THE STATE of ALASKA
GOVERNOR MICHAEL J. DUNLEAVY

State of Alaska
Office of Management and Budget

10-Year Plan Overview
Senate Finance Committee
February 1, 2022

Neil Steininger, Director

What is the 10-Year Plan?

AS 37.07.020(b): "…The Governor shall also submit a fiscal plan with estimates of significant sources and uses of funds for the succeeding fiscal years."

The 10-Year Plan must include:

- Significant sources of funds (revenue)
- Significant uses of funds (operating, capital, statewide items)
- Projected balances of savings accounts

Sources and uses of funds must balance while providing for essential state services and protecting economic stability

Assumptions should be clearly articulated so policy makers can understand and evaluate the projections

10-Year Fiscal Outlook

	Permanent Fund Dividend	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032
1	50-50 Permanent Fund Dividend Transfer	1,534.7	1,680.3	1,800.0	1,904.0	2,009.5	2,128.5	2,172.5	2,214.5	2,254.0	2,291.5	2,328.5
2	Per capita PFD *(dollars)*	$2,330	$2,564	$2,712	$2,855	$3,000	$3,164	$3,212	$3,258	$3,300	$3,338	$3,375
	Unrestricted General Fund Expenditures	**FY2022**	**FY2023**	**FY2024**	**FY2025**	**FY2026**	**FY2027**	**FY2028**	**FY2029**	**FY2030**	**FY2031**	**FY2032**
3	**Agency Operations**	**3,927.9**	**3,933.6**	**3,933.4**	**3,987.8**	**4,043.3**	**4,100.6**	**4,157.8**	**4,217.7**	**4,277.6**	**4,339.3**	**4,401.8**
4	**Statewide Items**	**462.6**	**517.8**	**453.2**	**412.2**	**242.0**	**217.9**	**222.5**	**221.9**	**224.5**	**217.9**	**222.4**
5	**Operating Budget**	**4,390.5**	**4,451.4**	**4,386.6**	**4,400.0**	**4,285.3**	**4,318.6**	**4,380.2**	**4,439.6**	**4,502.1**	**4,557.2**	**4,624.2**
6	**Capital Budget**	**335.9**	**154.7**	**154.7**	**154.7**	**154.7**	**154.7**	**154.7**	**154.7**	**154.7**	**154.7**	**154.7**
7	**Total General Fund Appropriations**	**4,726.4**	**4,606.1**	**4,540.0**	**4,554.7**	**4,440.1**	**4,473.3**	**4,535.0**	**4,594.3**	**4,656.8**	**4,711.9**	**4,779.0**
	Unrestricted Revenues	**FY2022**	**FY2023**	**FY2024**	**FY2025**	**FY2026**	**FY2027**	**FY2028**	**FY2029**	**FY2030**	**FY2031**	**FY2032**
8	**Traditional UGF Revenue 12/15/21**	**2,662.5**	**2,577.2**	**2,464.5**	**2,429.9**	**2,340.0**	**2,314.2**	**2,340.8**	**2,297.1**	**2,402.8**	**2,549.7**	**2,549.7**
9	***Traditional UGF Revenue 1/19/22***	***2,943.6***	***3,043.8***									
10	**POMV Draw for Government**	**1,534.7**	**1,680.3**	**1,800.0**	**1,904.0**	**2,009.5**	**2,128.5**	**2,172.5**	**2,214.5**	**2,254.0**	**2,291.5**	**2,328.5**
11	**Revenue Adjustments**	**672.7**	**375.4**									
12	**Total Revenue 12/15/21**	**4,869.7**	**4,632.9**	**4,264.5**	**4,333.9**	**4,349.5**	**4,442.7**	**4,513.3**	**4,511.6**	**4,656.8**	**4,841.2**	**4,878.2**
13	***Total Revenue 1/19/22***	***5,150.8***	***5,099.5***									
14	**Final Surplus/(Deficit) 12/15/21**	**143.3**	**26.7**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**129.3**	**99.2**
15	***Final Surplus/(Deficit) 1/19/22***	***424.4***	***493.4***	***0.0***	***0.0***	***0.0***	***0.0***	***0.0***	***0.0***	***0.0***	***129.3***	***99.2***
	Reserve Balances	**FY2022**	**FY2023**	**FY2024**	**FY2025**	**FY2026**	**FY2027**	**FY2028**	**FY2029**	**FY2030**	**FY2031**	**FY2032**
16	**CBR End Balance 12/15/21**	**1,350.6**	**1,438.4**	**1,215.4**	**1,042.7**	**995.3**	**1,005.7**	**1,024.3**	**982.3**	**1,022.2**	**1,192.4**	**1,336.4**
17	***CBR End Balance 1/19/22***	***1,631.7***	***2,192.3***	***1,986.3***	***1,830.8***	***1,801.2***	***1,829.8***	***1,866.9***	***1,843.9***	***1,903.1***	***2,093.1***	***2,257.5***

