current levels. Oil prices, generally, were escalated 5% annually.
2. Expenditures were assumed to increase 7.5% annually.
3. The floor price for severance tax calculations was assumed to remain at its present level.

Finally, as with previous cases, most other Case III assumptions were the same as those contained in our revenue projections of June 15, 1977, and differences are presently being documented.

Native Fund Payments and Permanent Fund Earnings

Two important points should be noted when reviewing the materials contained in Tables IA - IIIF, which will serve to avoid possible confusion:

1. Payments to the Native Fund are automatically deducted from each year's General Fund balance by the Agency's revenue estimating model--however, they do not appear directly in the projections. For the Case I scenarios, cumulative Native Fund payments through 1985 total about \$439.9 million. For the Case II scenarios, the full liability of approximately \$500 million is discharged in FY 1985. And, in Case III, the full amount payable to the Fund is paid in by FY 1983.
2. In all cases lettered D, E and F, 50% of Permanent Fund earnings are assumed to be reinvested back into the Fund itself. Hence, each year's Permanent Fund balance includes not only the previous year's carry forward and the yearly contribution,

but earnings on these amounts, as well. As with other areas of the estimates, state balances are assumed to earn a return of 7% annually.

RGH:jm
Enclosures

STATE FINANCIAL AND OPERATING OUTLOOK, 1978 - 1985 @ 25% PERMANENT FUND
(Figures in \$ Millions)

F/Y	North Slope Revenue	Other Petroleum Revenue	Other Income	Total Revenue	Expenditures	Permanent Fund Contribution	Permanent Fund Balance	RRD Fund Contribution	RRD Fund Balance	General Fund Balance
1978	\$ 460.6	\$ 50.8	\$ 336.0	\$ 847.4	\$ 853.8	\$ 51.4	\$ 53.8	\$ 0.0	\$ 0.0	\$ 593.5
1979	678.7	47.4	357.2	1,083.3	981.9	83.4	137.2	16.7	16.7	546.6
1980	783.3	44.5	390.7	1,218.5	1,129.2	96.8	234.0	19.4	36.0	462.7
1981	841.9	42.0	396.8	1,280.7	1,298.6	98.8	332.8	19.8	55.8	267.9
1982	1,041.6	39.2	373.8	1,454.7	1,441.7	100.7	433.5	20.1	75.9	100.0
1983	1,058.2	44.0	378.8	1,480.9	1,294.9	103.9	537.4	20.8	96.7	100.0
1984	1,073.2	46.6	407.6	1,527.4	1,336.3	106.7	644.1	21.3	118.1	100.0
1985	1,123.8	44.9	442.4	1,611.1	1,415.8	109.0	753.2	21.8	139.9	100.0
TOTAL	\$7,061.2	\$ 359.5	\$3,083.2	\$10,504.0	\$9,752.2	N/A	\$ 753.2	N/A	\$ 139.9	\$ 100.0

Case I-A: Low Income, High Expenditure Model (All Permanent Fund Income Allocated to General Fund Revenue)

Prepared by:
Legislative Affairs Agency
Research Division
16 November 1977

STATE FINANCIAL AND OPERATING OUTLOOK, 1978 - 1985 @ 30% PERMANENT FUND
(Figures in \$ Millions)

