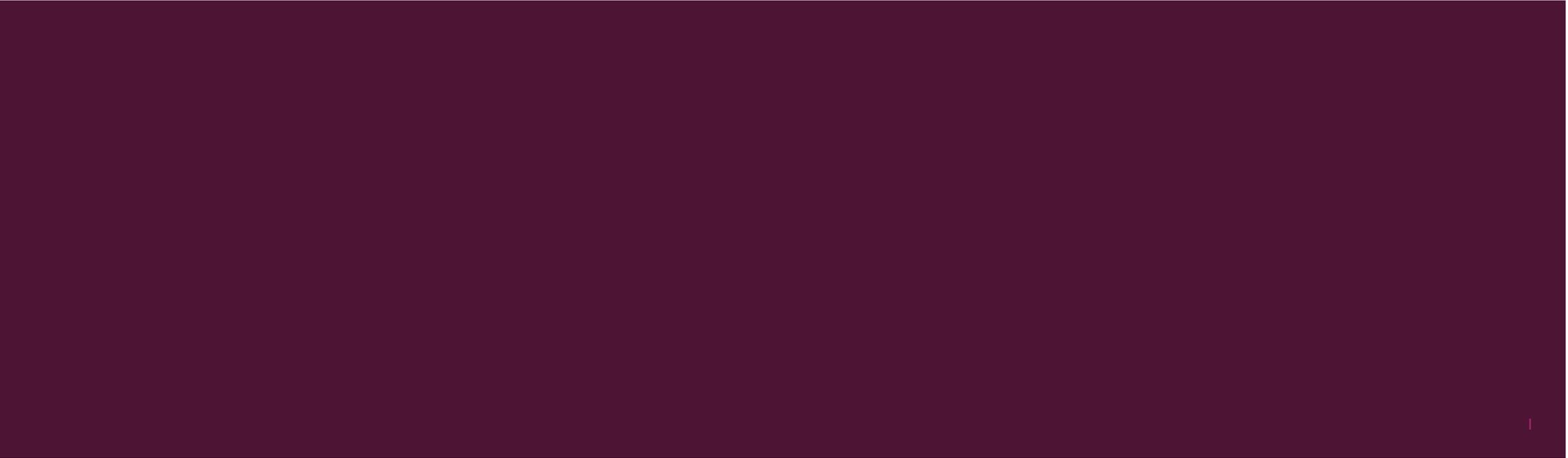




ALASKA'S FISCAL CHOICES AND OPPORTUNITIES

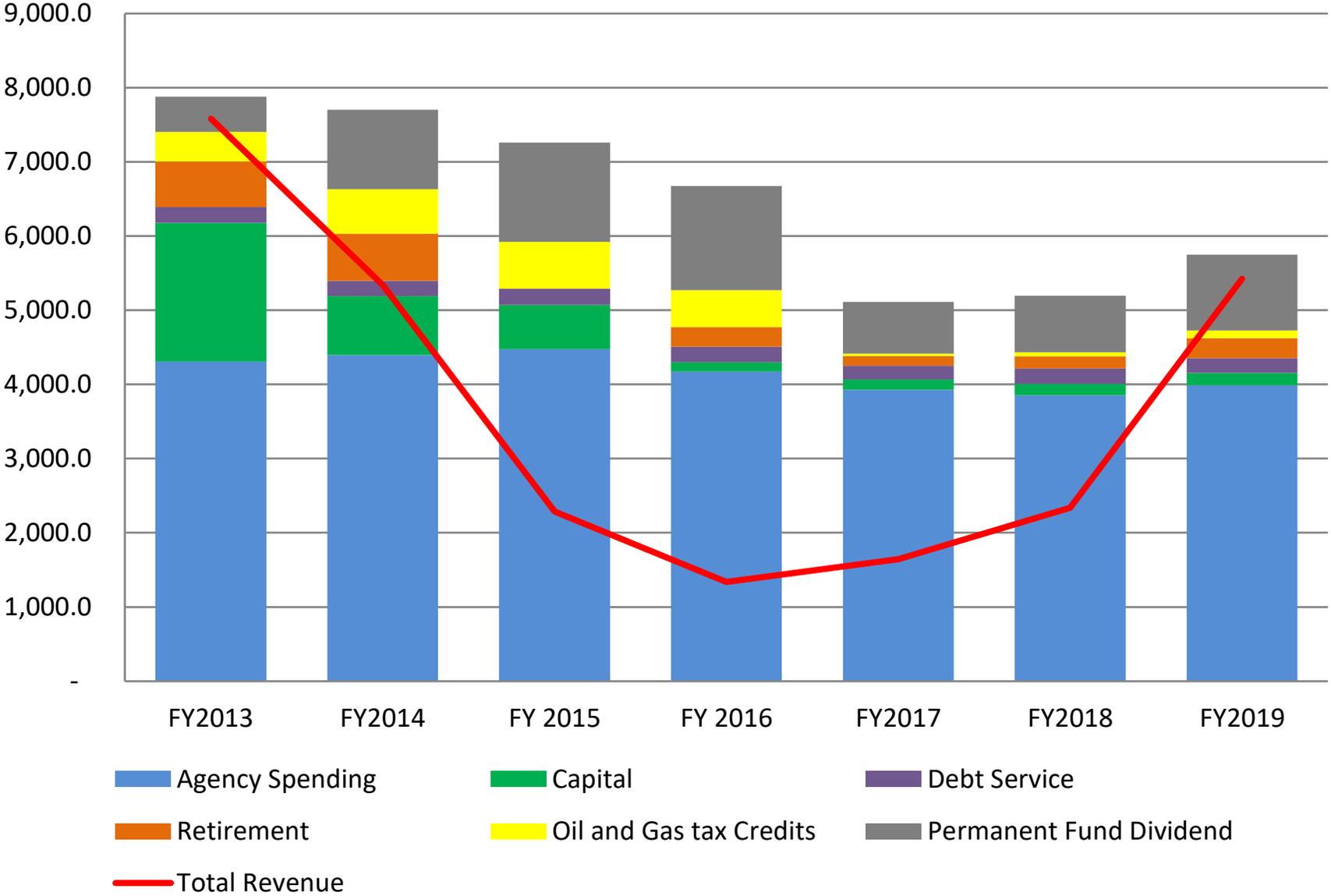
DECEMBER 2019



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

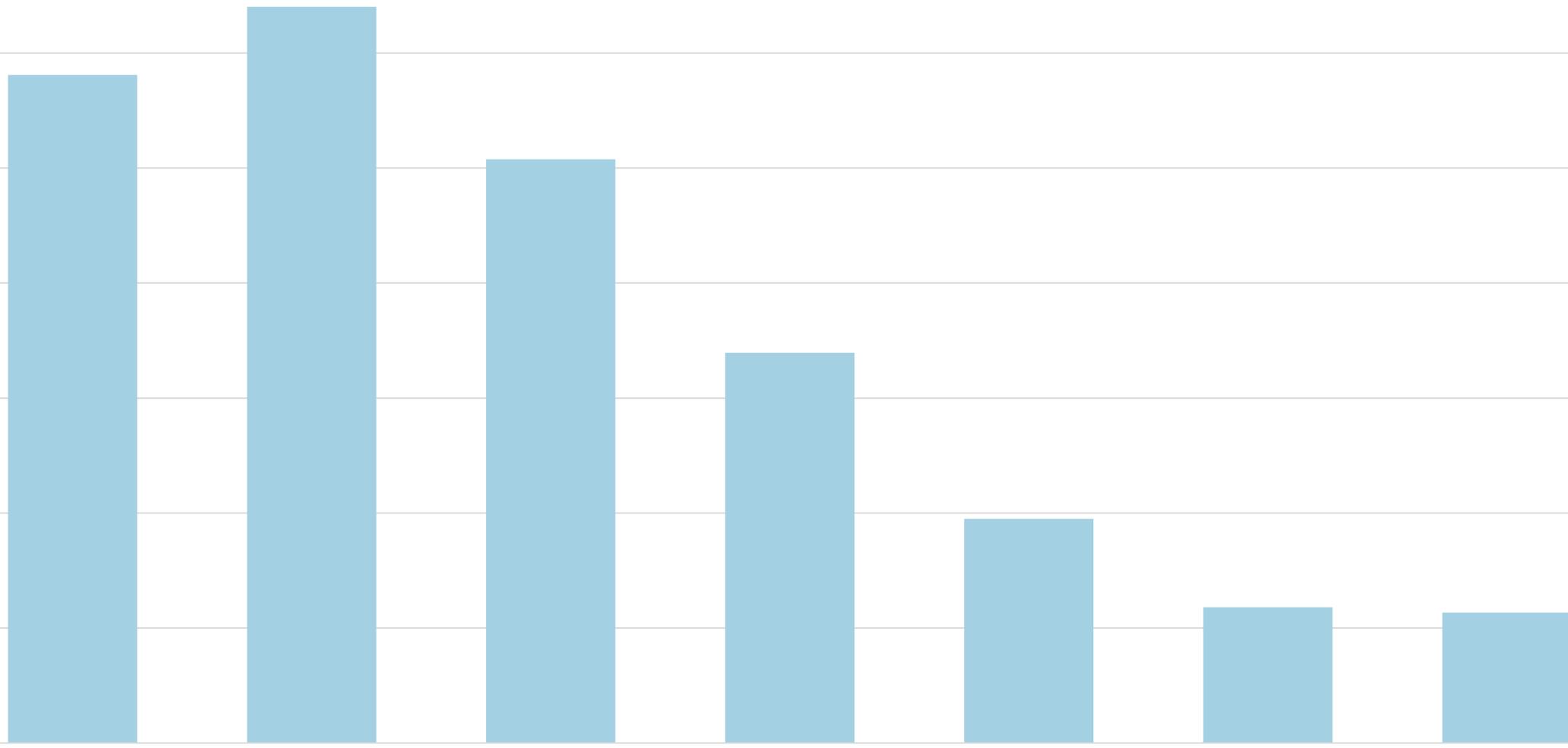
FY2015

FY2016

