

GENERIC FISCAL PLAN : 2004

FY 2005 CUT GF BUDGET \$250 MILLION TO KEEP DRAW ON CBR TO \$400 MILLION
FY 2006 INSTITUTE ENDOWMENT PLAN FOR PF AND SPLIT DRAW BETWEEN DIVIDEND AND GF
FY 2006+ GF GROWTH AT RATE OF INFLATION
FY 2006+ ADD LIMITED EXCISE TAX AND NEW RESOURCE REVENUES
FY 2006+ USE CBR TO MEET ANY SHORTFALL IN THE GF BUDGET

ANS WEST COAST OIL PRICE

ANS OIL AND NGL PRODUCTION (MILL BARRELS / DAY)

TOTAL FISCAL GAP [MILLION \$]

**BUDGET CUTS BELOW MAINTENANCE
 BROAD BASED TAX [INCOME TAX]
 PF EARNINGS & EARNINGS RESERVE**

**MISC EXCISE TAXES AND RESOURCE \$
 CONSTITUTIONAL BUDGET RESERVE**

PLAN EXPENDITURES =

GENERAL FUND
 PF DIVIDEND ACCOUNT

PLAN REVENUES =

GENERAL FUND
 GF CURRENT SOURCES
 OIL
 NON-OIL
 GF NEW SOURCES
 PF DIVIDEND ACCOUNT

DIVIDEND AMOUNT (\$)

PER CAPITA GF SPENDING (\$)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
ANS WEST COAST OIL PRICE	\$25.28	\$21.67	\$22.00	\$22.00	\$22.00	\$22.00	\$22.00	\$22.00	\$22.00	\$22.00
ANS OIL AND NGL PRODUCTION (MILL BARRELS / DAY)	0.993	0.992	0.962	0.957	0.984	1.031	1.008	1.008	1.008	1.008
TOTAL FISCAL GAP [MILLION \$]	\$551	\$912	\$1,037	\$1,183	\$1,308	\$1,423	\$1,616	\$1,736	\$1,861	\$1,991
BUDGET CUTS BELOW MAINTENANCE	\$0	\$343	\$380	\$419	\$460	\$503	\$549	\$598	\$649	\$704
BROAD BASED TAX [INCOME TAX]	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PF EARNINGS & EARNINGS RESERVE	\$0	\$0	\$619	\$615	\$639	\$677	\$719	\$765	\$815	\$852
MISC EXCISE TAXES AND RESOURCE \$	\$40	\$80	\$82	\$85	\$87	\$90	\$93	\$96	\$98	\$101
CONSTITUTIONAL BUDGET RESERVE	\$511	\$489	-\$44	\$64	\$122	\$152	\$255	\$277	\$298	\$333
PLAN EXPENDITURES =	\$2,990	\$2,546	\$2,731	\$2,790	\$2,879	\$2,984	\$3,096	\$3,213	\$3,336	\$3,449
GENERAL FUND	\$2,299	\$2,050	\$2,112	\$2,175	\$2,240	\$2,307	\$2,377	\$2,448	\$2,521	\$2,597
PF DIVIDEND ACCOUNT	\$691	\$496	\$619	\$615	\$639	\$677	\$719	\$765	\$815	\$852
PLAN REVENUES =	\$2,990	\$2,546	\$2,731	\$2,790	\$2,879	\$2,984	\$3,096	\$3,213	\$3,336	\$3,449
GENERAL FUND	\$2,299	\$2,050	\$2,112	\$2,175	\$2,240	\$2,307	\$2,377	\$2,448	\$2,521	\$2,597
GF CURRENT SOURCES	\$1,748	\$1,481	\$1,454	\$1,411	\$1,392	\$1,388	\$1,310	\$1,310	\$1,310	\$1,310
OIL	\$1,469	\$1,202	\$1,174	\$1,130	\$1,110	\$1,105	\$1,025	\$1,025	\$1,025	\$1,025
NON-OIL	\$279	\$279	\$280	\$281	\$282	\$283	\$285	\$285	\$285	\$285
GF NEW SOURCES	\$551	\$569	\$658	\$764	\$848	\$919	\$1,067	\$1,138	\$1,211	\$1,287
PF DIVIDEND ACCOUNT	\$691	\$496	\$619	\$615	\$639	\$677	\$719	\$765	\$815	\$852
DIVIDEND AMOUNT (\$)	\$1,116	\$794	\$979	\$962	\$989	\$1,036	\$1,089	\$1,146	\$1,207	\$1,248
PER CAPITA GF SPENDING (\$)	\$3,494	\$3,081	\$3,139	\$3,198	\$3,258	\$3,320	\$3,382	\$3,446	\$3,510	\$3,576

