

State of Alaska

Office of Management and Budget

House Ways and Means Committee

HJR 6: Constitutional Spending Limit

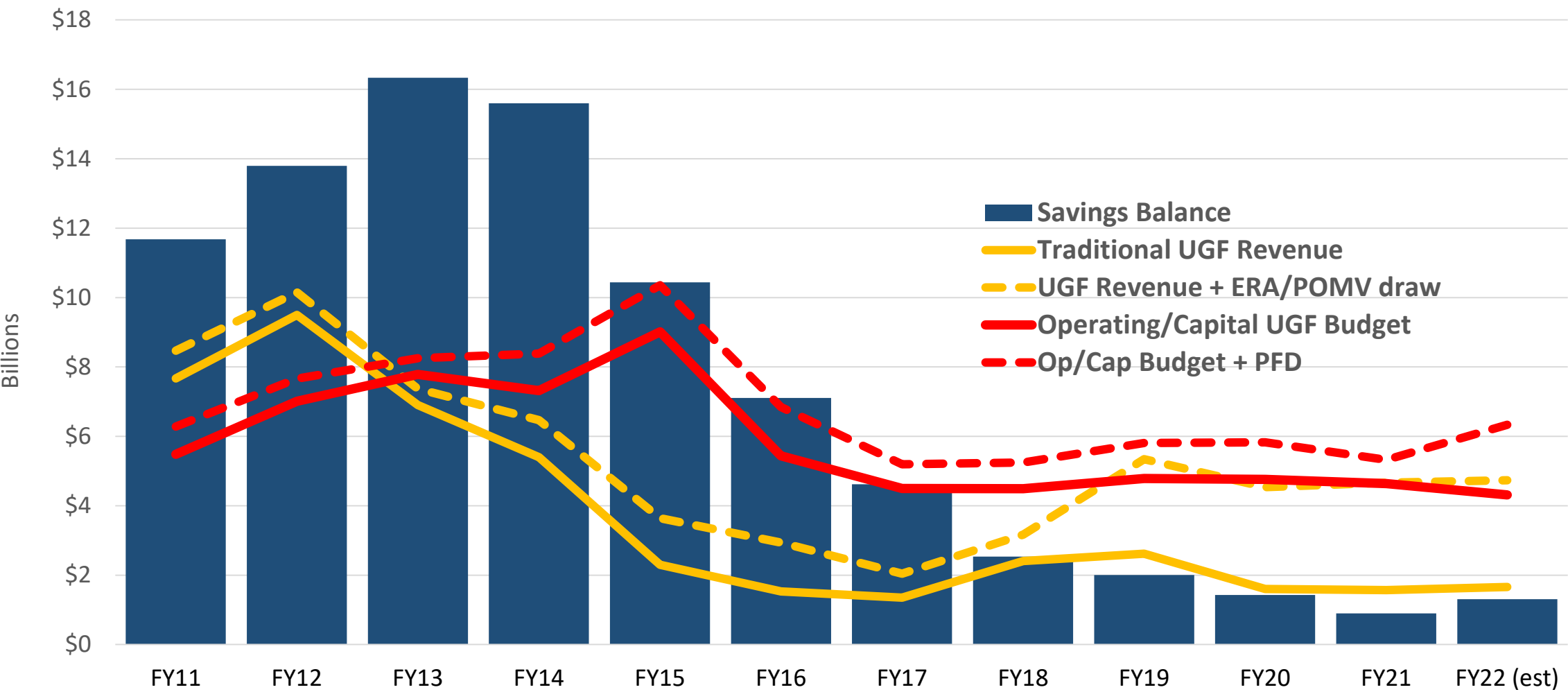
April 29th, 2021

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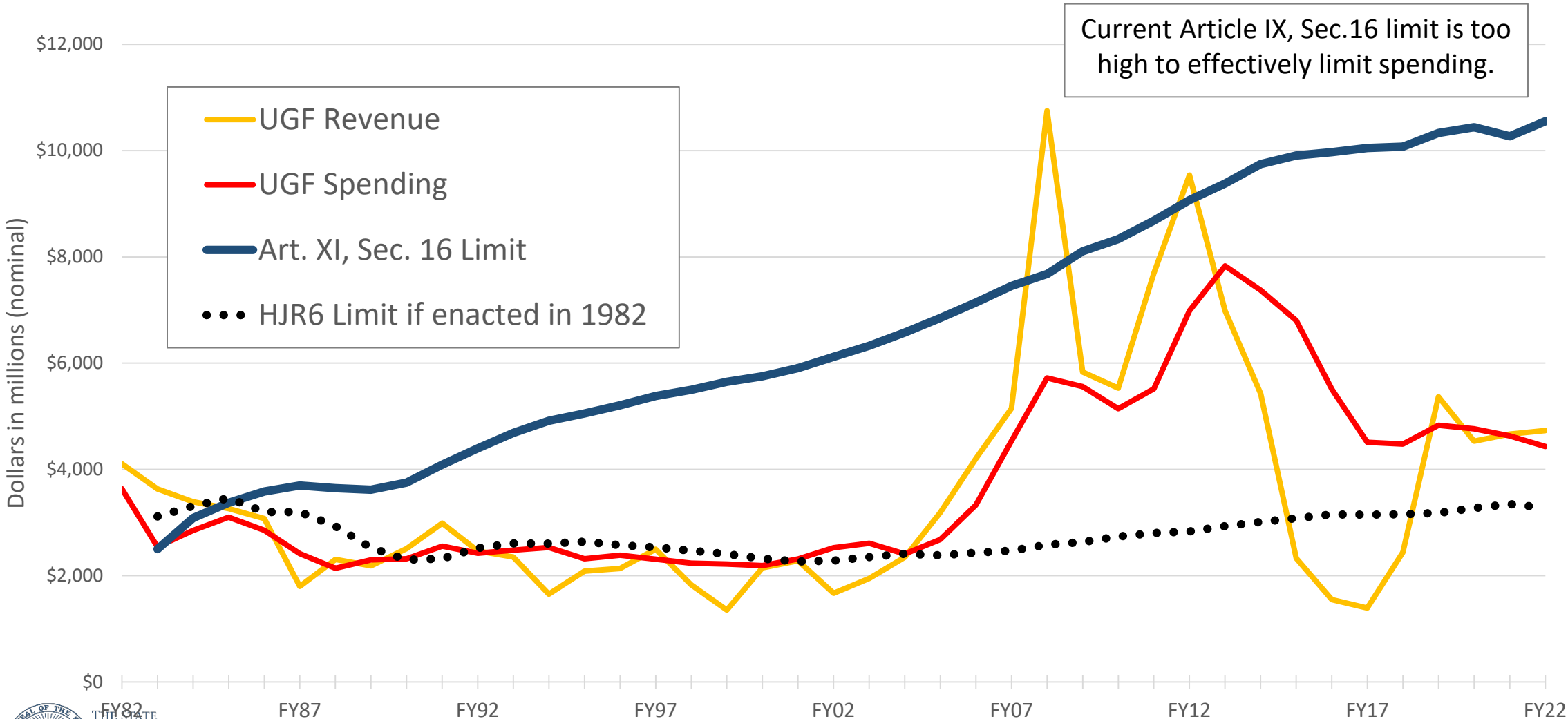
Office of Governor
MIKE DUNLEAVY

Historical Savings Balances



Over \$16 Billion in budget reserves have been spent

Current Constitutional Limit: Article XI, Section 16



HJR 6 Constitutional Appropriation Limit

HJR 6 amends article 9, section 16 of the Alaska Constitution:

Fixing the calculation to limit spending

- May not exceed prior three-year average by more than the greater of inflation or population growth

