

# Review of Committee Modeling Assumptions

## Revenue Assumptions

- LFD's baseline revenue assumptions are the Department of Revenue's Spring Revenue Forecast.
  - This assumes \$73 oil in FY24, following futures market thereafter.
  - DNR oil production forecast projects that Alaska North Slope production will increase from 496.4 thousand barrels per day in FY24 to 542.9 thousand barrels per day in FY32.
- For the Permanent Fund, we are using the February 2023 History and Projections update, which assumes a total return of 7.00% in FY23 and 7.05% in FY24 and beyond. For statutory net income, this update uses a blend of actuals and the low case for FY23 and a 6.90% statutory return assumption in FY24 and beyond.

# Review of Senate Finance Committee Modeling Assumptions (cont.)

## Spending Assumptions

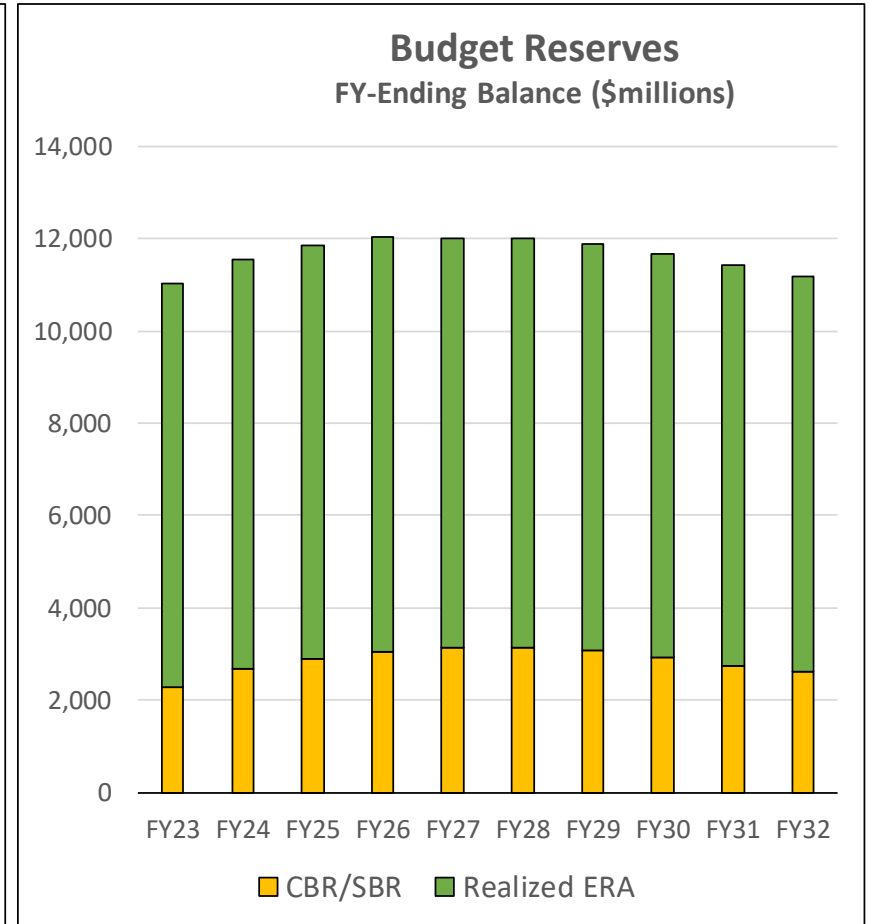
