



ALASKA · STATE · CAPITOL

History of Alaska's Revenue and Expenditures

Fiscal Plan Working Group

July 14, 2021

Legislative Finance Division

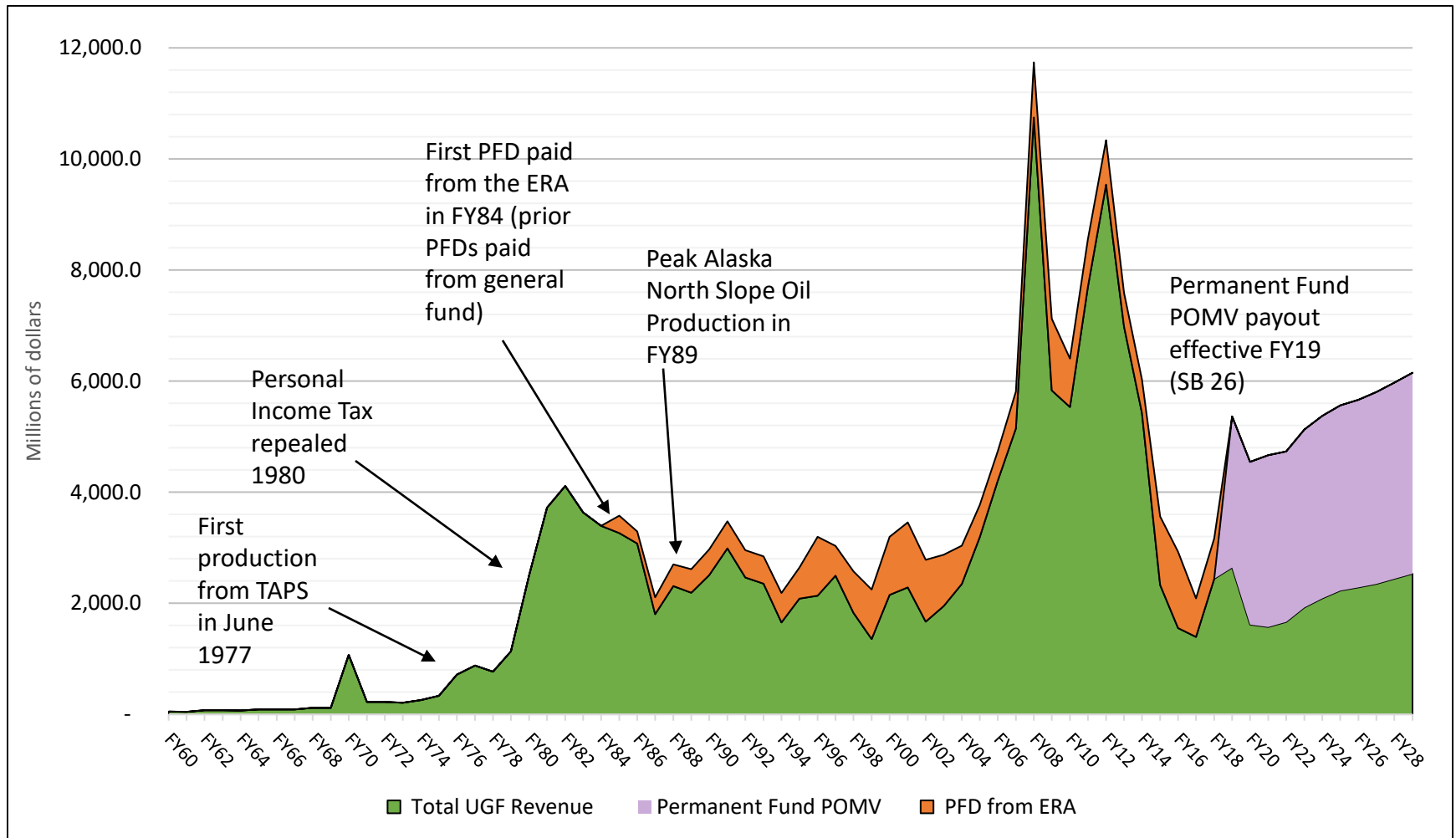
Outline

- History of Alaska's revenue, spending, and budget reserves
- Where are we now? Fiscal summary after vetoes
- Possible baselines for the future