Clarifies definition of appropriations subject to cap

- Includes appropriations of state funds (UGF, DGF)
- Excludes the following appropriations:
 - PFD
 - Bond proceeds and debt service costs
 - Deposits to state savings accounts
 - Disaster response
 - Non-state funds for a specific purpose

HJR 6 Constitutional Appropriation Limit

HJR 6 amends article 9, section 17 of the Alaska Constitution:

Amends budget reserve fund (CBR) access provisions

- Appropriations from CBR may be made by a majority vote if there are inadequate general fund revenues to meet expenditures

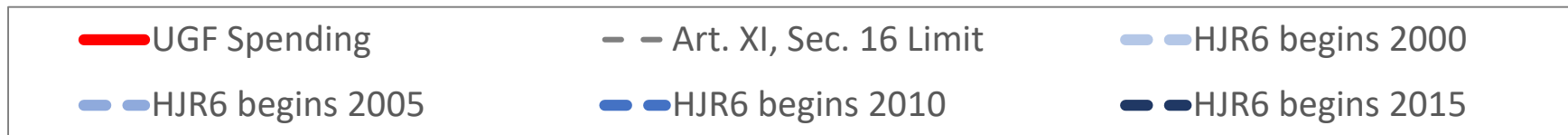
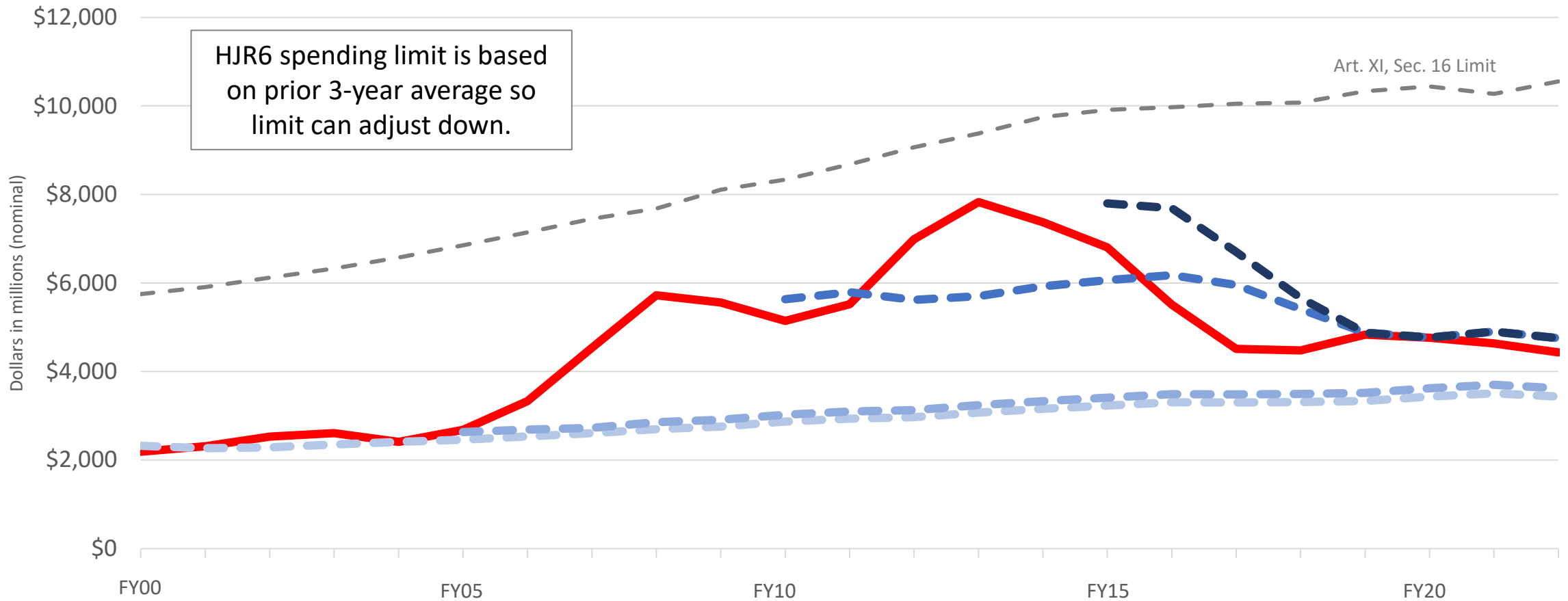
Removes general fund liability to CBR (CBR “sweep”)

