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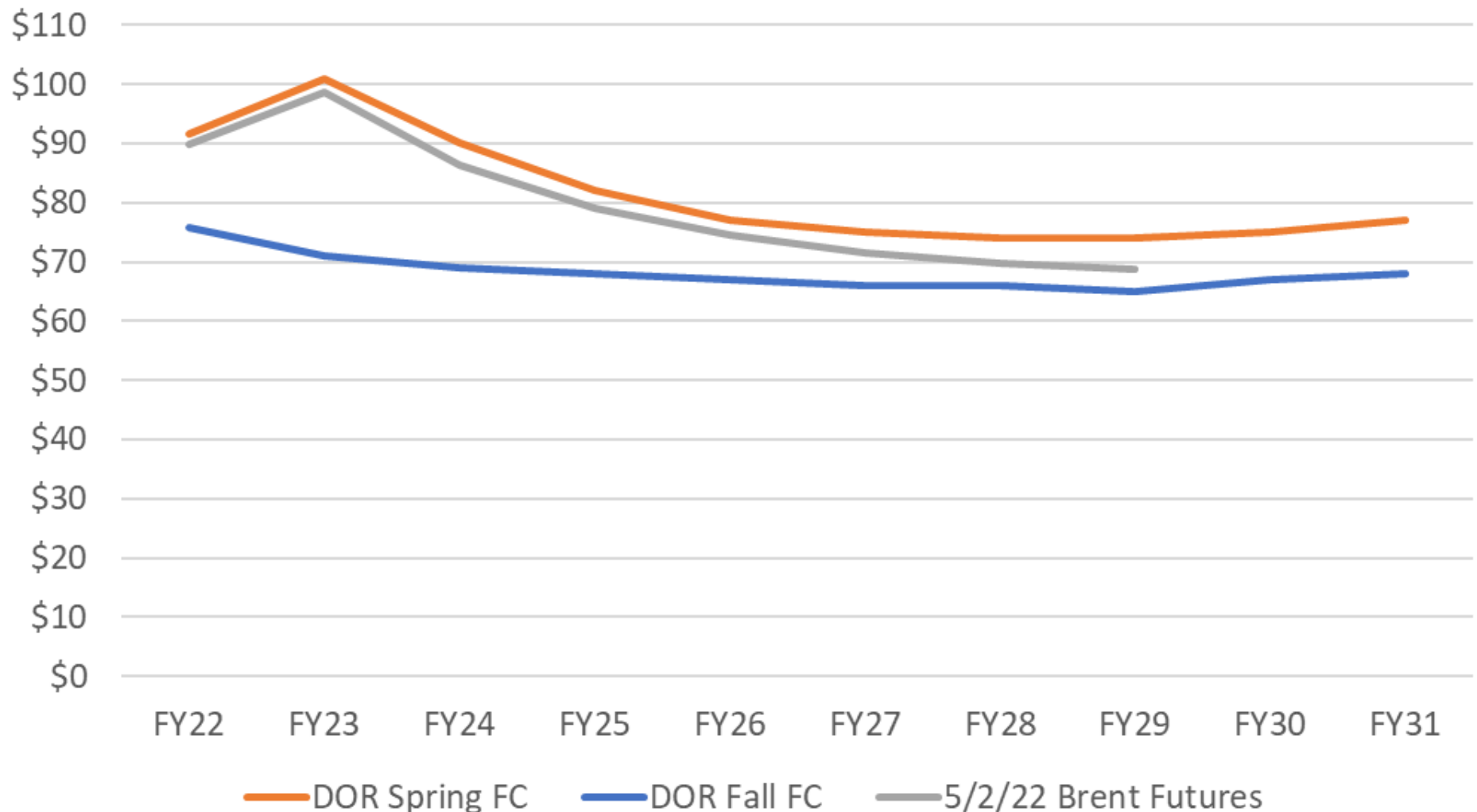
# Fiscal Update with Senate Finance Budget