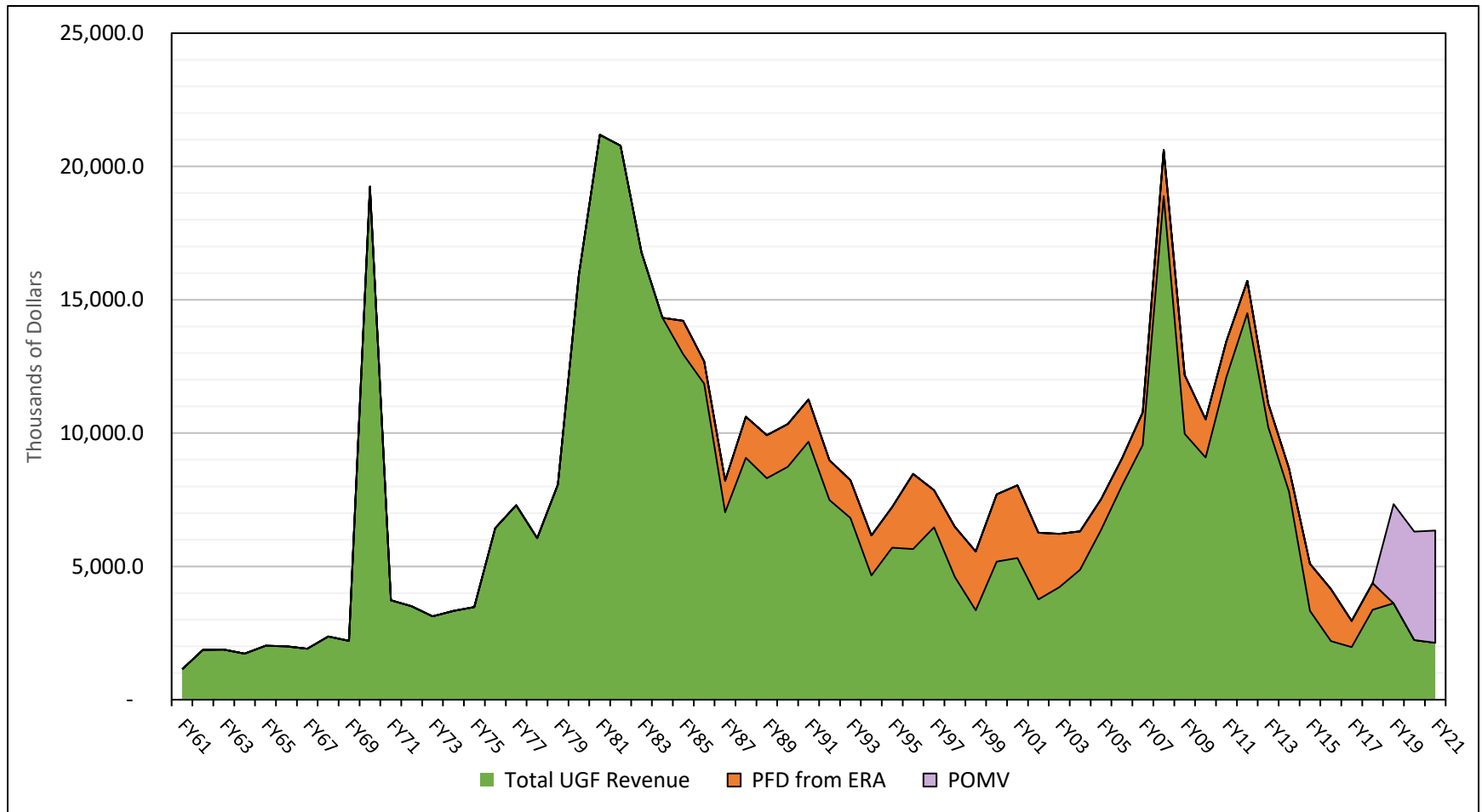
General Notes

- Historic revenue numbers are from the Department of Revenue's "60 Years of Revenue" publication in the Fall 2018 Revenue Sources Book
 - Recent revenue numbers are from the Spring 2020 Revenue Sources Book
- Historic budget numbers use current fund classifications so these numbers will not match contemporary publications
 - This allows for more straightforward comparisons with the current year
- Inflation and population data are from the Department of Labor and use Anchorage CPI. Personal income data from Federal Reserve Economic Data
- Unrestricted General Funds (UGF) are used for most slides because that is the only fund source that impacts the size of the deficit. All Funds data indicates the size of government but may not directly correlate to the State's fiscal situation
 - All Funds versions of historical slides are included as an appendix