F/Y	North Slope Revenue	Other Petroleum Revenue	Other Income	Total Revenue	Expenditures	Permanent Fund Contribution	Permanent Fund Balance	RRD Fund Contribution	RRD Fund Balance	General Fund Balance
1978	\$460.6	\$50.8	\$336.0	\$847.4	\$853.8	\$61.7	\$64.1	\$0.0	\$0.0	\$583.3
1979	678.7	47.4	357.2	1,083.3	981.9	100.1	164.2	16.7	16.7	519.7
1980	783.3	44.5	390.7	1,218.5	1,129.2	116.2	280.4	19.4	36.0	416.5
1981	841.9	42.0	396.8	1,280.7	1,298.6	118.5	398.9	19.8	55.8	201.9
1982	1,041.6	39.2	376.8	1,457.7	1,358.6	120.9	519.8	20.1	75.9	100.0
1983	1,058.2	44.0	385.5	1,487.7	1,280.9	124.6	644.4	20.8	96.7	100.0
1984	1,073.2	46.6	415.8	1,535.6	1,323.2	128.1	772.5	21.3	118.1	100.0
1985	1,123.8	44.9	452.2	1,620.9	1,403.7	130.8	903.3	21.8	139.9	100.0
TOTAL	\$7,061.2	\$359.5	\$3,111.0	\$10,531.8	\$9,629.9	NOT APPL.	\$903.3	NOT APPL.	\$139.9	\$100.0

CASE I-B: Low Income High Expenditure Model (All Permanent Fund Income Allocated to General Fund Revenue)

Prepared by:
Legislative Affairs Agency
Research Division
16 November 1977

STATE FINANCIAL AND OPERATING OUTLOOK, 1978 - 1985 @ 50% PERMANENT FUND
(Figures in \$ Millions)

F/Y	North Slope Revenue	Other Petroleum Revenue	Other Income	Total Revenue	Expenditures	Permanent Fund Contribution	Permanent Fund Balance	RRD Fund Contribution	RRD Fund Balance	General Fund Balance
1978	\$ 460.6	\$ 50.8	\$ 336.0	\$ 847.4	\$ 853.8	\$ 102.9	\$ 105.3	\$ 0.0	\$ 0.0	\$ 542.1
1979	678.7	47.4	357.2	1,083.3	981.9	166.8	272.1	16.7	16.7	411.8
1980	783.3	44.5	390.7	1,218.5	1,129.2	193.6	465.7	19.4	36.0	231.1
1981	841.9	42.0	401.4	1,285.3	1,140.7	197.5	663.2	19.8	55.8	100.0
1982	1,041.6	39.2	394.6	1,475.5	1,193.9	201.5	864.7	20.1	75.9	100.0
1983	1,058.2	44.0	412.6	1,514.8	1,224.9	207.7	1,072.5	20.8	96.7	100.0
1984	1,073.2	46.6	448.7	1,568.6	1,270.8	213.5	1,286.0	21.3	118.1	100.0
1985	1,123.8	44.9	491.1	1,659.9	1,355.5	218.1	1,504.0	21.8	139.9	100.0
TOTAL	\$7,061.2	\$ 359.5	\$3,232.4	\$10,653.1	\$9,150.7	N/A	\$1,504.0	N/A	\$ 139.9	\$ 100.0

Case I-C: Low Income, High Expenditure Model (All Permanent Fund Income Allocated to General Fund Revenue)

Prepared by:
Legislative Affairs Agency
Research Division
16 November 1977

STATE FINANCIAL AND OPERATING OUTLOOK, 1978 - 1985 @ 25% PERMANENT FUND
(Figures in \$ Millions)

F/Y	North Slope Revenue	Other Petroleum Revenue	Other Income	Total Revenue	Expenditures	Permanent Fund Contribution	Permanent Fund Balance	RRD Fund Contribution	RRD Fund Balance	General Fund Balance
1978	\$ 460.6	\$ 50.8	\$ 335.9	\$ 847.3	\$ 853.8	\$ 51.4	\$ 53.9	\$ 0.0	\$ 0.0	\$ 593.5
1979	678.7	47.4	355.3	1,081.4	981.9	83.4	139.1	16.7	16.7	544.7
1980	783.3	44.5	385.8	1,213.6	1,129.2	96.8	240.8	19.4	36.0	456.0
1981	841.9	42.0	388.4	1,272.3	1,298.6	98.8	348.0	19.8	55.8	252.7
1982	1,041.6	39.2	362.6	1,443.4	1,415.3	100.7	460.9	20.1	75.9	100.0
1983	1,058.2	44.0	365.1	1,467.3	1,281.3	103.9	580.9	20.8	96.7	100.0
1984	1,073.2	46.6	391.0	1,510.8	1,319.8	106.7	707.9	21.3	118.1	100.0
1985	1,123.8	44.9	423.0	1,591.7	1,396.3	109.0	841.8	21.8	139.9	100.0
TOTAL	\$7,061.2	\$ 359.5	\$3,007.1	\$10,427.8	\$9,676.1	N/A	\$ 841.8	N/A	\$ 139.9	\$ 100.0

