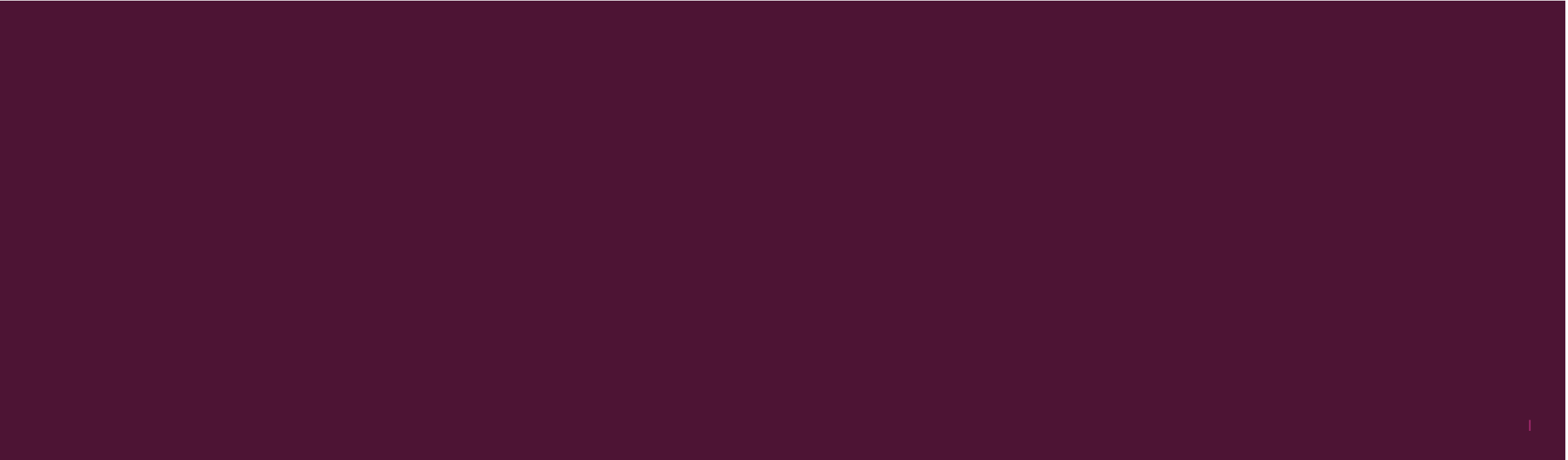




ALASKA'S FISCAL CHOICES AND OPPORTUNITIES

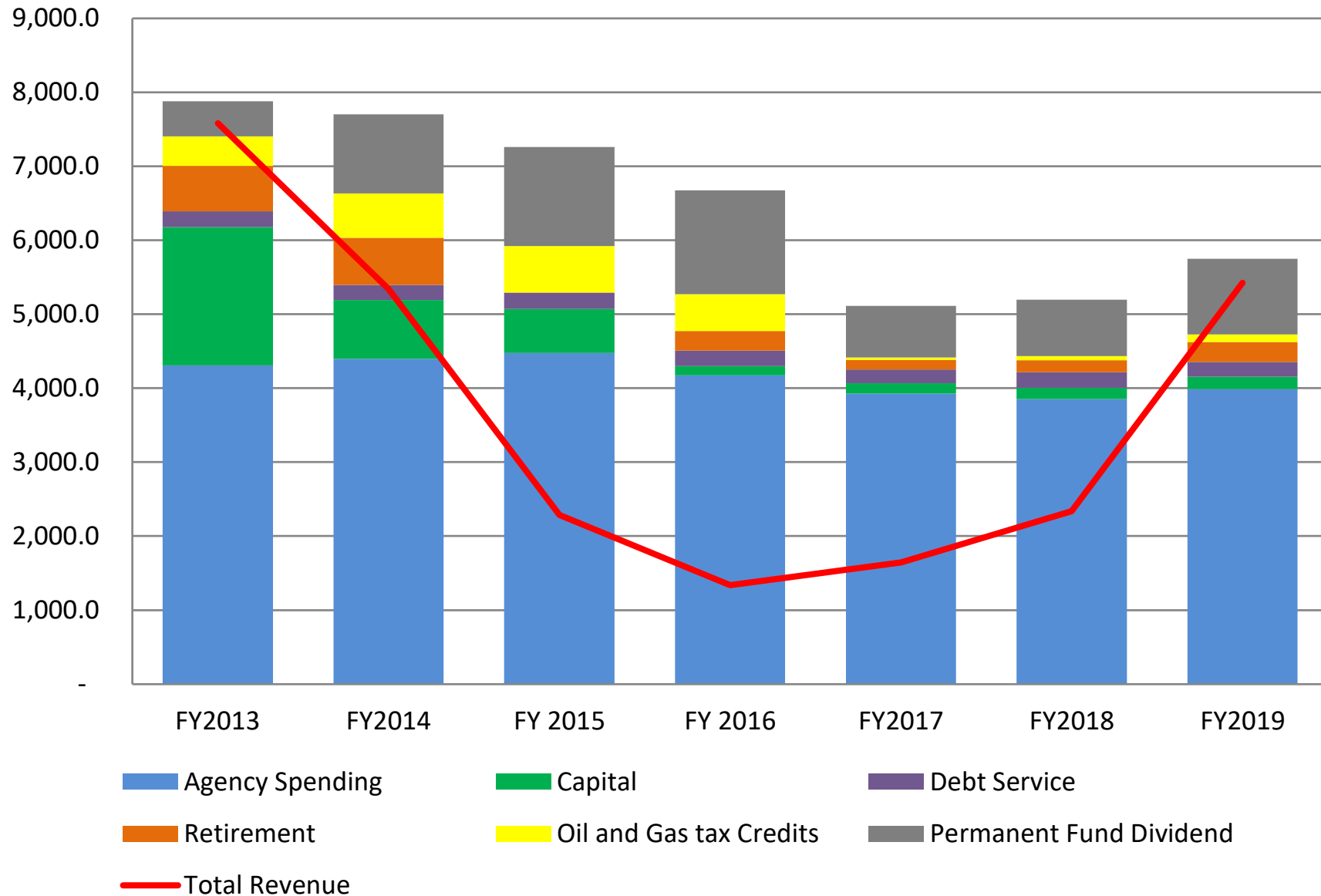
NOVEMBER 2019



OVERVIEW:

1. Past: Events leading up to now
2. Present: Where we are today
3. Future: What are our choices going forward

Change in State UGF Spending between FY13-FY19



CBR Balance (in thousands)

\$14,000,000
\$12,000,000
\$10,000,000
\$8,000,000
\$6,000,000
\$4,000,000
\$2,000,000
\$0