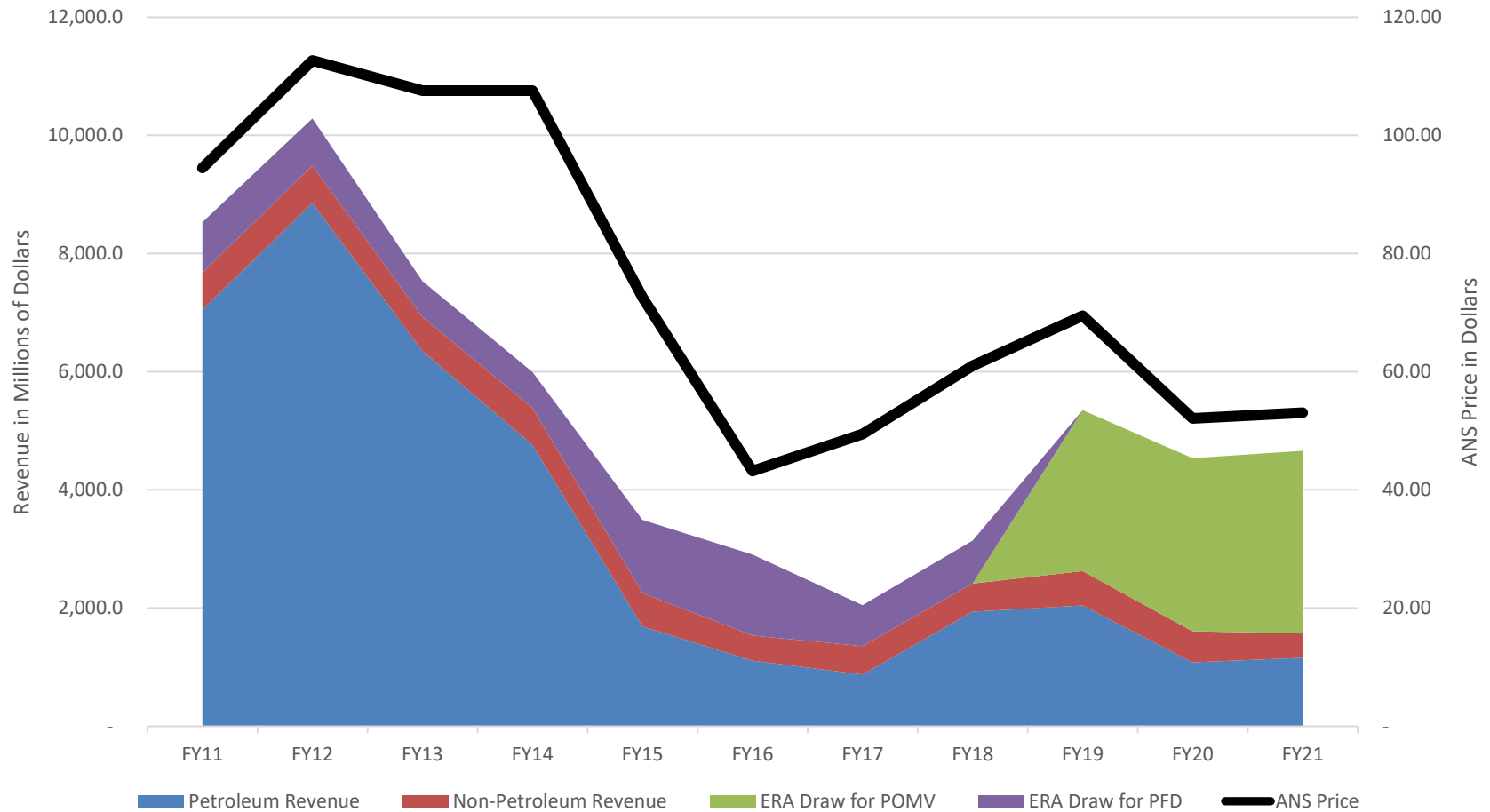
UGF Revenue Since Statehood: Nominal



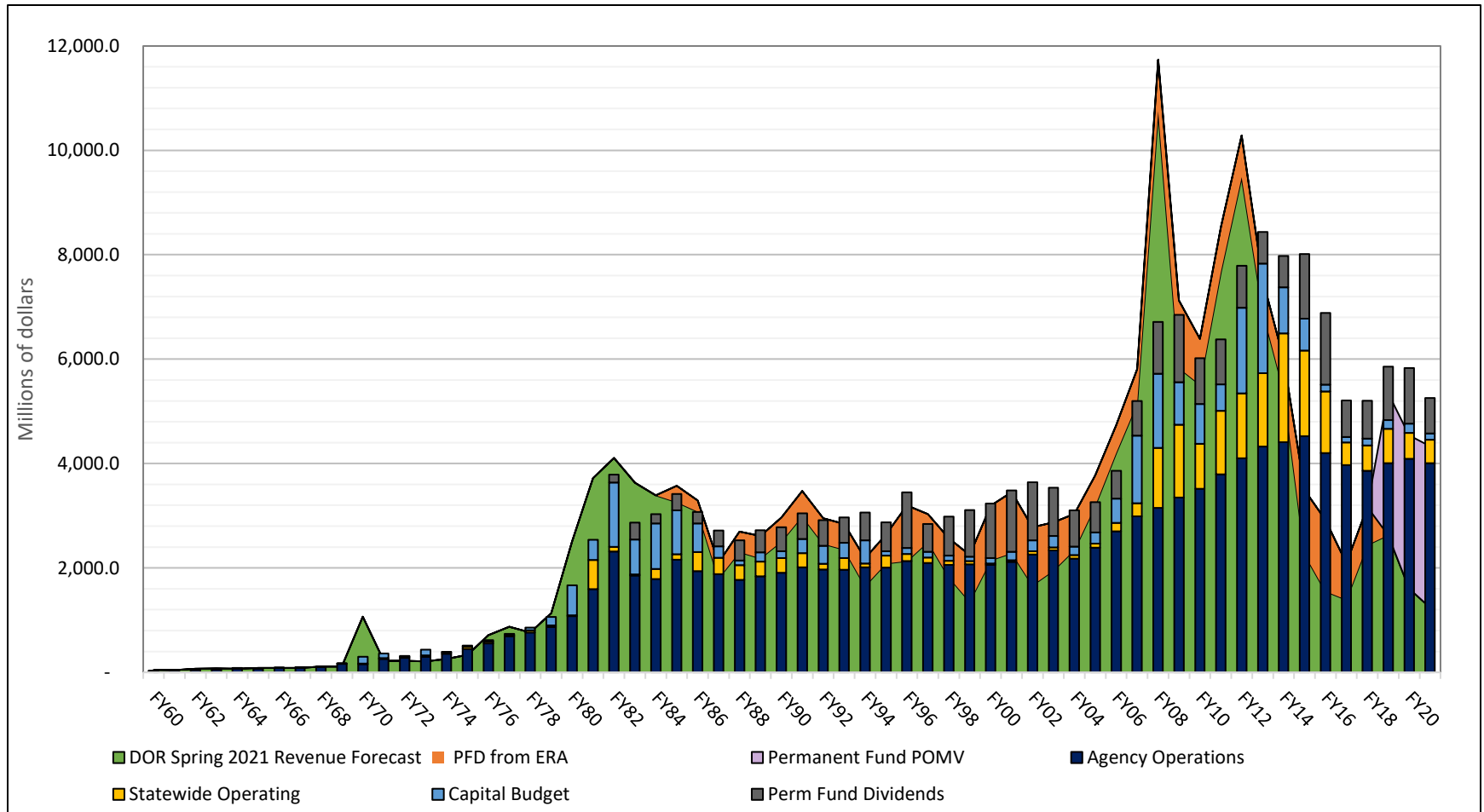
UGF Revenue Since Statehood: Adjusted for Inflation and Population



