

Statewide Appropriations Ten Year Expenditure Projection

The statewide appropriations sections of the ten-year expenditure projection takes in to consideration elements of state spending that are not necessarily tied to agency budgets. In some instances, as is the case with estimated wage and benefit increases, it was determined to be a more efficient and consistent method to have a centralized forecast for wage and benefit increases than to have agencies forecast this portion of their budgets separately.

Discussed below are the key assumptions inherent in each of the sections of the statewide appropriations projection.

Baseline Scenario- Statewide Operating Budget Assumptions

Wage & Benefits Increases: FY2013 and FY2014 have no escalation projections as all known wage and benefit increase as of the December 2012 budget submission were incorporated in to the baseline projections. Wage and benefit increases for FY2015 forward were based on the following assumptions: Total personal services costs in FY2014 Governor's budget serves as base. Wages and wage-linked benefits increase at an annual average rate of 2.5% through FY2023. Health care component costs increase at a rate of 7.5% annually through FY2023. Total increases allocated to major fund source class (UGF/DGF/Other/Fed) based upon historical share of total personal services costs from the Alaska Budget System personal services module. University of Alaska personal services escalation excluded from the statewide appropriations as the University provided a ten year projection including wage and benefit growth.

State Assistance to Retirement Systems: FY2013 and FY2014 based upon submitted budgets. FY2015 through FY2023 based upon actuarial projections from Buck Consultants. All results are based upon the data assumptions, plan provisions and current Alaska Retirement Management Board adopted method to extinguish the unfunded liability as described in the June 30, 2011 system valuation.

Fuel Allocation Branch-wide: Since FY2005, the legislature has appropriated an amount as a contingency for high fuel and utility costs. The amount available is determined by a formula using the price per barrel of Alaska North Slope crude. The total amount appropriated is then allocated to the agencies by the Office of Management and Budget using the formula parameters given by the legislature. For FY2015-FY2023, it is assumed that the amount available will match the FY2014 budgeted amount of \$36 million.

Debt Service: Projections of future debt are estimates from the Alaska Department of Revenue as of the December 2012 Governor's budget release. Important components to the short term changes in debt payments include the timing of the issuance of the remaining 2010 General Obligation bond package, and the issuance of an additional General Obligation bond package related to the 2012 transportation authorization in FY2013. The school debt reimbursement program is held constant at FY2014 levels (approximately \$128 million annually) as it is uncertain what the future configuration of the debt reimbursement program will be and how much additional debt might be authorized for repayment by school districts. Spikes in debt payments using "other funds" in FY14 and FY17 followed by declines the following fiscal year are associated with the Alaska International Airport system (AIA) exercising early bond redemption options in order to reduce the total interest paid out over the life of the AIA bonds.

Community Revenue Sharing Fund: Community revenue sharing program is held at FY2014 level, capitalized at \$60 million annually, through FY2023.

Oil & Gas Tax Credits: Oil and Gas tax credits program held at FY2014 level, \$400 million annually, through FY2023. This figure does not represent the entirety of Alaska's oil tax credit program, it is the amount estimated to reimburse exploration and development activities of those who have no tax liability.

Other Fund Capitalizations for Operations: Appropriations to capitalize a variety of funds are included in these projections. Among the larger funds are the Disaster Relief Fund, the Alaska Clean Water and Alaska Drinking Water Funds, and the Oil and Hazardous Substance Release Prevention and Response accounts. Generally, capitalization of these funds and the other funds not specifically mentioned are held at FY2014 levels for FY2015-FY2023.

Public Education Fund: Represents the annual net additional deposit to the Public Education Fund to forward fund K-12 education foundation formula and pupil transportation costs. Assumes the Department of Education's 10-year projection for K-12 foundation and pupil transportation costs forward funded by one fiscal year.

