

FY19 GOVERNOR'S BUDGET HIGHLIGHTS

The following are highlights of the Governor's budget proposal, as prepared by House Finance Co-Chair Representative Paul Seaton's office for members' information:

Highlights

- \$400.0 million from the Constitutional Budget Reserve Fund, though the Legislative Finance Division (LFD) indicates \$425.5 million. The Governor's amount reflects \$25.5 million of anticipated savings pursuant to a Medicare Part D employer group waiver plan related to the public employees' and teachers' retirement systems;
- an open-ended appropriation from the SBR that still leaves a nearly \$74 million budget deficit;
- \$2.0 billion unrestricted general fund revenue;
- Nearly \$2.4 billion from the Permanent Fund's Earnings Reserve Account (ERA) to the corpus of the Fund for inflation proofing for FY16-FY19; and
- \$2.7 billion, a 5.25% draw from the ERA is deposited into the General Fund for government (\$1.9 billion) and the PFD. Nearly \$819 million is transferred from the General Fund into the Dividend Fund for a calendar year 2018 estimated PFD of \$1,216.

The Governor also included \$223.3 million (total funds) of operating and capital supplemental requests in the budget bills. In addition, the budget includes several items that require additional legislation to enact: Public School Trust Fund, Senior Benefit Payment Program, Oil & Gas Tax Credits Financing, and the Alaska Economic Recovery Act.

The budget deficit is expected to be \$2.2 billion in FY18, to be drawn from the CBR. Without passage of the Governor's proposed legislation or an ERA draw, the FY19 budget deficit is expected to be nearly \$2.6 billion. The Department of Revenue's FY18 unrestricted revenue forecast is based upon 0.533 MBD at \$56.00 per barrel and 0.525 MBD at \$57.00 per barrel for FY19. (Note: ANS West Coast was \$68.97 on January 10, 2018.)

Long-term forecasts, however, still have the state in deficit spending. Our task is to help chart a course for state government that strikes a balance between the level of government Alaskans need and want, and what we can afford.