Senate Finance Committee  
May 3, 2022  
Legislative Finance Division

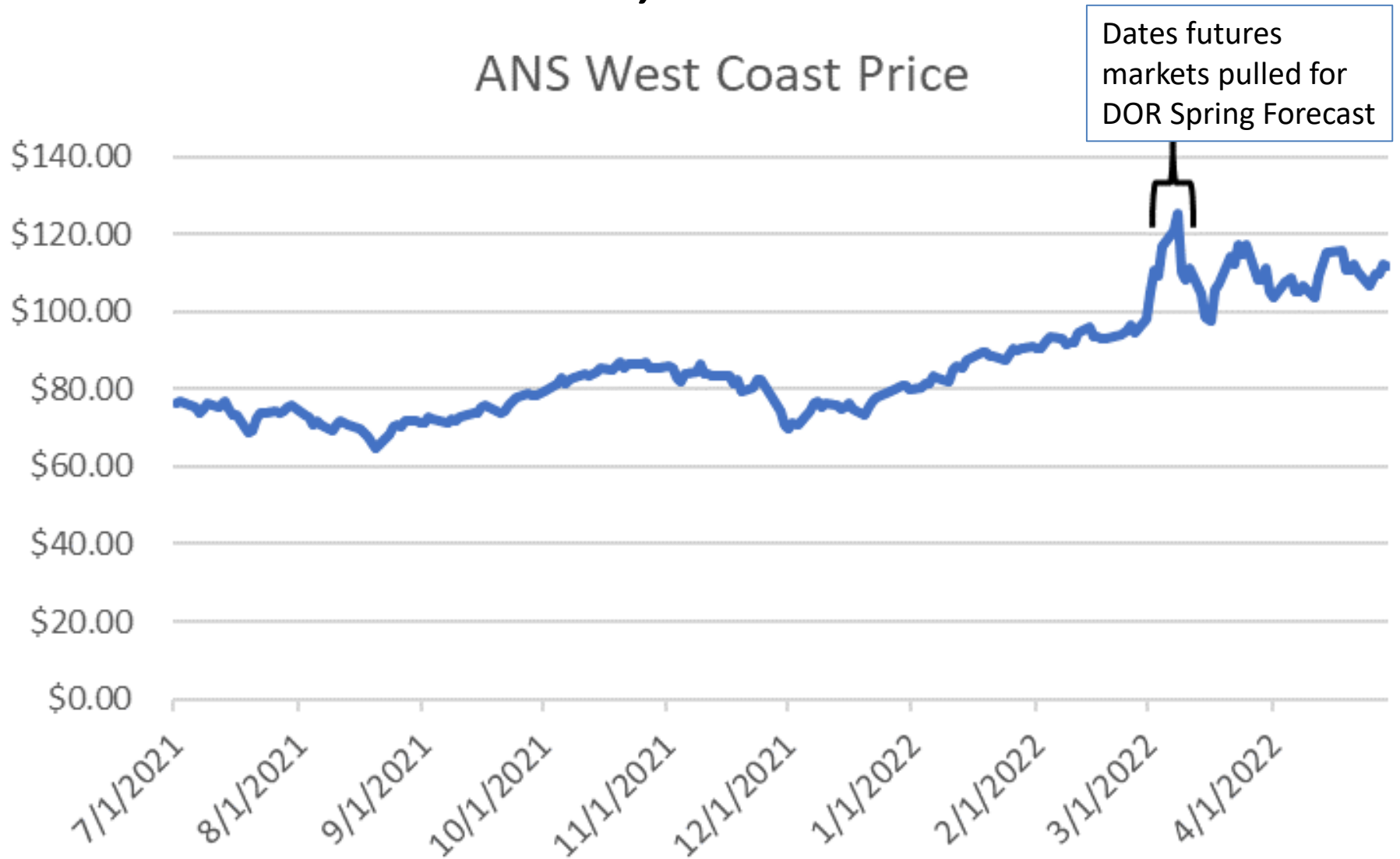
# Outline

- Volatility and Spring Revenue Forecast
- Updated Fiscal Summary with Senate Finance CS (SFIN budget)
- Operating Budget Growth
- Position Count Growth

