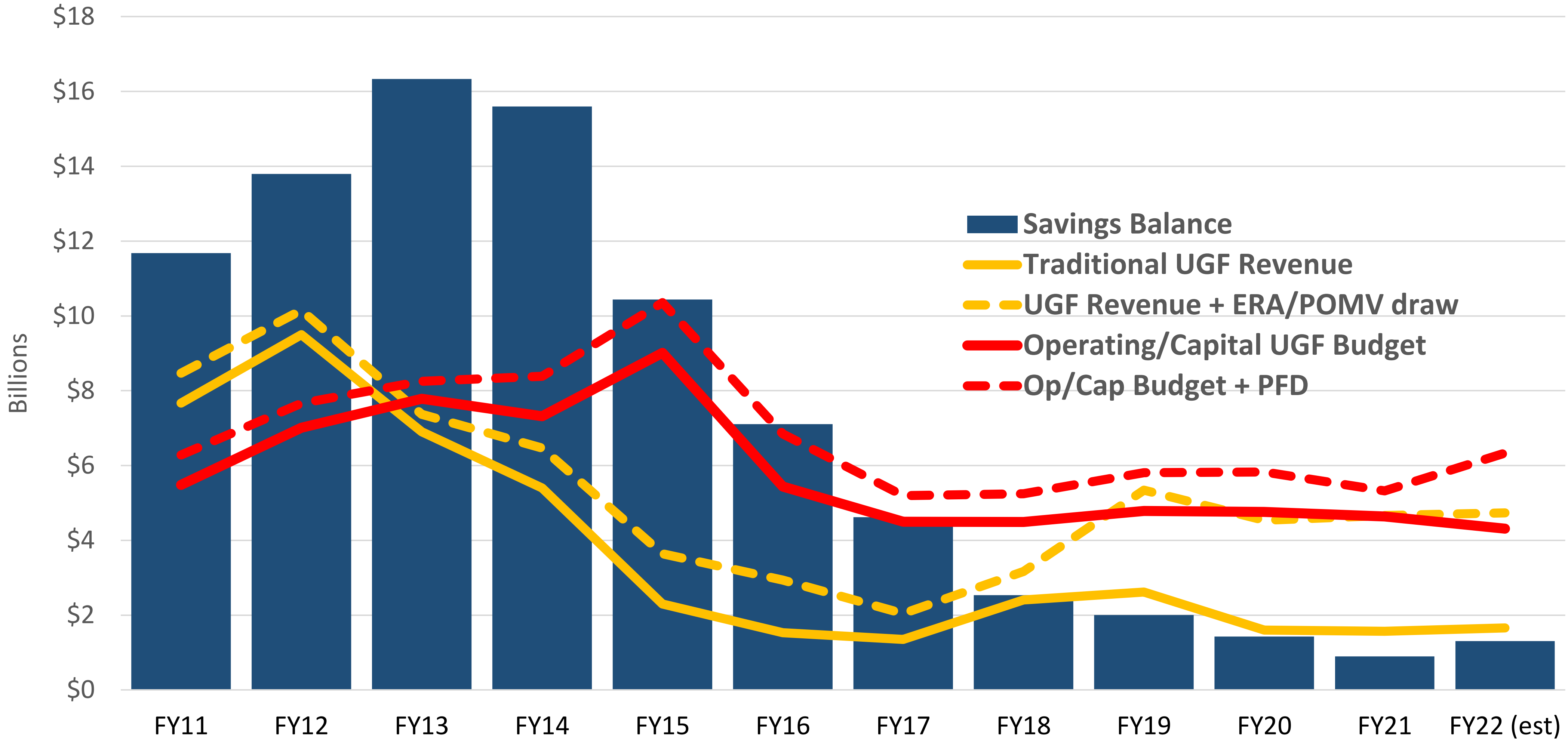
State of Alaska
Office of Management and Budget