TOTAL PERMANENT FUND, START OF YEAR

PF CORPUS, START OF YEAR

+ OIL REVENUES
 + INFLATION PROOF
 + IN FROM EARNINGS RESERVE, UG, & CBR
 +EARNINGS

5 YR TRAILING AVG OF VALUE OF FUND
 DRAW UNDER THIS PLAN

-OUT TO DIVIDEND (PAID AFTER FY)
 -DIRECT TO GF SPEND
 = BAL END OF YEAR

UNREALIZED GAINS, START OF YEAR

+ EARNINGS
 - OUT TO EARNINGS RESERVE WHEN REALIZED
 - OUT TO PF
 = BAL END OF YEAR

EARNINGS RESERVE, START OF YEAR

+ IN FROM UNREALIZED GAINS
 +EARNINGS (PF+ER)
 - PF INFLATION PROOF
 -OUT TO DIVIDEND (PAID AFTER FY)
 -OUT TO PF
 = BAL END OF YEAR

CBR, START OF YEAR

+ REVENUES
 + EARNINGS
 - SPENT
 = BAL END OF YEAR

TOTAL FINANCIAL ASSETS, START OF YR

TOTAL EARNINGS
 NEEDED TO INFLATION PROOF
 NET EARNINGS (NET INFLATION PROOFING)
 -EARNINGS USED
 = TOTAL FINANCIAL ASSETS END OF YR

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
TOTAL PERMANENT FUND, START OF YEAR	\$24,094	\$24,878	\$25,670	\$29,666	\$31,069	\$32,540	\$34,056	\$35,601	\$37,167	\$38,751
PF CORPUS, START OF YEAR	\$22,988	\$23,981	\$24,942	\$29,666	\$31,069	\$32,540	\$34,056	\$35,601	\$37,167	\$38,751
+ OIL REVENUES	\$262	\$209	\$208	\$207	\$208	\$210	\$199	\$187	\$177	\$166
+ INFLATION PROOF	\$731	\$753								
+ IN FROM EARNINGS RESERVE, UG, & CBR	\$0	\$0	\$5,754							
+EARNINGS				\$2,426	\$2,541	\$2,661	\$2,784	\$2,909	\$3,036	\$3,165
5 YR TRAILING AVG OF VALUE OF FUND DRAW UNDER THIS PLAN			\$24,765	\$24,596	\$25,667	\$27,075	\$28,765	\$30,600	\$32,587	\$34,087
-OUT TO DIVIDEND (PAID AFTER FY)			\$1,238	\$1,230	\$1,278	\$1,354	\$1,438	\$1,530	\$1,629	\$1,704
-DIRECT TO GF SPEND			-\$619	-\$615	-\$639	-\$677	-\$719	-\$765	-\$815	-\$852
= BAL END OF YEAR	\$0	\$0	-\$619	-\$615	-\$639	-\$677	-\$719	-\$765	-\$815	-\$852
	\$23,981	\$24,942	\$29,666	\$31,069	\$32,540	\$34,056	\$35,601	\$37,167	\$38,751	\$40,378
UNREALIZED GAINS, START OF YEAR	\$1,106	\$897	\$728	\$0	\$0	\$0	\$0	\$0	\$0	\$0
+ EARNINGS	\$90	\$73	\$59							
- OUT TO EARNINGS RESERVE WHEN REALIZED	-\$299	-\$243	-\$197							
- OUT TO PF			-\$590							
= BAL END OF YEAR	\$897	\$728	\$0							
EARNINGS RESERVE, START OF YEAR	\$791	\$1,617	\$2,706	\$0	\$0	\$0	\$0	\$0	\$0	\$0
+ IN FROM UNREALIZED GAINS	\$299	\$243	\$197							
+EARNINGS (PF+ER)	\$1,949	\$2,095	\$2,262							
- PF INFLATION PROOF	-\$731	-\$753								
-OUT TO DIVIDEND (PAID AFTER FY)	-\$691	-\$496								
-OUT TO PF			-\$5,164							
= BAL END OF YEAR	\$1,617	\$2,706	\$0							
CBR, START OF YEAR	\$2,105	\$1,738	\$1,372	\$1,519	\$1,566	\$1,558	\$1,519	\$1,375	\$1,201	\$996
+ REVENUES	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50
+ EARNINGS	\$94	\$73	\$53	\$61	\$64	\$63	\$61	\$53	\$43	\$32
- SPENT	-\$511	-\$489	\$44	-\$64	-\$122	-\$152	-\$255	-\$277	-\$298	-\$333
= BAL END OF YEAR	\$1,738	\$1,372	\$1,519	\$1,566	\$1,558	\$1,519	\$1,375	\$1,201	\$996	\$745
TOTAL FINANCIAL ASSETS, START OF YR	\$26,990	\$28,233	\$29,748	\$31,186	\$32,635	\$34,098	\$35,576	\$36,976	\$38,368	\$39,747
TOTAL EARNINGS	\$2,133	\$2,241	\$2,374	\$2,487	\$2,604	\$2,724	\$2,845	\$2,962	\$3,080	\$3,197
NEEDED TO INFLATION PROOF	\$810	\$847	\$892	\$936	\$979	\$1,023	\$1,067	\$1,109	\$1,151	\$1,192
NET EARNINGS (NET INFLATION PROOFING)	\$1,323	\$1,394	\$1,482	\$1,552	\$1,625	\$1,701	\$1,778	\$1,853	\$1,929	\$2,004
-EARNINGS USED	-\$890	-\$726	-\$936	-\$1,037	-\$1,142	-\$1,246	-\$1,444	-\$1,570	-\$1,701	-\$1,822
= TOTAL FINANCIAL ASSETS END OF YR	\$28,233	\$29,748	\$31,186	\$32,635	\$34,098	\$35,576	\$36,976	\$38,368	\$39,747	\$41,123

