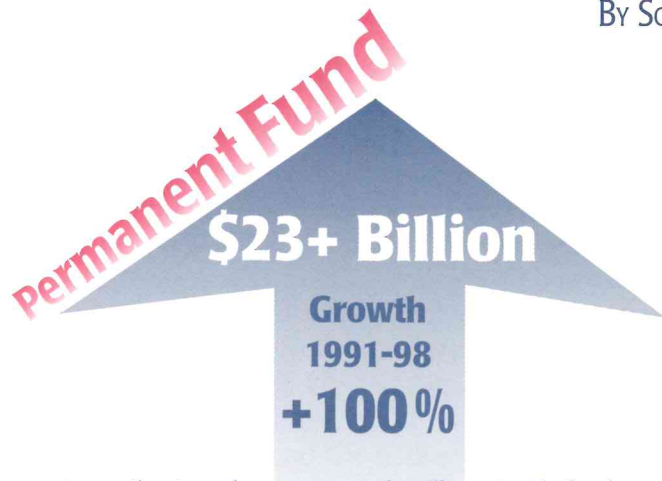


FISCAL POLICY PAPERS

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FROM OIL TO ASSETS: MANAGING ALASKA'S NEW WEALTH

BY SCOTT GOLDSMITH



Low oil prices always capture headlines in Alaska, because the state government has run mostly on oil revenues for 20 years. So the slide in oil prices this year has once again made us think Alaska is becoming poor, and we worry about more budget cuts and an economic downturn.

But two big changes in recent years make Alaska's current fiscal condition better than it might seem:

- *The Permanent Fund has grown faster than we expected.* It's nearly doubled since 1991, reaching more than \$23 billion. Fund earnings are now the largest source of state revenues.

- *General Fund spending has dropped more than we realize.* At \$2.3 billion, spending is \$1 billion less than it would have been, if it had grown with population and inflation since 1991.

- *The fast growth in the Permanent Fund and the drop in General Fund spending mean that the state can indefinitely sustain the current level of spending.* In 1998 that's \$2.3 billion for the General Fund and \$850 million for Permanent Fund dividends.

How can we say that, when there was a \$420 million General Fund deficit this year? Our estimate of sustainable spending is based on the revenue-generating capacity of the state's three largest assets: oil reserves, the Permanent Fund, and the Constitutional Budget Reserve. Revenues from those assets are available for broad government purposes—so we think of them collectively as “general purpose” revenues.

Prudent management of those assets (together with non-oil General Fund revenues) can yield about \$3.2 billion in annual revenues. By “prudent” we mean getting the maximum rate of return and reinvesting enough of the Permanent Fund earnings to offset the decline in the value of the oil reserves.

Sustainable revenues (and spending) are higher than we estimated a few years ago. And with a growing share of revenues from asset earnings, the state has the chance to make its year-to-year revenue flow more stable. Still, despite this good news, problems remain.

The state's fiscal policy has been to divide general purpose revenues into two categories: oil revenues have mostly paid General Fund expenses, and Permanent Fund earnings have been used to pay dividends to Alaskans (as well as to inflation-proof and build the fund balance). Low oil prices gouged a hole in the General Fund budget in 1998, while a strong stock market boosted Permanent Fund earnings.

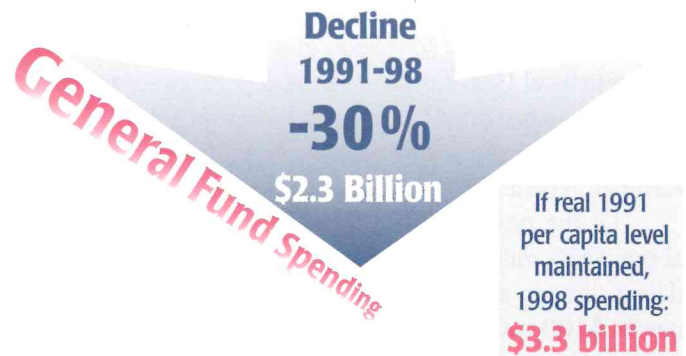
But even aside from temporarily low oil prices and a booming stock market, the long-term trends are down for oil revenues and up for Permanent Fund earnings. Those diverging trends can get us into trouble, if we're not careful:

- *The state can't afford to spend more than \$3.2 billion from its combined oil and non-oil revenues and financial assets each year, or risk depleting them.*

- *Permanent Fund dividends will keep growing with earnings—pushing total spending above \$3.2 billion, unless real (adjusted for inflation) per capita General Fund spending keeps falling.*

- *A growing population and economy will increase demand for General Fund spending for services and infrastructure.* But with no change in state fiscal policy, real per capita General Fund spending will continue to drop.

In the following pages we discuss in more detail the good financial news for Alaska and how we estimate “sustainable” spending. We also look at the choices Alaska has for keeping its finances healthy in the long run.



REVENUES AND EXPENDITURES, 1998

Most state government revenues that are general purpose—that is, not earmarked for specific uses—are in three funds: the General Fund, the Constitutional Budget Reserve, and the Permanent Fund's Earnings Reserve.¹ Table 1 shows estimated revenues and expenditures for those funds in fiscal year 1998 (July 1997 through June 1998).

General Fund

The General Fund is the main source of money for state government services.² Roughly equal shares go to agency operations and to formula programs that benefit local governments, school districts, and individual Alaskans. Smaller shares go to pay for capital projects and debt service on bonds.

Since 1977, when North Slope oil production started, between 75 and 90 percent of annual General Fund revenues have come from oil. As a result, revenues have fluctuated frequently and often dramatically with the price of oil.

Other General Fund revenues consist of the corporate income tax, natural resource taxes (mostly from the seafood industry), sales and use taxes (mainly motor fuel and tobacco), licenses and permits, and miscellaneous charges for services. Finally, the fund also generates some earnings—as the revenues sit in the fund, before the state pays its bills.

The General Fund will have a deficit of around \$420 million this year, assuming revenues of about \$1.9 billion and spending of around \$2.3 billion. The shortfall is due to lower than average oil prices, which have reduced the state's oil income. The state will cover this deficit by transferring money from the Constitutional Budget Reserve, as it has done previously when General Fund revenues fell short.

Constitutional Budget Reserve

The Constitutional Budget Reserve is an account the legislature created to act as a shock absorber—to help stabilize the budget when General Fund revenues fluctuate. Settlements from tax and royalty disputes with the oil companies are deposited in the reserve. It has a current balance of about \$3 billion.

When the price of oil is low, as it is this year, transfers from the reserve allow the state to maintain a stable level of government services. If oil prices rose unexpectedly high, surplus revenues from the General Fund could repay the reserve.

An estimated \$270 million in settlements will go into the reserve in fiscal 1998, but future settlement revenues are expected to be less—since most tax disputes have now been settled. The reserve is also expected to generate more than \$300 million in earnings in fiscal 1998.

Of the nearly \$600 million in total revenues this year, about \$420 million will be used to cover the General Fund deficit, leaving about \$200 million to augment the reserve—nearly \$100 million to offset inflation and \$100 million to increase the reserve balance.

Permanent Fund

The Permanent Fund is an account Alaskans created in 1976 to save some of the revenues from North Slope oil production. This year, an estimated \$200 million in royalties on current oil production will go into the Permanent Fund.

The fund balance—more than \$23 billion—is now so large that fund earnings are much larger than additions from current oil production. This year's fund earnings are projected to be about \$2.2 billion. That's higher than we'd expect in an average year, because the U.S. stock market has been unusually strong for several years. Stocks make up about half the fund's holdings, and they've become by far the biggest source of earnings.

The Alaska constitution prohibits the legislature from spending Permanent Fund principal, but fund earnings can be appropriated. Over the years fund earnings have been used for three purposes: paying Permanent Fund dividends; protecting the fund from inflation; and adding to the fund principal. Permanent Fund dividends are annual cash payments the state makes to all Alaska residents. How large the payments are each year depends on average fund earnings for the previous five years.