Case I-D: Low Income, High Expenditure Model (50% of Permanent Fund Income Reinvested in Permanent Fund)

Prepared by:
Legislative Affairs Agency
Research Division
16 November 1977

STATE FINANCIAL AND OPERATING OUTLOOK, 1978 - 1985 @ 30% PERMANENT FUND
(Figures in \$ Millions)

F/Y	North Slope Revenue	Other Petroleum Revenue	Other Income	Total Revenue	Expenditures	Permanent Fund Contribution	Permanent Fund Balance	RRD Fund Contribution	RRD Fund Balance	General Fund Balance
1978	\$ 460.6	\$ 50.8	\$ 335.9	\$ 847.3	\$ 853.8	\$ 61.7	\$ 64.2	\$ 0.0	\$ 0.0	\$ 583.2
1979	678.7	47.4	355.0	1,081.1	981.9	100.1	166.5	16.7	16.7	517.4
1980	783.3	44.5	384.8	1,212.7	1,129.2	116.2	288.5	19.4	36.0	408.3
1981	841.9	42.0	386.7	1,270.6	1,298.6	118.5	417.1	19.8	55.8	183.6
1982	1,041.6	39.2	363.4	1,444.2	1,326.9	120.9	552.6	20.1	75.9	100.0
1983	1,058.2	44.0	369.2	1,471.3	1,264.5	124.6	696.6	20.8	96.7	100.0
1984	1,073.2	46.6	395.9	1,515.7	1,303.4	128.1	849.1	21.3	118.1	100.0
1985	1,123.8	44.9	428.8	1,597.5	1,380.4	130.8	1,009.7	21.8	139.9	100.0
TOTAL	\$7,061.2	\$ 359.5	\$3,019.7	\$10,440.4	\$9,538.7	N/A	\$1,009.7	N/A	\$ 139.9	\$ 100.0

Case I-E: Low Income, High Expenditure Model (50% of Permanent Fund Income Reinvested in Permanent Fund)

Prepared by:
Legislative Affairs Agency
Research Division
16 November 1977

STATE FINANCIAL AND OPERATING OUTLOOK, 1978 - 1985 @ 50% PERMANENT FUND
(Figures in \$ Millions)

F/Y	North Slope Revenue	Other Petroleum Revenue	Other Income	Total Revenue	Expenditures	Permanent Fund Contribution	Permanent Fund Balance	RRD Fund Contribution	RRD Fund Balance	General Fund Balance
1978	\$ 460.6	\$ 50.8	\$ 335.9	\$ 847.3	\$ 853.8	\$ 102.9	\$ 105.4	\$ 0.0	\$ 0.0	\$ 542.0
1979	678.7	47.4	353.5	1,079.6	981.9	166.8	275.9	16.7	16.7	408.0
1980	783.3	44.5	381.0	1,208.8	1,129.2	193.6	479.2	19.4	36.0	217.7
1981	841.9	42.0	385.7	1,269.6	1,111.5	197.5	693.5	19.8	55.8	100.0
1982	1,041.6	39.2	373.3	1,454.1	1,172.6	201.5	919.2	20.1	75.9	100.0
1983	1,058.2	44.0	385.4	1,487.5	1,197.6	207.7	1,159.1	20.8	96.7	100.0
1984	1,073.2	46.6	415.7	1,535.5	1,237.7	213.5	1,413.2	21.3	118.1	100.0
1985	1,123.8	44.9	452.3	1,621.0	1,316.6	218.1	1,680.7	21.8	139.9	100.0
TOTAL	\$7,061.2	\$ 359.5	\$3,082.8	\$10,503.5	\$9,001.0	N/A	\$1,680.7	N/A	\$ 139.9	\$ 100.0

