

FY20 Budget Update

July 9, 2019

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FY20 Fiscal Situation as of July 9, 2019

Unrestricted General Funds (\$ thousands)

APPROPRIATIONS	Adopted by Legislature	Vetoed	FY20 Budget
Agency Operations	3,826,028.7	(264,677.5)	3,561,351.2
Statewide Items	554,317.1	(103,122.2)	451,194.9
Capital*	172,431.6	(11,700.0)	160,731.6
Fiscal Notes**	30,801.9	-	30,801.9
Transfers	<u>42,771.6</u>	<u>(309.1)</u>	<u>42,462.5</u>
Total Budget	4,626,350.9	(379,808.8)	4,246,542.1
REVENUE			
Traditional UGF Revenue	2,303,615.9		2,303,615.9
POMV Revenue	<u>2,933,084.1</u>	<u>(1,000,000.0)</u>	<u>1,933,084.1</u>
Total Revenue	5,236,700.0	(1,000,000.0)	4,236,700.0
Surplus / (Deficit)	610,349.1		(9,842.1)
* Assumes failed CBR funding is replaced w/ UGF			
** Assumes swept PCE funding for crime fiscal notes is replaced w/ UGF			

The Budget May Be Balanced

- Caveats
 - The UGF capital budget may be less than \$172 million, either by legislative action or by vetoes.
 - \$31 million for crime bill funding may be available if the power cost equalization (PCE) endowment is not swept into the CBR.
 - An \$18.7 million error in the Medicaid veto may be corrected by the legislature.
- But the budget contains no safety valve if revenue falls short of projections, and it leaves no money for supplemental appropriations.

What Does This Mean for Dividends?

- No UGF is available for dividends
- The Governor vetoed \$1 billion of the POMV payout from the ERA to the GF—that leaves \$1 billion in the ERA to pay dividends
- Spending more than \$1 billion from the ERA would exceed the 5.25% statutory payout limit
- \$1 billion would pay a PFD of about \$1,500

FY20 POTENTIAL IMPACTS RESULTING FROM NOT REVERSING THE CBR SWEEP

CATEGORY 1. SIGNIFICANT IMPACTS									
Replenishable?	Fund Code	Fund Short Name	FY20Op (Enacted)	SFC_20Cap	FY20 TOTAL	FY18 Amt Swept to CBR	Estimated 6/30 Sweep	Estimated Budget Hole	Notes
Y	1052	Oil/Haz Fd (DGF)	16,243.2	400.0	16,643.2	1,773.0	7,602.3	1,617.7	\$1.6 million draw from balance
Y	1054	STEP (DGF)	8,473.0		8,473.0	4,014.7	3,556.7	474.7	
Y	1155	Timber Rcp (DGF)	1,013.0		1,013.0		3,598.7	1,013.0	Sales are irregular, so balance is needed
N	1082	Vessel Rep (DGF)		3,000.0	3,000.0	22,127.9	21,270.0	3,000.0	Sweeping balance before FY20 capital project becomes effective creates hole
Y	1151	VocTechEd	13,006.8		13,006.8	1,038.8	2,332.7	209.5	
Y	1168	Tob ED/CES (DGF)	9,186.5		9,186.5	18,596.7	15,421.4	2,686.6	\$9.2m appropriated w/anticipated shortfall of \$2.7 million (30% of appropriation)
N	1169	PCE Endow (DGF)	63,898.4		63,898.4		989,400.0	63,898.4	Not considered sweepable in prior years.
Y	1180	A/D T&P Fd (DGF)	21,642.5		21,642.5	9,858.6	4,463.1	1,542.5	\$21.7m appropriated and \$1.5m (7%) short
N	1181	Vets Endow (Other)	11.2		11.2			11.2	Not considered sweepable in prior years. Eliminates grant funding for veterans' memorials and military monuments
Y	1197	AK Cap Fnd (DGF)		39,000.0	39,000.0	42,422.0	11,654.0	11,654.0	Only FY20 deposit (\$27 million) available
N	1210	Ren Energy (DGF)	2,000.0		2,000.0			2,000.0	Using unobligated balance of the fund for managing renewable energy grants
N	1226	High Ed (DGF)	22,335.8		22,335.8		340,659.2	22,335.8	Not considered sweepable in prior years.
N	1243	SBR Fund			-	184,150.9	172,400.0	-	
Y	1246	RcdvsmFund (DGF)	11,400.0		11,400.0	2,867.5	833.3	800.0	
								111,243.4	

Regarding the Sweep to the CBR

- We don't know which funds will be swept or what the precise impact will be
- There are rumors of a greatly expanded sweep
- Nothing technical is driving an expanded sweep—any expansion of the list is a policy decision completely in the hands of the Governor
- If a fund is swept, money in the fund is not available for FY20, even if there are FY20 appropriations from the fund
- Two funds that have not been swept in prior years—the PCE and Higher Education endowments—account for over \$85 million of the impact. Sweeping those funds will remove funding for
 - the power cost equalization program,
 - the crime bill,
 - WWAMI and
 - post secondary scholarships and grants
- **The only way to ensure that budgeted programs are funded is to reverse the sweep**