# Oil Price Forecast Update

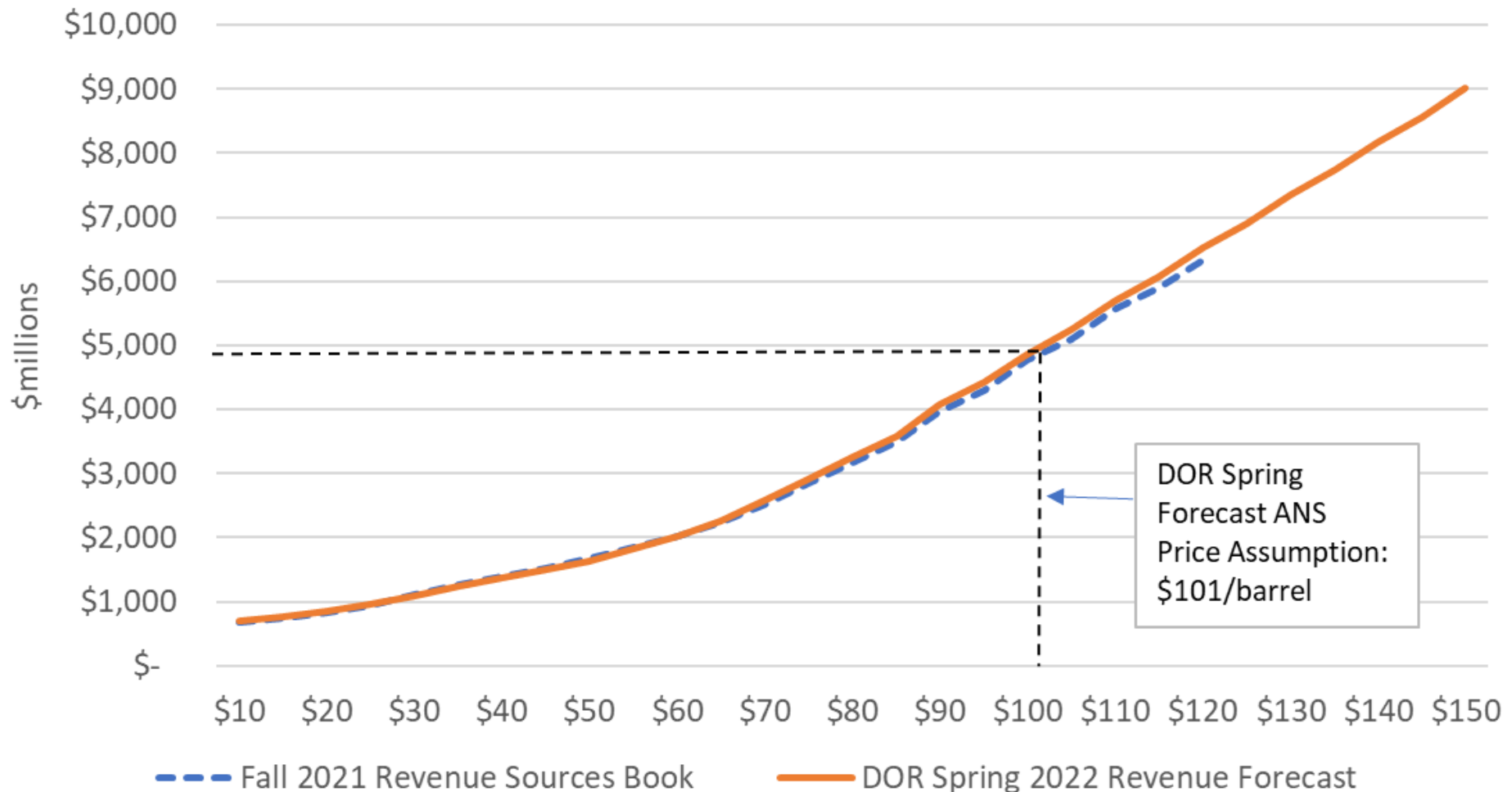


# Oil Prices, FY22 to Date



# FY23 Oil Price Sensitivity Chart

FY23 UGF Revenue by ANS Price (Excluding POMV)



