

State Fiscal Overview

Alaska Municipal League
February 19, 2020



Legislative Finance Division

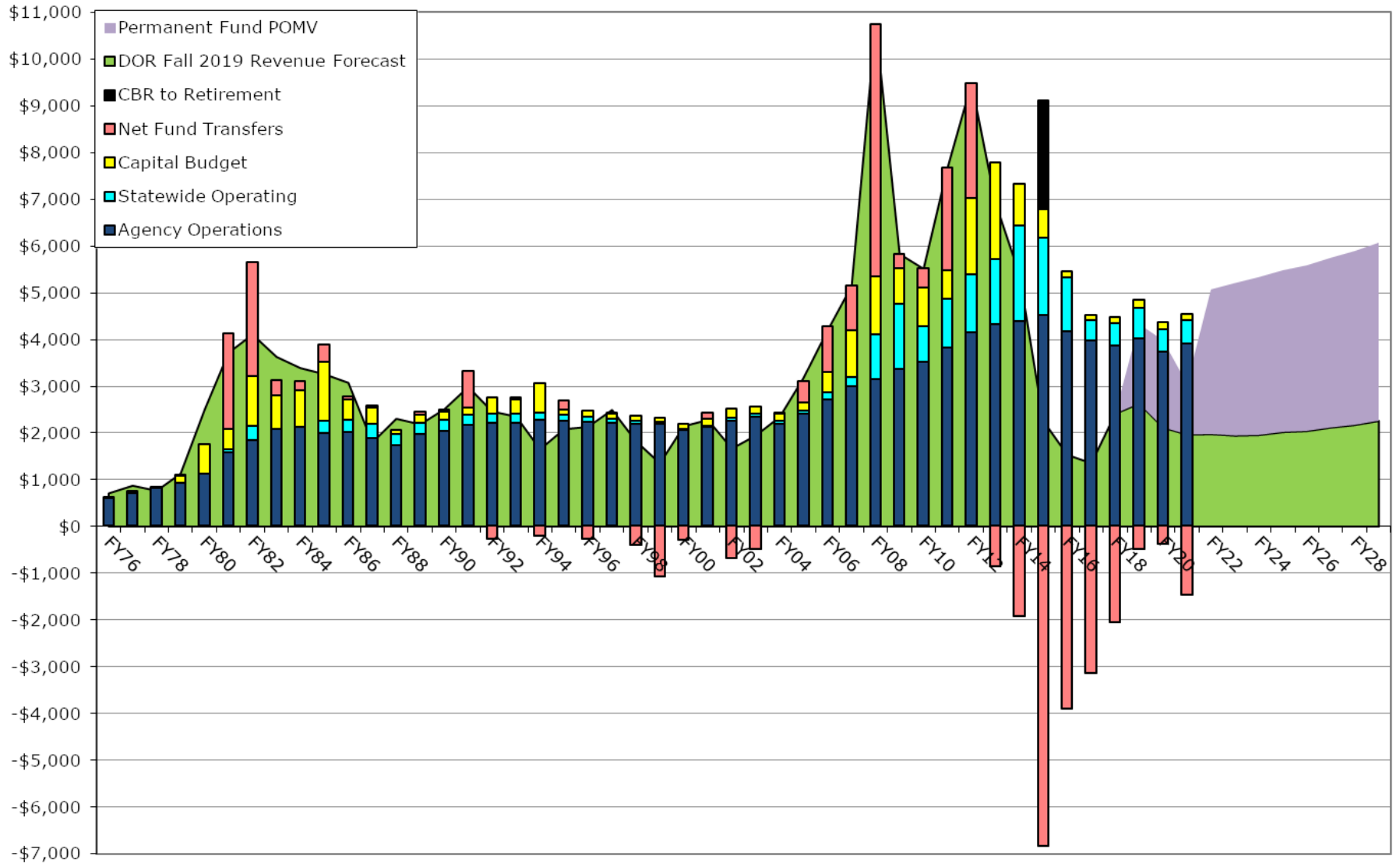
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Where have we been?