(Dollars in millions)

Sources of Funds: Revenue Outlook

	Unrestricted Revenues	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032
1	**Traditional UGF Revenue 12/15/21**	**2,662.5**	**2,577.2**	**2,464.5**	**2,429.9**	**2,340.0**	**2,314.2**	**2,340.8**	**2,297.1**	**2,402.8**	**2,549.7**	**2,549.7**
2	***Traditional UGF Revenue 1/19/22***	***2,943.6***	***3,043.8***									
3	Petroleum Revenue 12/15/21	2,274.6	2,082.3	1,948.7	1,893.0	1,787.0	1,747.8	1,762.4	1,709.9	1,797.6	1,933.5	2,106.9
4	*Petroleum Revenue 1/19/22*	*2,555.7*	*2,548.9*									
5	Non-Petroleum Revenue	388.1	494.9	515.8	536.9	553.0	566.3	578.3	587.1	605.2	616.2	627.8
6	POMV Total	3,069.3	3,360.6	3,600.0	3,808.0	4,019.0	4,257.0	4,345.0	4,429.0	4,508.0	4,583.0	4,657.0
7	**POMV Draw for Government**	**1,534.7**	**1,680.3**	**1,800.0**	**1,904.0**	**2,009.5**	**2,128.5**	**2,172.5**	**2,214.5**	**2,254.0**	**2,291.5**	**2,328.5**
8	**Revenue Adjustments**	**672.7**	**375.4**									
9	Carryforward	12.0										
10	SBR Direct Appropriations	410.7										
11	Federal Revenue Replacement	250.0	375.4									
12	**Total Revenue 12/15/21**	**4,869.7**	**4,632.9**	**4,264.5**	**4,333.9**	**4,349.5**	**4,442.7**	**4,513.3**	**4,511.6**	**4,656.8**	**4,841.2**	**4,878.2**
13	***Total Revenue 1/19/22***	***5,150.8***	***5,099.5***									
14	**Final Surplus/(Deficit) 12/15/21**	**143.3**	**26.7**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**129.3**	**99.2**
15	***Final Surplus/(Deficit) 1/19/22***	***424.4***	***493.4***	***0.0***	***0.0***	***0.0***	***0.0***	***0.0***	***0.0***	***0.0***	***129.3***	***99.2***

UGF Revenue Assumptions

Traditional UGF Revenue 12/15/21: Fall 2021 Revenue Sources Book, Department of Revenue

***Traditional UGF Revenue 1/19/22**: January Revenue Outlook, Department of Revenue*

POMV Total: Fall 2021 Revenue Sources Book, Department of Revenue

POMV Draw for Government: Half of POMV Total (Other half toward PFDs)

Revenue Adjustments

Carryforward: Balance of unspent multiyear appropriations carried forward into FY22

Undesignated Savings (SBR): FY22 direct appropriations from the Statutory Budget Reserve

Federal Revenue Replacement: FY22 enacted and FY23 proposed Federal COVID-19 funds for revenue replacement

(Dollars in millions)

Uses of Funds: Agency Operations

	Unrestricted General Fund Expenditures	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032
1	**Agency Operations**	**3,927.9**	**3,933.6**	**3,932.1**	**3,987.8**	**4,043.3**	**4,100.6**	**4,157.8**	**4,217.7**	**4,277.6**	**4,339.3**	**4,401.8**
2	Agency Formula	2,042.6	2,078.4	2,078.1	2,106.0	2,133.3	2,161.9	2,190.0	2,219.5	2,248.4	2,278.6	2,309.3
3	K-12 Formula	1,233.7	1,215.1	1,215.1	1,233.3	1,251.8	1,270.6	1,289.7	1,309.0	1,328.6	1,348.6	1,368.8
4	Medicaid	610.6	656.0	656.0	662.6	669.2	675.9	682.6	689.5	696.4	703.3	710.4
5	Other Formula	198.3	207.2	207.0	210.1	212.3	215.5	217.7	221.0	223.4	226.7	230.2
6	Agency Non-Formula	1,885.2	1,855.3	1,855.3	1,881.8	1,910.0	1,938.7	1,967.8	1,998.3	2,029.2	2,060.6	2,092.5