YR END FINANCIAL ASSETS (04 MILL\$)

PERMANENT FUND
 EARNINGS RESERVE
 CBR

TOTAL EXPENDITURES (04 MILL\$)

GENERAL FUND
 PERMANENT FUND DIVIDEND

PER CAPITA EXPENDITURES (04 \$)

GENERAL FUND
 PERMANENT FUND DIVIDEND

PERMANENT FUND	\$28,233	\$28,175	\$29,395	\$29,866	\$30,296	\$30,688	\$30,967	\$31,197	\$31,377	\$31,517
EARNINGS RESERVE	\$24,878	\$24,216	\$27,963	\$28,433	\$28,911	\$29,377	\$29,815	\$30,220	\$30,590	\$30,946
CBR	\$1,617	\$2,627	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL EXPENDITURES (04 MILL\$)	\$2,990	\$2,472	\$2,574	\$2,553	\$2,558	\$2,574	\$2,593	\$2,612	\$2,633	\$2,643
GENERAL FUND	\$2,299	\$1,990	\$1,990	\$1,990	\$1,990	\$1,990	\$1,990	\$1,990	\$1,990	\$1,990
PERMANENT FUND DIVIDEND	\$691	\$482	\$584	\$563	\$568	\$584	\$602	\$622	\$643	\$653
PER CAPITA EXPENDITURES (04 \$)	\$4,610	\$3,762	\$3,882	\$3,807	\$3,774	\$3,757	\$3,744	\$3,733	\$3,724	\$3,698
GENERAL FUND	\$3,494	\$2,992	\$2,959	\$2,927	\$2,895	\$2,864	\$2,832	\$2,802	\$2,771	\$2,741
PERMANENT FUND DIVIDEND	\$1,116	\$771	\$923	\$880	\$879	\$894	\$912	\$931	\$953	\$957