FY2013

FY2014

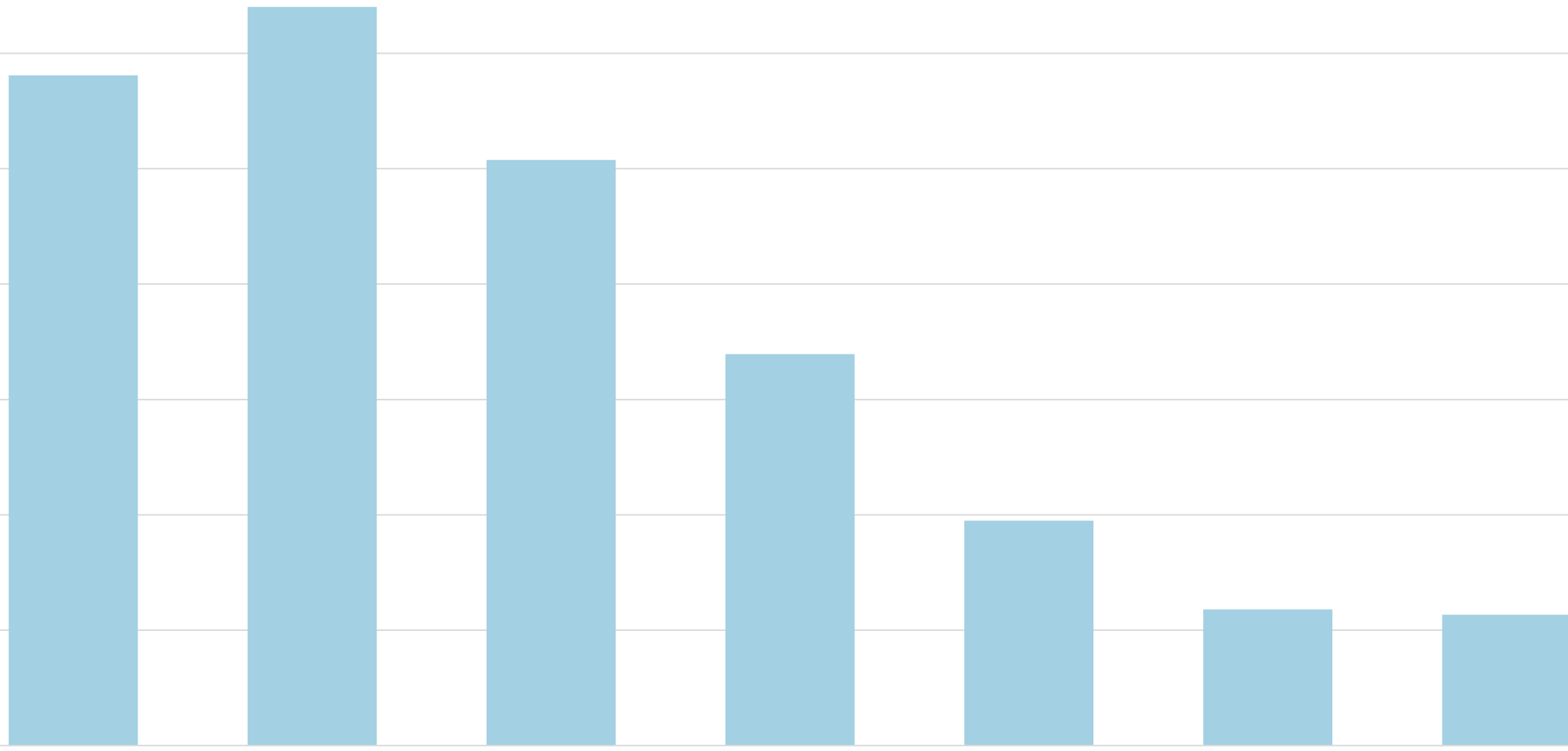
FY2015

FY2016

FY2017

FY2018

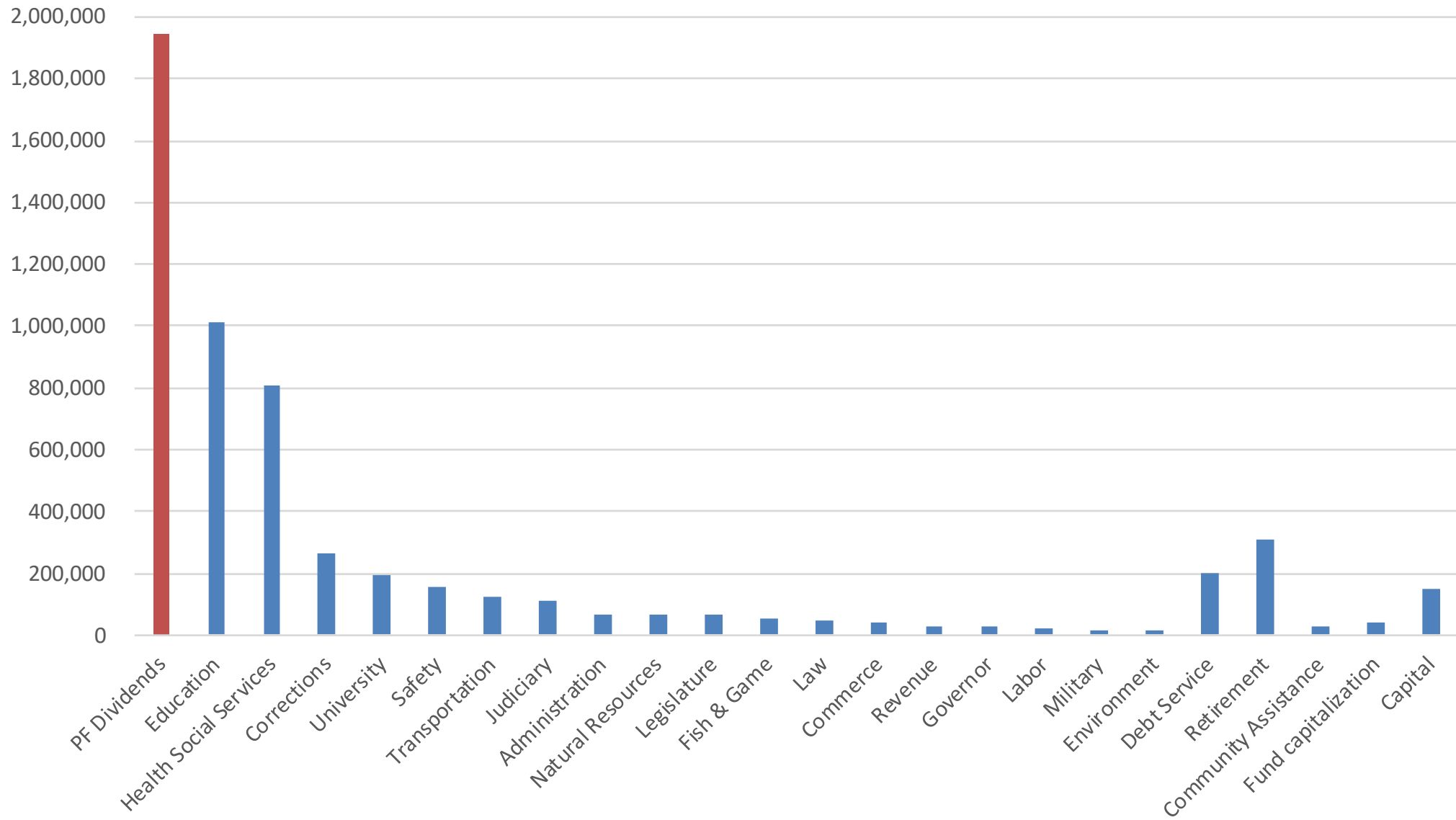
FY2019



DUNLEAVY PROPOSED BUDGET

- Governor's Proposed Budget revealed on February 13th
- Reductions across all Agencies
- Includes \$1.9 billion paid as PFDs = ~\$3,000 per person
- Not much impact analysis done by MJD Administration