Renewable Energy and Rural Education Attendance Area (REAA) School Construction Fund: Assumed fund capitalizations for the Renewable Energy Grant Fund at \$25 million annually through FY2018. Fund capitalizations for REAA construction fund assume FY2014 levels for FY2014-FY2023.

Permanent Fund Dividend: Estimated amount to be transferred from the Permanent Fund Earnings Reserve to fund the annual Alaska Permanent Fund dividend and associated operations costs. Estimate from the Alaska Permanent Fund Corporation's November 30, 2012 monthly financial statement.

Permanent Fund Inflation Proofing: Estimated amount to be transferred from Permanent Fund Earnings Reserve to principle to inflation proof the fund. Estimates are from Alaska Permanent Fund Corporation's monthly financial statement as of November 30, 2012.

Capitalization of Alaska Capital Income Fund: Estimated amount to be transferred from the Amerada Hess account in the Alaska Permanent Fund to capitalize the Alaska Capital Income Fund. Estimates are from Alaska Permanent Fund Corporation's monthly financial statement as of November 30, 2012.

Baseline Scenario- Statewide Capital Budget Assumptions

Fund Capitalization for Capital Projects: Estimated annual fund capitalizations for the Alaska Gasline Inducement Act (AGIA) Reimbursement Fund, the Rural Education Attendance Area (REAA) school construction fund, the Emerging Technology Fund, and the Renewable Energy Grant Fund are included in this category.

AGIA Reimbursement Fund: Capitalization of the AGIA Reimbursement Fund assumed on the following schedule:

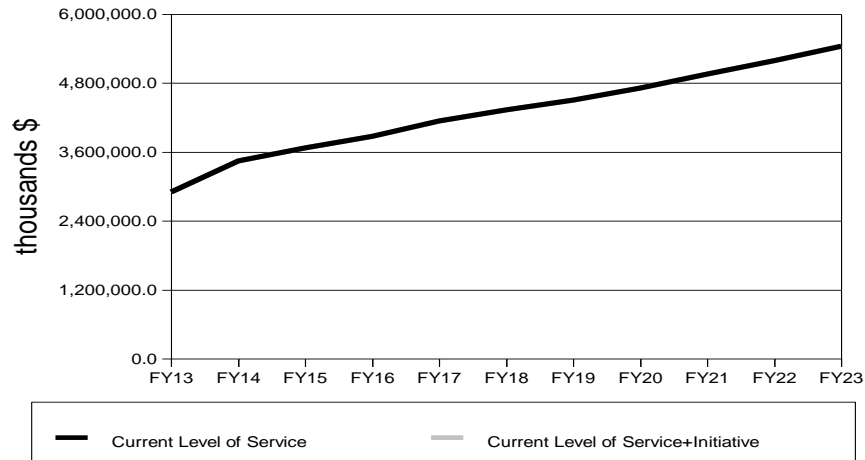
FY2014- \$25 million. FY2015-FY2018 \$42.5 million annually. Capitalization of the fund may be accelerated as need emerges.

Emerging Technology Fund capitalized at FY2014 level (\$2.0 million) annually through FY2023.

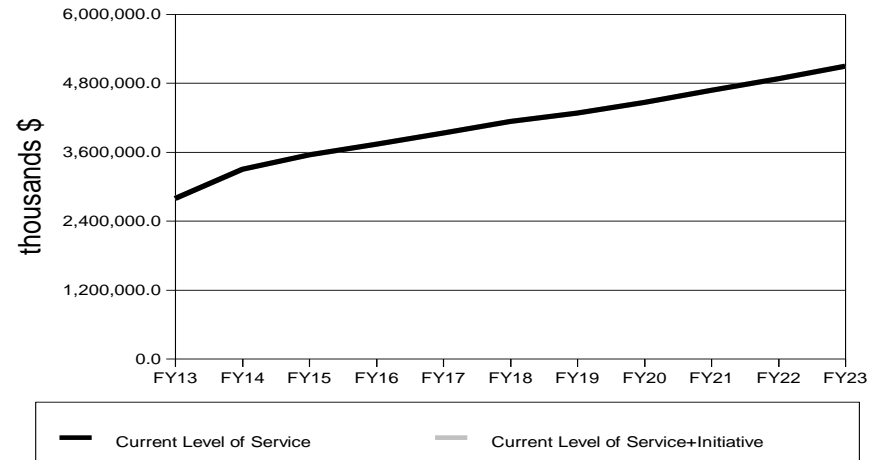
Rural Education Attendance Area (REAA) School Construction Fund capitalized at FY2014 level (\$35.2 million) annually through FY2023.