HJR 6 Spending Limit Calculation: Critical Policy Decisions

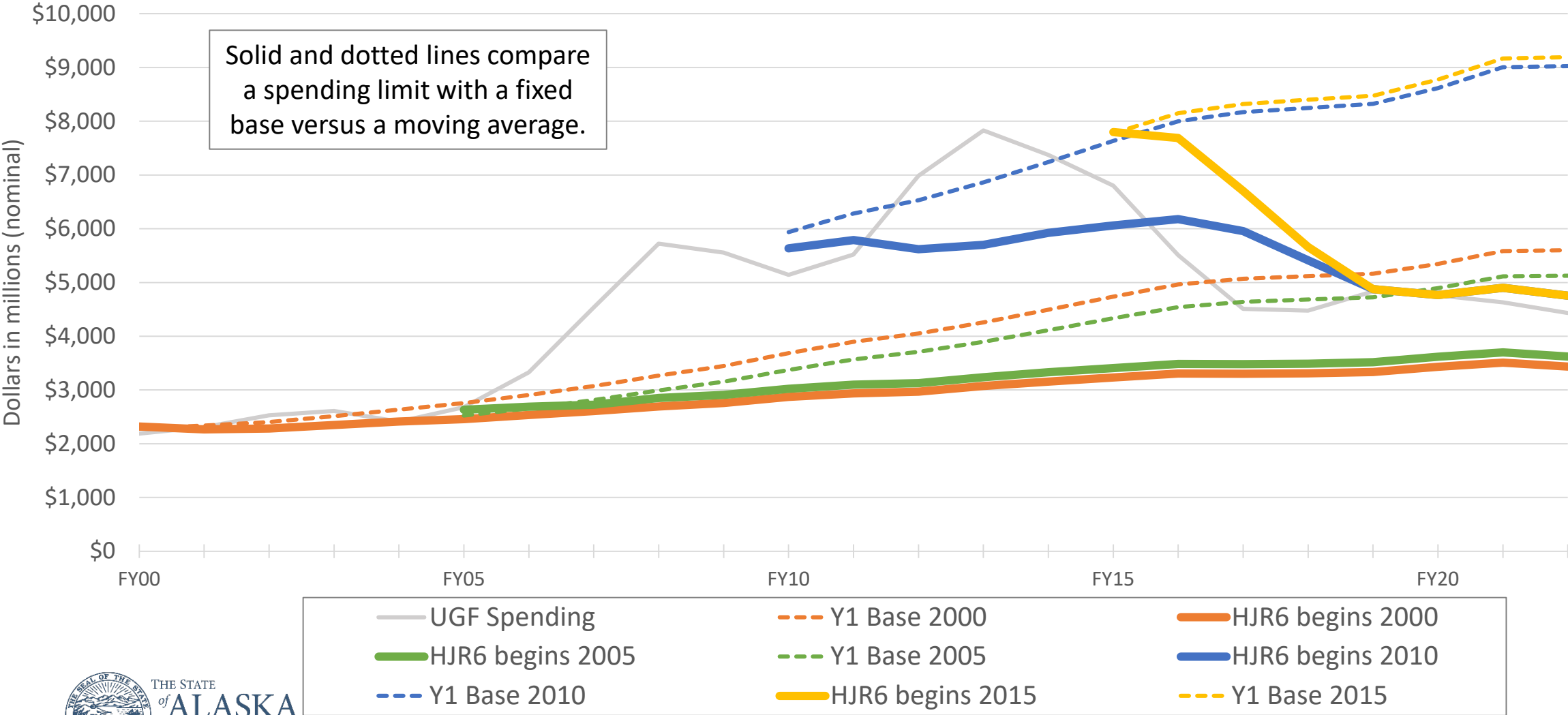
There are three critical decisions to make when establishing a spending limit:

	Current Article IX, Section 16 Limit	HJR 6 Proposed
What is excluded?	PFDs, deposits to PF, bond proceeds, GO bond debt service, disaster spending, non-state money received in trust, revenues of a public enterprise, certain capital appropriations	PFDs, deposits to PF or other state savings accounts , bond proceeds, GO & revenue bond debt service, disaster spending, non-state money received in trust
What is the base?	\$2.5 B in 1982 (fixed)	Previous average 3 years (moving)
How does it grow?	Inflation * population	Greater of inflation or population

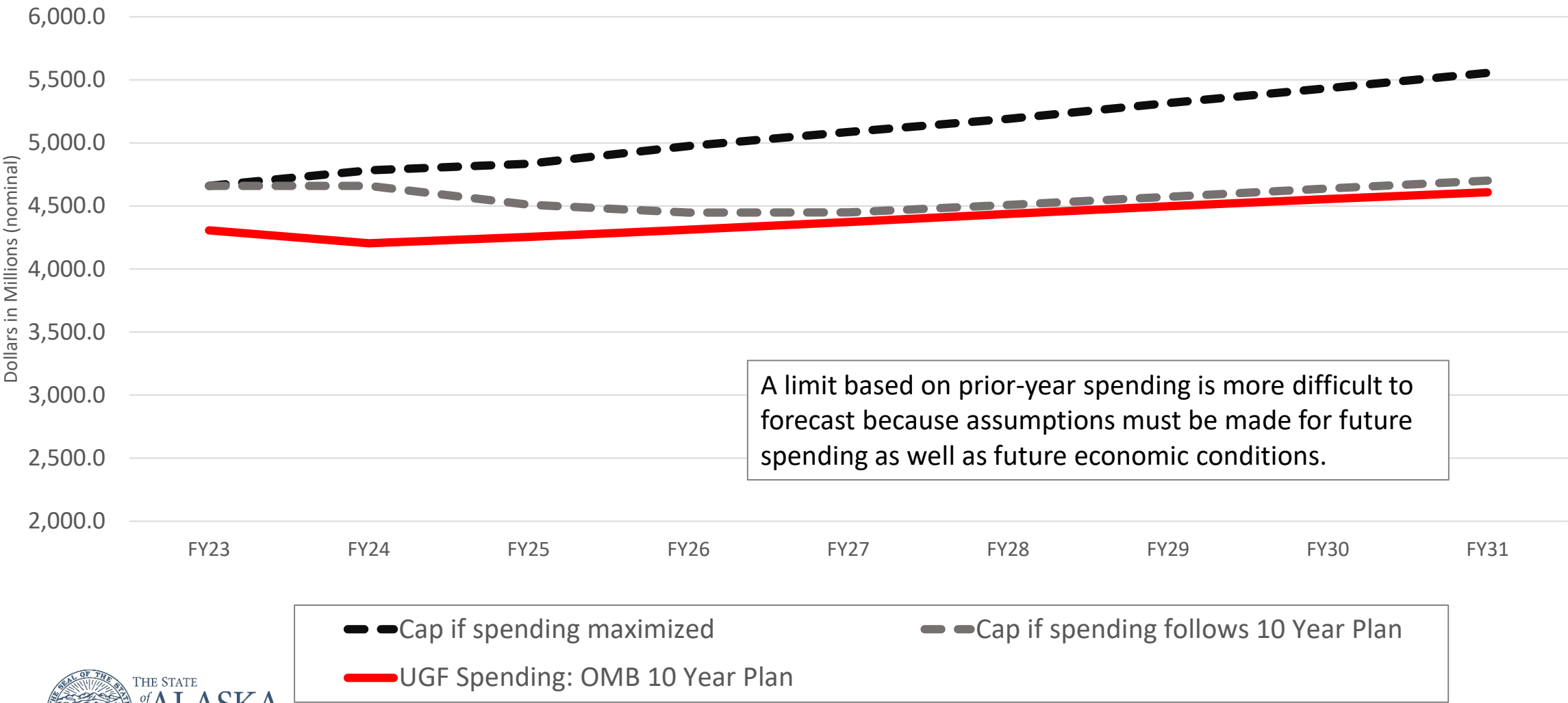
HJR 6 Spending Limit Calculation: Base Year



