

State of Alaska

Office of Management and Budget

FY2023 Governor's Budget
Alaska Municipal League
February 18, 2022

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Budget Lookback

	FY2019 Authorized	FY2022 Auth and Supp	FY2023 Governor	FY2019 to FY2023 UGF Change	
Revenue	UGF			Change	%
Traditional Revenue - 2.15	2,683.4	3,234.7	3,521.1	837.7	31.2%
POMV Draw for Government	1,699.5	1,534.3	1,680.3	(19.2)	(1.1%)
Other Adjustments	15.3	672.7	375.4	360.1	2353.6%
Total Revenue	4,398.2	5,441.7	5,576.8	1,178.6	26.8%
Expenditures	UGF			Change	%
Total Operating	4,722.1	4,414.4	4,466.3	(255.8)	(5.4%)
Agency Operations	3,987.2	3,951.6	3,948.5	(38.7)	(1.0%)
Statewide Operations	734.9	462.8	517.8	(217.1)	(29.5%)
Total Capital	166.6	341.7	158.7	(7.9)	(4.7%)
Final Budget	4,888.7	4,756.1	4,625.0	(263.7)	(5.4%)
Surplus/(Deficit)	(490.5)	685.6	951.8	1,442.3	
PFD				Change	%
Total Transfer	1,023.5	1,535.0	1,680.3	656.8	64.2%
Dividend Per Person	\$1,600	\$2,330	\$2,564	\$964	60.3%

Major Budget Changes

From FY2019 to FY2023

- Reduced the overall UGF budget 5.1%
 - All state funds (UGF and DGF) down ~7%
- Reduced agency operating budgets 2.2%
- Approximately \$100m UGF saved in retirement payments
- Held Medicaid flat – Down \$5m UGF
- Reopened highway maintenance stations
- Transitioned Alaska Marine Highway to a calendar year budget to provide schedule certainty
- Made significant investments in public protection

FY22 and FY23 Revenue

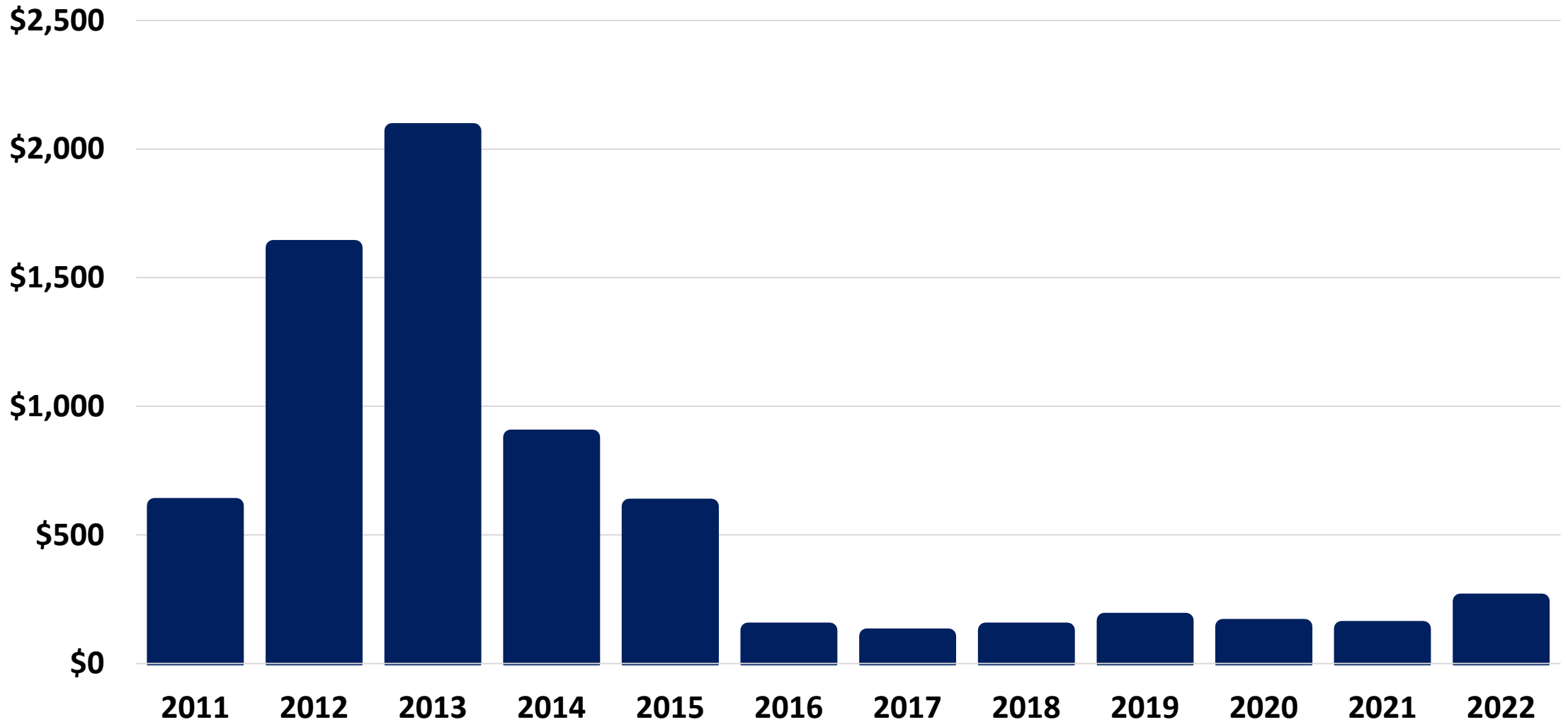
Revenues		UGF	FY2022 Total	UGF	FY2023 Total	UGF Change	UGF %
Unrestricted Revenue - Fall Forecast		2,662.7	2,662.7	2,577.2	2,577.2	(85.5)	-3%
	Petroleum	2,274.6	2,274.6	2,082.3	2,082.3	(192.3)	-8%
	Non-Petroleum	375.1	375.1	476.1	476.1	101.0	27%
	Investment	13.0	13.0	18.8	18.8	5.8	45%
POMV ERA Draw For Government		1,534.3	1,534.3	1,680.3	1,680.3	146.0	10%
	Statutory Draw	3,069.3	3,069.3	3,360.6	3,360.6	291.3	9%
	Draw Used for PFDs	(1,535.0)	(1,535.0)	(1,680.3)	(1,680.3)	(145.3)	9%
Restricted Revenue		-	6,802.0	-	6,397.4		
Carryforward and Adjustments		672.7	1,911.4	375.4	375.4	(297.3)	-44%
	Carryforward	12.0	1,250.7	-	-	(12.0)	-100%
	Undesignated Savings (SBR)	410.7	410.7	-	-	(410.7)	-100%
	Federal Revenue Replacement	250.0	250.0	375.4	375.4	125.4	50%
Total Revenue		4,869.7	12,910.4	4,632.9	11,030.3	(236.8)	-5%
February 15, 2022 Update		572.0	572.0	943.9	943.9		
Total Revenue - February Update		5,441.7	13,482.4	5,576.8	11,974.2	135.1	2%