Table 1 shows that in 1998 the state expects to spend about \$850 million of the earnings for Permanent Fund dividends. About \$400 million will be used to protect the fund from inflation; this is a formal addition to the fund principal to offset the loss in buying power from inflation. At the legislature's discretion, the remaining \$1.2 billion in Permanent Fund earnings may either be added to the fund principal (which cannot be spent) or left in a special account within the fund called the Earnings Reserve, where it would be available for spending.

All General Purpose Funds

Consolidating the revenues and expenditures of these three funds gives us a picture of the state's overall fiscal health.

- The state expects to collect \$5 billion in general purpose revenues in fiscal 1998 (Table 1). That's \$500 million more than estimated last fall (as shown in the box at the bottom of page 3). Permanent Fund earnings increased by \$750 million more than expected, while oil prices fell throughout the year.
- Despite a deficit in the General Fund, combined revenues in the three general purpose funds are expected to exceed expenditures in fiscal 1998 by \$1.8 billion.
- Earnings of the state's financial accounts will exceed oil revenues by an estimated \$800 million in fiscal 1998.
- Of the \$1.8 billion revenue surplus, about \$500 million will be plowed back into the Permanent Fund and the Constitutional Budget Reserve, to offset the effects of inflation. That's \$150 million less than expected last fall, since the inflation rate has fallen.
- The remaining \$1.3 billion in revenues represents an increase in the value of our financial assets—primarily the Permanent Fund but also the Constitutional Budget Reserve.

Table 1. Revenues, Expenditures, and Changes in Assets, General Purpose Funds, 1998
(In Millions of Dollars)

	General Fund	Constitutional Budget Reserve	Permanent Fund	Total, All Funds
Revenues	\$1,894	\$612	\$2,474	\$4,980
Oil Revenues ^a	\$1,371	\$273	\$208	\$1,852
Other Revenues	\$460	\$3	\$23	\$487
Earnings ^b	\$63	\$336	\$2,243	\$2,642
Expenditures	\$2,313		\$848	\$3,161
State agency operations	\$1,070			\$1,070
Formulas and Transfers	\$1,081			\$1,081
Capital and Miscellaneous Exp.	\$162			\$162
Perm. Fund Dividend			\$848	\$848
Fund Surplus or Deficit	(\$419) ^c	\$612	\$1,626	\$1,819
Transfer-CBR to GF	\$419	(\$419)		—
Remaining Revenues				
Inflation-Proofing		\$84 ^d	\$422	\$506
Additions to Assets		\$109	\$1,204	\$1,313

^a Based on an average oil price of \$16.30 per barrel, estimated by the Alaska Department of Revenue, Spring 1998. Includes settlements.

^b Net earnings, excluding any change in unrealized gains.

^c Deficit in General Fund covered by transfer from Constitutional Budget Reserve (CBR).

^d Author's estimate of the cost of inflation-proofing the CBR, which is not required by law but is necessary to retain value.

Source: Alaska Department of Revenue, Revenue Sources Book, Spring 1998

Change in FY 1998 Revenue Forecast from Fall 1997 to Spring 1998

Twice a year—in the fall and the spring—the Alaska Department of Revenue projects how much oil and other revenue the state government can expect for that fiscal year, based on estimated oil prices, investment earnings, and other factors. Below are the major changes from the Fall 1997 forecast to the Spring 1998 forecast (in million of dollars, except for oil prices).

	Fall 1997	Spring 1998	Change
Oil Price	\$18.11/barrel	\$16.30/barrel	-\$1.81/barrel
Revenues			
Oil Revenues	\$2,096	\$1,852	-\$244
Fund Earnings	\$1,887	\$2,642	+\$755
Total Revenues	\$4,512	\$4,980	+\$468
Expenditures			
Permanent Fund Dividend	\$790	\$848	+\$58
Remaining Revenues			
Inflation Proofing	\$640	\$506	-\$134
Additions to Assets	\$770	\$1,313	+\$543

SUSTAINABLE REVENUES AND EXPENDITURES

We just looked at how much the state government expects to collect, spend, and add to its financial assets in 1998. But there's a broader question than just how the state is doing this year: are state expenditures and savings achieving a good balance between the current and future revenue needs of Alaskans?