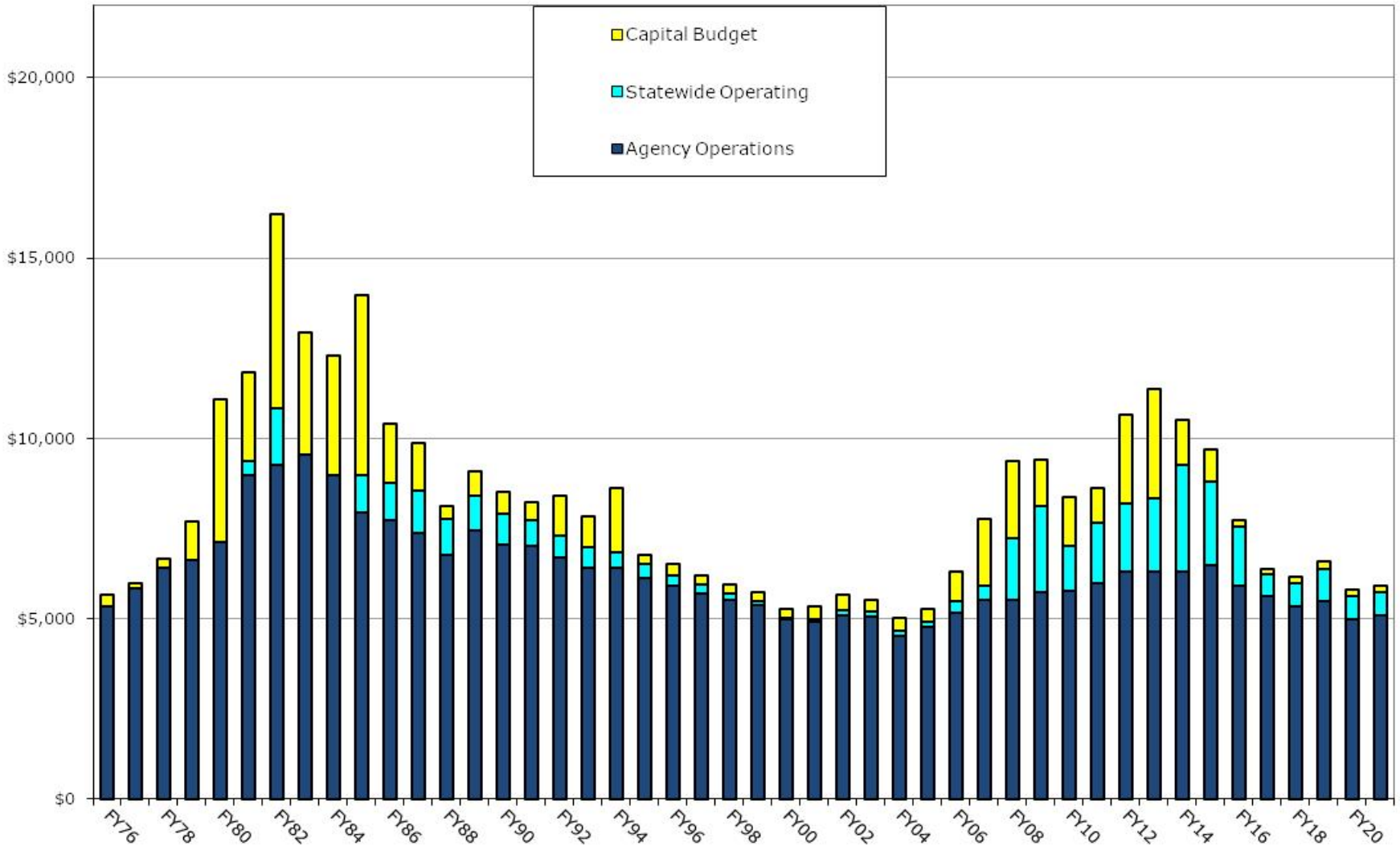
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- Oil prices and UGF revenue began declining in FY13 and plummeted by FY15
- Traditional UGF revenue has declined from \$9.5B in FY12 to \$1.5B by FY16
- UGF budget has declined 44% - \$7.8B to \$4.4B
- Budget deficits have averaged \$2.6B
 - Nearly half (44%) of the UGF Budget each year