Case I-F: Low Income, High Expenditure Model (50% of Permanent Fund Income Reinvested in Permanent Fund)

Prepared by:
Legislative Affairs Agency
Research Division
16 November 1977

STATE FINANCIAL AND OPERATING OUTLOOK, 1978 - 1985 @ 25% PERMANENT FUND
(Figures in \$ Millions)

F/Y	North Slope Revenue	Other Petroleum Revenue	Other Income	Total Revenue	Expenditures	Permanent Fund Contribution	Permanent Fund Balance	RRD Fund Contribution	RRD Fund Balance	General Fund Balance
1978	\$ 460.6	\$ 50.8	\$ 336.0	\$ 847.4	\$ 853.8	\$ 51.4	\$ 53.8	\$ 0.0	\$ 0.0	\$ 593.5
1979	762.3	47.4	361.6	1,171.3	939.2	104.3	158.1	20.9	20.9	638.9
1980	893.3	44.5	405.8	1,343.7	1,033.1	122.9	281.0	24.6	45.4	728.2
1981	985.4	42.0	429.4	1,456.8	1,136.4	127.0	408.0	25.4	70.8	819.7
1982	1,202.8	39.2	431.5	1,673.5	1,250.1	131.2	539.2	26.2	97.1	1,006.3
1983	1,243.5	44.0	454.7	1,742.3	1,375.1	136.6	675.7	27.3	124.4	1,127.3
1984	1,283.8	46.6	491.6	1,822.0	1,512.6	141.9	817.6	28.4	152.8	1,181.0
1985	1,355.0	44.9	530.7	1,930.6	1,663.9	146.7	964.4	29.3	182.1	1,196.5
TOTAL	\$8,186.7	\$ 359.5	\$3,441.3	\$11,987.5	\$9,764.2	N/A	\$ 964.4	N/A	\$ 182.1	\$1,196.5

Case II-A: Medium Income, Medium Expenditure Model (Permanent Fund Income Allocated to General Fund Revenues)

Prepared by:
Legislative Affairs Agency
Research Division
16 November 1977

STATE FINANCIAL AND OPERATING OUTLOOK, 1978 - 1985 @ 30% PERMANENT FUND
(Figures in \$ Millions)

F/Y	North Slope Revenue	Other Petroleum Revenue	Other Income	Total Revenue	Expenditures	Permanent Fund Contribution	Permanent Fund Balance	RRD Fund Contribution	RRD Fund Balance	General Fund Balance
1978	\$ 460.6	\$ 50.8	\$ 336.0	\$ 847.4	\$ 853.8	\$ 61.7	\$ 64.1	\$ 0.0	\$ 0.0	\$ 583.3
1979	762.3	47.4	361.6	1,171.4	939.2	125.2	189.3	20.9	20.9	607.8
1980	893.3	44.5	405.8	1,343.7	1,033.1	147.5	336.8	24.6	45.4	672.6
1981	985.4	42.0	429.4	1,456.8	1,136.4	152.4	489.1	25.4	70.8	738.7
1982	1,202.8	39.2	431.5	1,673.5	1,250.1	157.4	646.5	26.2	97.1	899.1
1983	1,243.5	44.0	454.8	1,742.3	1,375.1	163.9	810.4	27.3	124.4	992.7
1984	1,283.8	46.6	491.6	1,822.0	1,512.6	170.3	980.7	28.4	152.8	1,018.1
1985	1,355.0	44.9	530.7	1,930.6	1,663.9	176.1	1,156.8	29.3	182.1	1,004.3
TOTAL	\$8,186.7	\$ 359.5	\$3,441.3	\$11,987.5	\$9,764.2	N/A	\$1,156.8	N/A	\$ 182.1	\$1,004.3