# Fiscal Summary: Senate Finance Budget, Spring Forecast (UGF only)

	(\$ Millions) (Non-duplicated Funds)	FY22 Budget	FY23 SFIN	Change in UGF	
		UGF	UGF		
1	<b>Revenue</b>	<b>6,964.7</b>	<b>8,331.0</b>	<b>1,366.3</b>	<b>20%</b>
2	Fall 2021 Revenue Forecast	2,662.7	2,577.2	(85.5)	-3%
3	Spring 2022 Forecast Increase	1,220.7	2,393.2	1,172.5	96%
4	POMV Draw	3,069.3	3,360.6	291.3	9%
5	Misc/Adjust/Non-UGF Revenue	12.0	-	(12.0)	
6	<b>Appropriations</b>	<b>6,418.3</b>	<b>7,108.8</b>	<b>690.6</b>	<b>11%</b>
7	<b>Operating Budget</b>	<b>4,912.7</b>	<b>5,021.1</b>	<b>108.4</b>	<b>2.2%</b>
8	Agency Operations	3,919.5	4,183.5	263.9	6.7%
9	Placeholder for K-12 Disparity Test	72.4	74.6		
10	Statewide Items	414.0	763.1	349.0	84.3%
11	Operating Supplementals	506.8	-	(506.8)	
12	<b>Capital Budget</b>	<b>567.5</b>	<b>407.4</b>	<b>(160.1)</b>	<b>-28.2%</b>
13	Current Year Appropriations	242.9	407.4	164.5	67.7%
14	Capital Supplementals	324.6	-	(324.6)	
15	<b>Permanent Fund</b>	<b>938.0</b>	<b>1,680.3</b>	<b>742.3</b>	<b>79.1%</b>
16	Permanent Fund Dividends	739.0	1,680.3	941.3	127.4%
17	Inflation Proofing/Other Deposits*	-	-		
18	Royalty Deposit to Corpus	199.0	-		
19	<b>Pre-Transfer Surplus/(Deficit)</b>	<b>546.4</b>	<b>1,222.2</b>		
20	Statutory Budget Reserve	(410.7)	-		
21	American Rescue Plan Act (ARPA)	(550.0)	(186.6)		
22	Over \$100 Oil Deposit to PF	-	106.0		
23	Forward-Fund K12	-	1,215.1		
24	Other Fund Transfers	14.6	0.3		
25	Supplemental Statutory Budget Reserve Deposit	660.0	-		
26	<b>Post-Transfer Surplus/(Deficit)</b>	<b>832.5</b>	<b>87.4</b>		

Reserve Balances (EOY)		
	FY22	FY23
<b>SBR</b>	1,562.6	1,650.0
<b>CBR</b>	1,278.0	1,304.7
<b>ERA*</b>	14,901.4	15,613.8

