

Three-Year Outlook and POMV Modeling

Senate Finance Committee
March 18, 2026
Legislative Finance Division

Outline

- Fiscal Summary and Three-Year Outlook
- Funding Obligations and Needs
- Modeling SB 274

FY26 Supplemental Summary

DOR Fall Forecast	5,947.1
Spring Forecast Addition	544.8
Carryforward	34.8
Total Revenue	6,526.7
FY26 Management Plan	6,034.0
Surplus Remaining	492.7
HB 289 (Senate)	373.5

CBR Vote Passes

CBR Vote Fails



CBR Draw	373.5
SFIN Sups Removed in Senate	75.8
GA 3/13 Supplementals	11.6
Total Additional Supplementals	87.5
Surplus to Lapse to CBR	213.4
Transfer to SBR	191.9

SFIN Sups Removed in Senate	75.8
GA 3/13 Supplementals	11.6
Total Supplementals	460.9
Remaining Surplus to SBR	31.8

Other potential FY26 items include:

- FY24 SNAP Penalty: \$4.6
- K-12 Estimate Increase: ~\$11.7 – \$16.0
- K-12 Disparity Test: ~\$71.9

FY27 Governor's Amended Budget

Item	Total	Fall Forecast	Spring Addition	LFD Adjustments
UGF Revenue	6,704.0	6,215.5	509.8	(21.3)
Item	Total	12/12 Gov	2/17 Amends	3/13 Amends
Agency Operations	4,883.8	4,772.0	93.7	18.2
Statwide Items	451.4	451.5	(0.1)	-
Capital Budget	167.0	156.6	10.4	-
Permanent Fund Dividend	2,365.9	2,365.9	-	-
Total UGF Budget	7,868.1	7,746.0	103.9	18.2
Fund Transfers	(1.3)	(1.3)	-	-
Post-Transfer Surplus/(Deficit)	(1,162.8)			

Funding Obligations and Needs

- PERS/TRS Unfunded Pension Liability: **\$7.3 billion**
- Outstanding General Obligation Bonds and State Supported Debt: **\$1.0 billion**
- State Share of Municipal School Debt Service: **\$380.3 million**
- Deferred Maintenance Backlog: **\$2.4 billion**
- State share of School Major Maintenance and Construction Lists: **\$843.9 million**
- Rural Alaska Sanitation Funding Need: **\$2.2 billion**
- Bulk Fuel Outstanding Need: **\$1.0 billion**
- Rural Power System Upgrade Need: **\$300.0 million**
- GRIP Funding to Completion: **\$142.3 million**
- Renewable Energy Grant Fund List: **\$41.2 million**

Three-Year Outlook Assumptions from SFIN Co-Chairs

- Governor's Amended FY27 budget, but with all statewide items funded at statutory levels (including Community Assistance and retirement payments).
 - Disaster Relief Fund and Fire Suppression Fund using 5-year average
- Agency operations grow with inflation except Medicaid, which grows at 4.8% per the 2026 MESA projection.
- Capital budget assumption of \$400.0 million growing with inflation.
 - Derived from: Federal match (\$128m) + 1% of State facilities value (\$146 million) + 1% of school facilities value (\$126 million) .
- AMHS federal operating grant is assumed to end in FY28, resulting in \$83.3 million of added UGF.
- SNAP benefits match is **not** included, as the amount and timing is uncertain (could be up to \$46.2 million and could begin between FY28 and FY31).
- \$1,000 PFD