House Ways & Means Committee
March 30th, 2021

Neil Steininger, Director

Office of Governor
MIKE DUNLEAVY

Historical Savings Balances



THE STATE of ALASKA
Governor Mike Dunleavy

Over $16 Billion in budget reserves have been spent

FY2022 Fiscal Summary

	FY2021 Management Plan plus Supplementals		FY2022 Governor		FY2021 to FY2022	
Revenues	**UGF**	**FY2021 Total**	**UGF**	**FY2022 Total**	**UGF Change**	**UGF %**
Unrestricted Revenue	**1,571.9**	**1,571.9**	**1,662.3**	**1,662.3**	**90.4**	**6%**
POMV ERA Draw For Government	**2,411.5**	**2,411.5**	**3,069.3**	**3,069.3**	**657.8**	**27%**
Statutory Draw	3,091.5	3,091.5	3,069.3	3,069.3	-	
Draw Used for PFDs	(680.0)	(680.0)	-	-	-	
Restricted Revenue	**-**	**6,051.9**	**-**	**6,111.2**	**-**	
Carryforward and Adjustments	**95.8**	**1,122.7**	**-**	**-**	**(95.8)**	
Total Revenue	**4,079.2**	**11,158.0**	**4,731.6**	**10,842.8**	**652.4**	**16%**
Expenditures	**UGF**	**FY2021 Total**	**UGF**	**FY2022 Total**	**UGF Change**	**UGF %**
Total Operating	**4,516.3**	**10,426.3**	**4,304.5**	**9,033.8**	**(211.8)**	**-5%**
Agency Operations	4,019.2	8,468.0	3,821.4	8,257.9	(197.8)	-5%
Statewide Operations	497.1	1,958.2	483.1	775.9	(14.0)	-3%
Total Capital	**112.1**	**1,281.0**	**62.2**	**1,444.1**	**(49.9)**	**-45%**
Proposed Legislation		**-**	**-**	**-**	**-**	
Total Supplementals and RPLs	**22.2**	**1,322.0**	**-**	**-**	**-**	
Final Budget	**4,628.4**	**11,707.3**	**4,366.7**	**10,477.9**	**(261.7)**	**-6%**
Surplus/(Deficit)	**(549.2)**	**(549.2)**	**364.9**	**364.9**		

of ALASKA
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Dollars in millions

State Savings Accounts

Constitutional Budget Reserve	FY2021	FY2022
Beginning Balance	**1,435.0**	**897.8**
Earnings & Deposits	42.0	50.5
Surplus/(Deficit)	(549.2)	364.9
Conditional Reserve	(30.0)	
End Balance	**897.8**	**1,313.2**

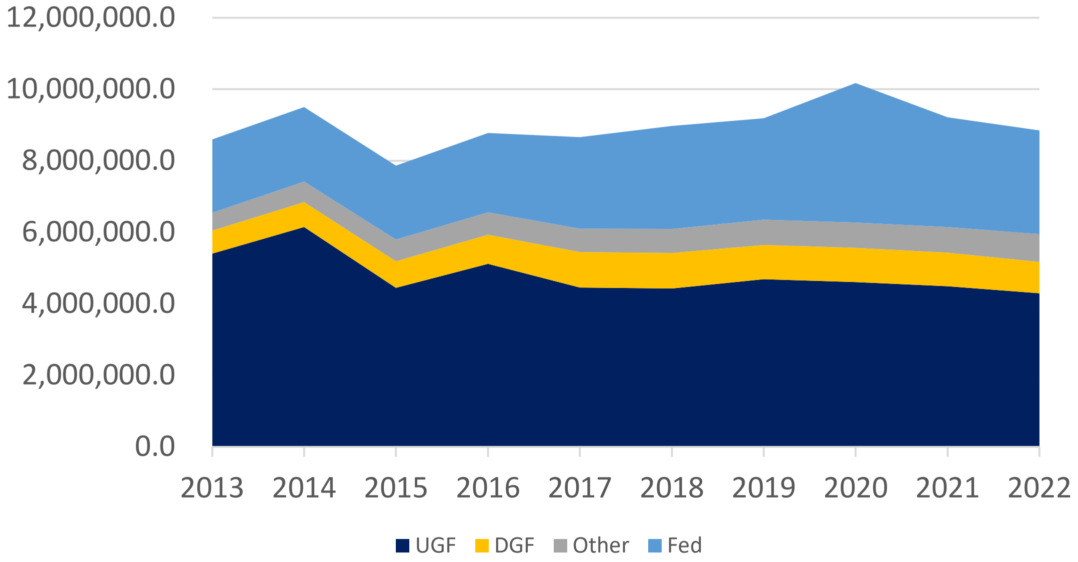
Permanent Fund Earnings Reserve	FY2021	FY2022
Beginning Balance	**12,894.0**	**11,914.0**
Net Income	3,337.0	3,813.0
POMV draw for Government	(2,411.5)	(3,069.3)
POMV draw for PFD	(680.0)	-
Draw for statutory PFD	(1,225.5)	(2,023.9)
End Balance	**11,914.0**	**10,633.8**