FY2020 UGF Proposed Budget Allocation

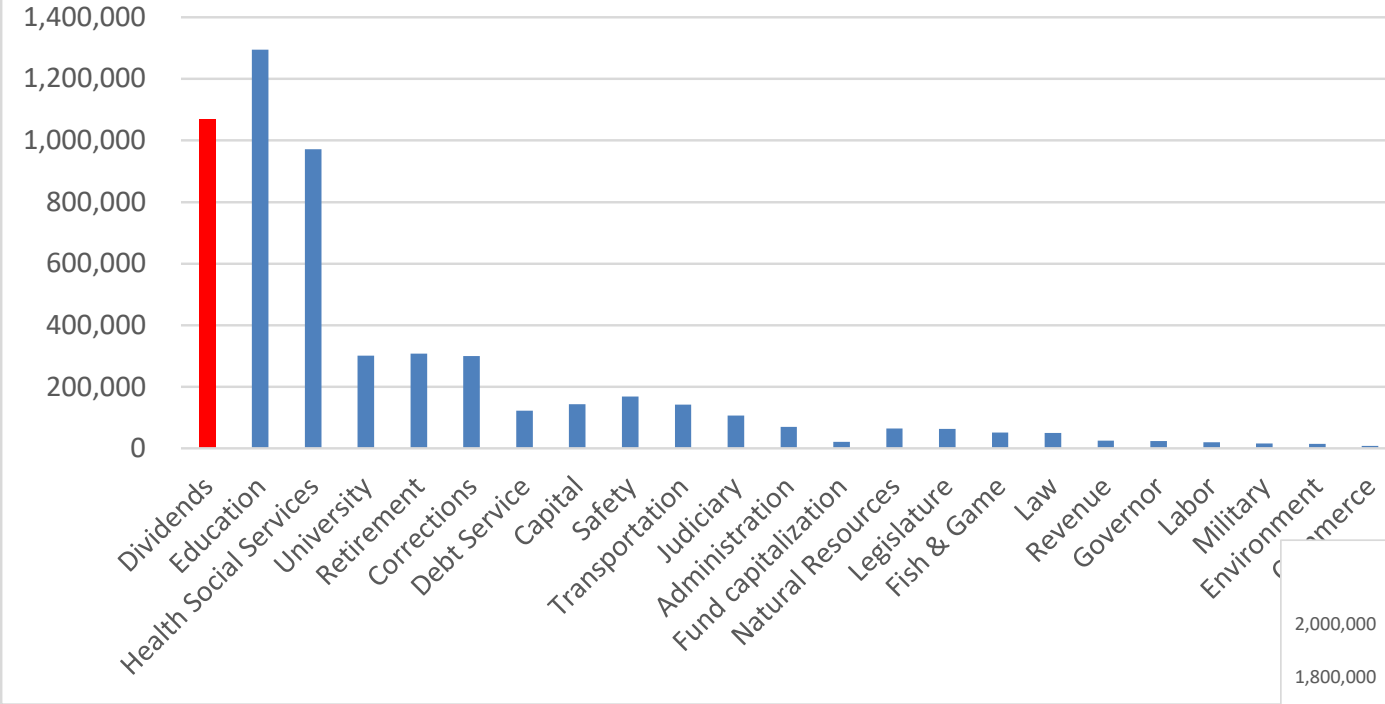


Time line

- **May 15** – Legislature adjourns with no budgets
- **May 16** – Governor calls immediate special session on five items:
K-12 education funding, (2) operating budget, (3) mental health budget, (4) capital budget and (5) crime bill.
- **May 20th**- Crime overhaul bill signed into law
- **June 9-10:** Leg passes Capital, Operating, Mental Health bills.....but House fails CBR vote in capital bill
- **June 13-** Sine Die first special session. Governor also calls another special session in Wasilla on just the PFD for July 8
- **June 27-28:** Gov signs budget bills with vetoes, and begins the process of reverse sweep.
- **July 8-** Split legislature in two locations
- **July 18:** Gov adds capital budget to the session.
- **July 20-29** Legislature works to get $\frac{3}{4}$ vote to override most vetoes, access the CBR for the capital budget, stop the reverse sweep and pass a \$1600 dividend.
- **August 9 & 19:** Gov signs the final Capital budget and Operating budget respectively into law with new vetoes.

UGF Enacted FY2020 Budget		
Revenue	Enacted FY20	Δ FY19
Oil and other UGF Revenue	2,303,600	
Permanent Fund/POMV Revenue	2,933,100	
Total Revenue	5,236,700	5.11%
Spending		
Education	1,325,180	-0.51%
Health & Social Services	971,102	-13.34%
Transportation	141,950	-21.19%
University	302,034	-7.64%
Other Agencies	987,590	-7.32%
Debt Service	122,753	
Retirement	307,936	
Fund Capitalizations	21,725	
Capital (<i>FY20 funded from CBR</i>)	144,300	<i>(Funded from CBR)</i>
Spending Subtotal	4,324,568	
Surplus	912,132	+ SBR = \$1606

