

Review of Committee Modeling Assumptions

Revenue Assumptions

- LFD's baseline revenue assumptions are the Department of Revenue's Spring Revenue Forecast.
 - This assumes \$73 oil in FY24, following futures market thereafter.
 - DNR oil production forecast projects that Alaska North Slope production will increase from 496.4 thousand barrels per day in FY24 to 542.9 thousand barrels per day in FY32.
- For the Permanent Fund, we are using the February 2023 History and Projections update, which assumes a total return of 7.00% in FY23 and 7.05% in FY24 and beyond. For statutory net income, this update uses a blend of actuals and the low case for FY23 and a 6.90% statutory return assumption in FY24 and beyond.

Review of Senate Finance Committee Modeling Assumptions (cont.)

Spending Assumptions

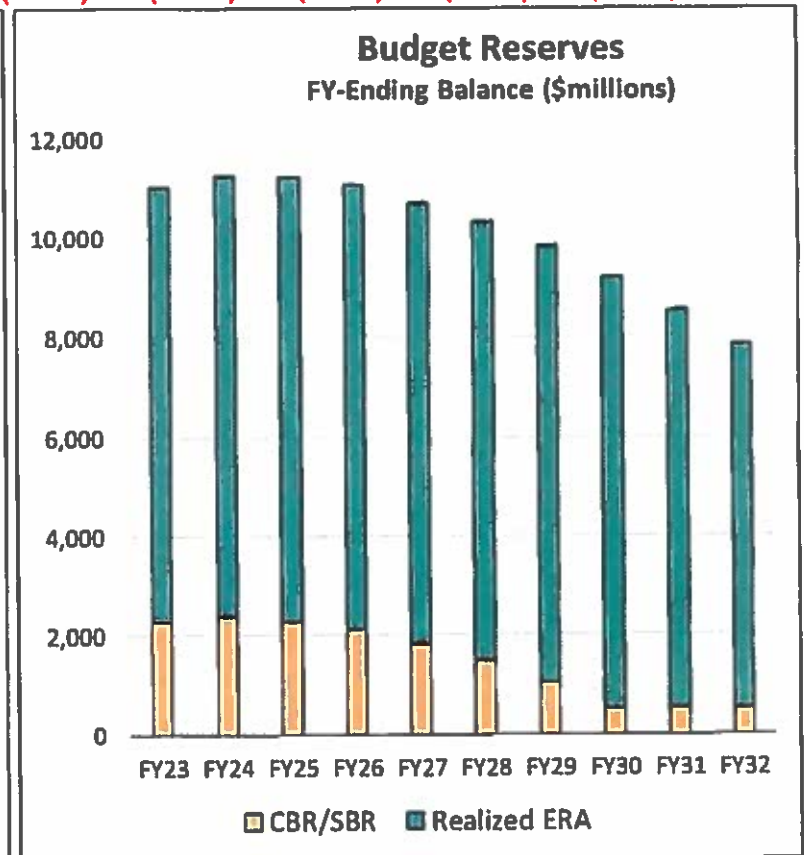
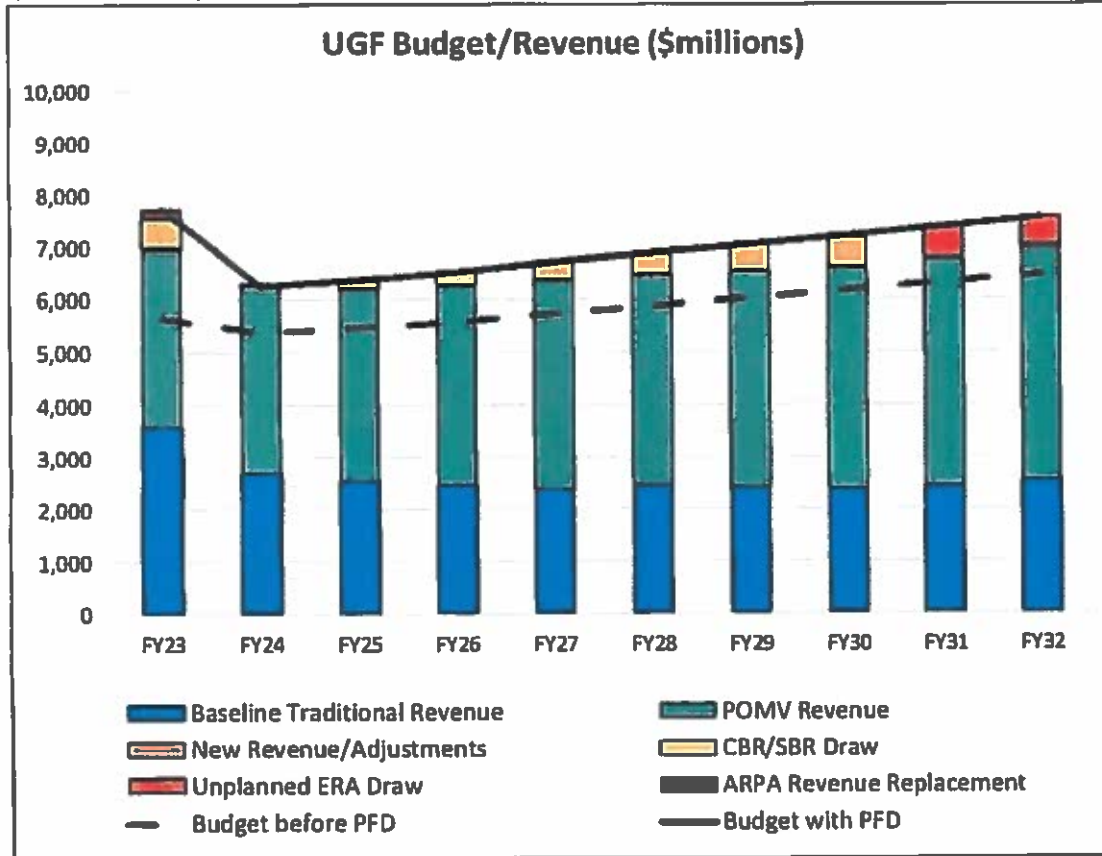
- For **agency operations**, the first model assumes the Governor's amended budget including amendments through 3/7 grows with inflation (2.50%). Other models assume the House Committee Substitute grows with inflation (2.50%).
- For **statewide items**, assumes that all items are funded to their statutory levels in FY24 and beyond.
 - This includes School Debt Reimbursement, the REAA Fund, Community Assistance, oil and gas tax credits.
- For the **capital budget**, assumes a ⁷⁰⁰~~400~~ million capital budget in FY24, growing with inflation thereafter (2.50%).
- For **supplementals** assumes \$50.0 million per year. This is based on the average amount of supplemental appropriations minus lapsing funds each year.

Senate Finance Baseline Budget

25% of POMV to PFD

APFC Returns: 7.05% FY24+
 Oil Price: DOR Spring FC
 Agency Ops: House CS1, 2.5% Growth
 Statewide: House CS1 FY24+
 Capital/Additional K-12: \$700m FY24, 2.5% Growth

Surplus/(Deficit) (\$millions)	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32
	(758)	17	(160)	(250)	(347)	(399)	(497)	(599)	(620)	(584)



	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32
Effective POMV Draw Rate	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.05%	5.67%	5.62%
PFD/Person	\$3,284	\$1,304	\$1,377	\$1,428	\$1,491	\$1,498	\$1,535	\$1,571	\$1,608	\$1,645

Legislative Finance Division