One way to answer that question is to examine whether the current balance of expenditures and savings will let us continue to spend \$3.2 billion annually in future years. If total state assets are growing, then we're essentially expanding future opportunities and keeping current expenditures lower than we need to. If, on the other hand, total state assets are declining, then we're taking from the future to pay for the present.

Just a few years ago, Alaska was clearly spending more than the sustainable rate—a problem we examined in past *Fiscal Policy Papers*. But for reasons we'll explain, we believe the current expenditure level of \$3.2 billion is sustainable. That means if the state manages its assets prudently, it can enjoy annual income of \$3.2 billion indefinitely.

The state's biggest assets are its remaining oil in the ground, the Permanent Fund, and the Constitutional Budget Reserve. Together they have a current value of about \$51 billion.

Oil in the Ground

For more than 20 years the dominant public asset in Alaska has been the state's share (in royalties and taxes) of oil in the ground. Today that share is worth roughly \$25 billion. This is the estimated sum of all the revenue the state will receive from oil in future years. It depends primarily on how much oil is ultimately produced and its price.

Our estimate of future oil revenues assumes that oil production will decline 2 percent annually and that the real (inflation adjusted) long-term price will be \$18 per barrel.

Our assumed rate of decline is only about half the rate at which production has actually dropped since peaking in 1988. But recent events suggest that production won't decline as fast as previously thought, and that oil will make continuing contributions to the Alaska economy for decades to come. Our assumed \$18 per barrel price—while higher than the current price—is about the average real price for the past decade and is therefore a reasonable basis for long-term planning.

The oil in the ground can't permanently generate as much revenue as it produces today, since revenues are falling with declining production. But even a nonrenewable asset like oil can produce sustainable income, if the state converts some oil revenues into a long-term financial asset (see adjacent box).

We estimate the sustainable revenue from oil is \$1.25 billion a year, assuming a real (adjusted for inflation) rate of return of 5 percent on the share of oil revenues that will be deposited in the Permanent Fund.

Financial Assets

The current balance of the Permanent Fund is above \$23 billion (including the Earnings Reserve) and the balance of the Constitutional Budget Reserve is \$3 billion. At a 5 percent real annual rate of return (the average for the Permanent Fund, except for the last few unusually high years), those funds together can generate \$1.3 billion in annual earnings—in addition to what we need for inflation-proofing.

Total Sustainable Revenues

Oil and financial assets together can generate about \$2.55 billion in annual revenues, if the value of those assets remains constant. Other General Fund revenues from miscellaneous sources add about \$500 million to state coffers each year. That brings sustainable general purpose revenues to about \$3.05 billion—close to this year's estimated \$3.2 billion in expenditures. Alaska can, if it protects its assets, sustain roughly \$3.2 billion of annual spending as far as we can see into the future.

It's not an exact match; we don't pretend to predict the future with that much accuracy. Our sustainable revenue figure should be taken as a guideline rather than a precise number.

Our estimate is based on assumptions about oil prices, production levels, and returns on investments. The box below Table 2 shows how sensitive sustainable revenues are to changing conditions. Notice that the level of sustainable revenue is more sensitive to a 1 percent change in the real return on assets than it is to a permanent \$1 change in the price of oil.

Oil production and price are pretty much beyond the state's control. But the state can influence investment returns and exercise some control over sustainable revenues. And as time passes, oil production and price will have less and less influence on sustainable revenues, while the rate of return on assets will have more and more.

Maintaining the Value of Oil




If we're pumping more oil out of the ground than we're adding to the oil reserves, how can we keep the value of the oil constant? The answer is that we need to add enough to the Permanent Fund (or other financial assets) to offset the reduced value of the oil still in the ground.