- FY22 ANS Forecast: Fall Revenue Source Book at \$75.72; Updated DOR Outlook at \$84.34
- FY23 ANS Forecast: Fall Revenue Source Book at \$71.00; Updated DOR Outlook at \$85.44

FY22 and FY23 Expenditures

Expenditures	UGF	FY2022 Total	UGF	FY2023 Total	UGF Change	UGF %
Total Operating	4,348.4	10,615.8	4,466.3	9,231.3	117.9	3%
Agency Operations	3,919.8	9,812.1	3,948.5	8,480.8	28.7	1%
<i>Agency Non-Formula</i>	<i>1,877.1</i>	<i>5,612.6</i>	<i>1,868.5</i>	<i>4,442.2</i>	<i>(8.6)</i>	0%
<i>Agency Formula</i>	<i>2,042.7</i>	<i>4,135.3</i>	<i>2,080.0</i>	<i>4,038.6</i>	37.3	2%
Statewide Operations	428.6	803.6	517.8	750.5	89.2	21%
<i>Debt</i>	<i>96.7</i>	<i>172.3</i>	<i>156.2</i>	<i>204.0</i>	59.6	62%
<i>Retirement</i>	<i>246.2</i>	<i>246.2</i>	<i>129.6</i>	<i>129.6</i>	<i>(116.6)</i>	-47%
<i>Fund Capitalization</i>	<i>71.1</i>	<i>124.8</i>	<i>231.7</i>	<i>320.4</i>	160.6	226%
<i>Shared Taxes & Other</i>	-	<i>208.0</i>	-	63.2		
<i>Fund Transfers</i>	<i>14.6</i>	<i>18.3</i>	<i>0.3</i>	<i>33.4</i>	<i>(14.3)</i>	-98%
Total Capital	242.9	1,963.0	158.7	1,791.1	(84.2)	-35%
Total Operating + Capital	4,591.3	12,480.5	4,625.0	11,022.4	33.7	1%
FY22 Supplementals/RPLs	164.9	316.5				
Surplus/(Deficit) 12/15/21	113.5	113.4	7.9	7.9		
Surplus/(Deficit) 2/15/22 Update	685.5	685.4	951.8	951.8		

Capital Spending History



2022 Session Capital Budget Proposal

- \$2.15 billion total all funds capital budget
- \$719.9 million investment in capital projects from state and discretionary funds from the following sources:
 - FY2022 surplus \$93m
 - Discretionary federal revenues \$135.9m
 - Normal state funds \$182.4
 - General obligation bond issuance \$325.2m
 - \$325.2m for 14 projects spread with statewide impact
 - Current 20-year interest rate is 2.5% for tax-exempt bonds
 - Debt service costs estimated at \$20.7 million
 - The State's debt capacity is \$1.3 billion