THE STATE of ALASKA
GOVERNOR MICHAEL J. DUNLEAVY

Dollars in millions

State of Alaska Operating Budget

Budget History



Budget Change Summary

	2019	2020	2021	2022	FY19 - 22 Change	%
UGF	4,685,700.3	4,604,837.7	4,485,967.3	4,296,476.1	(389,224.2)	-8.3%
DGF	960,187.9	961,065.3	944,181.0	875,383.0	(84,804.9)	-8.8%
Other	705,313.7	706,500.3	719,544.7	777,816.0	72,502.3	10.3%
Fed	2,832,908.7	3,897,373.5	3,069,389.4	2,902,428.9	69,520.2	2.5%
Total	**9,184,110.6**	**10,169,776.8**	**9,219,082.4**	**8,852,104.0**	**(332,006.6)**	**-3.6%**

Position Change Summary

PCN Count	2019	2020	2021	2022	FY19 - 22 Change	%
Full-Time	20,447	20,634	20,468	20,299	(148)	-0.7%
Part-Time	1,871	1,829	1,773	1,775	(96)	-5.1%
Non-Perm	424	459	458	460	36	8.5%
Total	**22,742**	**22,922**	**22,699**	**22,534**	**(208)**	**-0.9%**

FY2022 Operating Budget Highlights:

- Organizational changes for service delivery
- Utilization of COVID relief
- Process changes from telework resulting in savings
- Continued constraint on operational costs

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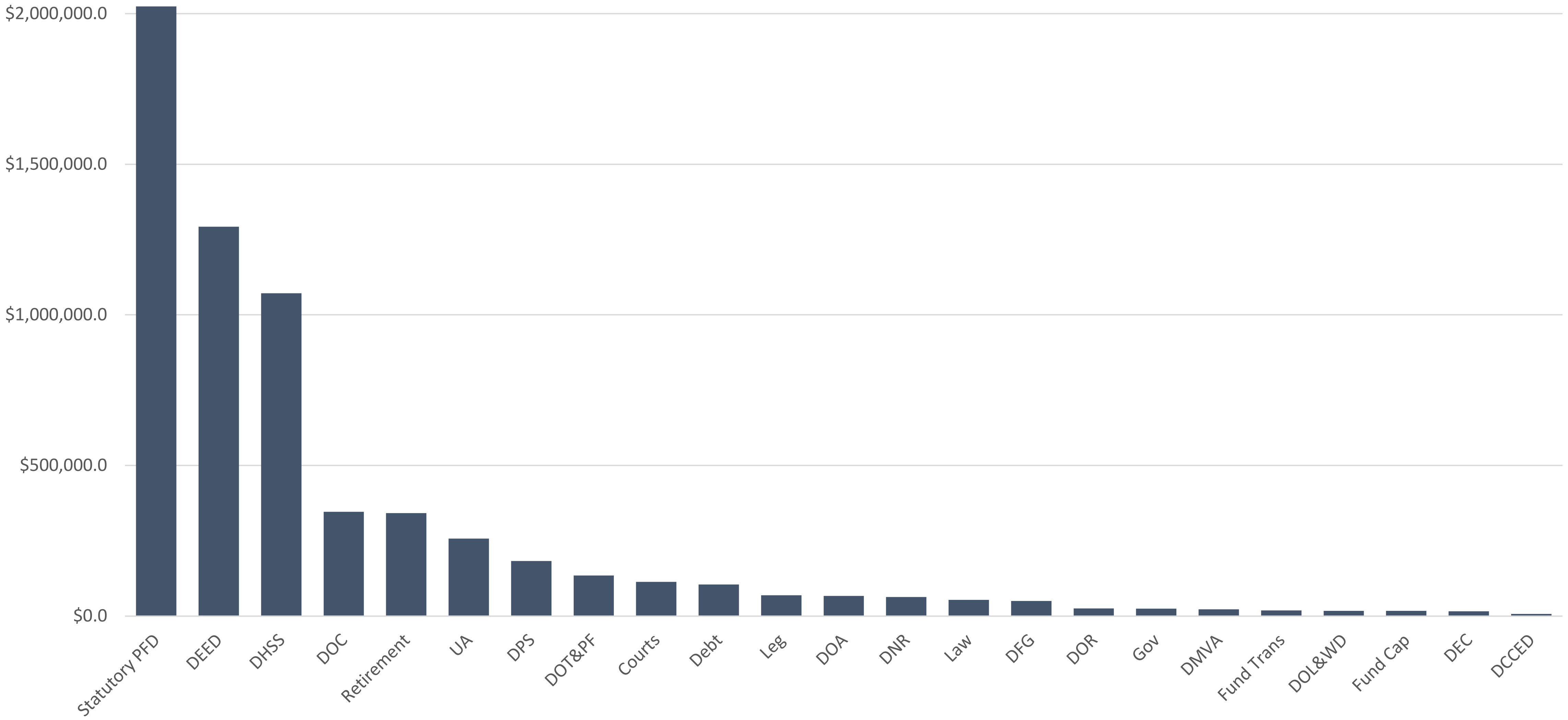
Amounts shown do not include duplicated funds, historical data is inclusive of supplemental appropriations