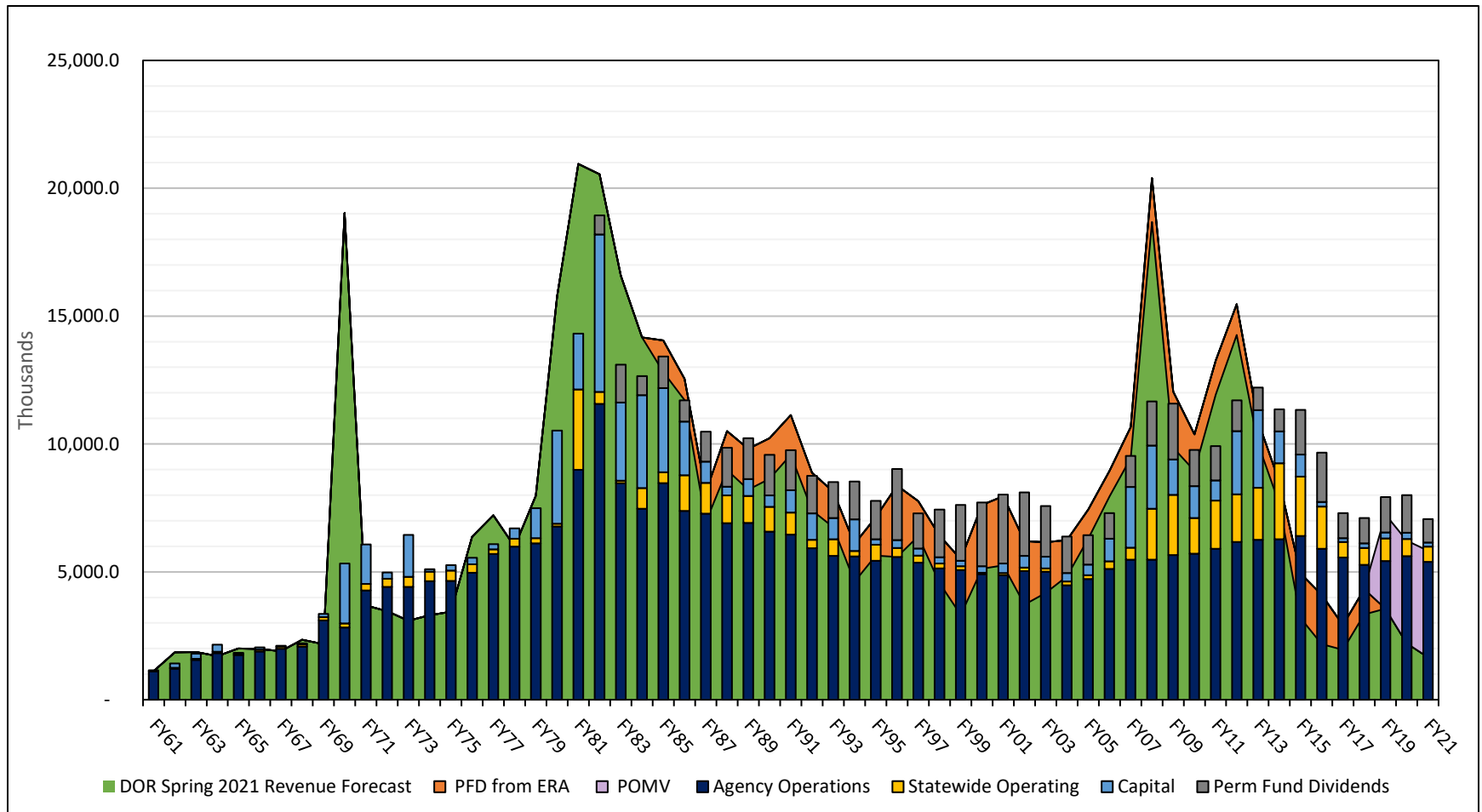
UGF Revenue and Oil Prices, FY11-21



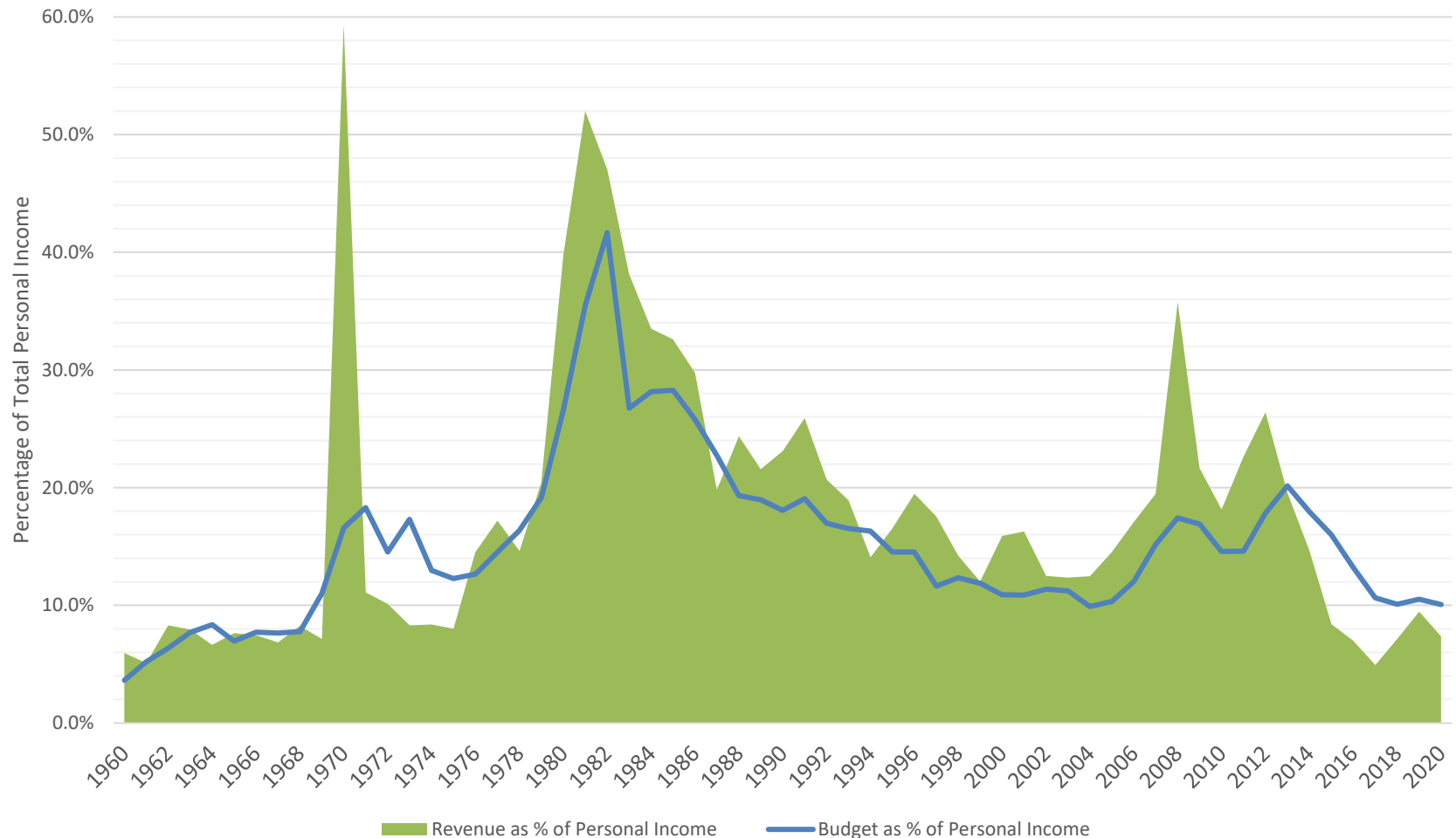
UGF Spending and Revenue Since Statehood: Nominal