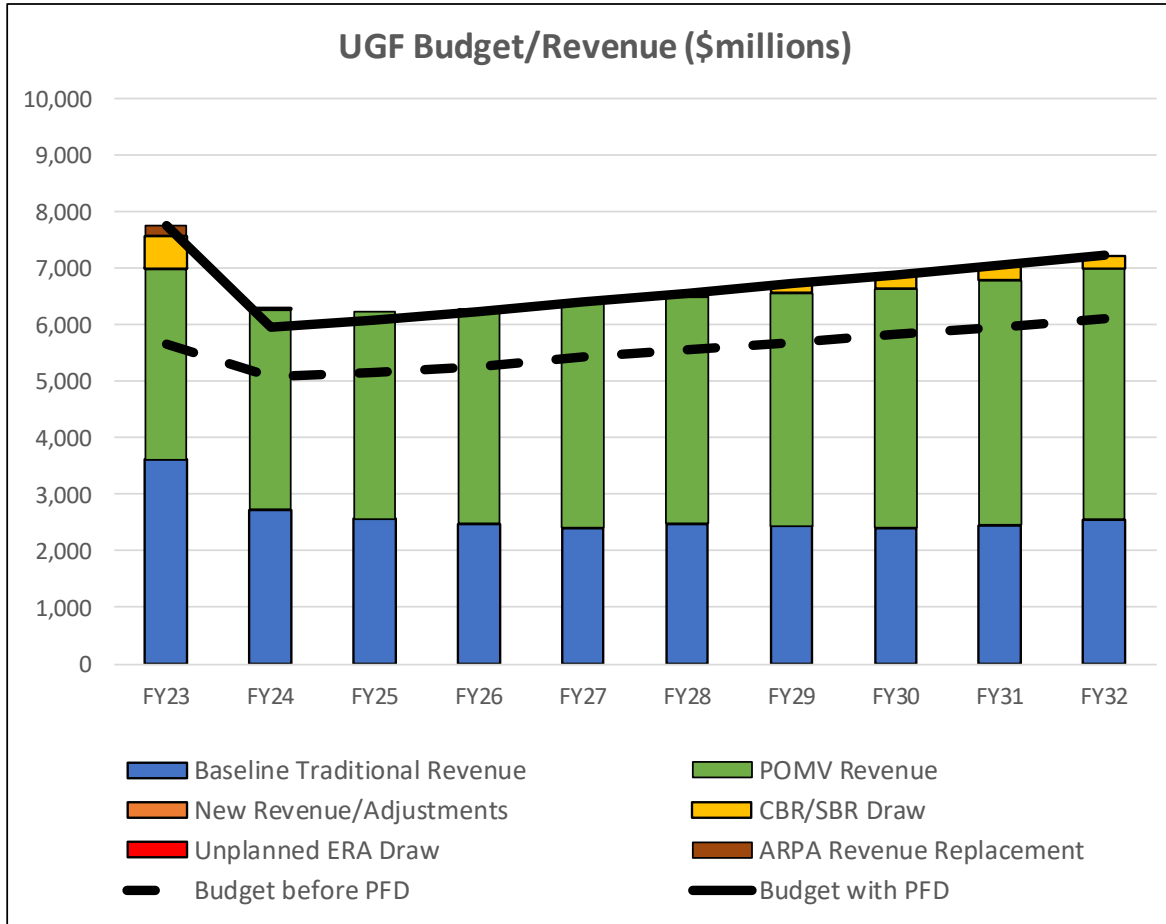
- For **agency operations**, the first model assumes the Governor's amended budget including amendments through 3/7 grows with inflation (2.50%). Other models assume the House Committee Substitute grows with inflation (2.50%).
- For **statewide items**, assumes that all items are funded to their statutory levels in FY24 and beyond.
  - This includes School Debt Reimbursement, the REAA Fund, Community Assistance, oil and gas tax credits.
- For the **capital budget**, assumes a \$400 million capital budget in FY24, growing with inflation thereafter (2.50%).
- For **supplementals** assumes \$50.0 million per year. This is based on the average amount of supplemental appropriations minus lapsing funds each year.