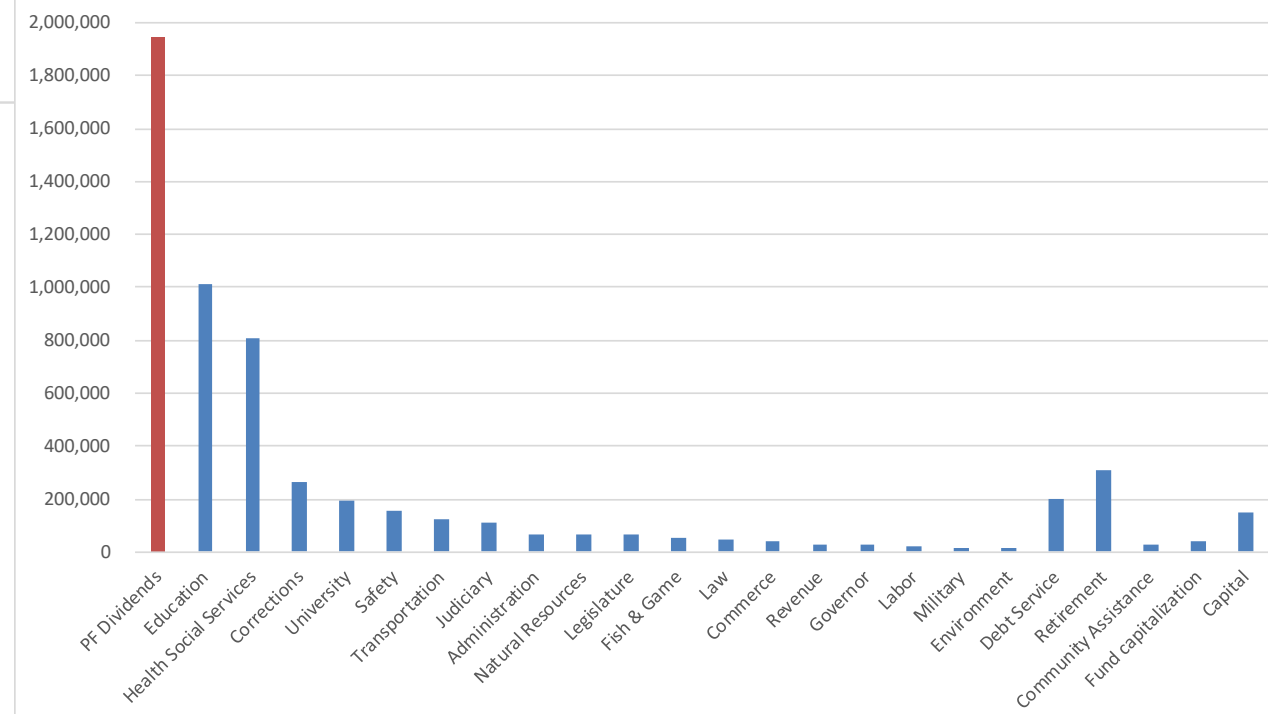
FY2020 ENACTED



Governors Proposed:



FY2020 UGF Proposed Budget Allocation



Legislature Enacted with Vetoes



SO, WHAT IS IN STORE?

- Fall Revenue forecast expected price downgrade from \$64 to ~\$60
- Big supplemental in January (earthquake, wild fires, Medicaid) ~\$200MM
- No resolution on PFD calculation yet
- Tax talk

Pro Forma Budget - \$60 oil - FY21 Scenerios

numbers in millions

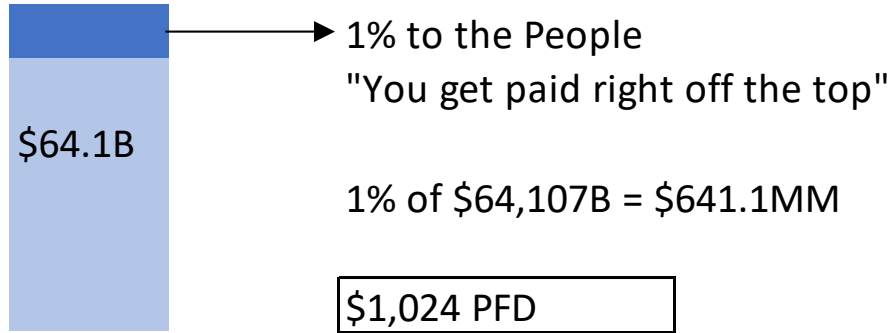
	A	B	C	
	No PFD	\$1600 PFD	\$3000 PFD	
	FY2021	FY2021		Notes
Revenue				
UGF Petroleum/other	1,992	1,992	1,992	\$60/barrel in FY20&FY21
Permanent Fund/POMV	3,091	3,091	3,091	Official APFC forecast
Total	5,083	5,083	5,083	
Expenditures				
Agency	3,987	3,987	3,987	1.5% growth assumption from FY20 w/ <u>supp</u>
Debt	189	189	189	Projections by DOR
Retirement	423	423	423	Projections by DOR
Fund Capitalizations	50	50	50	Standard assumption for FY21
Supplemental (assumed)	50	50	50	Standard assumption for FY21
Total Operating	4,699	4,699	4,699	
Capital	185	185	185	Minimal capital investment
Permanent Fund Dividend	0	1,080	2,005	Cost to the state
Total Operating + Capital (UGF)	4,884	5,964	6,889	
Surplus/ (Deficit)	199	(881)	(1,806)	

CHOICES:

1. How much should the dividend be?
2. Should the dividend dictate the framework of our budget?
3. How do we pay for the deficit?
4. Should we tax ourselves when we are paying a dividend?
5. If we generate new revenue, where should it be spent?

Sharing the Wealth

PFD Calculation: 1% of total Fund that year



Payment would come from POMV

5% of trailing last 5 year value

\$3,091B

\$641MM
PFD

\$2,450B
Agency
Operations

Building Alaska's Future

New Revenue: Capital investment, debt, deferred maintenance, emergency, savings

If I could wave a magic wand....



QUESTIONS?