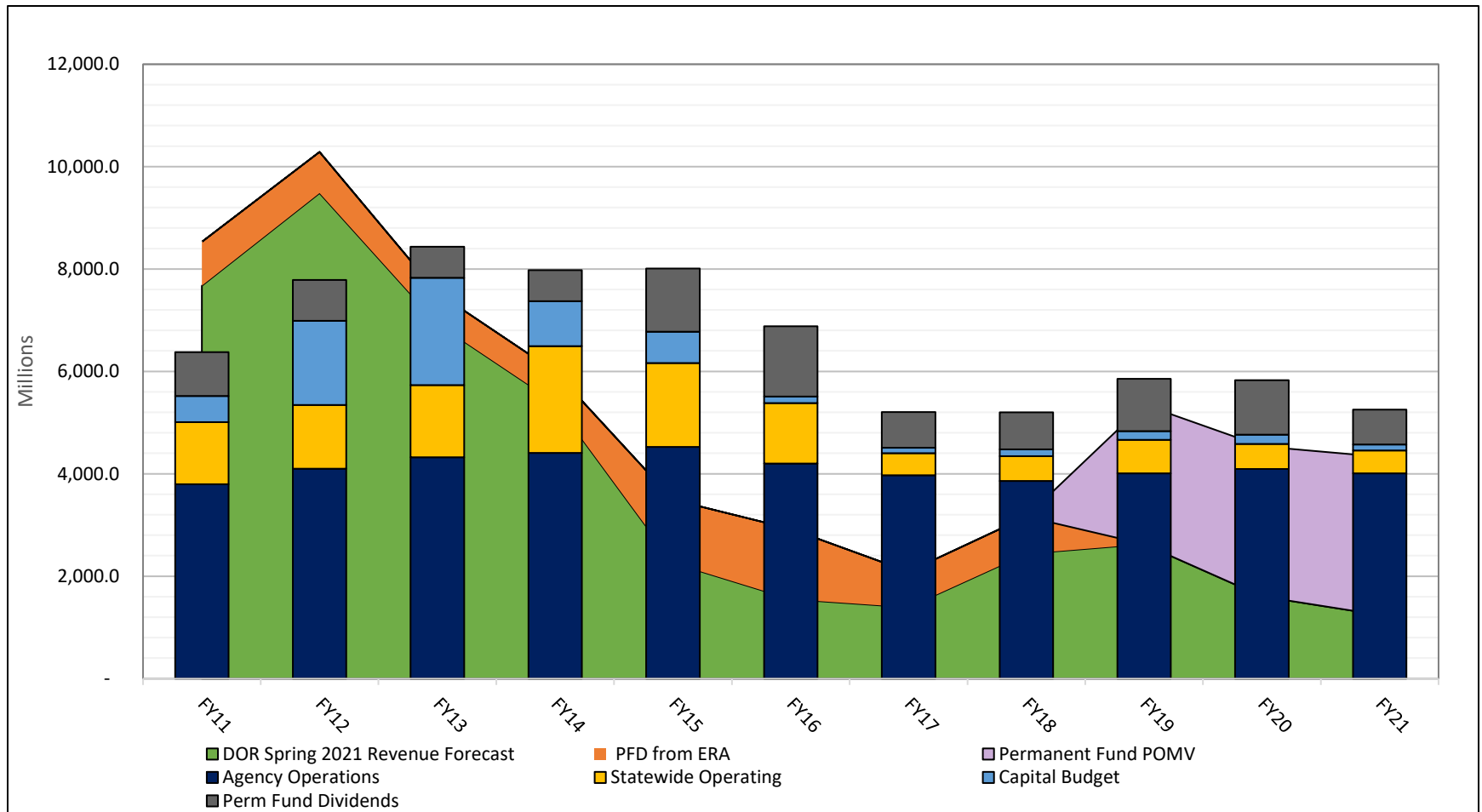
UGF Spending and Revenue Since Statehood: Real Per Capita



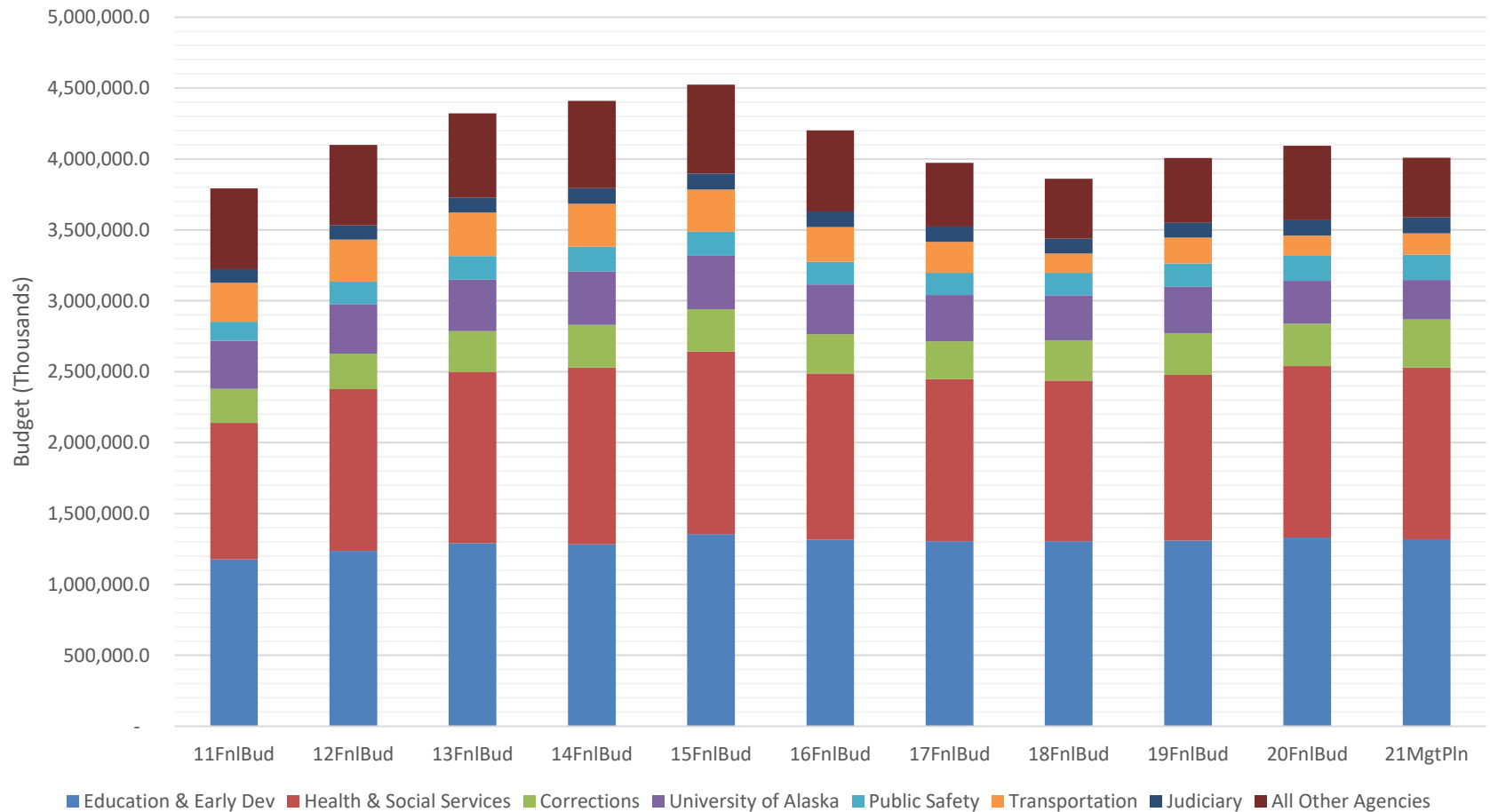
Another View: UGF Revenue and Budget as Percent of Alaskans' Total Personal Income