FY26-29 Fiscal Outlook with SFIN Assumptions

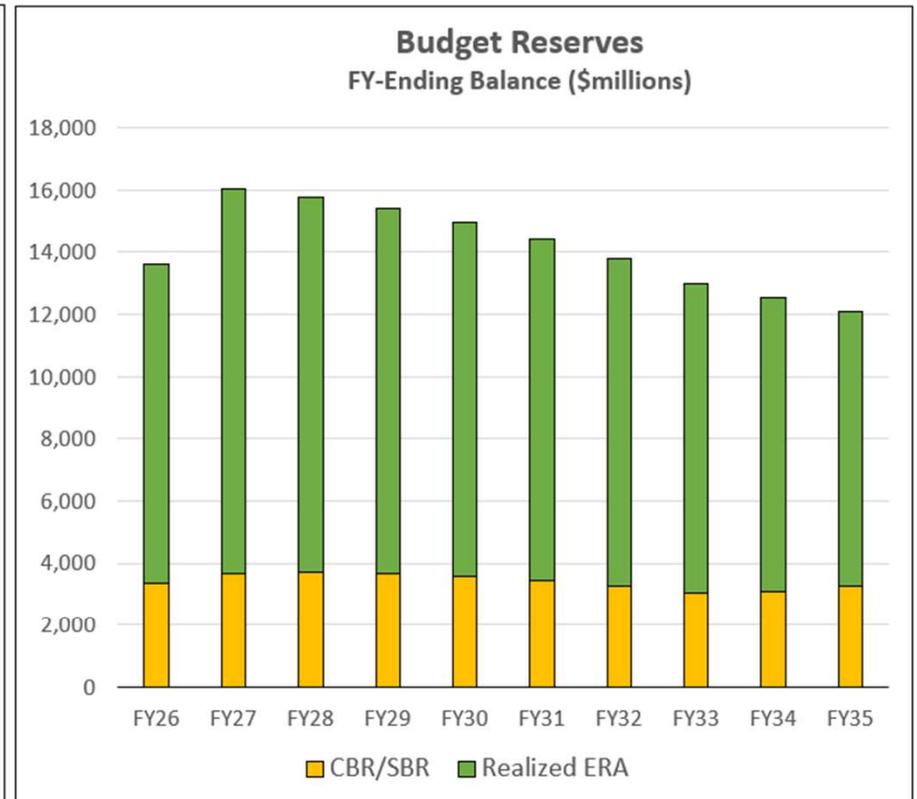
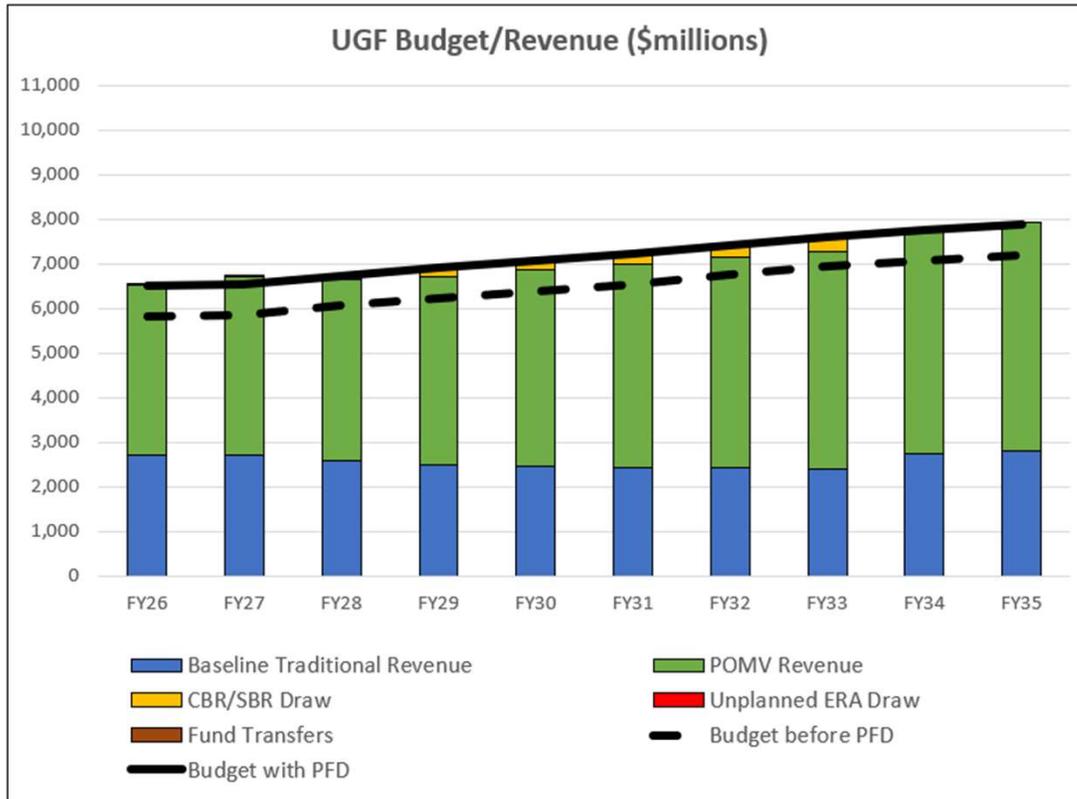
#	Item	FY26	FY27	FY28	FY29
1	POMV Revenue	3,798.9	3,996.9	4,080.9	4,247.9
2	Traditional Revenue	2,727.8	2,717.6	2,584.9	2,488.8
3	UGF Revenue Total	6,526.7	6,704.0	6,659.3	6,717.6
4	Price Scenario	\$ 75.26	\$75.00	\$70.00	\$70.00
5	Agency Operations	4,771.1	4,883.8	5,107.4	5,254.1
6	Statewide Items	418.5	519.8	497.3	502.7
7	Capital Budget	159.1	400.0	410.0	420.3
8	Budget Before PFD	5,348.7	5,803.7	6,014.7	6,177.0
9	PFD Appropriation	685.3	674.1	677.5	678.3
10	PFD/Person	\$1,000	\$ 1,000	\$ 1,000	\$ 1,000
11	Surplus/Deficit after PFD	492.7	226.3	(32.9)	(137.7)
12	Supplementals	460.6	50.0	50.0	50.0
13	Fund Transfers	(0.9)	(1.3)	-	-
14	Final Surplus/Deficit	33.0	177.6	(82.9)	(187.7)