# Senate Finance Baseline Budget

## 25% of POMV to PFD

APFC Returns: 7.05% FY24+  
 Oil Price: DOR Spring FC  
 Agency Ops: House CS1, 2.5% Growth  
 Statewide: House CS1 FY24+  
 Capital: \$400m FY24, 2.5% Growth

Surplus/(Deficit) (\$millions)	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32
	(758)	317	148	65	(24)	(68)	(158)	(251)	(263)	(218)



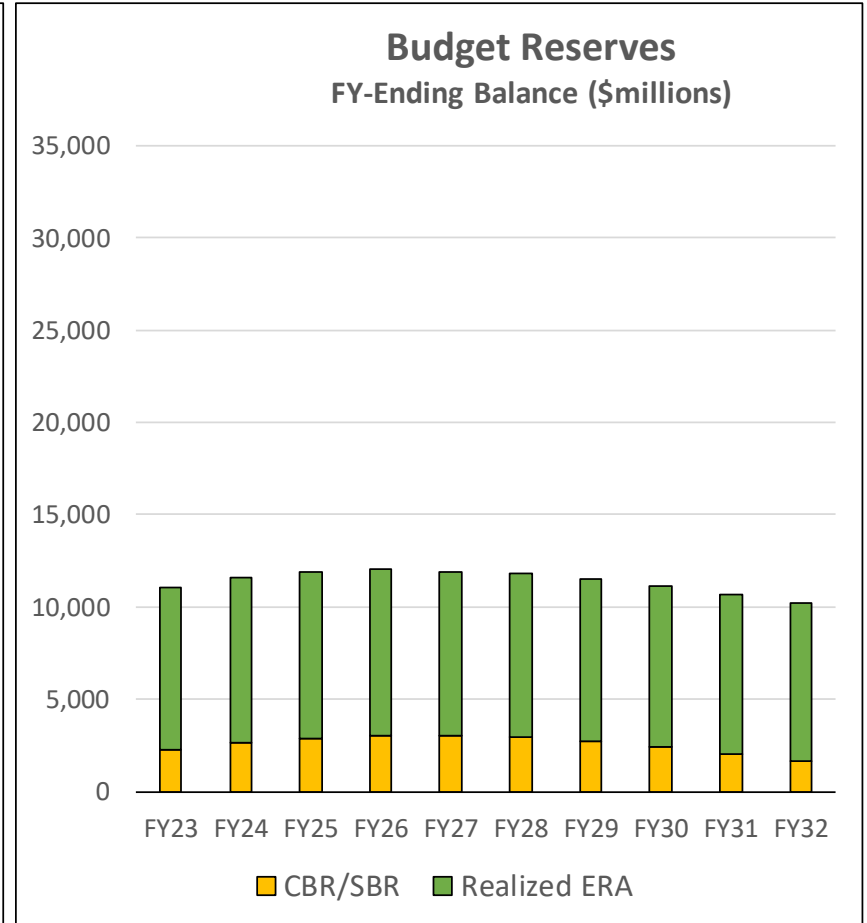
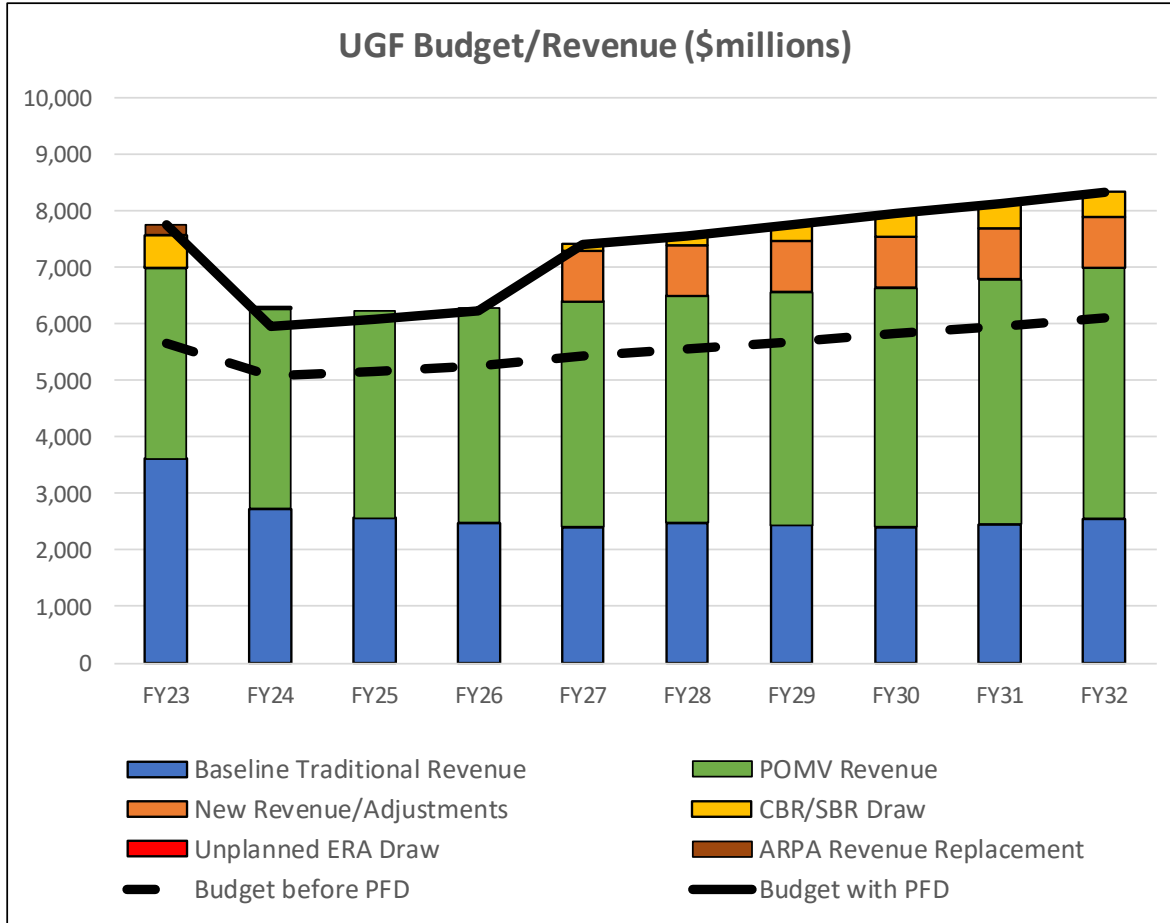
	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32
<b>Effective POMV Draw Rate</b>	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
<b>PFD/Person</b>	\$3,284	\$1,304	\$1,377	\$1,428	\$1,491	\$1,498	\$1,535	\$1,571	\$1,608	\$1,645