Dollars in Thousands 5

Budget Cost Drivers

- From FY2019 to FY2022 .....
  - State assistance to retirement has increased $70.3 million
  - Employee salary adjustments for cost of living and health insurance have increased $50.0 million
  - Public protection services including law enforcement, prosecution, defense, courts, and corrections have required investment of $52.8 million
- $173.1 million in UGF reductions to maintain a flat budget

FY22 Department UGF Budgets



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Dollars in Thousands

Operating Budget Cost Drivers

- Medicaid $610.0 Million UGF (14.2% of Operating Budget)
  - $43.7 million UGF (7.7%) increase in last 10 years
- K-12 Support $1,246.7 Million UGF (29.0% of Operating Budget)
  - $72.2 million UGF (6.1%) increase in last 10 years
- Retirement Assistance $342.0 Million UGF (8.0% of Operating Budget)
  - $207.9 million UGF (155.1%) increase in last 5 years
- Payroll 17,149 PCNs $812.4 Million UGF (18.9% of Operating Budget)
  - $0.9 million UGF (0.1%) increase in last 10 years
  - 1,319 position reduction (7.1%) in last 10 years

Fiscal Year 2022 Ten Year Outlook - December 2020

(Amounts in millions)

Unrestricted Revenues	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030
Traditional UGF Revenue	1,202.6	1,432.5	1,572.7	1,634.7	1,650.1	1,661.7	1,707.3	1,778.6	1,812.0
Permanent Fund POMV GF Draw	3,069.3	1,596.9	1,620.5	1,624.3	1,627.0	1,641.3	1,662.8	1,695.3	1,729.9
Other Revenue Sources		1,233.2	967.0	951.4	990.6	1,026.6	1,023.8	980.2	969.4
Total Revenue	**4,271.9**	**4,262.6**	**4,160.2**	**4,210.4**	**4,267.7**	**4,329.5**	**4,393.9**	**4,454.1**	**4,511.3**
Unrestricted General Fund Expenditures	**FY2022**	**FY2023**	**FY2024**	**FY2025**	**FY2026**	**FY2027**	**FY2028**	**FY2029**	**FY2030**
Agency Operations	3,813.2	3,712.7	3,612.7	3,666.9	3,721.9	3,777.7	3,834.4	3,891.9	3,950.3
Statewide Items	483.1	466.3	462.1	456.1	456.4	460.4	466.2	466.7	463.5
Operating Budget	**4,296.3**	**4,179.0**	**4,074.8**	**4,123.0**	**4,178.3**	**4,238.2**	**4,300.5**	**4,358.7**	**4,413.8**
Capital Budget	**58.5**	**126.9**	**128.8**	**130.7**	**132.7**	**134.7**	**136.7**	**138.7**	**140.8**
Proposed Legislation	**(43.3)**	**(43.3)**	**(43.3)**	**(43.3)**	**(43.3)**	**(43.3)**	**(43.3)**	**(43.3)**	**(43.3)**
Total General Fund Appropriations	**4,311.4**	**4,262.6**	**4,160.2**	**4,210.4**	**4,267.7**	**4,329.5**	**4,393.9**	**4,454.1**	**4,511.3**
Budget change from previous year	(294.6)	(48.8)	(102.3)	50.2	57.3	61.8	64.4	60.2	57.2
Surplus/(Deficit)	**(39.5)**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Savings draw from Constitutional Budget Reserve	**39.5**								
Permanent Fund Dividend	**FY2022**	**FY2023**	**FY2024**	**FY2025**	**FY2026**	**FY2027**	**FY2028**	**FY2029**	**FY2030**
PFD Fund Sources									
Permanent Fund POMV for PFD (50%)		1,596.9	1,620.5	1,624.3	1,627.0	1,641.3	1,662.8	1,695.3	1,729.9
Permanent Fund Earnings Reserves	2,023.9								
PFD Appropriation	**2,023.9**	**1,596.7**	**1,620.0**	**1,623.4**	**1,625.5**	**1,638.7**	**1,659.3**	**1,690.7**	**1,724.1**
Per capita PFD	$3,057	$2,378	$2,410	$2,402	$2,392	$2,399	$2,417	$2,451	$2,487