FY2017

FY2018

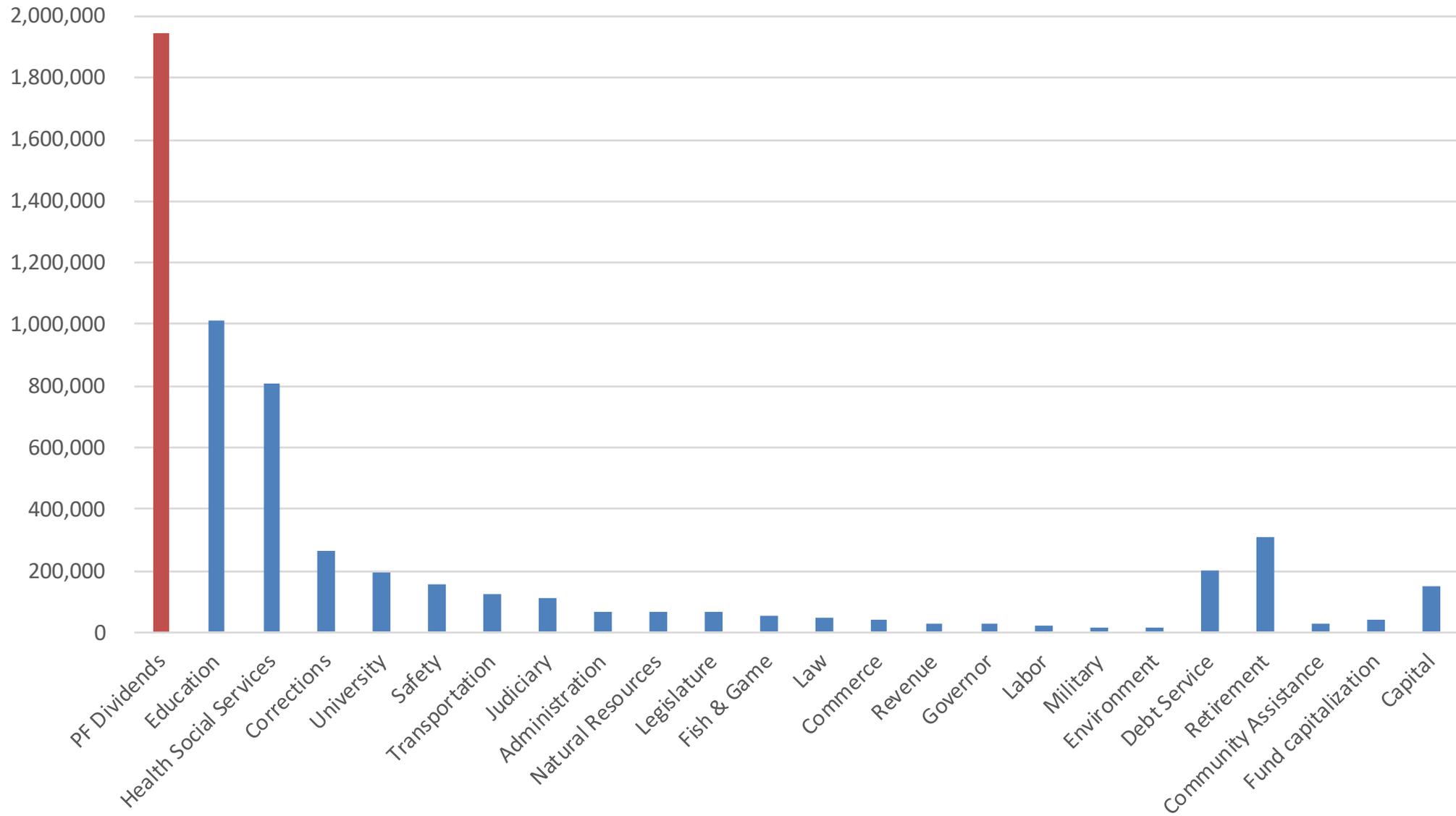
FY2019



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

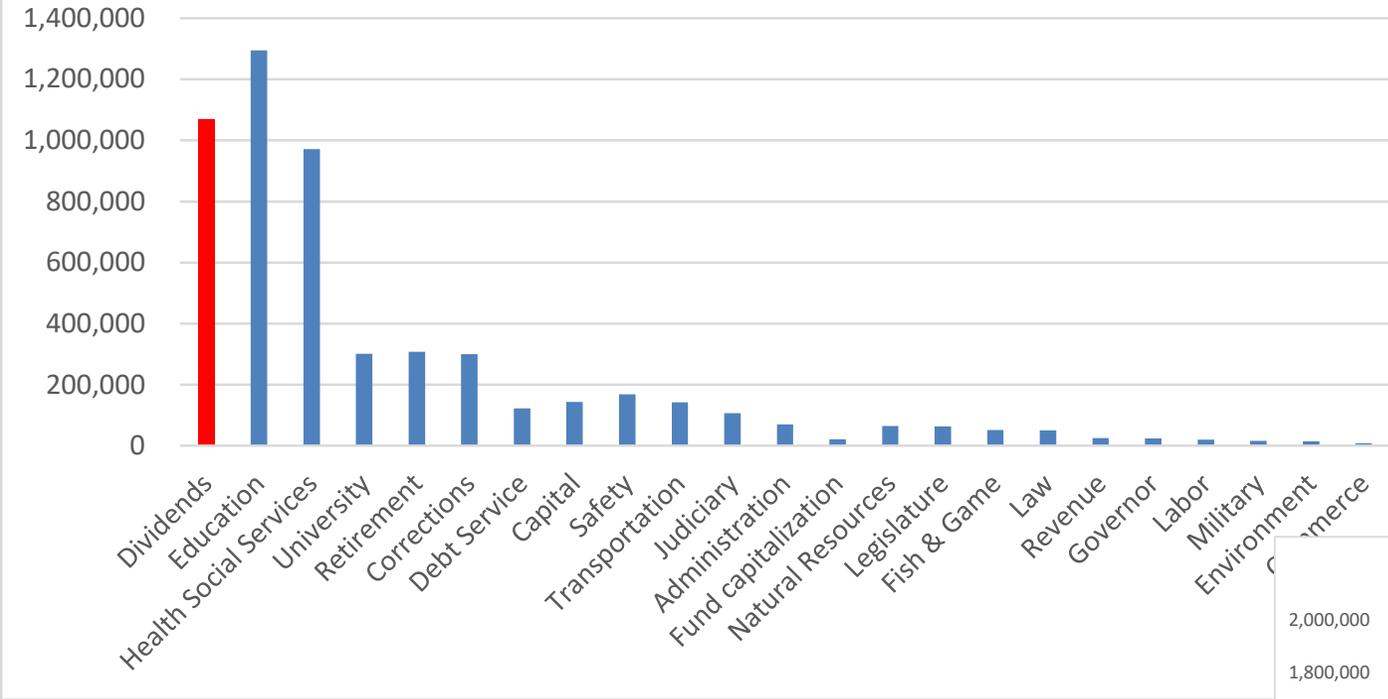
FY2020 UGF Proposed Budget Allocation





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