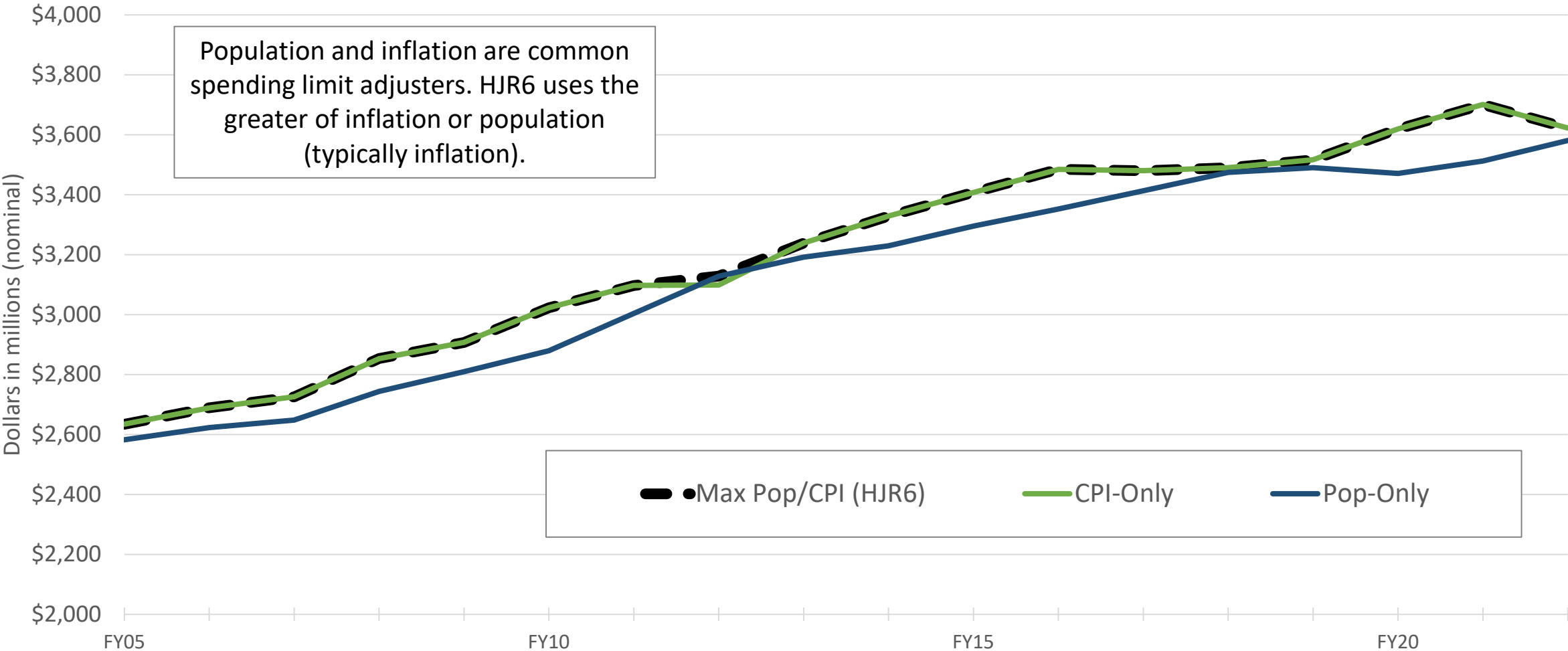
HJR 6 Spending Limit Calculation: Base Year Comparison