SFIN Assumptions with Status Quo

POMV Formula

**Surplus/(Deficit)
(\$millions)**

FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35
32	176	(80)	(185)	(213)	(247)	(293)	(352)	(35)	37



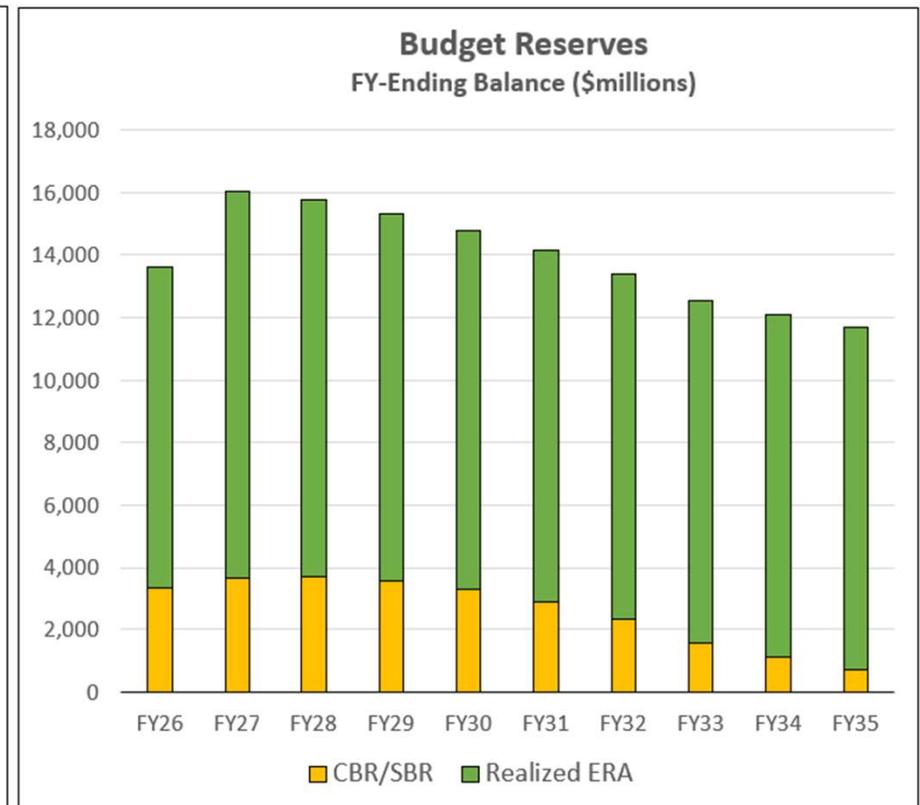
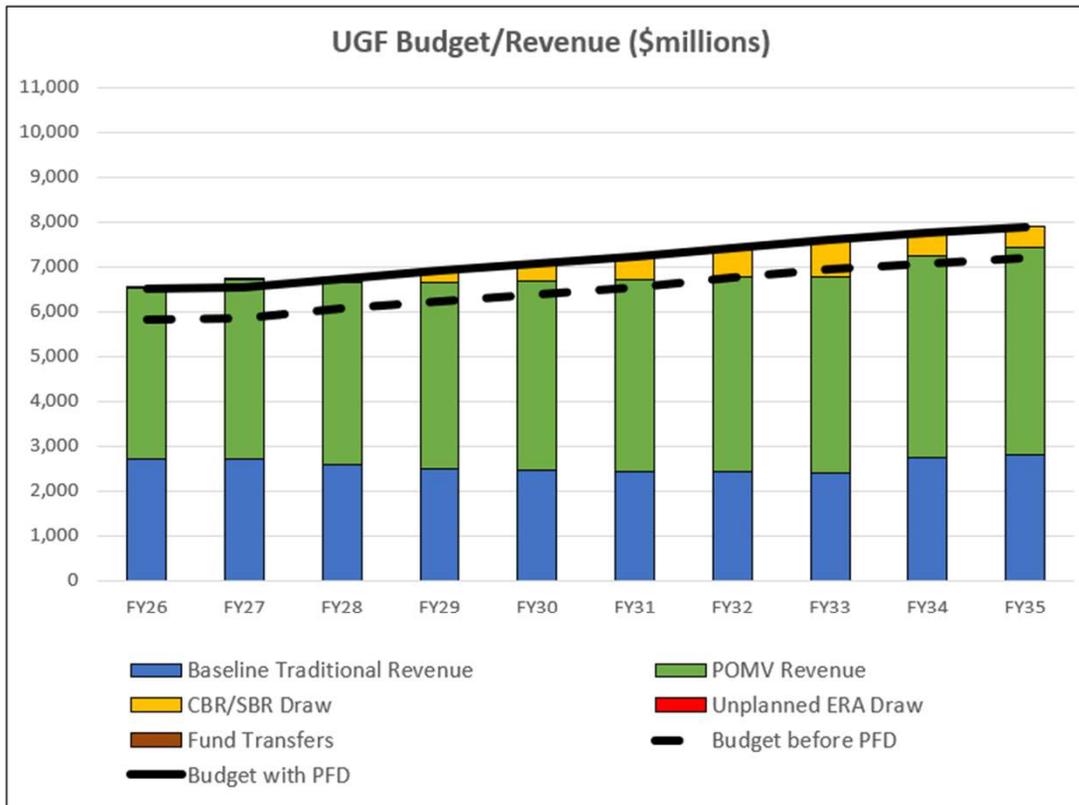
	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35
Effective POMV Draw Rate	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
PFD/Person	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000

