

House Bill 224 - Fiscal Framework
Simplified Ten Year Fiscal Model
in Millions

Revised Feb. 6, 2016

| | | Fiscal Year Ended | | | | | | | | | |
|----|---|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | | <u>6/30/17</u> | <u>6/30/18</u> | <u>6/30/19</u> | <u>6/30/20</u> | <u>6/30/21</u> | <u>6/30/22</u> | <u>6/30/23</u> | <u>6/30/24</u> | <u>6/30/25</u> | <u>6/30/26</u> |
| 1 | General Funds Budgets - | | | | | | | | | | |
| 2 | Unrestricted revenues d) | 1,796 | 2,021 | 2,130 | 2,111 | 2,173 | 2,131 | 2,076 | 2,060 | 2,046 | 2,046 |
| 3 | Cumulative new revenues | | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 |
| 4 | Designated GF revenue - baseline i) | 894 | 900 | 900 | 900 | 900 | 900 | 900 | 900 | 900 | 900 |
| 5 | Total revenue | 2,690 | 3,121 | 3,230 | 3,211 | 3,273 | 3,231 | 3,176 | 3,160 | 3,146 | 3,146 |
| 6 | | | | | | | | | | | |
| 7 | Operating budget - baseline i) | (5,408) | (5,408) | (5,408) | (5,408) | (5,408) | (5,408) | (5,408) | (5,408) | (5,408) | (5,408) |
| 8 | Capital budget - baseline i) | (201) | (201) | (201) | (201) | (201) | (201) | (201) | (201) | (201) | (201) |
| 9 | Refundable tax credits adjustment f) | (550) | (375) | (250) | (250) | (250) | (250) | (250) | (250) | (250) | (250) |
| 10 | Cumulative spending cuts c) | | 750 | 750 | 750 | 750 | 750 | 750 | 750 | 750 | 750 |
| 11 | Cumulative inflationary spending c) | | | (121) | (243) | (367) | (495) | (626) | (760) | (897) | (1,037) |
| 12 | Total spend | (6,159) | (5,234) | (5,230) | (5,352) | (5,476) | (5,604) | (5,735) | (5,869) | (6,006) | (6,146) |
| 13 | | | | | | | | | | | |
| 14 | Surplus (deficit) | (3,469) | (2,113) | (2,000) | (2,141) | (2,203) | (2,373) | (2,559) | (2,709) | (2,860) | (3,000) |
| 15 | | | | | | | | | | | |
| 16 | Policy calls | | | | | | | | | | |
| 17 | Spending cuts | 750 | | | | | | | | | |
| 18 | New revenues | 200 | | | | | | | | | |
| 19 | Inflationary spend growth j) | | (121) | (121) | (125) | (128) | (131) | (134) | (137) | (140) | (144) |
| 20 | Borrowings | | | | | | | | | | |
| 21 | | 950 | (121) | (121) | (125) | (128) | (131) | (134) | (137) | (140) | (144) |
| 22 | | | | | | | | | | | |
| 23 | Adjusted surplus (deficit) | (2,519) | (2,234) | (2,122) | (2,265) | (2,331) | (2,504) | (2,693) | (2,846) | (3,000) | (3,144) |
| 24 | | | | | | | | | | | |
| 25 | Transfer from Permanent Fund Earnings - assuming 4.5% endowment | | | | | | | | | | |
| 26 | Available for fiscal year a) | 2,064 | 2,172 | 2,419 | 2,419 | 2,506 | 2,608 | 2,747 | 2,894 | 3,048 | 3,208 |
| 27 | | | | | | | | | | | |
| 28 | Surplus (deficit) after PF earnings draw | (455) | (62) | 297 | 154 | 175 | 104 | 54 | 48 | 48 | 64 |
| 29 | | | | | | | | | | | |
| 30 | Draw from CBR | 455 | 62 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 31 | Appropriated to PFD fund c) | 0 | 0 | (297) | (154) | (175) | (104) | (54) | (48) | (48) | (64) |
| 32 | Transfer to CBR | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 33 | | | | | | | | | | | |
| 34 | Final surplus (deficit) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 35 | | | | | | | | | | | |
| 36 | Estimated individual PFD (actual \$) e) | 1,000 | 1,000 | 424 | 219 | 250 | 149 | 78 | 69 | 68 | 91 |
| 37 | | | | | | | | | | | |
| 38 | CBR balance h) | 6,895 | 7,177 | 7,536 | 7,913 | 8,309 | 8,724 | 9,160 | 9,618 | 10,099 | 10,604 |