# Fiscal Summary: Senate Finance Budget, \$84 Oil (UGF only)

	(\$ Millions) (Non-duplicated Funds)	FY22 Budget	FY23 SFIN	Change in UGF	
		UGF	UGF		
1	<b>Revenue</b>	<b>6,964.7</b>	<b>6,878.5</b>	<b>(86.2)</b>	<b>-1%</b>
2	Fall 2021 Revenue Forecast	2,662.7	2,577.2	(85.5)	-3%
3	Spring 2022 Forecast at \$84 Oil	1,220.7	940.7	(280.0)	-23%
4	POMV Draw	3,069.3	3,360.6	291.3	9%
5	Misc/Adjust/Non-UGF Revenue	12.0	-	(12.0)	
6	<b>Appropriations</b>	<b>6,418.3</b>	<b>7,028.4</b>	<b>610.1</b>	<b>10%</b>
7	<b>Operating Budget</b>	<b>4,912.7</b>	<b>4,940.7</b>	<b>28.0</b>	<b>0.6%</b>
8	Agency Operations	3,919.5	4,183.5	263.9	6.7%
9	Placeholder for K-12 Disparity Test	72.4	74.6		
10	Statewide Items	414.0	682.7	268.6	64.9%
11	Operating Supplementals	506.8	-	(506.8)	
12	<b>Capital Budget</b>	<b>567.5</b>	<b>407.4</b>	<b>(160.1)</b>	<b>-28.2%</b>
13	Current Year Appropriations	242.9	407.4	164.5	67.7%
14	Capital Supplementals	324.6		(324.6)	
15	<b>Permanent Fund</b>	<b>938.0</b>	<b>1,680.3</b>	<b>742.3</b>	<b>79.1%</b>
16	Permanent Fund Dividends	739.0	1,680.3	941.3	127.4%
17	Inflation Proofing/Other Deposits*	-	-		
18	Royalty Deposit to Corpus	199.0	-		
19	<b>Pre-Transfer Surplus/(Deficit)</b>	<b>546.4</b>	<b>(149.9)</b>	<b>Reserve Balances (EOY)</b>	
20	Statutory Budget Reserve	(410.7)	-		
21	American Rescue Plan Act (ARPA)	(550.0)	(186.6)		
22	Over \$100 Oil Deposit to PF	-	-	<b>SBR</b>	1,562.6
23	Forward-Fund K12	-	36.4	<b>CBR</b>	1,278.0
24	Other Fund Transfers	14.6	0.3	<b>ERA*</b>	14,901.4
25	Supplemental Statutory Budget Reserve Deposit	660.0	-		15,613.8
26	<b>Post-Transfer Surplus/(Deficit)</b>	<b>832.5</b>	<b>(0.0)</b>		

# Major Increases in FY23 Governor's Budget from FY22

- \$45.0 million for Medicaid
- \$33.6 million UGF increases to offset DGF lost in CBR sweep
- \$25.5 million UGF for union contracts, health insurance, and other contractual items
- \$17.4 million combined increases in Department of Public Safety (adding troopers, VPSOs, and support positions)
- \$12.9 million combined increases in Department of Corrections (booking and MH unit at Hiland Mountain, adding non-CO support positions)
- \$5.7 million for DEC to take primacy of federal permitting programs
- \$4.0 million for Department of Law for statehood defense
- \$3.8 million for fire suppression preparedness

# Many FY23 Increases Reverse Past Budget Reductions

- Several increments in the Governor's FY23 budget request reverse reductions or vetoes made since FY23:
  - \$45.0 million Medicaid increase – Medicaid was reduced by \$35.0 million in FY22.
  - \$4.0 million University of Alaska increase – UA was reduced by \$54.3 million from FY20-22.
  - \$2.0 million for Legislative per diem – vetoed by Governor in FY22.
  - \$0.7 million – GF/MH items vetoed by the Governor in FY22.
- Several other items reverse reductions made from FY15-FY19 under previous governors:
  - \$4.9 million for DEC 404 Primacy – this was cut in FY15.
  - \$3.8 million for wildfire prevention and academy – this was cut in FY16.
  - \$2.4 million for Village Public Safety Officers– this was cut in FY16.
  - \$1.2 million for Judiciary for increased hours– this was cut in FY16.