Renewable Energy Grant Fund capitalized at FY2014 level (\$245 million) annually through FY2018 when the current program is scheduled to expire.

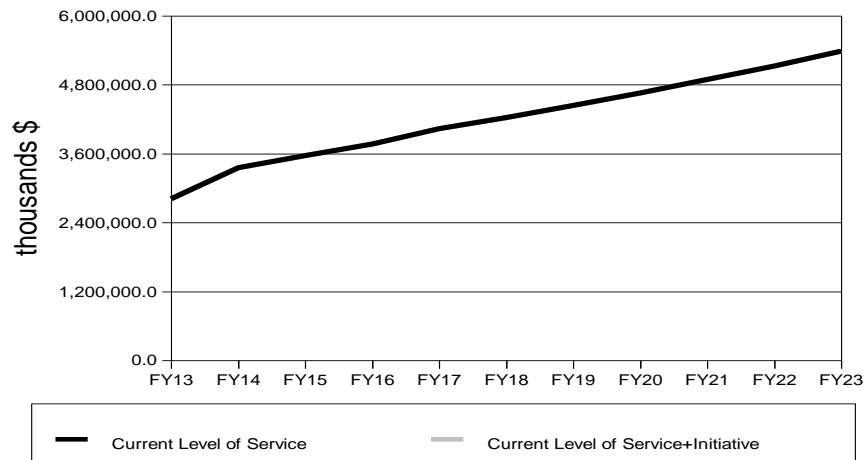
All Funds



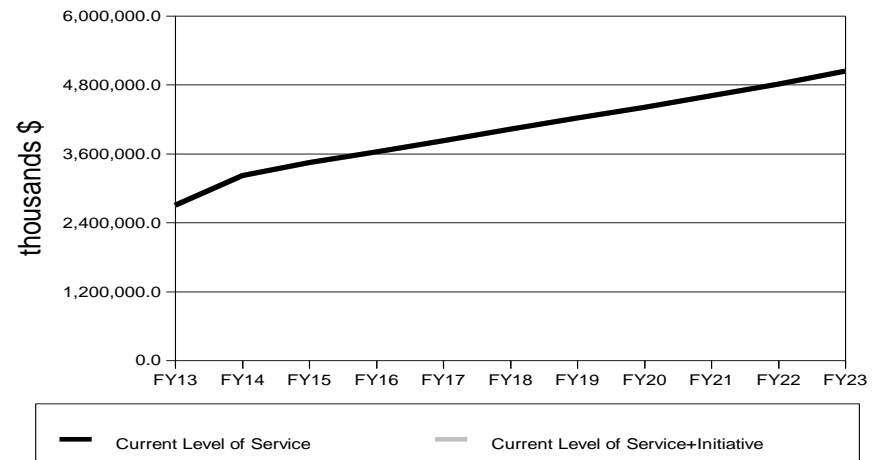
General Funds



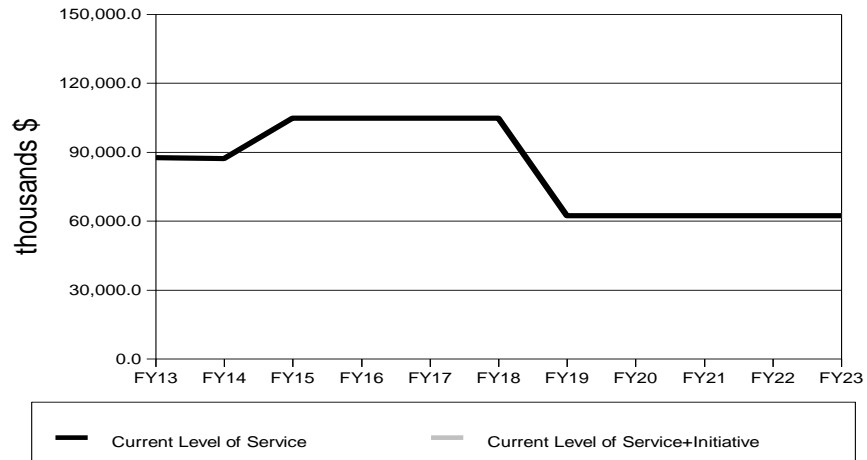
Operating All Funds



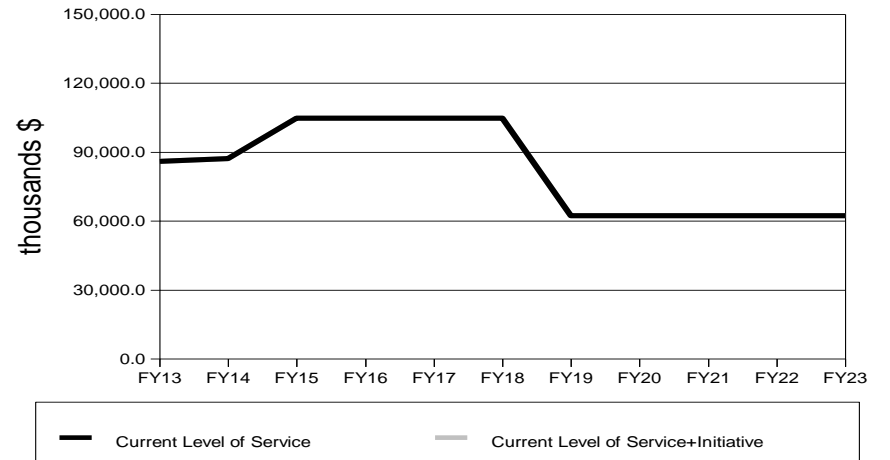
Operating General Funds



Capital All Funds



Capital General Funds



Statewide Appropriations Current Level of Service Summary

(thousands \$)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total Statewide Appropriations	2,904,001.6	3,443,447.1	3,668,955.0	3,873,013.6	4,139,432.6	4,333,597.8	4,502,138.4	4,717,980.6	4,954,587.5	5,190,146.3	5,444,296.1
UGF	1,373,485.1	1,341,542.8	1,467,354.1	1,566,991.9	1,597,862.1	1,629,994.8	1,646,361.1	1,697,716.0	1,765,182.5	1,827,856.1	1,904,270.7
DGF	1,415,144.5	1,960,142.1	2,081,736.6	2,167,603.7	2,329,758.3	2,500,216.2	2,633,994.4	2,769,110.9	2,907,584.9	3,048,437.0	3,192,689.1
OTHER	71,870.4	100,989.3	82,549.8	91,918.0	155,742.2	137,341.1	145,333.1	163,847.3	183,178.9	203,371.5	224,479.0
FED	43,501.6	40,772.9	37,314.5	46,500.0	56,070.0	66,045.7	76,449.8	87,306.4	98,641.2	110,481.7	122,857.3
Total Operations Statewide	2,816,430.9	3,356,247.1	3,564,255.0	3,768,313.6	4,034,732.6	4,228,897.8	4,439,938.4	4,655,780.6	4,892,387.5	5,127,946.3	5,382,096.1