SB 274

- SB 274 adjusts the POMV rate from the statutory 5% to:
 - 4.9% in FY29
 - 4.8% in FY30
 - 4.7% in FY31
 - 4.6% in FY32
 - 4.5% in FY33 and thereafter

SFIN Assumptions with SB 274 POMV Formula

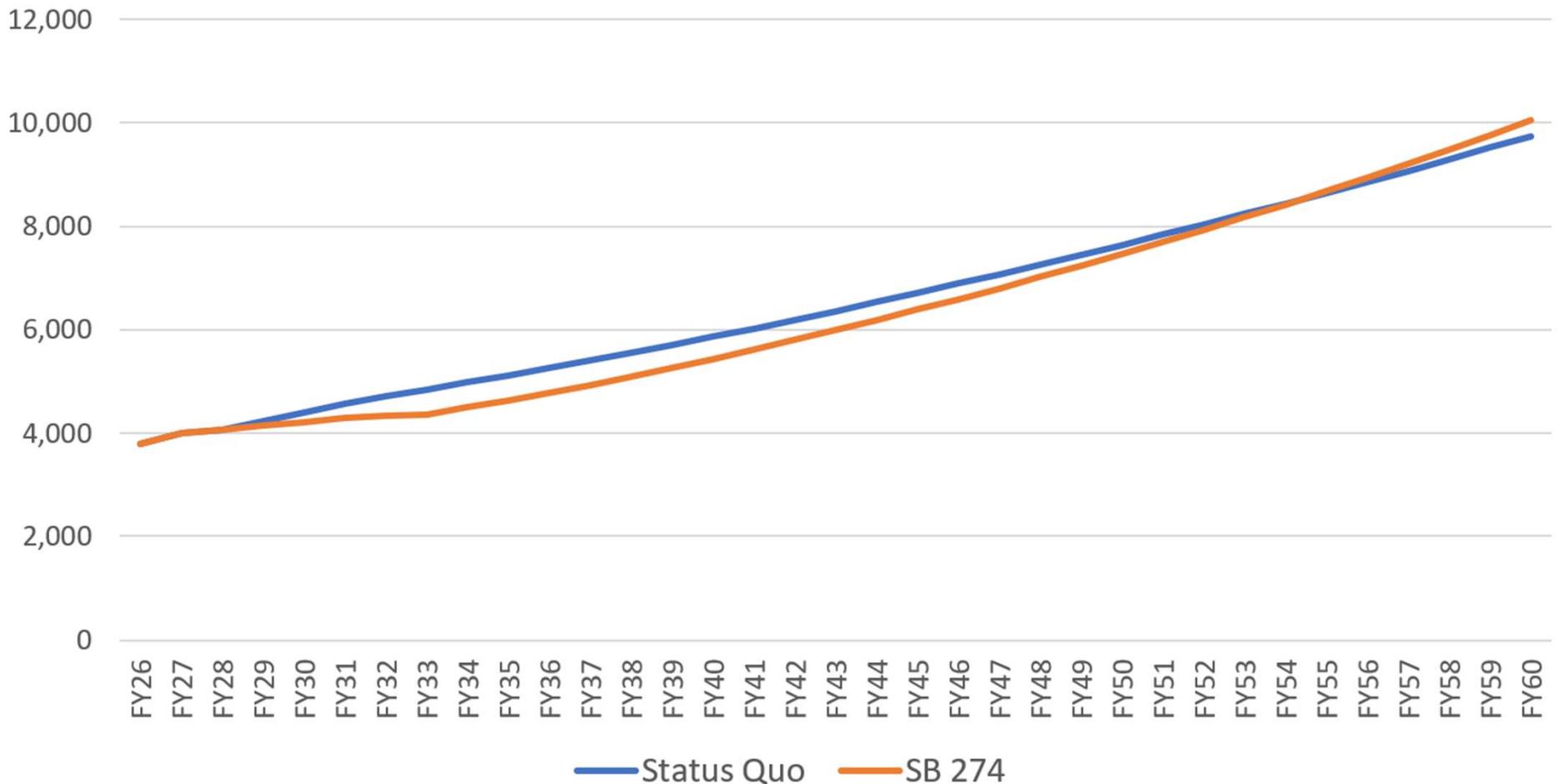
Surplus/(Deficit) (\$millions)	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35
	32	176	(80)	(270)	(389)	(520)	(667)	(828)	(515)	(443)



	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35
Effective POMV Draw Rate	5.00%	5.00%	5.00%	4.90%	4.80%	4.70%	4.60%	4.50%	4.50%	4.50%
PFD/Person	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000

Longer-Term Impact of SB 274 on POMV Draw

POMV Draw (\$millions)