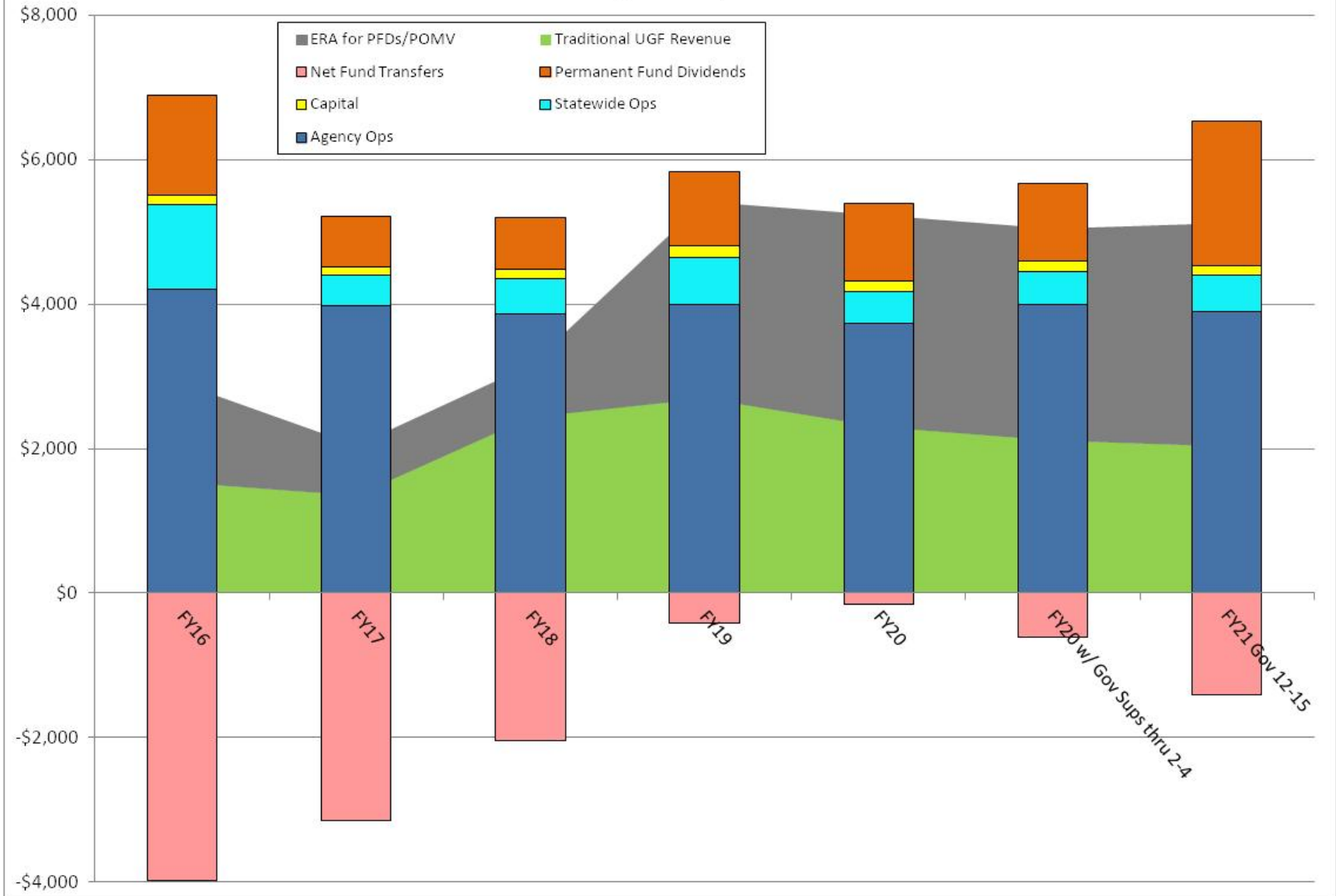
Unrestricted General Fund Revenue/ Budget History (\$ millions)



Real Per Capita Unrestricted General Fund Revenue/ Budget History (2019 dollars Per Person)