UGF	1,287,614.4	1,254,342.8	1,362,654.1	1,462,291.9	1,493,162.1	1,525,294.8	1,584,161.1	1,635,516.0	1,702,982.5	1,765,656.1	1,842,070.7
DGF	1,415,144.5	1,960,142.1	2,081,736.6	2,167,603.7	2,329,758.3	2,500,216.2	2,633,994.4	2,769,110.9	2,907,584.9	3,048,437.0	3,192,689.1
OTHER	71,870.4	100,989.3	82,549.8	91,918.0	155,742.2	137,341.1	145,333.1	163,847.3	183,178.9	203,371.5	224,479.0
FED	41,801.6	40,772.9	37,314.5	46,500.0	56,070.0	66,045.7	76,449.8	87,306.4	98,641.2	110,481.7	122,857.3
Wage & Benefit Escalation	0.0	0.0	62,755.6	128,105.1	196,190.3	267,162.0	341,181.4	418,420.1	499,061.2	583,300.1	671,345.6
Estimated personal services escalation beginning FY2015 see assumptions for methodology. Excludes University of Alaska.	0.0	0.0	32,297.1	65,929.1	100,969.0	137,494.5	175,588.4	215,339.1	256,840.9	300,194.3	345,506.7
DGF	0.0	0.0	6,594.5	13,461.6	20,616.2	28,074.1	35,852.3	43,968.8	52,442.8	61,294.9	70,547.0
OTHER	0.0	0.0	15,043.1	30,708.0	47,028.7	64,041.3	81,784.5	100,299.4	119,629.9	139,822.8	160,928.2
FED	0.0	0.0	8,820.9	18,006.4	27,576.4	37,552.1	47,956.2	58,812.8	70,147.6	81,988.1	94,363.7
State Assistance to Retirement Systems	613,865.2	633,780.6	708,428.6	767,534.6	767,166.6	766,482.6	787,437.6	810,243.6	837,159.6	866,715.6	897,704.6