Long-term model is a rough illustration extrapolating available data.

Probabilistic Modeling

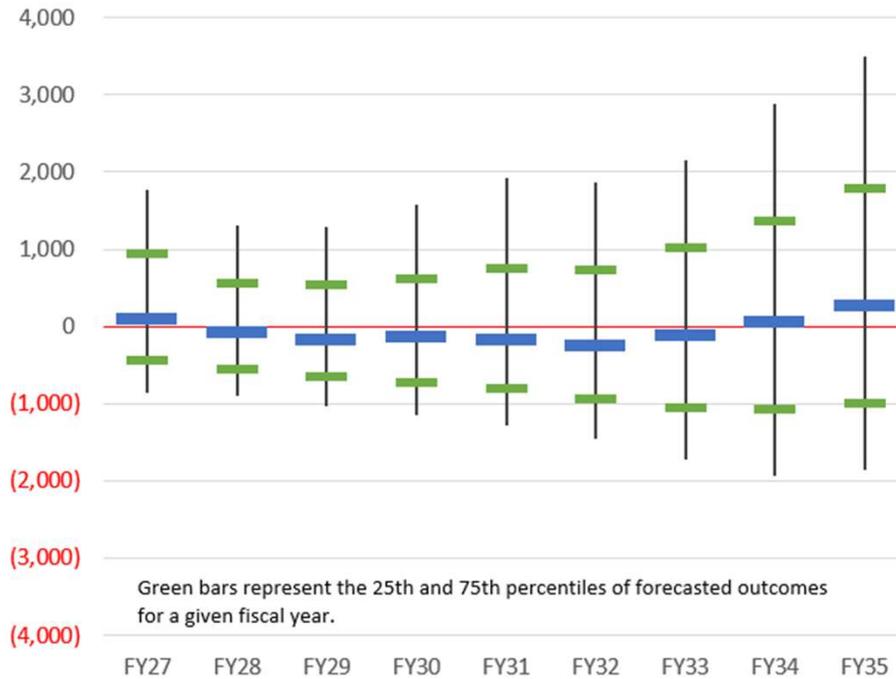
- LFD has two versions of the fiscal model: a linear model which assumes that revenue matches DOR's forecast, and a probabilistic model that shows the impact of revenue volatility
- These probabilistic model allows for variation in two variables:
 - Oil prices (using a range centered around DOR's forecast), which impacts Permanent Fund royalty deposits
 - Permanent Fund investment returns (using the ranges developed by Callan for APFC)
- Median cases using probabilistic models are typically lower than the linear model
- These scenarios assume no ERA Overdraws