UGF Spending and Revenue, FY11-21

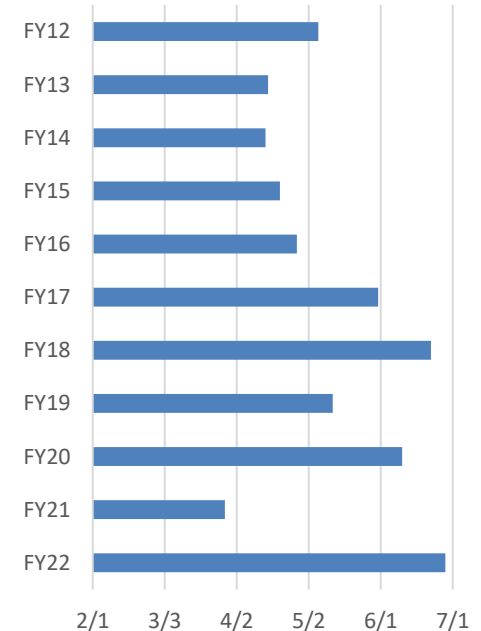


UGF Agency Operations Detail, FY11-21



Budget Timing, FY12-22

Fiscal Year	Date Operating Budget Passed Legislature	State Employee Layoff Notices?	Secondary Approp. Bill?
FY12	May 6	No	No
FY13	April 15	No	No
FY14	April 14	No	No
FY15	April 20	No	No
FY16*	April 27/June 11	No	Yes
FY17	May 31	No	No
FY18	June 22	Yes	No
FY19	May 12	No	No
FY20	June 10	No	Yes
FY21	March 28	No	No
FY22	June 28	Yes	Likely



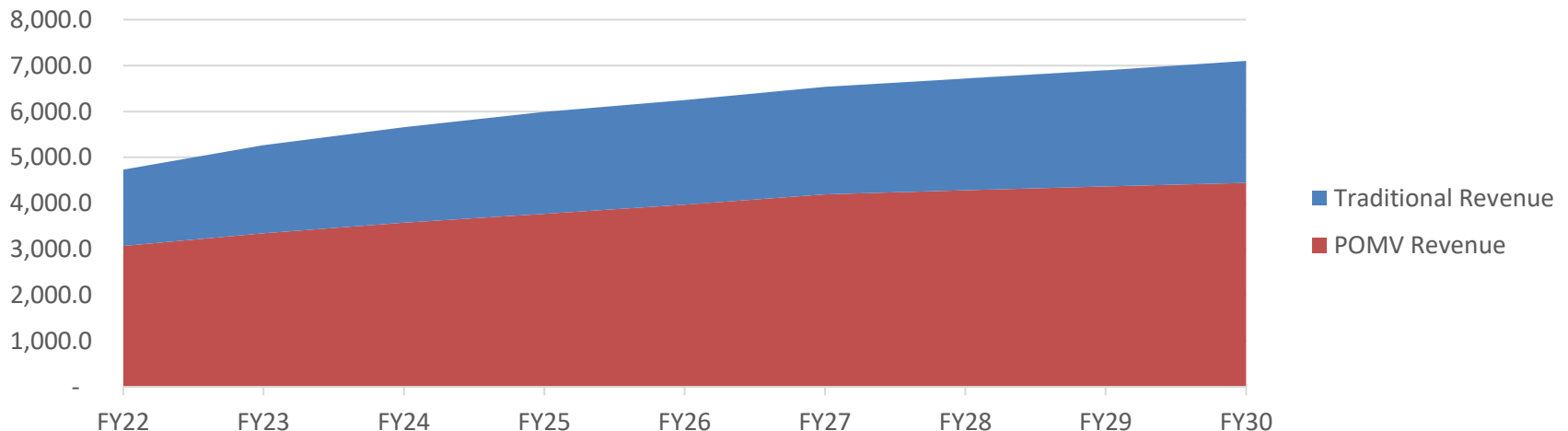
*Note: The legislature passed a partially-funded FY16 budget on April 27 due to a failed CBR vote, prompting Gov. Walker to veto down to the funded amount. On June 11, the legislature passed an additional bill that restored the vetoed appropriations and included CBR access.

Revenue Projections

- Department of Revenue's Spring Revenue Forecast:
 - Assumes \$61 oil in FY22, growing with inflation in future years
 - DNR oil production forecast projects that Alaska North Slope production will increase from 459.7 thousand barrels per day in FY22 to 565.5 thousand barrels per day in FY30.
 - If oil prices remain in the \$75 range in FY22, Alaska is projected to receive an additional \$450-500 million over the forecast.
- The Permanent Fund has not yet released final FY21 numbers or received updated projections from Callan, their investment consultant. Assumption at this point is based on earnings through May 31 and 6.20% returns for FY22 and beyond.
 - POMV is based on first five out of last six closed fiscal years, so FY22 POMV is an average of market value from FY16-20. FY21 investment returns will be worked into the average starting in FY23.

Revenue Projections, Cont.