In an average year, when the price of oil is about \$18 per barrel and the real rate of return (adjusted for inflation) on assets is 5 percent, the state will have about \$500 million in revenues left over, after sustainable expenditures of \$3.2 billion and inflation-proofing of the assets.

That \$500 million is about the amount the state needs to add, on average, to its financial assets each year—to maintain the total value of all assets. In an average year, about \$200 million would come from dedicated oil revenues and \$300 million from reinvestment of earnings (in addition to what is needed for inflation-proofing).

Of course in some years the addition will be larger or smaller than \$500 million. This year's addition will be larger—\$1.3 billion—because the booming stock market is creating high fund earnings. Next year the addition is expected to drop to about \$100 million, because oil revenues are forecast to remain below normal and fund earnings are forecast to fall back to normal.

Table 2. Sustainable Revenue and Expenditure Level From Current Sources
(In Billions of Dollars)

	Approximate Current Value	Annual Sustainable Revenues
 State Assets		
Oil in the ground (State share)	\$25	\$1.25
 Permanent Fund	\$23	\$1.15
 Const. Budget Reserve	\$3	\$1.50
Total Assets	\$51	\$2.55
Other General Fund Revenue Sources		\$487
TOTAL SUSTAINABLE REVENUES AND EXPENDITURES		\$3.037
Assumptions Used in Analysis		
Oil price per barrel		\$18
State revenue per barrel		\$3.50
Annual rate of decline, oil production		2%
Real rate of return on assets		5%

Sensitivity of Sustainable Revenue Estimate to Assumptions
(In Billions of Dollars)

	Change Rate of Production Decline		Change Rate of Return		Change Oil Price (per barrel)	
	Rate	Revenues	Rate	Revenues	Price	Revenues
	0%	\$3.543	2%	\$1.905	\$15	\$2.612
	1%	\$3.249	3%	\$2.328	\$16	\$2.754
Assumptions in Analysis	2%	\$3.037	4%	\$2.697	\$17	\$2.895
	3%	\$2.875	5%	\$3.037	\$18	\$3.037
	4%	\$2.751	6%	\$3.352	\$19	\$3.179
	5%	\$2.653	7%	\$3.657	\$20	\$3.320

How Are Sustainable Revenues Affected by a \$1 Change in Oil Prices?

A \$1 change, either up or down, from the long-term average oil price—about \$18 per barrel—that lasts for one year changes state oil revenues for that year by about \$100 million. But if the price moves back to the long-term average the following year, the effect on sustainable revenues is only about \$5 million per year. So the constant fluctuations in oil prices shouldn't be a cause for concern, unless they represent a shift in underlying market conditions.

WHAT HAS CHANGED?

What has changed since 1994, when we last looked at the state's fiscal condition? Good news: sustainable revenues have increased and General Fund spending has decreased. That means expenditures at the current level—\$3.2 billion for the General Fund and Permanent Fund dividends combined—can be sustained far into the future.

Higher Sustainable Revenues

Sustainable revenues are higher due to rapid growth of the Permanent Fund; a modest increase in non-oil revenues (although there have been no significant revenues from new economic development); and slower than expected decline in oil production.

GROWTH OF THE PERMANENT FUND

Rapid growth of the Permanent Fund is the main reason the state's assets can sustain higher revenues. In 10 years, from 1988 to 1998, fund assets increased from \$9.3 billion to over \$23 billion. That's an increase of nearly 150 percent. Figure 1 shows what contributed to that fast rise:

Dedicated oil revenues—the share of current oil revenues that by law is deposited in the Permanent Fund—added about \$2.9 billion.

Inflation proofing—which protects the Permanent Fund against rising prices—contributed \$4.3 billion to growth.

Retained earnings—including unrealized capital gains, appropriations from the Earnings Reserve to fund principal, and the amount held in the Earnings Reserve—accounted for a total of \$6.5 billion of Permanent Fund growth. Unrealized capital gains are increases in the value of stocks held in the fund, over the price the state paid for those stocks.