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| 39 | | | | | | | | | | | |
| 40 | Inflation | | | | | | | | | | |
| 41 | Cumulative spend inflation factor | <u>2.5% <---Input variable</u> | | | | | | | | | |
| 42 | | | | | | | | | | | |
| 43 | | | | | | | | | | | |
| 44 | Dividend (PFD) fund - | | | | | | | | | | |
| 45 | Balance forward | 1,400 | 700 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 46 | Appropriation from fiscal year | 0 | 0 | 297 | 154 | 175 | 104 | 54 | 48 | 48 | 64 |
| 47 | Paid in Fall after FYE | (700) | (700) | (297) | (154) | (175) | (104) | (54) | (48) | (48) | (64) |
| 48 | Balance for following fall | <u>700</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| 49 | | | | | | | | | | | |
| 50 | Estimated individual PFD (actual \$) | <u>1,000</u> | <u>1,000</u> | <u>424</u> | <u>219</u> | <u>250</u> | <u>149</u> | <u>78</u> | <u>69</u> | <u>68</u> | <u>91</u> |
| 51 | | | | | | | | | | | |
| 52 | | | | | | | | | | | |
| 53 | Constitutional Budget Reserve - | | | | | | | | | | |
| 54 | Balance forward | 7,000 | 6,895 | 7,177 | 7,536 | 7,913 | 8,309 | 8,724 | 9,160 | 9,618 | 10,099 |
| 55 | Estimate earnings at 5% | 350 | 345 | 359 | 377 | 396 | 415 | 436 | 458 | 481 | 505 |
| 56 | This line for direct deposits | | | | | | | | | | |
| 57 | | | | | | | | | | | |
| 58 | CBR balance before EOY calculations | <u>7,350</u> | <u>7,240</u> | <u>7,536</u> | <u>7,913</u> | <u>8,309</u> | <u>8,724</u> | <u>9,160</u> | <u>9,618</u> | <u>10,099</u> | <u>10,604</u> |
| 59 | Draw | (455) | (62) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 60 | Deposit | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 61 | Ending Balance | <u>6,895</u> | <u>7,177</u> | <u>7,536</u> | <u>7,913</u> | <u>8,309</u> | <u>8,724</u> | <u>9,160</u> | <u>9,618</u> | <u>10,099</u> | <u>10,604</u> |
| 62 | | | | | | | | | | | |
| 63 | | | | | | | | | | | |
| 64 | Maximum individual PFD allowed - | | | | | | | | | | |
| 65 | Actual dollars per PFD | <u>750</u> | <u>750</u> | <u>1,000</u> | <u>1,000</u> | <u>1,000</u> | <u>1,000</u> | <u>1,000</u> | <u>1,000</u> | <u>1,250</u> | <u>1,250</u> |
| 66 | Total dollars, in millions | <u>525</u> | <u>525</u> | <u>700</u> | <u>700</u> | <u>700</u> | <u>700</u> | <u>700</u> | <u>700</u> | <u>875</u> | <u>875</u> |
| 67 | | | | | | | | | | | |

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| 68 | | | | | | | | | | |
| 69 | Notes: | | | | | | | | | |
| 70 | a) Endowment money available per analysis provided by APFC | | | | | | | | | |
| 71 | b) Beginning (June 30, 2016) estimate of \$7 billion per David Teal | | | | | | | | | |
| 72 | c) This is the cumulative total of previous years' cuts and income items shown in the "Policy calls" section of this schedule | | | | | | | | | |
| 73 | d) Fall 2015 Revenue Sources Book, Page 9 - However, FY26 extrapolated from FY25 | | | | | | | | | |
| 74 | e) Hardwire first two years at \$700 million, = approximately \$1,000 per person - remaining years calculated using the amount available after balancing budget | | | | | | | | | |
| 75 | f) Adjustment per Fall 2015 Revenue Sources Book, page 76 - FY17 obligation, less \$73 million included in regular budget numbers | | | | | | | | | |
| 76 | g) Individual PFD cap in actual dollars - Savings balance and total payout in millions - cap determined on CBR balance before end of year (EOY) calculations and transfers | | | | | | | | | |
| 77 | maximum allowable total payout dollars estimated using 700,000 recipients | | | | | | | | | |
| 78 | <u>Savings</u> | <u>Individual PFD</u> | <u>Total PFD \$</u> | | | | | | | |
| 79 | 0 | 250 | 175 | | | | | | | |
| 80 | 2,500 | 500 | 350 | | | | | | | |
| 81 | 5,000 | 750 | 525 | | | | | | | |
| 82 | 7,500 | 1,000 | 700 | | | | | | | |
| 83 | 10,000 | 1,250 | 875 | | | | | | | |
| 84 | 12,500 | 1,500 | 1,050 | | | | | | | |
| 85 | 15,000 | 2,000 | 1,400 | | | | | | | |
| 86 | h) Money from CBR balance could be used to augment dividends in out years | | | | | | | | | |
| 87 | i) Baseline budgets extracted from FY17 budgets introduced by the Governor by removing "replumbing" components requiring statutory changes | | | | | | | | | |
| 88 | j) Calculated using input variable shown on top of Page 2 | | | | | | | | | |