Material changes in budget picture since December

- Department of Revenue Spring update increases UGF revenue forecast by $332 million in FY2021 and $460 million in FY2022

- Just over $1 billion new federal funding to state
  - Additional program-specific funding
  - Working through details and waiting for specific guidance

- Despite these bright spots, structural fiscal deficit persists

THE STATE of ALASKA
GOVERNOR MICHAEL J. DUNLEAVY

Fiscal Year 2022 Ten Year Outlook - March 2021

(Amounts in millions)

Unrestricted Revenues	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030
Traditional UGF 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
Permanent Fund POMV GF Draw	3,069.3	1,596.9	1,621.0	1,625.9	1,630.4	1,647.1	1,672.2	1,708.7	1,747.7
Other Revenue Sources		787.9	497.4	403.9	397.9	378.8	328.5	257.2	148.4
Total Revenue	**4,731.5**	**4,305.9**	**4,203.5**	**4,253.7**	**4,311.0**	**4,372.8**	**4,437.2**	**4,497.4**	**4,554.6**
Unrestricted General Fund Expenditures	**FY2022**	**FY2023**	**FY2024**	**FY2025**	**FY2026**	**FY2027**	**FY2028**	**FY2029**	**FY2030**
Agency Operations	3,821.4	3,712.7	3,612.7	3,666.9	3,721.9	3,777.7	3,834.4	3,891.9	3,950.3
Statewide Items	483.1	466.3	462.1	456.1	456.4	460.4	466.2	466.7	463.5
Operating Budget	**4,304.5**	**4,179.0**	**4,074.8**	**4,123.0**	**4,178.3**	**4,238.2**	**4,300.5**	**4,358.7**	**4,413.8**
Capital Budget	**62.2**	**126.9**	**128.8**	**130.7**	**132.7**	**134.7**	**136.7**	**138.7**	**140.8**
Total General Fund Appropriations	**4,366.7**	**4,305.9**	**4,203.5**	**4,253.7**	**4,311.0**	**4,372.8**	**4,437.2**	**4,497.4**	**4,554.6**
Budget change from previous year	(294.6)	(60.8)	(102.3)	50.2	57.3	61.8	64.4	60.2	57.2
Surplus/(Deficit)	**364.8**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Savings draw from Constitutional Budget Reserve									
Permanent Fund Dividend	**FY2022**	**FY2023**	**FY2024**	**FY2025**	**FY2026**	**FY2027**	**FY2028**	**FY2029**	**FY2030**
PFD Fund Sources									
Permanent Fund POMV for PFD (50%)		1,596.9	1,621.0	1,625.9	1,630.4	1,647.1	1,672.2	1,708.7	1,747.7
Permanent Fund Earnings Reserves	2,023.9								
PFD Appropriation	**2,023.9**	**1,596.9**	**1,621.0**	**1,625.9**	**1,630.4**	**1,647.1**	**1,672.2**	**1,708.7**	**1,747.7**
Per capita PFD	$3,057	$2,382	$2,416	$2,410	$2,404	$2,417	$2,441	$2,482	$2,527

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