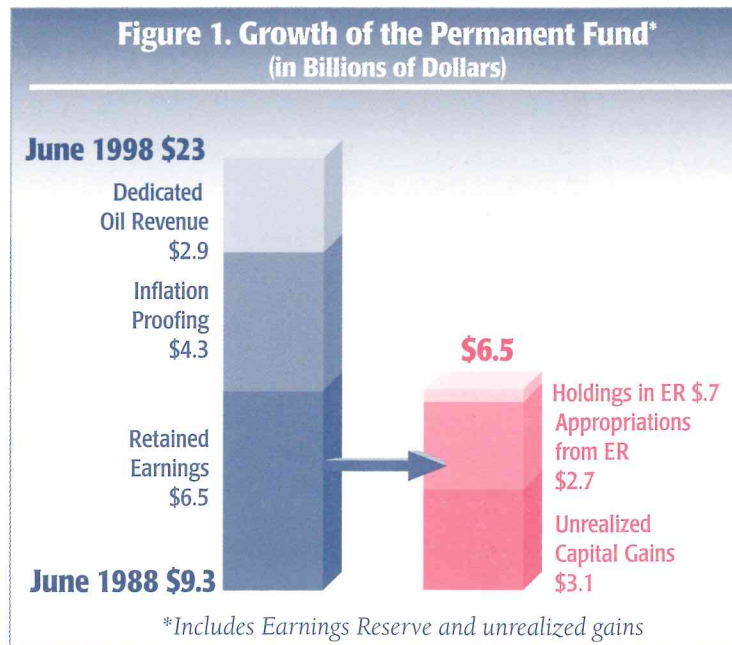
The Earnings Reserve is a special account within the Permanent Fund, where dividends and interest from stocks and bonds and profits from sale of stocks and bonds are deposited. Inflation-proofing and Permanent Fund dividend payments come out of this reserve. Over the years, most of the remaining earnings have been deposited in the Permanent Fund principal. Generally, some earnings are left in the reserve, in case future earnings aren't enough to inflation-proof the fund.

MODEST INCREASE IN NON-OIL REVENUES

Non-oil revenues have increased modestly—but only in the past few years have they again become as large as they were a decade ago, adjusted for inflation. They've grown mostly because of new excise taxes and increases in some licenses and fees, as well as dividends from several state corporations. No significant revenues have been added by new development.

LESS DECLINE IN OIL PRODUCTION

Finally, the slower than expected decline in oil production since the peak in 1988 has meant less decline in oil revenues.



Production has declined an average 4 percent annually, making today's oil production 64 percent of what it was at the peak. In 1988, analysts projected 1998 production would be only 43 percent of the peak.

Lower General Fund Spending

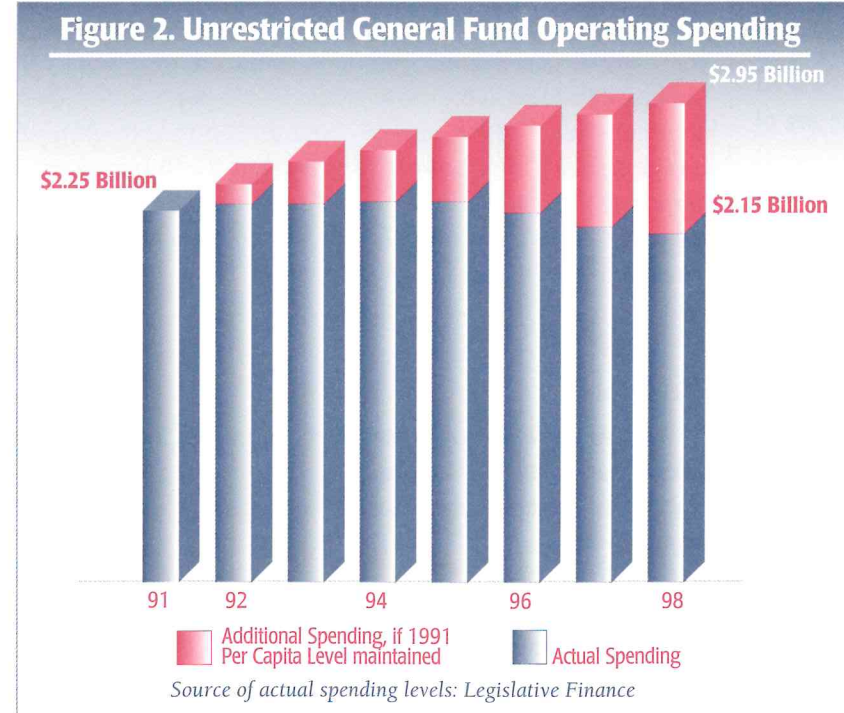
In the 1980s, state General Fund spending increased at a rate faster than inflation and population growth. But in the early 1990s there was a sharp break in that trend.