# Major Increases in SFIN Agency Operations from Governor Proposal

- \$60.0 million K-12 Outside BSA Formula
- \$59.4 million for AMHS (Governor eliminated UGF)
- \$27.0 million for fuel trigger to offset high oil prices
- \$16.1 million DOH to Increase Personal Care Attendant Wages
- \$14.1 million for University of Alaska
- \$5.0 million for ASMI
- \$4.3 million for Food Bank pilot program
- \$4.3 million for 50% increase to K-12 residential schools

# Major Increases in SFIN Statewide Items from Governor Proposal

- \$89.3 million for PERS/TRS pension fund (amount that would have gone to healthcare fund but for ARM Board decision to leave it unfunded)
- \$1.2 billion for K-12 forward funding (more of a savings item than an expenditure)
- \$199.0 million to PF corpus in FY22 to satisfy audit finding relating to FY17-18 royalties
- \$220.8 million in FY22 to pay past unfunded School Bond Debt Reimbursement from FY17-21
- \$84.0 million in FY22 to repay past unfunded REAA deposits from FY17-21
- \$60.0 million in FY22 to pay oil tax credits at statutory amount
- \$38.9 million in FY22 to bring Community Assistance distributions to \$30 million in FY22 and FY23

# What's the True Operating Budget Growth Rate?

- Several changes from FY22-23 give the FY23 agency operations budget a lower starting point than FY22.
- The Governor's FY23 budget increases agency operations by \$95.6 million (2.5%) over the FY23 baseline.
- However, the Governor's budget uses temporary federal funds in place of UGF for the Alaska Marine Highway System. Keeping UGF funding level (as the House and SFIN budgets do) would result in a \$155.0 million (4.0%) over the baseline.
- SFIN Operating Budget is \$319.7 million (8.3%) over the baseline. The House is \$266.9 million (6.9%) over the baseline, although \$10.3 million of salary adjustments were submitted after the House's process was complete.

<b>FY22 Management Plan</b>	<b>3,919.3</b>
<i>Retirement Investment</i>	(29.7)
<i>SB 55 Fund Changes</i>	(14.7)
<i>K-12 Student Count</i>	(18.7)
<i>Removal of One-Time Items</i>	(17.8)
<i>Contractual and Other Changes</i>	25.5
<b>Total Reductions</b>	<b>(55.5)</b>
<b>FY23 LFD Baseline</b>	<b>3,863.8</b>

Item	Amount	\$ Change	% Change
FY23 LFD Baseline	3,863.8		
GovAmend Agency Operations	3,959.4	95.6	2.5%
GovAmend Agency Ops + AMHS	4,018.8	155.0	4.0%
House	4,130.7	266.9	6.9%
SFIN	4,183.5	319.7	8.3%

# Full-Time Position Count Comparison

Department	22MgtPln	GovAmd+	House	SFIN	GovAmd+ to 22MgtPln	SFIN to GovAmd+
Administration	1,228	1,245	1,245	1,245	17	-
Commerce, Community & Econ Dev	513	520	515	520	7	-
Corrections	2,078	2,108	2,109	2,098	30	(10)
Education & Early Dev	248	245	245	245	(3)	-
Environmental Conservation	469	523	503	489	54	(34)
Family and Community Services	1,759	1,847	1,850	1,850	88	3
Fish and Game	818	816	816	816	(2)	-
Governor	153	157	155	157	4	-
Health	1,500	1,446	1,467	1,447	(54)	1
Labor & Workforce Dev	666	667	668	668	1	1
Law	551	550	550	550	(1)	-
Military & Veterans' Affairs	256	262	262	262	6	-
Natural Resources	639	671	671	671	32	-
Public Safety	896	965	965	952	69	(13)
Revenue	819	826	826	826	7	-
Transportation	2,964	2,964	2,964	2,964	-	-
University of Alaska	3,759	3,759	3,759	3,759	-	-
Judiciary	738	740	740	740	2	-
Legislature	255	258	268	267	3	9
<b>Total</b>	<b>20,309</b>	<b>20,569</b>	<b>20,578</b>	<b>20,526</b>	<b>260</b>	<b>(43)</b>

# Questions?

## Contact Information

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