JOBS IMPACT

+GF SPENDING
 + DIVIDEND
 - HOUSEHOLD TAXES
 = EMPLOYMENT FROM GOVT
 CHANGE FROM 2004

+GF SPENDING	37,925	32,832	32,832	32,832	32,832	32,832	32,832	32,832	32,832	32,832
+ DIVIDEND	6,737	4,701	5,693	5,490	5,540	5,696	5,875	6,068	6,274	6,372
- HOUSEHOLD TAXES	0	0	0	0	0	0	0	0	0	0
= EMPLOYMENT FROM GOVT	44,662	37,533	38,526	38,322	38,372	38,528	38,708	38,900	39,106	39,204
CHANGE FROM 2004		-7,129	-6,136	-6,340	-6,289	-6,133	-5,954	-5,761	-5,556	-5,458
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
DIVIDEND ACCOUNT IF BUSINESS AS USUAL	\$691	\$496	\$422	\$581	\$752	\$907	\$1,026	\$1,130	\$1,222	\$1,344
DIVIDEND IF BUSINESS AS USUAL	\$1,116	\$794	\$667	\$909	\$1,164	\$1,388	\$1,553	\$1,692	\$1,810	\$1,969
"BUSINESS AS USUAL" OR DRAW DOWN THE CBR ALTERNATIVE										
CBR START OF YEAR	\$2,105	\$1,671	\$852	-\$138	-\$1,328	-\$2,710	-\$4,283	-\$6,138	-\$8,216	-\$10,534
REVENUES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
EARNINGS	\$117	\$93	\$48	-\$8	-\$74	-\$151	-\$239	-\$342	-\$458	-\$587
SPENT (MAINTENANCE BUDGET - GF REV)	\$551	\$912	\$1,037	\$1,183	\$1,308	\$1,423	\$1,616	\$1,736	\$1,861	\$1,991
CBR END OF YEAR	\$1,671	\$852	-\$138	-\$1,328	-\$2,710	-\$4,283	-\$6,138	-\$8,216	-\$10,534	-\$13,112
ITEM: GF SPENDING--BUSINESS AS USUAL	\$2,299	\$2,393	\$2,491	\$1,411	\$1,392	\$1,388	\$1,310	\$1,310	\$1,310	\$1,310
ITEM: PC GF SPENDING--BUSINESS AS USUAL	\$3,494	\$3,597	\$3,704	\$2,075	\$2,025	\$1,997	\$1,864	\$1,844	\$1,824	\$1,804
ITEM: REAL PC GF SPENDING--BUSINESS AS USUAL	\$3,494	\$3,493	\$3,491	\$1,899	\$1,799	\$1,723	\$1,561	\$1,499	\$1,440	\$1,383
EMPLOYMENT MULTIPLIERS										
GF SPENDING	16.5	16.0	15.5	15.1	14.7	14.2	13.8	13.4	13.0	12.6
DIVIDEND	9.8	9.5	9.2	8.9	8.7	8.4	8.2	7.9	7.7	7.5
HOUSEHOLD TAXES	8.9	8.6	8.4	8.1	7.9	7.7	7.4	7.2	7.0	6.8
WAGE AND SALARY JOBS --										
JOBS INDEPENDENT OF STATE SPENDING THIS SCENARIO	260.0	263.9	267.9	271.9	276.0	280.1	284.3	288.6	292.9	297.3
BUSINESS AS USUAL CUT BUDGET SCENARIO	304.7	301.4	306.4	310.2	314.3	318.6	323.0	327.5	332.0	336.5
	304.7	306.9	310.5	298.4	302.9	307.5	310.8	315.1	319.4	323.9
INFLATION										
DISCOUNT FACTOR (2004 = 1)	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
	1.000	0.971	0.943	0.915	0.888	0.863	0.837	0.813	0.789	0.766
LONG TERM FINANCIAL ASSETS										
NOMINAL RATE OF RETURN	8.2%	8.2%	8.2%	8.2%	8.2%	8.2%	8.2%	8.2%	8.2%	8.2%
REAL RATE OF RETURN	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
SHORT TERM FINANCIAL ASSETS										
NOMINAL RATE OF RETURN	5.6%	5.6%	5.6%	5.6%	5.6%	5.6%	5.6%	5.6%	5.6%	5.6%
REAL RATE OF RETURN	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
POPULATION										
PF DIV ELIGIBLE POPULATION (000)	618.6	625.4	632.2	639.2	646.2	653.3	660.5	667.8	675.1	682.6
ALASKA POPULATION	658.0	665.3	672.6	680.0	687.5	695.0	702.7	710.4	718.2	726.1
REAL PER CAPITA TAXABLE INCOME GROWTH	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
BLENDING NOMINAL RATE OF RETURN ON ASSETS	7.90%	7.94%	7.98%	7.98%	7.98%	7.99%	8.00%	8.01%	8.03%	8.04%
BLENDING REAL RATE OF RETURN ON ASSETS	4.76%	4.79%	4.84%	4.83%	4.84%	4.84%	4.85%	4.87%	4.88%	4.90%
GF EXPENDITURES AT MAINTENANCE LEVEL (BAU)	\$2,299	\$2,393	\$2,491	\$2,594	\$2,700	\$2,811	\$2,926	\$3,046	\$3,171	\$3,301
CUTS FROM MAINTENANCE LEVEL (BAU) BUDGET	\$0	\$343	\$380	\$419	\$460	\$503	\$549	\$598	\$649	\$704
GF EXPENDITURES AT CONSTANT NOMINAL LEVEL GAP WITH NO GF SPENDING GROWTH	\$2,299	\$2,299	\$2,299	\$2,299	\$2,299	\$2,299	\$2,299	\$2,299	\$2,299	\$2,299
	\$551	\$818	\$845	\$888	\$907	\$911	\$989	\$989	\$989	\$989
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013