Estimated state assistance payment to PERS and TRS retirement systems in excess of employer contributions to pay unfunded liability. Estimates are from 2011 Buck valuation and assume level percent of pay methodology.	613,865.2	633,780.6	708,428.6	767,534.6	767,166.6	766,482.6	787,437.6	810,243.6	837,159.6	866,715.6	897,704.6
DGF	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
OTHER	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
FED	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Fuel Allocation Branchwide	36,000.0	36,000.0	36,000.0	36,000.0	36,000.0	36,000.0	36,000.0	36,000.0	36,000.0	36,000.0	36,000.0
Discretionary appropriation used as a contingency for the Office of Management and Budget to assist agencies in managing unanticipated changes in agency fuel and utility costs. Total amount available determined by a formula. The formula amount is then allocated to agencies by the Office of Management and Budget using formula parameters in statute. For FY15-23, it is assumed the amount available, \$36 million, will match FY2014.	36,000.0	36,000.0	36,000.0	36,000.0	36,000.0	36,000.0	36,000.0	36,000.0	36,000.0	36,000.0	36,000.0
UGF	36,000.0	36,000.0	36,000.0	36,000.0	36,000.0	36,000.0	36,000.0	36,000.0	36,000.0	36,000.0	36,000.0
DGF	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
OTHER	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
FED	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