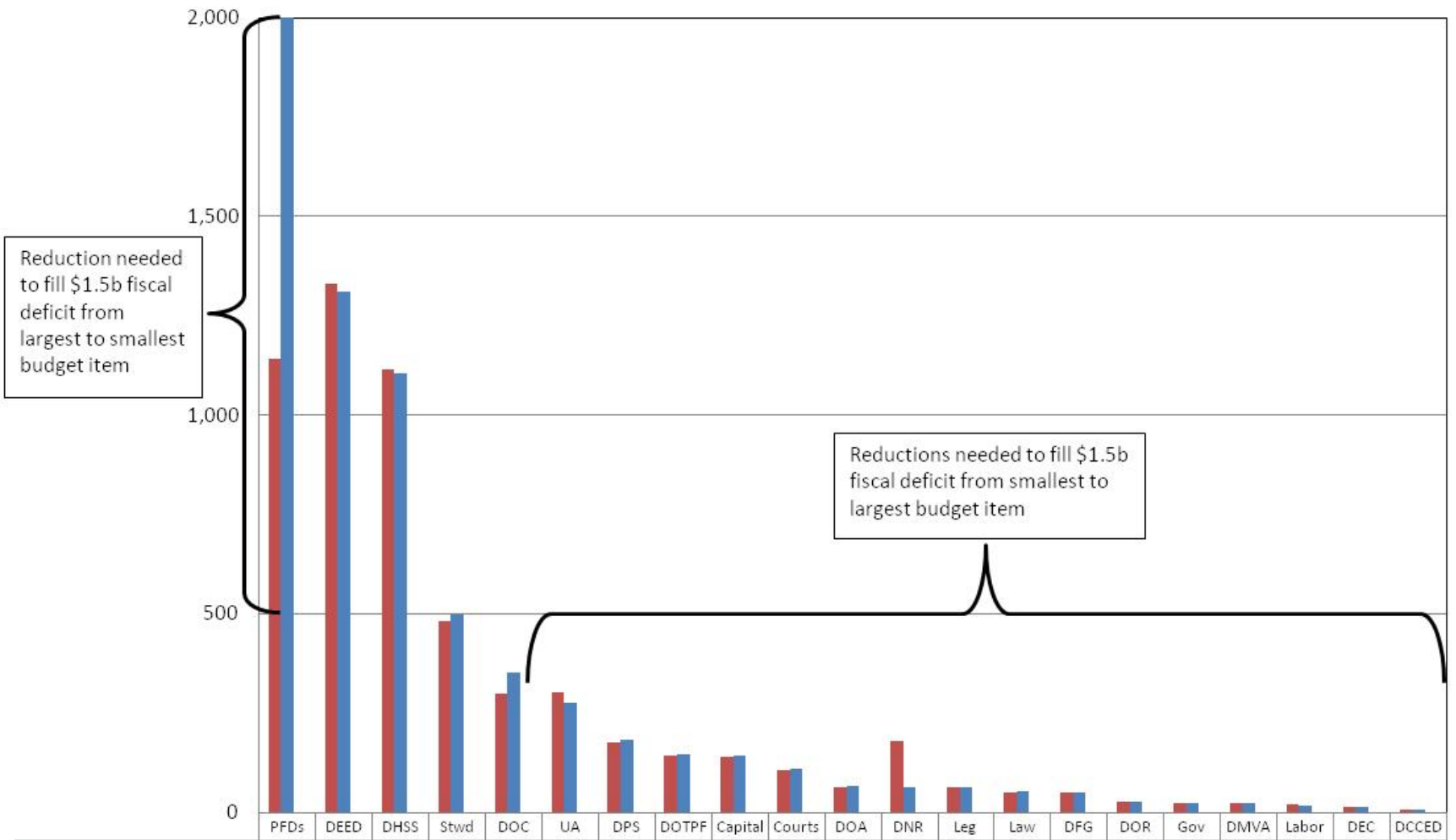


Unrestricted General Fund Revenue and Budget (\$ millions)