GENERIC FISCAL PLAN NOTES : 2004

PARAMETER ASSUMPTIONS	5.0%	REAL RATE OF RETURN ON LONG TERM INVESTMENTS
	2.5%	REAL RATE OF RETURN ON SHORT TERM INVESTMENTS
	94.0%	SHARE OF POPULATION ELIGIBLE FOR PFD
	100%	SHARE OF INFLATION ALLOWED IN BUDGET GROWTH UNDER CAP
	25%	SHARE OF UNREALIZED GAIN TAKEN AS EARNINGS EACH YEAR
	1.1%	PFD POPULATION GROWTH RATE
	1.1%	TOTAL POPULATION GROWTH RATE
	3.0%	ANNUAL INFLATION RATE

DATA SOURCES	GENERAL FUND REVENUE	CURRENT SOURCES	ADOR, SPRING 2003 P 20
	GENERAL FUND APPROPRIATIONS IN 2004		OMB Scenario, 6/12/03
	PF EARNINGS		APFC Financial Projections as of 6/30/03
	PF DEDICATED REVENUES		APFC Financial Projections as of 6/30/03
	PF VALUE		APFC Financial Projections as of 6/30/03
	PF DIVIDEND ACCOUNT PROJECTION BAU		APFC Financial Projections as of 6/30/03
	OIL PRODUCTION AND PRICE		ADOR, SPRING 2003 P 17

STATE FINANCIAL ASSETS START OF FY 2004	\$26,990	
PERMANENT FUND	\$22,988	APFC Financial Projections as of 6/30/03
UNREALIZED GAINS	\$1,106	APFC Financial Projections as of 6/30/03
EARNINGS RESERVE (before pfd payment)	\$791	APFC Financial Projections as of 6/30/03
CONST BUDGET RESERVE	\$2,105	OMB Scenario, 6/12/03

PAST PF EARNINGS AND BALANCE FOR DIVIDEND CALCULATION									
YEAR	97	98	99	0	1	2	3	4	5
PF EARNINGS	\$2,036	\$2,595	\$2,544	\$2,222	\$1,199	\$257	\$355	\$694	\$1,193
VALUE OF CORPUS AT START OF YEAR			\$18,516	\$19,001	\$20,015	\$21,047	\$21,884	\$22,988	\$23,252
VALUE INCLUDING ER AND UNREALIZED GAINS			\$23,876	\$25,132	\$26,516	\$24,814	\$23,525	\$24,194	\$25,817

EMPLOYMENT MULTIPLIERS : JOBS PER MILLION \$ (REAL) SPENDING	1999\$	2002\$	2004\$
GF SPENDING	18.6	17.532	16.5
DIVIDEND	11	10.369	9.8
HOUSEHOLD TAXES	10	9.426	8.9
CONVERSION FACTOR		0.943	0.9409

EMPLOYMENT IMPACT PROJECTIONS	
WAGE AND SALARY JOB GROWTH NET OF STATE GOVERNMENT	1.5%
NUMBER OF WAGE AND SALARY JOBS NET OF STATE GOVT & DIVIDEND	260