		2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Debt Service		315,988.0	352,752.8	308,357.1	308,960.2	352,662.0	313,539.5	303,605.7	292,403.2	291,453.0	281,216.9	281,332.2
Debt Service payments for General	UGF	217,077.8	225,992.8	227,359.0	234,258.8	230,457.1	226,748.3	226,565.7	215,363.9	214,412.6	204,176.8	204,290.0
Obligation Bonds, Lease/Purchase	DGF	21,800.0	20,800.0	20,800.0	20,800.0	20,800.0	20,800.0	20,800.0	20,800.0	20,800.0	20,800.0	20,800.0
arrangements, Revenue Bond financing	OTHER	59,373.4	88,486.1	55,003.5	48,706.8	96,210.3	60,796.6	51,045.4	51,044.7	51,045.8	51,045.5	51,047.6
and General Fund supported debt	FED	17,736.8	17,473.9	5,194.6	5,194.6	5,194.6	5,194.6	5,194.6	5,194.6	5,194.6	5,194.6	5,194.6
reimbursements for capital projects,												
including school debt reimbursement												
program.												
Community Revenue Sharing Fund		85,000.0	60,000.0	60,000.0	60,000.0	60,000.0	60,000.0	60,000.0	60,000.0	60,000.0	60,000.0	60,000.0
Assumes the Community Revenue	UGF	85,000.0	60,000.0	60,000.0	60,000.0	60,000.0	60,000.0	60,000.0	60,000.0	60,000.0	60,000.0	60,000.0
Sharing Fund is capitalized with \$60	DGF	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
million on an annual basis to replenish	OTHER	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
the fund and to support the revenue	FED	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
sharing program at its proposed FY2014												
level.												
Oil & Gas Tax Credits		400,000.0	400,000.0	400,000.0	400,000.0	400,000.0	400,000.0	400,000.0	400,000.0	400,000.0	400,000.0	400,000.0
This appropriation capitalizes the Oil &	UGF	400,000.0	400,000.0	400,000.0	400,000.0	400,000.0	400,000.0	400,000.0	400,000.0	400,000.0	400,000.0	400,000.0
Gas Tax Credit Fund, a fund that is used	DGF	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
to incentivize oil production exploration	OTHER	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
and development among firms who	FED	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
currently do not pay oil taxes. It is												
assumed that the fund is annually												
capitalized at the FY2013 level, \$400												
million, through FY2023. This amount												
does not represent the entirety of												
Alaska's oil tax credit program.												
Other Fund Capitalization Operations		82,716.3	69,440.1	69,440.1	69,440.1	69,440.1	69,440.1	69,440.1	69,440.1	69,440.1	69,440.1	69,440.1
Appropriations to capitalize a variety of	UGF	39,810.0	17,295.8	17,295.8	17,295.8	17,295.8	17,295.8	17,295.8	17,295.8	17,295.8	17,295.8	17,295.8
finds for specific operational purposes	DGF	6,344.5	16,342.1	16,342.1	16,342.1	16,342.1	16,342.1	16,342.1	16,342.1	16,342.1	16,342.1	16,342.1
are included in this category. Among the	OTHER	12,497.0	12,503.2	12,503.2	12,503.2	12,503.2	12,503.2	12,503.2	12,503.2	12,503.2	12,503.2	12,503.2
larger funds are the Disaster Relief Fund,	FED	24,064.8	23,299.0	23,299.0	23,299.0	23,299.0	23,299.0	23,299.0	23,299.0	23,299.0	23,299.0	23,299.0
the Alaska Clean Water and Alaska												
Drinking Water Funds, and the Oil and												
Hazardous Substance Release												
Prevention and Response accounts.												
Generally, capitalization of these funds												
and the other funds not specifically												
mentioned are held at FY2014 levels for												
FY2015_FY2023.												