Status Quo POMV Formula with ERA

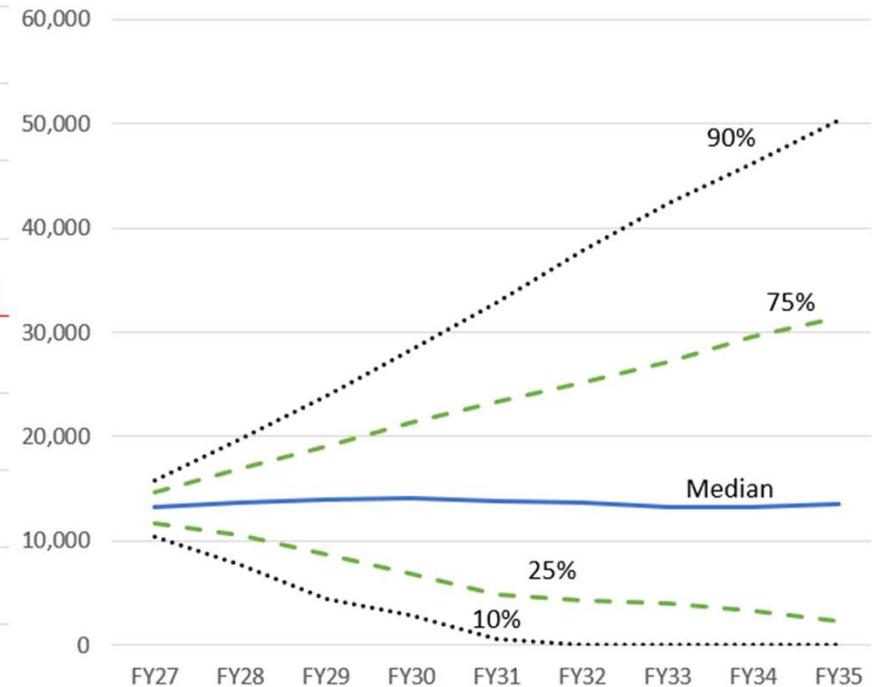
No Overdraws

Median Surplus/(Deficit)	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35
	107	(81)	(176)	(128)	(162)	(252)	(111)	51	265

Surplus/(Deficit) by Fiscal Year (\$millions)