General Fund spending for public services not only stopped growing with prices and population—it actually declined. Since 1991 real (adjusted for inflation) per capita spending for operations has dropped 27 percent. Real state per capita spending for capital projects has dropped even more—65 percent.

The results have been dramatic. If the operating budget had continued to grow at the combined rates of inflation and population growth since 1991, today it would have been about \$2.95 billion. The actual 1998 operating budget is \$2.15 billion—\$800 million less. Of that \$800 million in savings, nearly \$700 million comes from not keeping up with population growth and inflation. The rest comes from budget cuts that have dropped the current budget about \$100 million below what it was in 1991, with no adjustment for inflation.³ (Figure 2.)

Not funding inflation and population growth in the operating budget has saved the state more than \$3 billion (in 1998 dollars) since 1991. Savings are even bigger if we include cuts in the budget for capital projects. These savings were funneled into our financial assets.

At the same time, saving that much came at a cost to public services. Some programs were eliminated or restructured, while others stretched existing dollars to cover growing demand. Also, the state shifted more of the costs of providing public services back to local governments.



TAKING STOCK OF OUR SITUATION

A *Fiscal Policy Paper* published in 1992 introduced what we called the Safe Landing Strategy—a combination of budget cuts, Permanent Fund earnings, new revenue sources, economic development, and transition funds to help Alaska move toward a smaller public sector as oil revenues declined.⁴

Budget cuts, fast growth in the earnings potential of financial assets, the establishment of the Constitutional Budget Reserve, and use of some new revenue sources have combined to move us a long way toward the Safe Landing flight path. We need to continuously monitor our fiscal situation to keep from veering off course or crash landing. Some of the challenges we face in the coming years are discussed below.

(1) *We cannot increase general purpose expenditures (General Fund spending plus Permanent Fund dividends) from current revenue sources without reducing opportunities and options for future generations of Alaskans.*

We've shown that the state can sustain the current level of general purpose spending (adjusted over time for inflation). But increasing either General Fund spending or Permanent Fund dividends by just taking a bigger draw from the earnings of state assets is likely to deplete those assets over time. That means we'd be leaving future Alaskans a smaller asset base, with smaller sustainable revenues. Many Alaskans today wish the state had spent less and saved more in the 1980s, so that today we'd have larger assets from the oil boom generation.

For several reasons, it will become increasingly difficult to maintain the discipline to keep our assets intact for the next generation. A growing population and an expanding economy will put increasing pressure on the General Fund budget, as

demand for public services and infrastructure grows. But under our current fiscal policy, no new revenues will be forthcoming to finance these requirements. Also, because Permanent Fund dividends are calculated as a share of fund earnings, dividends will continue to grow as an ever-larger share of state wealth is concentrated in the Permanent Fund. Finally, Alaskans disagree about how much we need to pass on to the next generation—and the next generation isn't here to make its own case.

