

Alaska's Fiscal Future

House Finance Committee

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What has changed since last year?

1. DOR updated the revenue forecast,
2. OMB updated its 10-year expenditure plan, and
3. The Permanent Fund revised its earnings projections.

Defining Success (Governor's Goals)

1. Deficits fade away before the projection period ends
2. No unplanned draws from the ERA (the CBR is not depleted)
3. PF balance keeps pace with inflation
4. PFDs of at least \$1,000

Fiscal Model Output

Comparing Revenue and Expenditures in FY18 and FY19 Versions

Revenue

	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY19-26
Spring 4% Decline Forecast	2,115	2,123	2,169	2,226	2,263	2,287	2,376	2,478	
Fall Forecast	2,019	2,070	2,165	2,215	2,231	2,252	2,400	2,631	
Spring to Fall	(96)	(54)	(3)	(11)	(32)	(35)	24	153	(54)

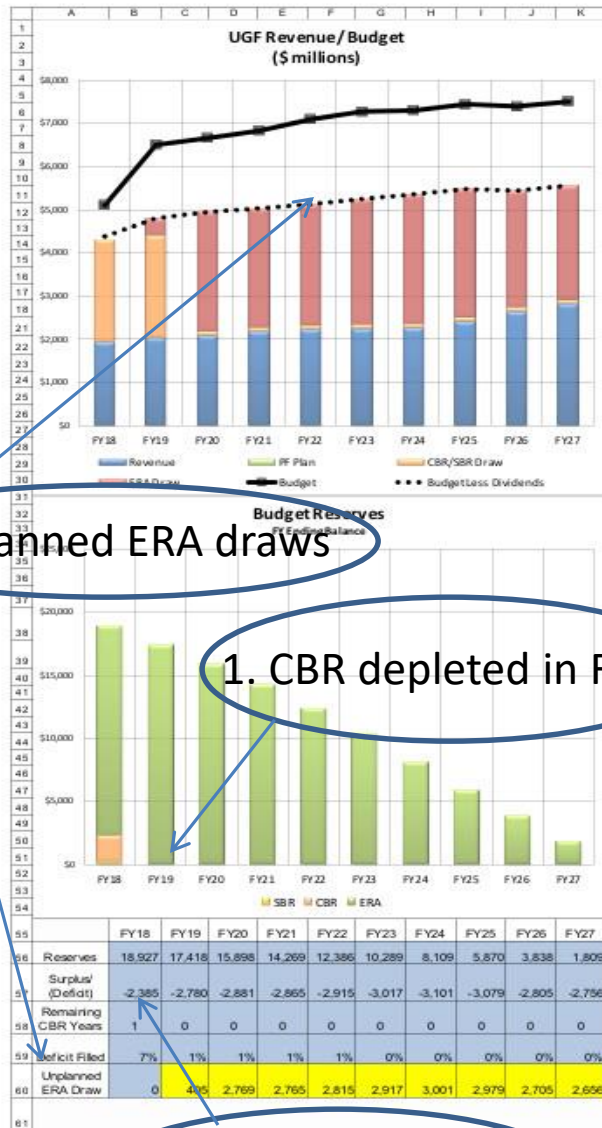
Expenditures

	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	
OMB FY18 Plan	4,723	4,756	4,894	4,992	5,108	5,222	5,341	5,458	
OMB FY19 Plan	4,800	4,950	5,030	5,131	5,248	5,353	5,478	5,436	
FY18 to FY19	77	194	137	139	140	131	138	(22)	934

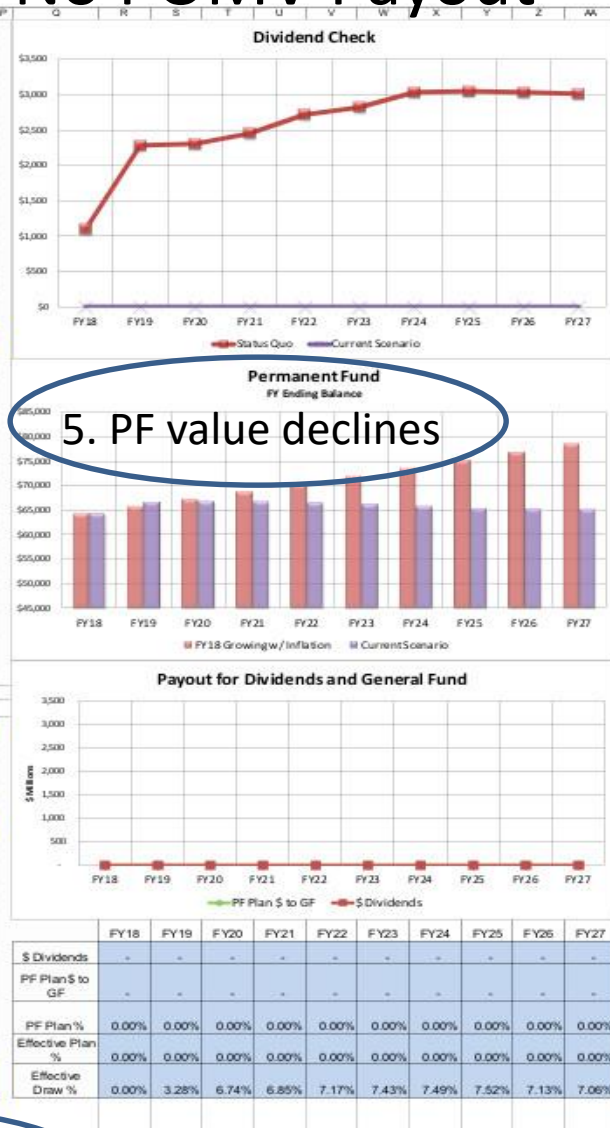
Impact on the Deficit--Spring to Fall

FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	
173	247	140	150	172	166	114	(175)	988

No POMV Payout



LFD Fiscal Model		
M	N	O
Price Scenario		Fall Forecast
Production		DOR Forecast
COST VARIABLES		
Operating Budget		
	Scenario	OMB 10yr Plan
	Alternate Growth Rate	1.12%
	Budget Change (FY19+)	\$ -
	Tax Credit Payments	Statutory
Capital Budget (FY19-27)		OMB 10yr Plan
Supplemental Budget		50.0
REVENUE VARIABLES		
	Sales Tax	n
	Income Tax	n
	Motor Fuel Tax	n
Permanent Fund Plan		None
Assumptions		
	Inflation Rate	2.25%
	PF Investment Return	6.50%
	% Realized	89.78%
	Population Growth Rate	Labor Stats
	CBR Earnings	2.89%
	Reserve Priority	CBR
	Set Min CBR Balance	0
	Use SBR?	1
Plan Specifications		
	Payout	
	POMV Payout	0.00%
	POMV Override	0.00%
	Override Ends	0
	Statutory Net Income	0%
	Draw Start Year	0
	Dividend	
	% of Stat Net Income to Div	50%
	% of POMV Draw to Div	0%
	% of UGF Royalties to Div	0%
	Dividend Floor	\$ -
	Floor Ends	-
	Dividend Cap	\$ -
	Dividend Override	On
	Inflation Proofing	
	Status Quo Inflation Proofing	1
	4x Draw Inflation Proofing	0
	POMV Inflation Proofing	0.00%
	Inflation Proofing Limit	0
	Other Provisions	
	Reduce when oil rev exceeds	\$ -
	Reduce by x%	0%
	Royalties to PF	30%



3. Unplanned ERA draws

1. CBR depleted in FY19

4. ERA depletion

5. PF value declines

POMV Payout