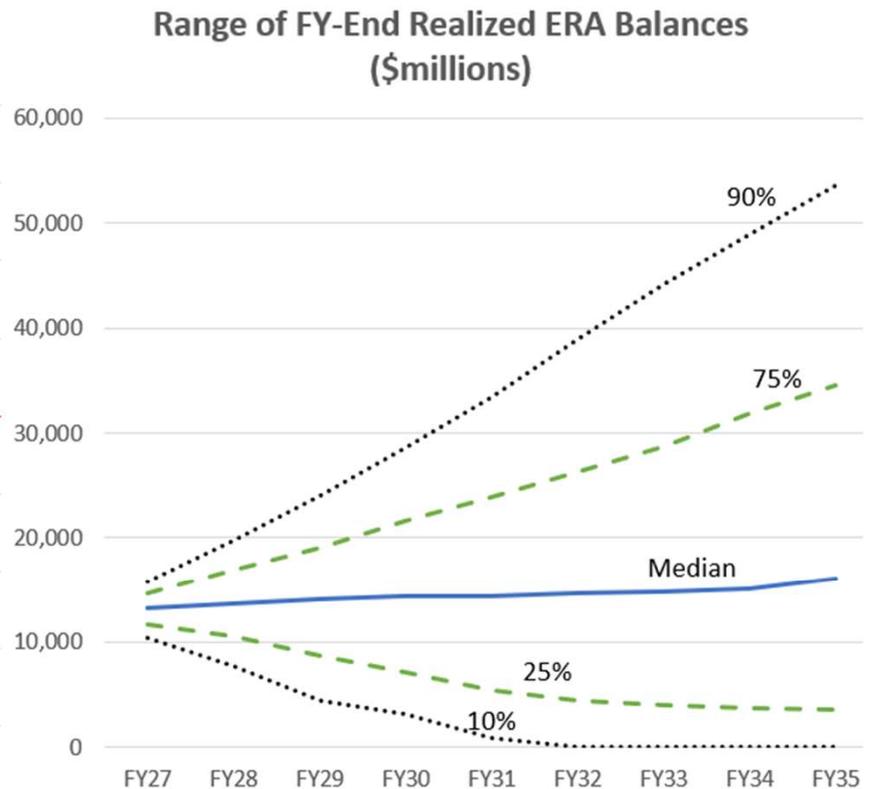
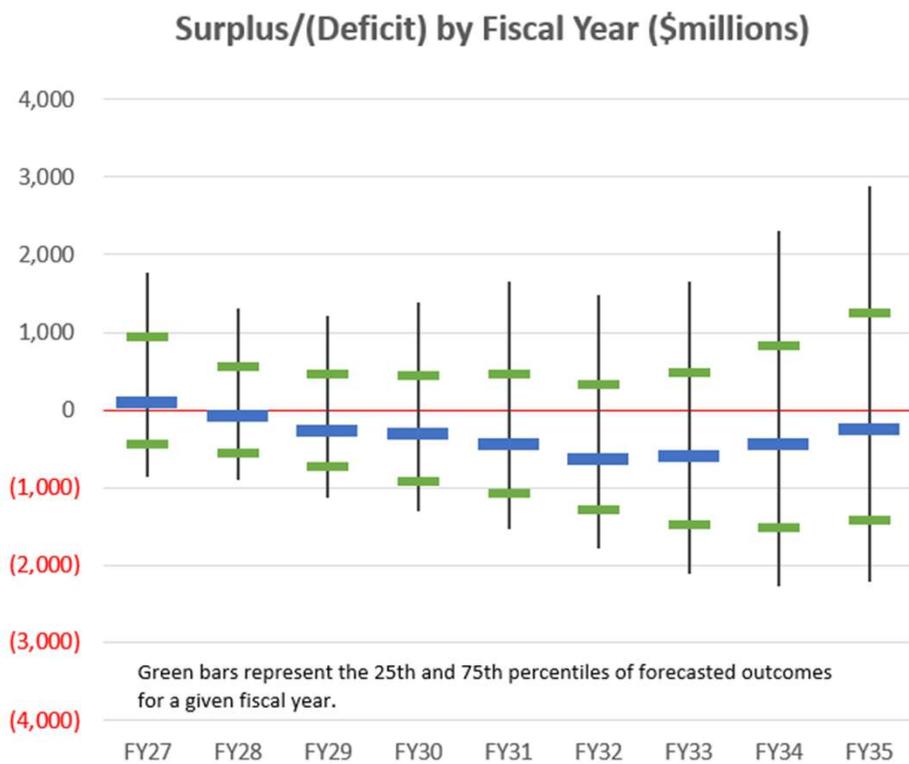
Range of FY-End Realized ERA Balances (\$millions)



CBR Balance Probabilities	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35
CBR below \$3.5 billion	50%	43%	42%	40%	39%	40%	40%	39%	37%
CBR at/below \$500 million	0%	0%	0%	2%	6%	10%	14%	16%	17%

SB 274 POMV Formula with No ERA Overdraws

Median Surplus/(Deficit)	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35
	107	(81)	(262)	(308)	(447)	(625)	(593)	(445)	(240)



CBR Balance Probabilities	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35
CBR below \$3.5 billion	50%	43%	44%	44%	48%	51%	53%	53%	50%
CBR at/below \$500 million	0%	0%	0%	3%	9%	17%	22%	26%	27%

Questions?

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