

The Office of Management and Budget has standard modeling assumptions for publicly produced and distributed documents. Standard assumptions ensure that public documents from OMB align with publicly reported information from other state agencies and officially released budget proposals.

The expenditure model released to support SJR6 follows standard assumptions with adjustments detailed below.

## Revenue Assumptions (Produced by Department of Revenue):

- Traditional revenues tied to Spring 2021 revenue forecast.
- Percent of market value (POMV) revenues based on updated DOR modeling using current Permanent Fund Balance

## Spending Assumptions:

### FY2021

- Enacted FY2021 budget plus proposed supplementals, except:
  - FY2021 supplemental PFD is not currently included in the model. The administration has not rescinded this request however OMB has removed this item from models to align with DOR permanent fund modeling.
- Lapse projections for the current fiscal year (FY2021) are not incorporated in FY2021 expenditure levels; some are incorporated in the FY2022 column.
  - FY2022 expenditures include use of a portion of the FY2021 lapse carried forward to reduce UGF need in the coming fiscal year.
  - Final FY2021 lapse amount will positively contribute to the CBR balance.

### FY2022

- All official Governor's UGF budget proposals and amendments through 5/12 with two exceptions:
  - 50% POMV split PFD rather than statutory calculation currently in SB52/HB72
  - Use of AHFC bonding for capital is backed out and replaced with UGF (~\$101m)
  - \$26m reduction from SB55 included

### FY2023 and 2024

- FY2022 base budget extended forward with the following changes:
  - One-time use of federal receipts in DOTPF phased out in FY23
  - Baseline capital budget of \$150m plus inflation (1.5%)
  - \$100m per year in reductions for 2 years, totaling \$200m in budget reductions.
    - Net reduction inclusive of:
      - Anticipated cost decreases such as divergence from official projections on PERS,
      - Anticipated cost increases such as BU contracts and health insurance,
      - Variance in K-12 and Medicaid,
      - Budget policy decisions to be made in preparation of the FY2023 and FY2024 budgets.
  - SJR6 Implementation in FY2024
    - \$32.3m PCE program added to UGF expenditures

**FY2025 to FY2030**

- Agency operating budget inflation at 1.5%
- Statewide items – No inflation applied to these amounts
  - Retirement based on Alaska Retirement Management Board projections
  - Debt payments from DOR debt projections
  - School Bond Debt Reimbursement and REAA School Fund at 50% funding
  - Oil and Gas Tax Credits at Spring 2021 forecast statutory projection
  - Other fund capitalization/transfers flat funded

**Fund Balances:**

- ERA/Permanent Fund
  - Based on DOR models
- CBR
  - Based on DOF/LFD/OMB procedures.
  - Deposits are based on DOR official projections.
  - Earnings are based on a 2.25% interest rate.
    - DOR Spring Revenue Forecast did not reflect the \$3b bridge fund transfer and assumes a lower investment return.