

Balanced Budget Plan Assumptions

Investment Assumptions

- 8.13% Total Return for the Permanent Fund
- 6.08% Return on the Constitutional Budget Reserve (CBR)

Dividend Assumptions

- 1999 Dividend: (Paid in Oct 1999) Use the Current Calculation - estimated to be \$1,740.00.
- 2000 Dividend: (Paid in Oct 2000) Same as 1999 if voters approve resolution & legislature enacts appropriate legislation.
- Dividends Thereafter: 50% of the 5.88% Payout

Payout Assumptions

- 5.88% of a rolling lagged average of the total balance of the CBR, Earnings Reserve, Unrealized Gains, & Permanent Fund Principal.

The payout would then be split 50% to Dividends and 50% to General Government.

Revenue Assumptions

- Oil and Non-oil revenues are from the updated Spring 1999 Dept of Revenue Forecast.
- Modest new oil production as predicted by Dept of Revenue and Dept of Natural Resources begins in FY2002.
- New additional revenues of \$50 million begin in 2001,
 - then increase by \$25 million to \$75 million in 2002,
 - then increase by \$25 million to \$100 million in 2003,
 - and then increase with inflation (3%) thereafter.

Expense Assumptions

- Formula Education increases at 1.45% beginning in 1999.
- Transportation Maintenance, State Troopers, and University increase by 1.45% beginning in 2003.
- Agency expenditures have been cut \$30 million in FY2000 and will be cut an additional \$30 million in FY2001.
- Agency expenditures will then be held flat thereafter.