Case II-B: Medium Income, Medium Expenditure Model (Permanent Fund Income Allocated to General Fund Revenues)

Prepared by:
Legislative Affairs Agency
Research Division
16 November 1977

STATE FINANCIAL AND OPERATING OUTLOOK, 1978 - 1985 @ 50% PERMANENT FUND
(Figures in \$ Millions)

F/Y	North Slope Revenue	Other Petroleum Revenue	Other Income	Total Revenue	Expenditures	Permanent Fund Contribution	Permanent Fund Balance	RRD Fund Contribution	RRD Fund Balance	General Fund Balance
1978	\$ 460.6	\$ 50.8	\$ 336.0	\$ 847.4	\$ 853.8	\$ 102.9	\$ 105.3	\$ 0.0	\$ 0.0	\$ 542.1
1979	762.3	47.4	361.6	1,171.4	939.2	208.6	313.9	20.9	20.9	483.2
1980	893.3	44.5	405.8	1,343.7	1,033.1	245.8	559.8	24.6	45.4	449.6
1981	985.4	42.0	429.4	1,456.8	1,136.4	253.9	813.7	25.4	70.8	414.1
1982	1,202.8	39.2	431.5	1,673.5	1,250.1	262.3	1,076.0	26.2	97.1	469.6
1983	1,243.5	44.0	454.8	1,742.3	1,375.1	273.2	1,349.2	27.3	124.4	454.0
1984	1,283.8	46.6	491.6	1,822.0	1,512.6	283.8	1,633.0	28.4	152.8	365.8
1985	1,355.0	44.9	530.7	1,930.6	1,663.9	293.5	1,926.4	29.3	182.1	234.7
TOTAL	\$8,186.7	\$ 359.5	\$3,441.3	\$11,987.5	\$9,764.2	N/A	\$1,926.4	N/A	\$ 182.1	\$ 234.7

Case II-C: Medium Income, Medium Expenditure Model (Permanent Fund Income Allocated to General Fund Revenues)

Prepared by:
Legislative Affairs Agency
Research Division
16 November 1977

STATE FINANCIAL AND OPERATING OUTLOOK, 1978 - 1985 @ 25% PERMANENT FUND
(Figures in \$ Millions)

F/Y	North Slope Revenue	Other Petroleum Revenue	Other Income	Total Revenue	Expenditures	Permanent Fund Contribution	Permanent Fund Balance	RRD Fund Contribution	RRD Fund Balance	General Fund Balance
1978	\$ 460.6	\$ 50.8	\$ 335.9	\$ 847.3	\$ 853.8	\$ 51.4	\$ 53.9	\$ 0.0	\$ 0.0	\$ 593.5
1979	762.3	47.4	359.7	1,169.5	939.2	104.3	160.1	20.9	20.9	637.0
1980	893.3	44.5	400.2	1,338.1	1,033.1	122.9	288.6	24.6	45.4	720.7
1981	985.4	42.0	419.3	1,446.7	1,136.4	127.0	425.7	25.4	70.8	802.1
1982	1,202.8	39.2	416.6	1,658.6	1,250.1	131.2	571.8	26.2	97.1	973.9
1983	1,243.5	44.0	434.7	1,722.3	1,375.1	136.6	728.3	27.3	124.4	1,074.8
1984	1,283.8	46.6	466.1	1,796.5	1,512.6	141.9	895.7	28.4	152.8	1,103.0
1985	1,355.0	44.9	499.4	1,899.2	1,663.9	146.7	1,073.8	29.3	182.1	1,087.3
TOTAL	\$8,186.7	\$ 359.5	\$3,331.9	\$11,878.1	\$9,764.2	N/A	\$1,073.8	N/A	\$ 182.1	\$1,087.3