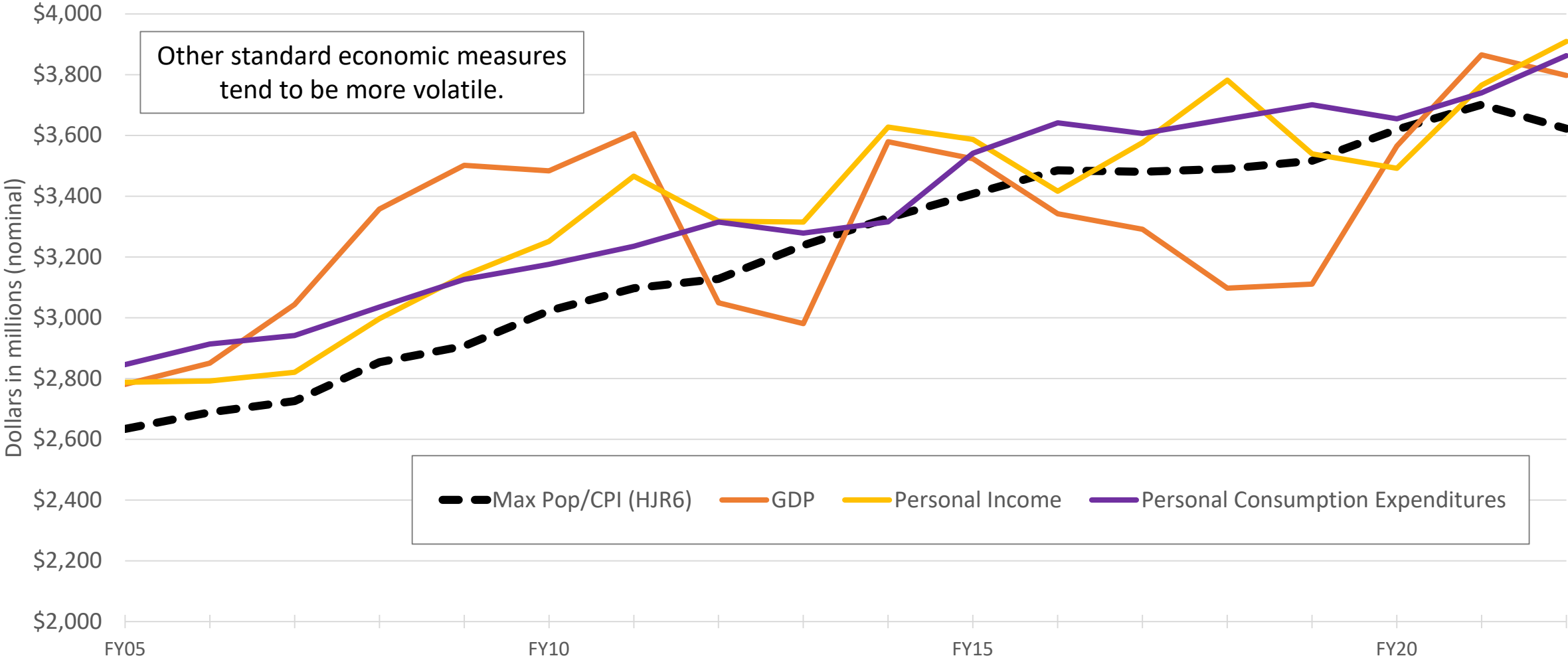
HJR 6 Spending Limit Calculation: Base Year Forecast



HJR 6 Spending Limit Calculation: Growth Adjuster Comparison



HJR 6 Spending Limit Calculation: Growth Adjuster Comparison



HJR 6 Spending Limit Calculation: Growth Adjuster Forecast