	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30
Oil Price	\$61.00	\$62.00	\$63.00	\$65.00	\$66.00	\$67.00	\$68.00	\$70.00	\$71.00
Oil Production	459.7	476.6	502.4	511.6	515.1	526.3	541.1	555.5	565.5
PF Earnings Rate	6.20%	6.20%	6.20%	6.20%	6.20%	6.20%	6.20%	6.20%	6.20%
Traditional Revenue	1,662.2	1,921.0	2,085.1	2,223.9	2,282.8	2,346.9	2,436.5	2,531.5	2,658.5
POMV Revenue	3,069.3	3,346.6	3,573.6	3,767.7	3,965.3	4,189.9	4,278.8	4,363.0	4,444.6
Total Revenue	4,731.5	5,267.6	5,658.7	5,991.6	6,248.1	6,536.8	6,715.3	6,894.5	7,103.1
Growth Rate		11.3%	7.4%	5.9%	4.3%	4.6%	2.7%	2.7%	3.0%



Preliminary Short Fiscal Summary:

Enacted Budget

	FY21 Final	FY22 Adjourn	FY22 Vetoed	FY22 Enacted
UGF Revenue (DOR Spring)	4,772.0	4,731.6		4,731.6
Agency Operations	4,009.3	3,953.5	(50.7)	3,902.2
Statewide Items	446.3	394.7	(34.7)	360.0
Supplementals (with veto)	62.0	-	-	-
Capital Budget	120.3	347.6	(107.8)	239.8
Total Budget	4,643.4	4,695.8	(193.3)	4,502.0
PFD Appropriation	680.0	691.0	(682.5)	8.5
PFD per recipient	\$992	\$1,025		\$ -
Fund Transfers	35.9	(235.4)	-	(235.4)
Pre-SBR/CBR Deficit	(581.8)	(419.9)		456.5
Estimated Total Reserves	1,055.9	686.5		1,471.7

Current Law versus Current Policy

- After vetoes, Alaska has a budget surplus. But if we followed statutes on the PFD and other statewide items, we would have a large deficit.
- Therefore, the severity of our fiscal problems depend on your baseline: should it be current law or current policy?

UGF Statewide Items Comparison: Current Law versus Current Policy

	FY22 Statute	FY22 Post-Veto
School Debt Reimbursement	54.2	4.2
Other Debt Service	92.5	92.5
Oil and Gas Tax Credits	114.0	-
State Assistance to Retirement	246.2	246.2
Community Assistance	17.6	-
REAA Fund	34.2	17.1
Statewide Items Total	558.8	360.0
PFD Appropriation	2,394.3	8.5
PFD per Recipient	\$3,687	\$ -

Current Policy Baseline: Post-Veto Budget, Growing with Inflation

	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30
Agency Operations	3,952.9	4,032.0	4,112.6	4,194.9	4,278.8	4,364.4	4,451.7	4,540.7	4,631.5
Statewide Items	360.0	362.7	368.1	369.9	367.5	372.5	380.3	383.2	388.5
Capital Budget	239.8	244.6	249.5	254.4	259.5	264.7	270.0	275.4	280.9
Supplementals	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0
Fund Transfers	(235.4)	14.6	14.6	14.6	14.6	14.6	14.6	14.6	14.6
Total Budget	4,367.3	4,703.9	4,794.8	4,883.8	4,970.5	5,066.2	5,166.6	5,263.9	5,365.5
Surplus/(Deficit) before PFD	364.2	563.7	863.8	1,107.8	1,277.6	1,470.5	1,548.7	1,630.7	1,737.6
PFD	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5
Surplus/(Deficit)	355.7	555.2	855.3	1,099.3	1,269.1	1,462.0	1,540.2	1,622.2	1,729.1

Average Surplus, FY22-30: \$1,165.3

Current Law Baseline: Post-Veto Agency Operations Growing with Inflation, Statutory Statewide Items

	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30
Agency Operations	3,952.9	4,032.0	4,112.6	4,194.9	4,278.8	4,364.4	4,451.7	4,540.7	4,631.5
Statewide Items	558.8	538.0	552.4	569.3	554.2	467.0	408.8	408.3	411.8
Capital Budget	239.8	244.6	249.5	254.4	259.5	264.7	270.0	275.4	280.9
Supplementals	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0
Fund Transfers	(235.4)	14.6	14.6	14.6	14.6	14.6	14.6	14.6	14.6
Total Budget	4,566.1	4,879.2	4,979.1	5,083.2	5,157.2	5,160.7	5,195.1	5,289.1	5,388.8
Surplus/(Deficit) before PFD	165.4	388.4	679.5	908.4	1,090.9	1,376.1	1,520.2	1,605.5	1,714.3
PFD	2,394.3	2,551.7	2,394.1	2,564.4	2,765.9	2,584.0	2,636.1	2,685.8	2,734.0
Surplus/(Deficit)	(2,228.9)	(2,163.3)	(1,714.6)	(1,656.0)	(1,675.0)	(1,207.9)	(1,115.9)	(1,080.3)	(1,019.7)