Case II-D: Medium Income, Medium Expenditure Model (50% of Permanent Fund Income Reinvested in Permanent Fund)

Prepared by:
Legislative Affairs Agency
Research Division
16 November 1977

STATE FINANCIAL AND OPERATING OUTLOOK, 1978 - 1985 @ 30% PERMANENT FUND
(Figures in \$ Millions)

F/Y	North Slope Revenue	Other Petroleum Revenue	Other Income	Total Revenue	Expenditures	Permanent Fund Contribution	Permanent Fund Balance	RRD Fund Contribution	RRD Fund Balance	General Fund Balance
1978	\$ 460.6	\$ 50.8	\$ 335.9	\$ 847.3	\$ 853.8	\$ 61.7	\$ 64.2	\$ 0.0	\$ 0.0	\$ 583.2
1979	762.3	47.4	359.4	1,169.1	939.2	125.2	191.6	20.9	20.9	605.5
1980	893.3	44.5	399.1	1,337.0	1,033.1	147.5	345.8	24.6	45.4	663.5
1981	985.4	42.0	417.3	1,444.7	1,136.4	152.4	510.3	25.4	70.8	717.5
1982	1,202.8	39.2	413.6	1,655.6	1,250.1	157.4	685.6	26.2	97.1	860.1
1983	1,243.5	44.0	430.8	1,718.3	1,375.1	163.9	873.4	27.3	124.4	929.7
1984	1,283.8	46.6	461.0	1,791.4	1,512.6	170.3	1,074.3	28.4	152.8	924.5
1985	1,355.0	44.9	493.1	1,893.0	1,663.9	176.1	1,287.9	29.3	182.1	873.1
TOTAL	\$8,186.7	\$ 359.5	\$3,310.2	\$11,856.4	\$9,764.2	N/A	\$1,287.9	N/A	\$ 182.1	\$ 873.1

Case II-E: Medium Income, Medium Expenditure Model (50% of Permanent Fund Income Reinvested in Permanent Fund)

Prepared by:
Legislative Affairs Agency
Research Division
16 November 1977

STATE FINANCIAL AND OPERATING OUTLOOK, 1978 - 1985 @ 50% PERMANENT FUND
(Figures in \$ Millions)

F/Y	North Slope Revenue	Other Petroleum Revenue	Other Income	Total Revenue	Expenditures	Permanent Fund Contribution	Permanent Fund Balance	RRD Fund Contribution	RRD Fund Balance	General Fund Balance
1978	\$ 460.6	\$ 50.8	\$ 335.9	\$ 847.3	\$ 853.8	\$ 102.9	\$ 105.4	\$ 0.0	\$ 0.0	\$ 542.0
1979	762.3	47.4	357.9	1,167.7	939.2	208.6	317.7	20.9	20.9	479.4
1980	893.3	44.5	394.7	1,332.6	1,033.1	245.8	574.7	24.6	45.4	434.7
1981	985.4	42.0	409.3	1,436.7	1,136.4	253.9	848.7	25.4	70.8	379.1
1982	1,202.8	39.2	401.8	1,643.8	1,250.1	262.3	1,140.7	26.2	97.1	404.9
1983	1,243.5	44.0	414.8	1,702.3	1,375.1	273.2	1,453.8	27.3	124.4	349.3
1984	1,283.8	46.6	440.7	1,771.1	1,512.6	283.8	1,788.5	28.4	152.8	210.3
1985	1,355.0	44.9	472.4	1,872.3	1,584.7	293.5	2,144.5	29.3	182.1	100.0
TOTAL	\$8,186.7	\$ 359.5	\$3,227.6	\$11,773.7	\$9,685.0	N/A	\$2,144.5	N/A	\$ 182.1	\$ 100.0

Case II-F: Medium Income, Medium Expenditure Model (50% of Permanent Fund Income Reinvested in Permanent Fund)

Prepared by:
Legislative Affairs Agency
Research Division
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