		2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Designated Savings- Public Education Fund		-38,800.9	1,123.6	1,123.6	1,123.6	1,123.6	1,123.6	1,123.6	1,123.6	1,123.6	1,123.6	1,123.6
Represents the annual change in the deposit to the Public Education Fund to forward fund K-12 education foundation formula and pupil transportation costs. Assumes Department of Education's 10 year-projection for K-12 foundation and pupil transportation costs forward funded by one fiscal year.	UGF	-38,800.9	1,123.6	1,123.6	1,123.6	1,123.6	1,123.6	1,123.6	1,123.6	1,123.6	1,123.6	1,123.6
	DGF	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	OTHER	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	FED	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Renewable Energy & REAA School Construction		36,562.3	350.0	350.0	350.0	350.0	350.0	350.0	350.0	350.0	350.0	350.0
Fund Capitalizations for the Renewable Energy Grant Fund and the Rural Education Attendance Area (REAA) School Construction Fund	UGF	36,562.3	350.0	350.0	350.0	350.0	350.0	350.0	350.0	350.0	350.0	350.0
	DGF	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	OTHER	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	FED	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Adjustment for select One-Time funding changes		-101,900.0	-120,200.0	-120,200.0	-120,200.0	-120,200.0	-120,200.0	-120,200.0	-120,200.0	-120,200.0	-120,200.0	-120,200.0
Technical adjustment to base budget in FY2014 reflecting one-time expenditures that are not considered part of the recurring base budget.	UGF	-101,900.0	-120,200.0	-120,200.0	-120,200.0	-120,200.0	-120,200.0	-120,200.0	-120,200.0	-120,200.0	-120,200.0	-120,200.0
	DGF	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	OTHER	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	FED	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Permanent Fund Dividend		470,000.0	958,000.0	1,033,000.0	1,067,000.0	1,177,000.0	1,296,000.0	1,377,000.0	1,460,000.0	1,545,000.0	1,632,000.0	1,722,000.0
Estimated amount to be transferred from the Permanent Fund Earnings Reserve to fund the annual Permanent Fund dividend and associated operations costs. Estimate from the APFC November 30, 2012 monthly financial statement. Estimated dividend payments FY2014-FY2023 total \$13.3 billion.	UGF	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	DGF	470,000.0	958,000.0	1,033,000.0	1,067,000.0	1,177,000.0	1,296,000.0	1,377,000.0	1,460,000.0	1,545,000.0	1,632,000.0	1,722,000.0
	OTHER	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	FED	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Permanent Fund Inflation Proofing		898,000.0	943,000.0	983,000.0	1,028,000.0	1,073,000.0	1,117,000.0	1,162,000.0	1,206,000.0	1,251,000.0	1,296,000.0	1,341,000.0
Estimated amount transferred from Permanent Fund earnings reserve to principle to inflation proof the fund. Estimated inflation rate is 2.5%. Estimates are from APFC monthly financial statement as of November 30, 2012. Cumulative addition to Permanent Fund principle for FY2014-FY2023 in this forecast is \$11.4 billion.	UGF	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	DGF	898,000.0	943,000.0	983,000.0	1,028,000.0	1,073,000.0	1,117,000.0	1,162,000.0	1,206,000.0	1,251,000.0	1,296,000.0	1,341,000.0
	OTHER	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	FED	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Projections are intended to be a planning tool and do not represent a commitment by the administration to propose spending, nor bring in revenue, at a particular level in future years.

		2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Capitalization of Alaska Capital Income Fund		19,000.0	22,000.0	22,000.0	22,000.0	22,000.0	22,000.0	22,000.0	22,000.0	22,000.0	22,000.0	22,000.0
Annual projected earnings of the Amerada Hess account in the Alaska Permanent Fund statutorily designated for deposit in the Alaska Capital Income Fund. APFC projections as of November 30, 2012. Cumulative deposit to the Alaska Capital Income Fund from FY2013-FY2023 is \$244 million.	UGF	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	DGF	19,000.0	22,000.0	22,000.0	22,000.0	22,000.0	22,000.0	22,000.0	22,000.0	22,000.0	22,000.0	22,000.0
	OTHER	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	FED	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Capital Statewide		87,570.7	87,200.0	104,700.0	104,700.0	104,700.0	104,700.0	62,200.0	62,200.0	62,200.0	62,200.0	62,200.0
	UGF	85,870.7	87,200.0	104,700.0	104,700.0	104,700.0	104,700.0	62,200.0	62,200.0	62,200.0	62,200.0	62,200.0
	DGF	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	OTHER	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	FED	1,700.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0