Average Deficit, FY22-30: \$1,540.2

Contact Information

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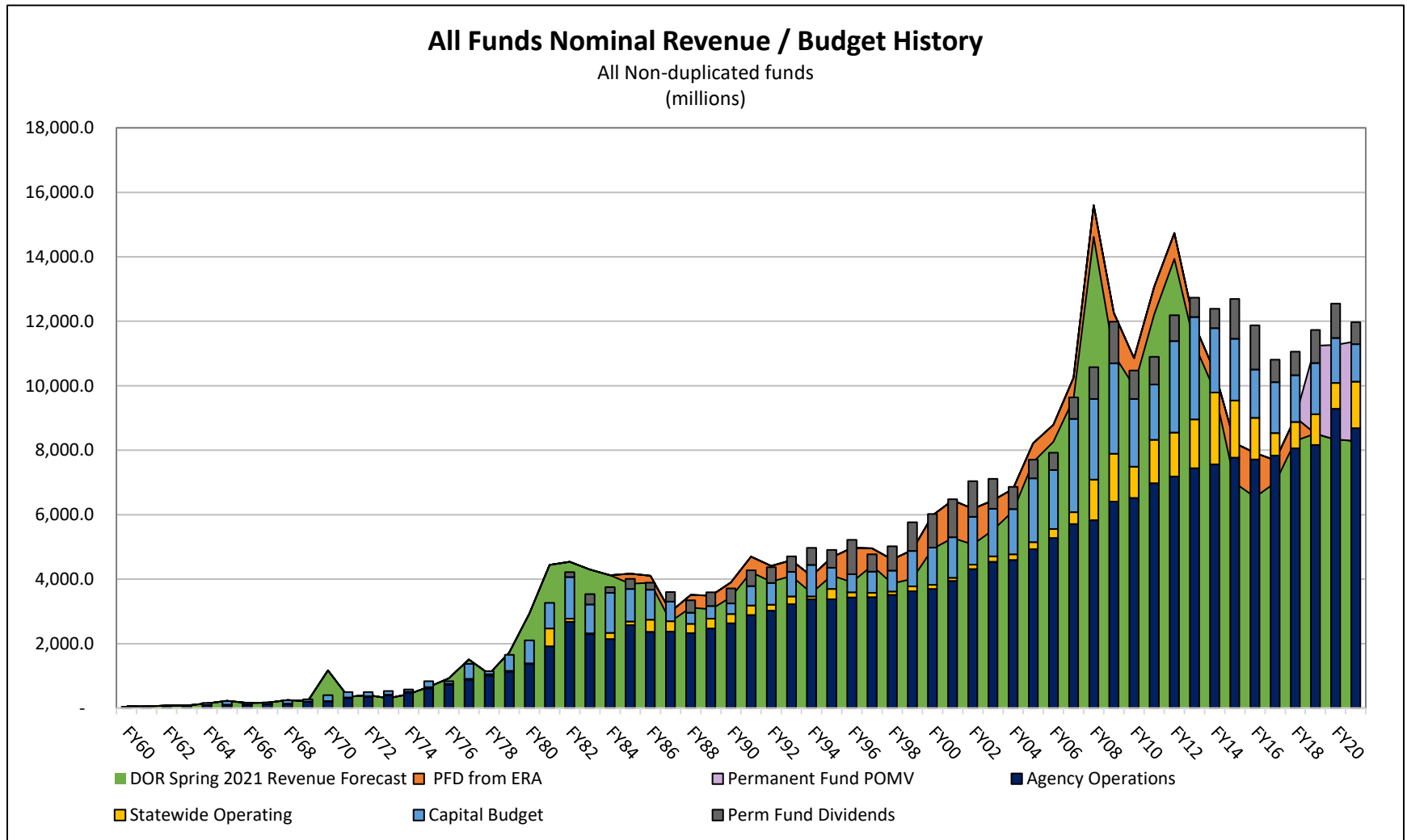
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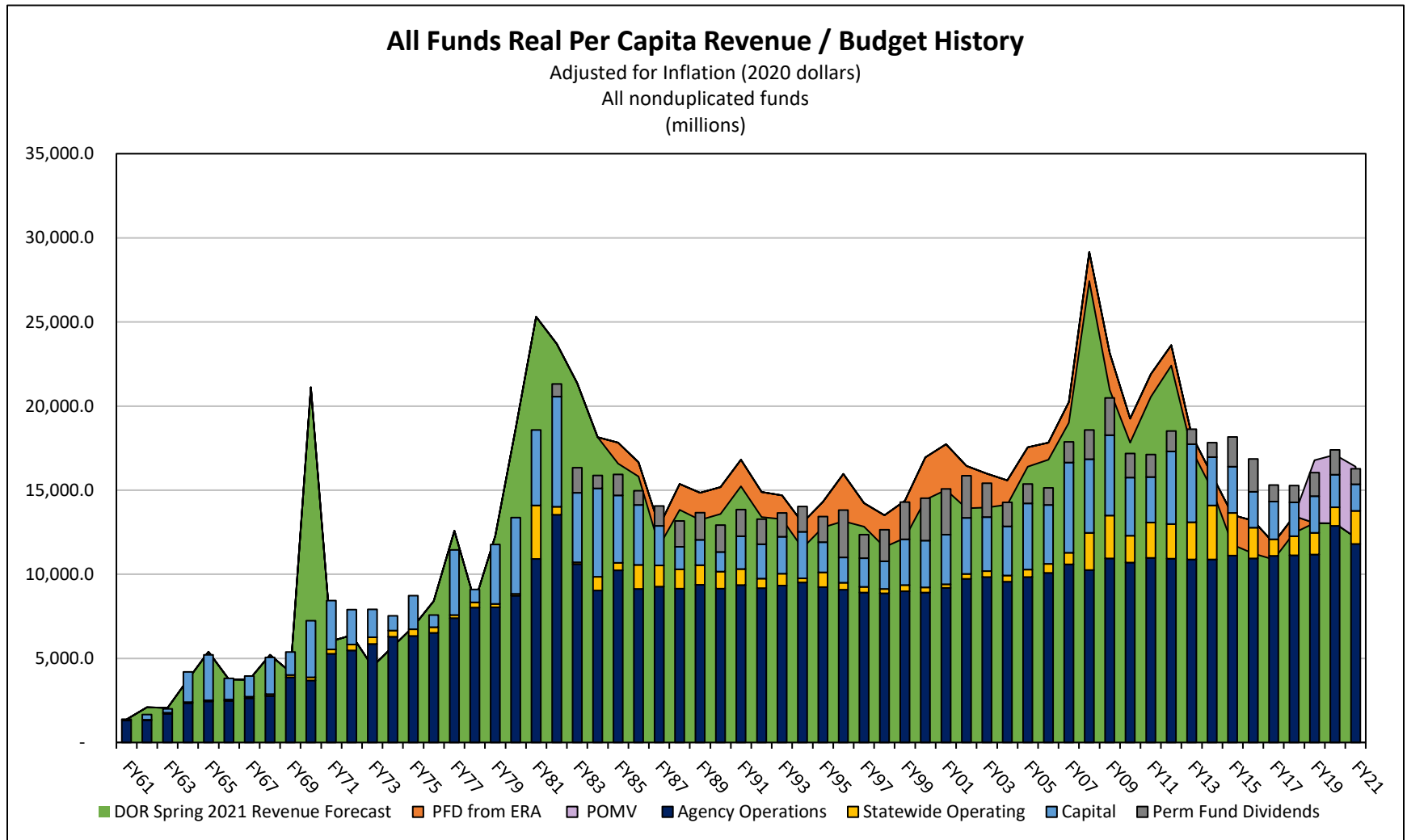
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Appendix: Slide 7 with All Funds



Appendix: Slide 8 with All Funds



Appendix: Slide 9 with All Funds

Total Revenue and Budget Compared to Personal Income