(2) *Continuing to segregate General Fund revenues and Permanent Fund earnings creates confusion about the state's fiscal health and the allocation of public resources.*

As oil production drops, General Fund revenues will keep declining, because they are mostly made up of oil revenues. At the same time, the Permanent Fund will keep growing and generating bigger earnings. Assessing the fiscal health of the state by looking only at declining General Fund revenues—while ignoring growing asset earnings—gives the false impression that the state is getting poorer when in fact we are sustaining our asset base.

We need to make decisions about how best to allocate public resources by considering all our resources, rather than just one part. Looking at revenues and expenditures from the General Fund, the Permanent Fund, and the Constitutional Budget Reserve together helps us focus on how to allocate our available general purpose revenues between spending for government services; funding dividend payments; and saving for the future. It also gives us a better idea of whether we need to think about imposing new taxes.

(3) *Maximizing earnings from state assets is the most important way to maximize state revenues.*

Alaska now gets more of its general purpose revenues from asset earnings than from oil production—and earnings will become more dominant as time goes on. So getting the maximum return from our financial assets has to take center stage in any long-term fiscal strategy. Increasing the rate of return on the \$23-billion Permanent Fund by 1 percent, for instance, would produce about the same amount of state revenue as would imposing a personal income tax.

The best way to get the highest return is through a long-term portfolio management technique involving some predetermined level of risk—which can result in sharp variations in the rate of return from year to year.

(4) *General purpose revenues will continue to be volatile, but we can control that volatility if we choose.*

Fluctuating oil prices have caused tremendous instability in state revenues over the past two decades. In the early 1980s a \$1 drop in the price of a barrel of oil cut annual state revenues by \$200 million.

Lower oil prices and production have reduced that drop to about \$100 million for each \$1 drop in oil prices. But falling oil prices this year still cost the state a significant share of General Fund revenues and caused worries about the appropriate size of the budget.

The Constitutional Budget Reserve provides a cushion when oil prices drop, but state policy continues to be reactive. Our decisions are heavily influenced by the oil price at the moment. In retrospect, this has been a costly policy, creating uncertainty and instability. Also, trying to keep ahead of oil price fluctuations has diverted our attention from more important issues.

Now more of the state's revenues are from asset earnings—which, as recent events show, can be even more volatile than oil revenues. But that volatility, which is a normal part of managing assets for the highest return, doesn't have to inject instability into the annual budget process. We can insulate the budget process if we choose—and thereby free it from much of the uncertainty that has dogged it over the past 20 years.

Whatever method we use to stabilize the annual budget process should take into account the level of sustainable revenues that state assets can contribute—on average, over time—to total general purpose revenues.

We may choose to stabilize annual revenues at a level that will allow us to continue spending at that level indefinitely. Alternatively, we may choose a higher level of spending that gradually depletes our assets—or a lower level that increases assets for future generations. But we can't make any choice without first determining the sustainable level of revenues.

WHAT NEXT?

We've raised some questions about how the state will balance its budget in the coming years, as the population grows, the economy expands, and oil revenues continue to drop. In the next *Fiscal Policy Paper* we'll investigate the implications of imposing personal income or sales taxes; reallocating some earnings that go to Permanent Fund dividends; or allowing the General Fund budget to keep dropping.

Endnotes

1. While we include revenues from the Constitutional Budget Reserve under "general purpose" revenues, they are more difficult to access, since three fourths of each house of the legislature must approve spending them.
2. Federal receipts are the next largest source, followed by numerous categories of program receipts, revenues from the marine highway and airports, university restricted funds, and many other smaller funds with restricted purposes.
3. During this time a modest amount of spending was also shifted from the General Fund into restricted funds.
4. *Fiscal Policy Paper No. 7, July 1992*, by Scott Goldsmith, Institute of Social and Economic Research, University of Alaska Anchorage.

Editor: Linda Leask; Designer: Clemencia Merrill. Alexandra Hill of ISER also contributed to this paper.



Institute of Social and Economic Research
University of Alaska Anchorage
G. Williamson McDiarmid, Director
3211 Providence Drive
Anchorage, Alaska 99508
(907) 786-7710

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