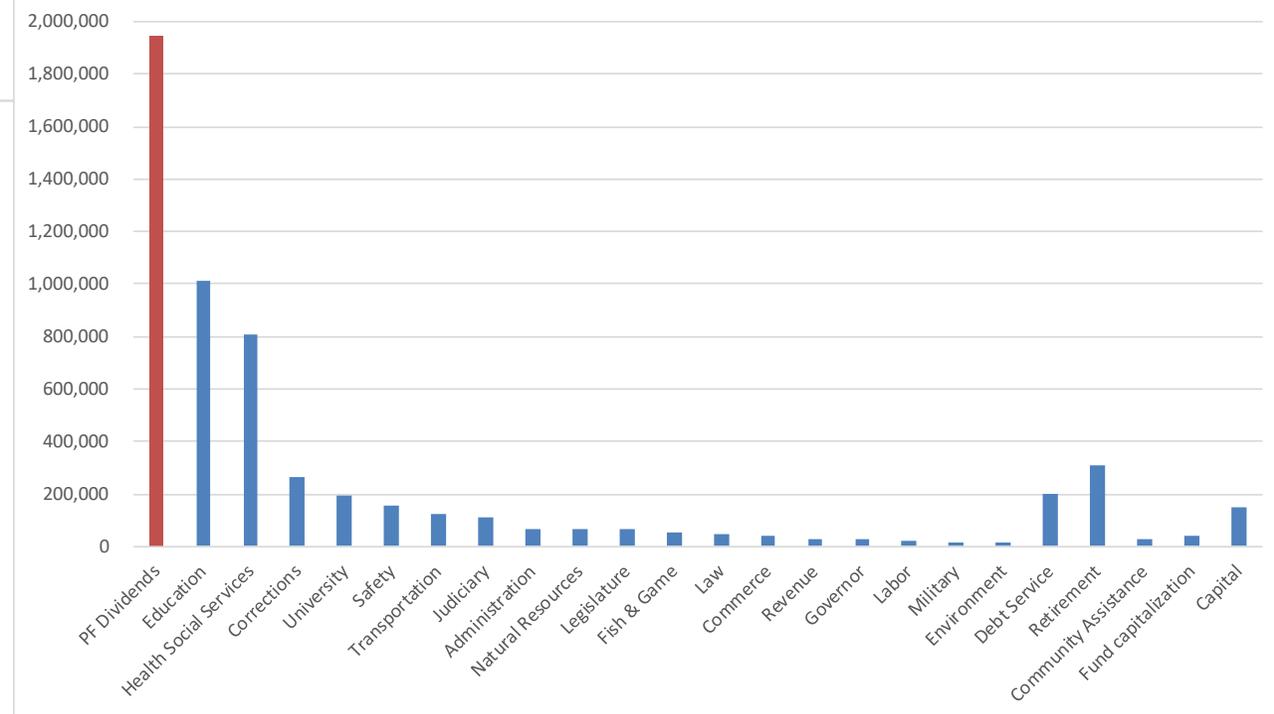
FY2020 ENACTED



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

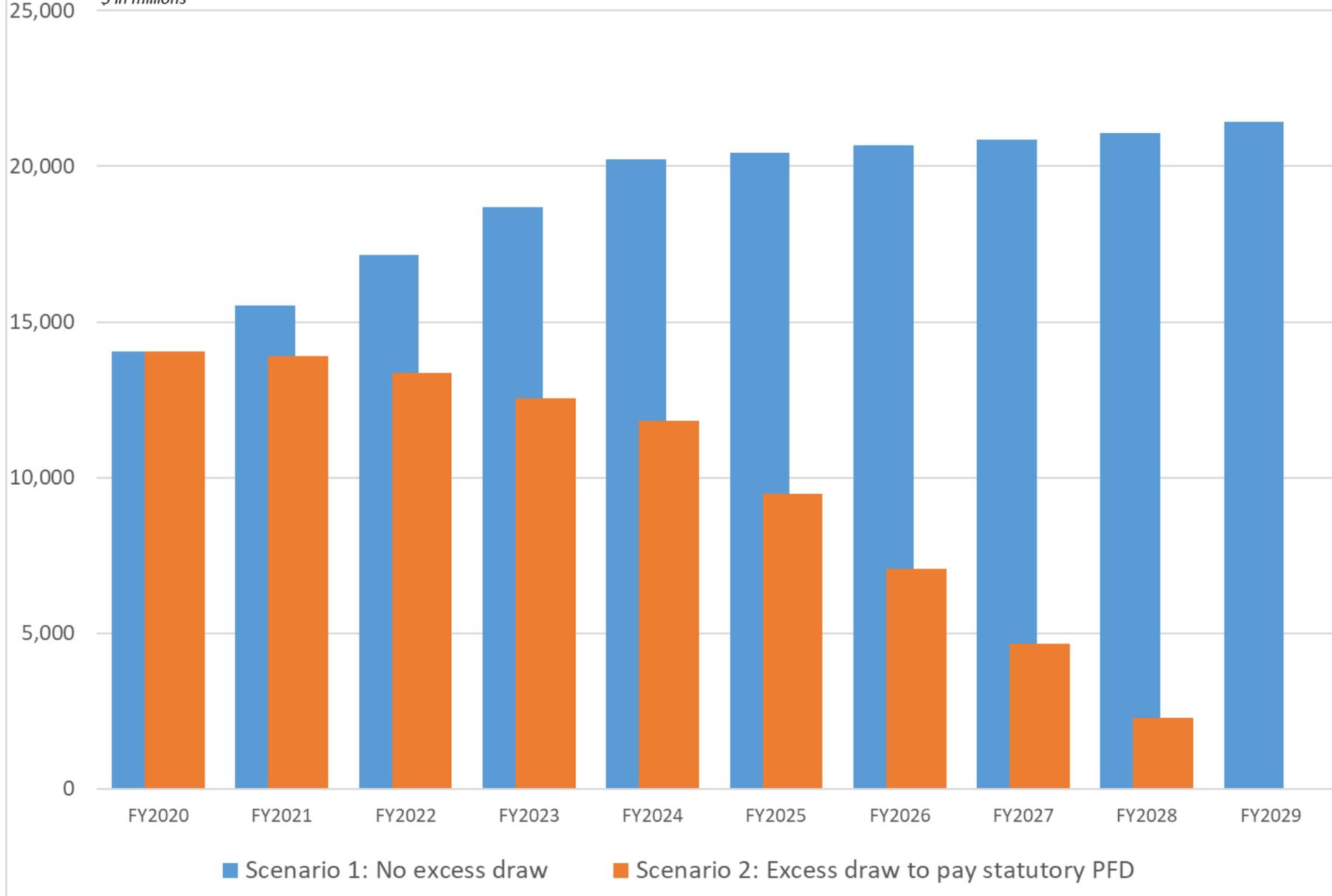
	A	B	C	D	
			50/50 POMV		
	No PFD	\$1600 PFD	\$2470 PFD	\$3000 PFD	
	FY2021	FY2021	FY2021	FY2021	Notes
Revenue					
UGF Petroleum/other	1,992	1,992	1,992	1,992	\$60/barrel in FY20&FY21
Permanent Fund/POMV	3,091	3,091	3,091	3,091	Official APFC forecast
Total	5,083	5,083	5,083	5,083	
Expenditures					
Agency	3,987	3,987	3,987	3,987	1.5% growth assumption from FY20 w/ <u>supp</u>
Debt	189	189	189	189	Projections by DOR
Retirement	423	423	423	423	Projections by DOR
Fund Capitalizations	50	50	50	50	Standard assumption for FY21
Supplemental (assumed)	50	50	50	50	Standard assumption for FY21
Total Operating	4,699	4,699	4,699	4,699	
Capital	185	185	185	185	Minimal capital investment
Permanent Fund Dividend	0	1,080	1,545	2,005	Cost to the state
Total Operating + Capital (UGF)	4,884	5,964	6,429	6,889	
Surplus/ (Deficit)	199	(881)	(1,346)	(1,806)	

CHOICES:

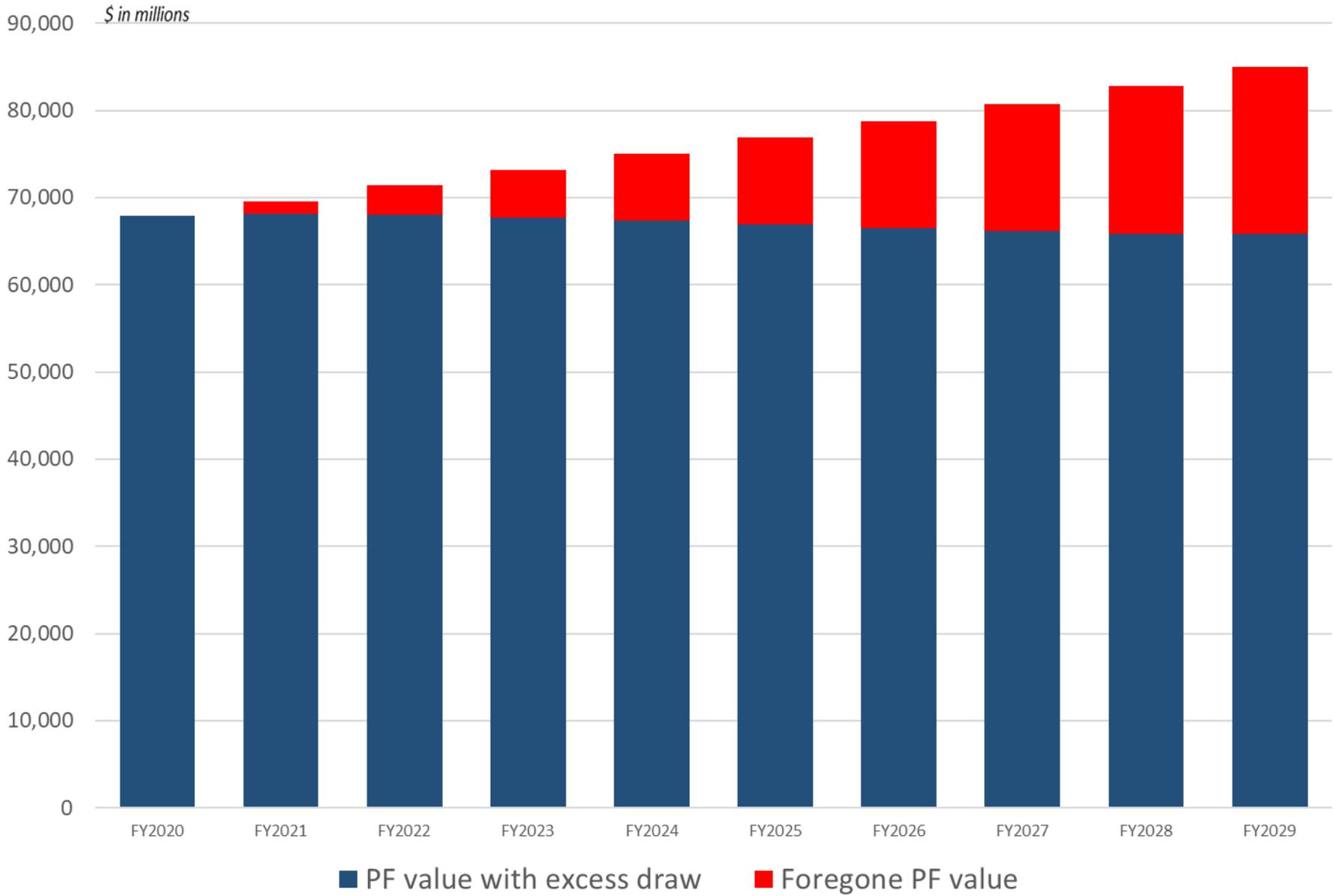
1. How much should the dividend be?
2. Should the dividend dictate the framework of our budget?
3. How do we pay for the deficit?
4. Should we tax ourselves when we are paying a dividend?
5. If we generate new revenue, where should it be spent?
6. Should we cut millions/billions of dollars from the budget in order to pay a dividend?

Permanent Fund Earnings Reserve Account Balance Comparison

\$ in millions



Total Permanent Fund Value Comparison



POMV draw comparison

\$ in millions



Official forecast POMV	2,933	3,091	3,095	3,263	3,380	3,463	3,550	3,639	3,731	3,823
POMV with excess PF draw	2,933	3,091	3,095	3,248	3,331	3,359	3,370	3,361	3,345	3,326
Foregone POMV revenue	0	0	0	-15	-49	-104	-180	-279	-386	-498

TAKEAWAYS:

1. Need to find a balance between ALL spending
2. Then can determine deficit and how to fill it
3. Must include a spending cap to control spending growth
4. Must include constant downward pressure on budget

QUESTIONS?