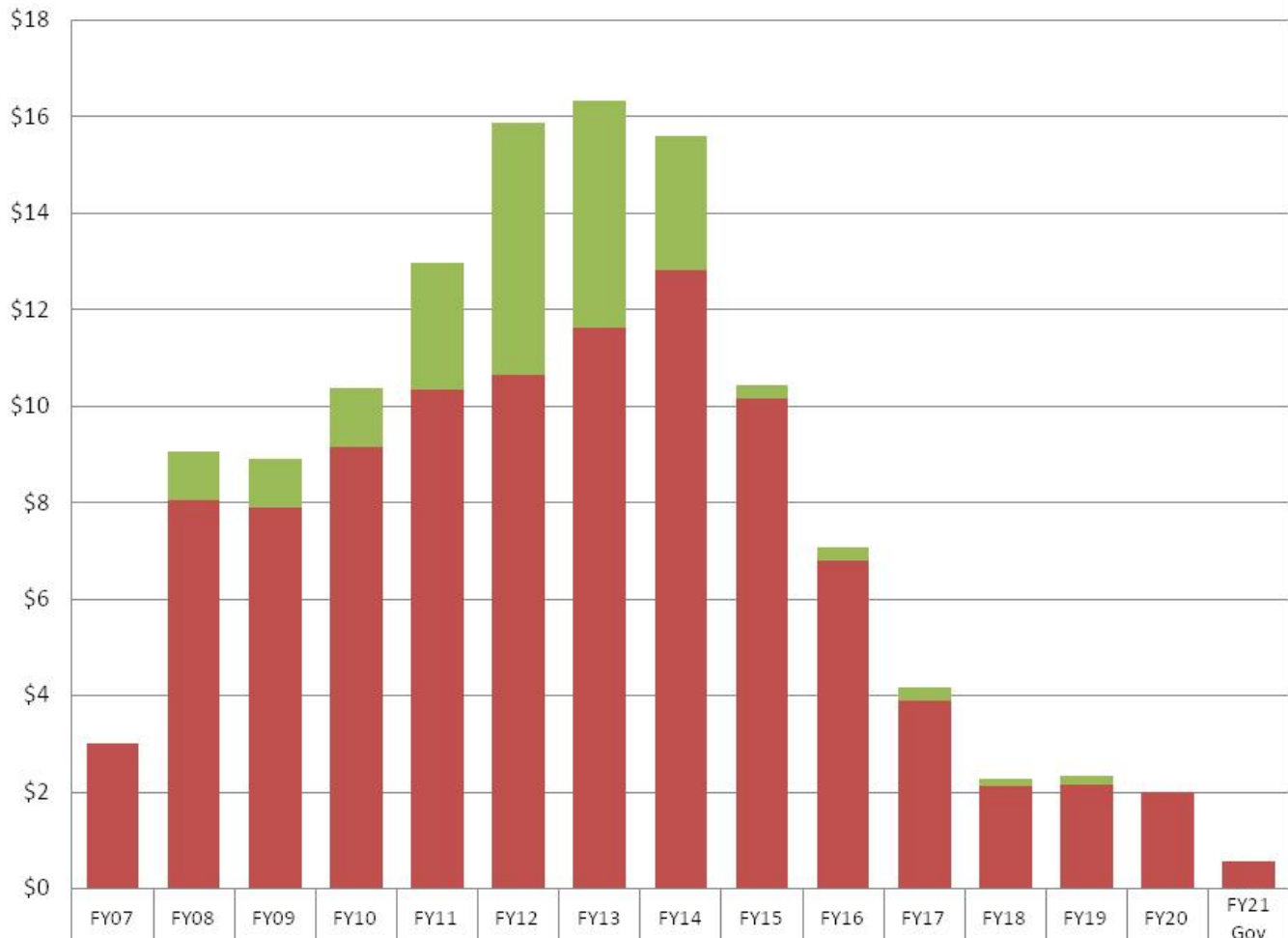
Swoop Graph - UGF Only

FY20 to FY21 Budget (Millions)



| | PFDs | DEED | DHSS | Stwd | DOC | UA | DPS | DOTPF | Capital | Courts | DOA | DNR | Leg | Law | DFG | DOR | Gov | DMVA | Labor | DEC | DCCED |
|------------------------------|-------|-------|-------|-------|-------|-------|-----|-------|---------|--------|-----|-----|-----|-----|-----|-----|-----|------|-------|-----|-------|
| FY 20 Mgmt Plan+Gov Supps | 1,140 | 1,330 | 1,115 | 480 | 300 | 302 | 176 | 142 | 141 | 107 | 65 | 180 | 64 | 51 | 51 | 26 | 24 | 23 | 21 | 15 | 9 |
| FY21 Gov Budget | 2,005 | 1,311 | 1,105 | 499 | 352 | 277 | 182 | 146 | 144 | 110 | 67 | 66 | 65 | 52 | 50 | 27 | 24 | 23 | 19 | 15 | 8 |
| Cumulative Budget From Right | 6,546 | 4,541 | 3,230 | 2,125 | 1,626 | 1,275 | 997 | 815 | 670 | 525 | 415 | 348 | 283 | 218 | 166 | 116 | 88 | 64 | 42 | 23 | 8 |

End-of-Year Reserves Balances (\$billions)



| | | | | | | | | | | | | | | | |
|--|------|------|------|------|-------|-------|-------|-------|-------|------|------|------|------|------|------|
| ■ Statutory Budget Reserve Fund (SBR) | - | 1.00 | 1.00 | 1.20 | 2.63 | 5.24 | 4.71 | 2.79 | 0.29 | 0.29 | 0.27 | 0.17 | 0.17 | - | - |
| ■ Constitutional Budget Reserve Fund (CBR) | 3.02 | 8.06 | 7.90 | 9.17 | 10.35 | 10.64 | 11.62 | 12.81 | 10.15 | 6.79 | 3.90 | 2.11 | 2.15 | 2.01 | 0.57 |