FY2023 Operating Budget Highlights

- 50/50 PFD without savings draws or deficit
- Mitigates impacts of the CBR Sweep
 - Ensures the budget can be passed without a $\frac{3}{4}$ super-majority vote
- K-12 education fully funded to the \$5,930 base student allocation
\$1.2B UGF
- Fully fund school bond debt (\$79.0m UGF) and REAA (\$32.8 UGF)
- Fully fund community assistance and PCE programs
- Use available federal funding to maximize benefit to Alaska

FY2023 Major Operating Budget Changes

- Leverage federal funding for AMHS to run a full schedule
- Invest in state primacy over resources
 - Expand timber resource capacity
 - Assume primacy over resource development permitting
- Over \$30m operating UGF added for public protection including:
 - 15 new trooper positions, 10 new VPSOs
 - \$7.3m People First initiative for DVSA, MMIP, and Homelessness
- Create new Department of Family and Community Services
 - Brings greater executive leadership focus to Children's Services, Juvenile Justice, and 24-hour facilities

Infrastructure Investments and Jobs Act

- Enacted November 15, 2021
- 5-year reauthorization of established federal programs and new programs
- New program details still pending
- Some program funding appropriated in the bill, others awaiting an FFY22 budget
- Maximizing use in Alaska Marine Highway System to preserve UGF and transition to a sustainable system
- Remaining funds to be addressed when further guidance is received

10-Year Fiscal Outlook

Permanent Fund Dividend	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032
50-50 Permanent Fund Dividend Transfer	1,534.7	1,680.3	1,800.0	1,904.0	2,009.5	2,128.5	2,172.5	2,214.5	2,254.0	2,291.5	2,328.5
Per capita PFD (<i>dollars</i>)	\$2,330	\$2,564	\$2,712	\$2,855	\$3,000	\$3,164	\$3,212	\$3,258	\$3,300	\$3,338	\$3,375
Unrestricted General Fund Expenditures	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032
Agency Operations	3,951.6	3,948.5	3,948.5	3,987.8	4,043.3	4,100.6	4,157.8	4,217.7	4,277.6	4,339.3	4,401.8
Statewide Items	462.8	517.8	453.2	412.2	242.0	217.9	222.5	221.9	224.5	217.9	222.4
Operating Budget	4,414.4	4,466.3	4,401.7	4,400.0	4,285.3	4,318.6	4,380.2	4,439.6	4,502.1	4,557.2	4,624.2
Capital Budget	341.7	158.7	158.7	158.7	158.7	158.7	158.7	158.7	158.7	158.7	158.7
Total General Fund Appropriations	4,756.1	4,625.0	4,560.4	4,558.7	4,444.0	4,477.3	4,538.9	4,598.3	4,660.8	4,715.9	4,782.9
Unrestricted Revenues	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032
Traditional UGF Revenue 12/15/21	2,662.5	2,577.2	2,464.5	2,429.9	2,340.0	2,314.2	2,340.8	2,297.1	2,402.8	2,549.7	2,549.7
<i>Traditional UGF Revenue 2/15/22</i>	<i>3,234.5</i>	<i>3,521.1</i>									
POMV Draw for Government	1,534.7	1,680.3	1,800.0	1,904.0	2,009.5	2,128.5	2,172.5	2,214.5	2,254.0	2,291.5	2,328.5
Revenue Adjustments	672.7	375.4									
Total Revenue	4,869.7	4,632.9	4,264.5	4,333.9	4,349.5	4,442.7	4,513.3	4,511.6	4,656.8	4,841.2	4,878.2
<i>Total Revenue 2/15/22</i>	<i>5,441.7</i>	<i>5,576.8</i>									
Reserve Balances	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032
Deposit/(Draw) 12/15/21	113.6	7.9	(295.9)	(224.8)	(94.5)	(34.6)	(25.6)	(86.7)	(4.0)	125.3	95.3
<i>Deposit/(Draw) 2/15/22</i>	<i>685.6</i>	<i>951.8</i>	<i>(295.9)</i>	<i>(224.8)</i>	<i>(94.5)</i>	<i>(34.6)</i>	<i>(25.6)</i>	<i>(86.7)</i>	<i>(4.0)</i>	<i>125.3</i>	<i>95.3</i>
CBR End Balance 12/15/21	1,350.6	1,438.4	1,195.1	1,018.3	970.9	981.4	1,000.0	958.0	997.9	1,168.0	1,312.1
<i>CBR End Balance 2/15/22</i>	<i>1,892.9</i>	<i>2,911.9</i>	<i>2,685.5</i>	<i>2,526.1</i>	<i>2,496.5</i>	<i>2,525.1</i>	<i>2,562.2</i>	<i>2,539.2</i>	<i>2,598.4</i>	<i>2,788.4</i>	<i>2,952.8</i>

Durable Fiscal Reform

Constitutional Reforms

- SJR 5: Appropriation Limit
- SJR 6: 50-50 PFD Split
- SJR 7: Voter Approval for State Tax

Future Budget Topics

- Alaska Marine Highway System reshaping and transition
- Medicaid cost containment
- Post-sweep transition of designated funds use
- Governmental efficiencies

Legislative Reforms

- SB55 – Passed SLA2021