# Senate Finance Baseline Budget

25% of POMV to PFD FY24-FY26, 50% of POMV to PFD FY27+;  
\$900m new revenues FY27+

**APFC Returns:** 7.05% FY24+  
**Oil Price:** DOR Spring FC  
**Agency Ops:** House CS1, 2.5% Growth  
**Statewide:** House CS1 FY24+  
**Capital:** \$400m FY24, 2.5% Growth

Surplus/(Deficit) (\$millions)	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32
	(758)	317	148	65	(120)	(172)	(288)	(408)	(447)	(429)



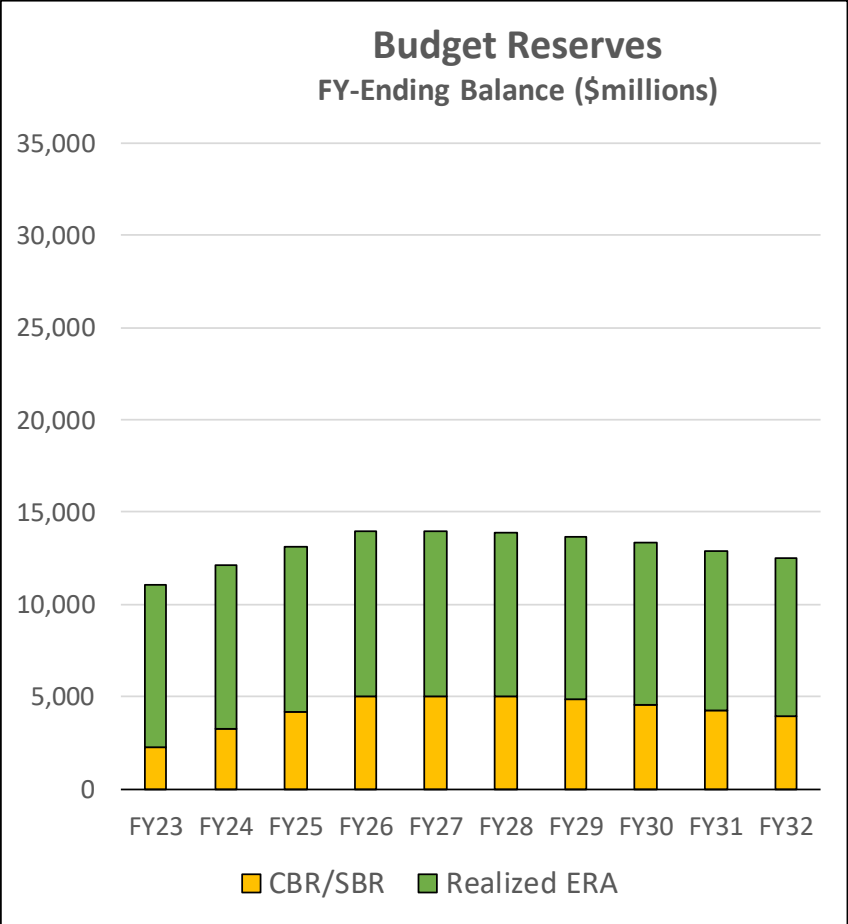
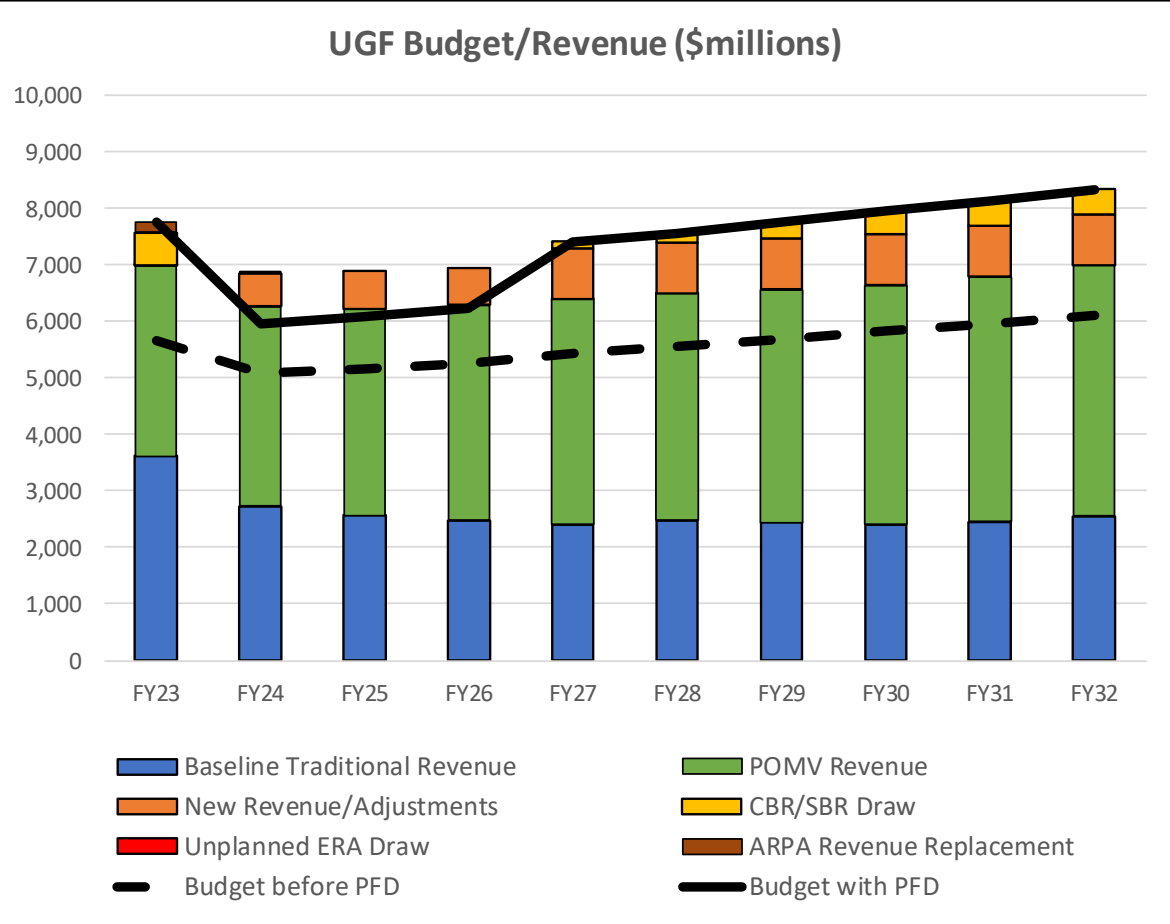
	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32
<b>Effective POMV Draw Rate</b>	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
<b>PFD/Person</b>	\$3,284	\$1,304	\$1,377	\$1,428	\$3,043	\$3,039	\$3,115	\$3,188	\$3,262	\$3,339

# Senate Finance Baseline Budget

25% of POMV to PFD FY24-FY26, 50% of POMV to PFD FY27+;  
\$580m new revenue FY24, \$660m FY25-FY26, \$900m FY27+.

APFC Returns: 7.05% FY24+  
Oil Price: DOR Spring FC  
Agency Ops: House CS1, 2.5% Growth  
Statewide: House CS1 FY24+  
Capital: \$400m FY24, 2.5% Growth

Surplus/(Deficit)	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32
(\$millions)	(758)	897	808	725	(120)	(172)	(288)	(408)	(447)	(429)



	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32
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	\$3,284	\$1,304	\$1,377	\$1,428	\$3,043	\$3,039	\$3,115	\$3,188	\$3,262	\$3,339

Legislative Finance Division