Budget Activity for FY20

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Last Session

- Governor proposed \$980 million UGF Operating budget reduction for FY20
- Governor proposed \$992 million increase to PFDs
- Legislature accepted \$146 million of Governor's proposed Operating budget reductions
- Governor vetoed an additional \$205 million from the Operating budget

This Session

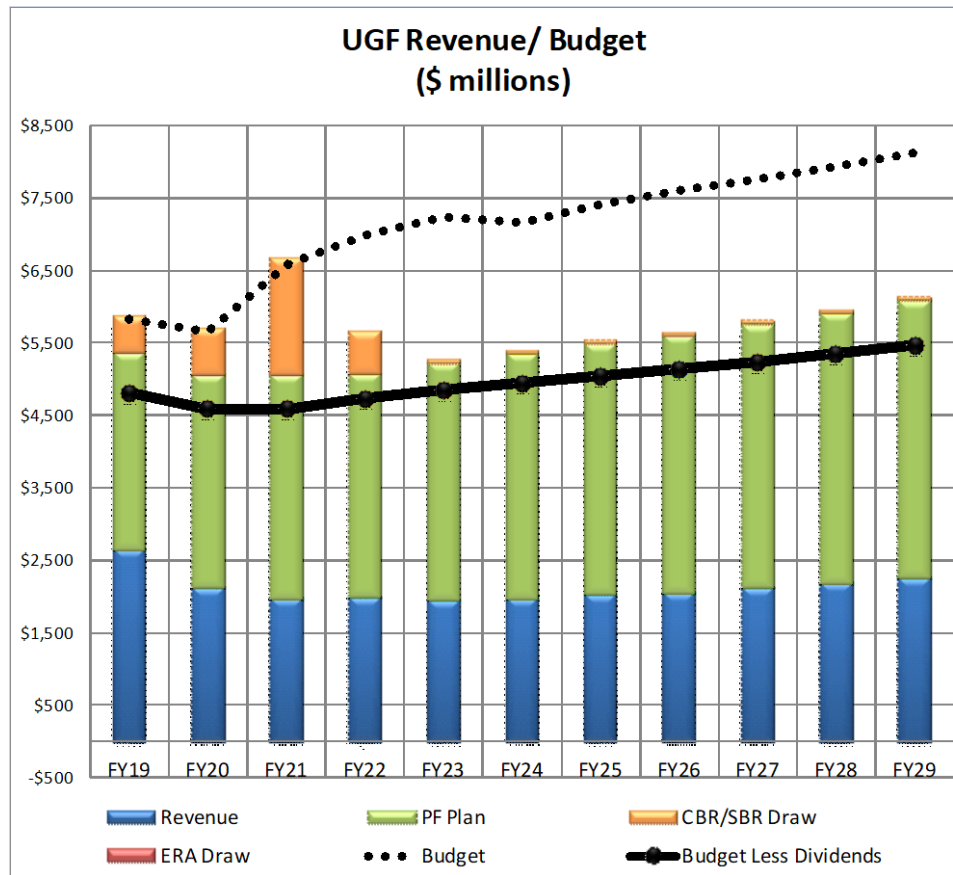
- Governor proposed \$270 million of supplemental UGF budget additions to the FY20 budget (\$264 million operating, \$5.7 million capital)
- Assuming Governor's supplemental requests the FY20 agency operations 0.1% below FY19, statewide items down nearly 30%

FY21

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- Governor proposed \$178 million increase to the original FY20 Operating budget but after the FY20 supplemental requests the Governor's proposed FY21 budget would be a \$48 million decrease
- Governor proposed increase of \$865 million to PFDs over FY20

LFD Fiscal Model and Status Quo



Governor's FY21 Proposal as Status Quo

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- Status quo scenario presented to show the magnitude of the fiscal problem. LFD is policy neutral regarding method of addressing
- CBR empty in FY22
- Out-year deficits range from \$1.8 - \$2 billion each year
 - Assuming Permanent Fund POMV draw limit is followed spending reductions and/or new revenue are required
 - Assuming Permanent Fund Earnings Reserve Account (ERA) is used to fill the deficit, for every \$1 billion used the annual POMV revenue stream drops \$50 million forever.

QUESTIONS?

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