Agency Operating Expenditure Assumptions

K-12 Formula: Flat in FY24, 1.5 percent annual expenditure growth applied in FY25+

Population projections indicate a mostly flat student age-population over projection period

Growth factor allows for potential post-pandemic shift back to brick-and-mortar schooling

Medicaid: Flat in FY24, 1.0 percent annual expenditure growth applied in FY25+

Projections in line with population growth with room for provider rate increases

Other Formula: Flat in FY24, 1.5 percent annual expenditure growth applied in FY25+

Agency non-formula: Flat in FY24, 1.5 percent annual expenditure growth applied in FY25+

(Dollars in millions)

Uses of Funds: Statewide Expenditures

	Unrestricted General Fund Expenditures	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032
1	**Statewide Items**	**462.6**	**517.8**	**453.2**	**412.2**	**242.0**	**217.9**	**222.5**	**221.9**	**224.5**	**217.9**	**222.4**
2	Debt	96.7	156.2	133.1	123.2	118.0	116.4	114.6	107.6	103.4	90.5	88.7
3	Retirement	246.2	129.6	111.6	93.5	72.5	79.0	85.4	91.8	98.6	104.9	111.2
4	Fund Capitalizations & Transfers	119.7	232.0	208.5	195.5	51.5	22.5	22.5	22.5	22.5	22.5	22.5
5	Oil and Gas Tax Credits	54.0	199.0	186.0	173.0	29.0	0.0	0.0	0.0	0.0	0.0	0.0
6	Disaster Relief Fund	34.0	0.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
7	REAA Fund	17.2	32.8	17.5	17.5	17.5	17.5	17.5	17.5	17.5	17.5	17.5
8	Other	14.6	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Statewide Expenditure Assumptions

Debt: Department of Revenue Debt Manager projections plus $20.7m additional GO bond debt service in FY24+, Municipal School Bond Debt Reimbursement at 50% statutory level in FY24+, assumes continuation of moratorium on new debt

Retirement: State Actuary projection for PERS/TRS assuming no contributions to overfunded health trusts, other retirement contributions held flat at $4.6m

Oil and Gas Tax Credits: Department of Revenue projection for statutory calculation; liability fully addressed in FY26

Disaster Relief Fund: Fixed annual deposit of $5.0m in FY24+

Regional Educational Attendance Area (REAA) Fund: Fixed at 50% statutory level in FY24+

Other Fund Capitalizations/Transfers: Assumed zero in FY24+

Oil & Hazardous Substance Prevention and Response transfers listed in FY22 are reflected as DGF in FY23 forward

(Dollars in millions)

Uses of Funds: Capital Expenditures

1	**Capital Budget**	**335.9**	**154.7**	**154.7**	**154.7**	**154.7**	**154.7**	**154.7**	**154.7**	**154.7**	**154.7**	**154.7**

Capital Budget Assumptions

Capital Budget: UGF capital expenditures held flat in FY24+, other capital financing mechanisms assumed; match for federal infrastructure bill currently not included

Other Spending Assumptions

Supplementals and Lapse: Supplementals assumed to net with lapsed funds in out years

Recent investments in baseline funding for fire suppression and prevention reduce projected supplemental needs

(Dollars in millions)

Savings Balances

	Reserve Balances	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032
1	**Constitutional Budget Reserve 12/15/21**	**1,350.6**	**1,438.4**	**1,215.4**	**1,042.7**	**995.3**	**1,005.7**	**1,024.3**	**982.3**	**1,022.2**	**1,192.4**	**1,336.4**
2	CBR Beginning Balance	1,175.7	1,350.6	1,438.4	1,215.4	1,042.7	995.3	1,005.7	1,024.3	982.3	1,022.2	1,192.4
3	Earnings & Deposits	31.6	61.1	52.5	48.1	43.2	41.1	40.2	40.7	39.9	40.9	44.8
4	Surplus/(Draws)	143.3	26.7	(275.5)	(220.8)	(90.6)	(30.6)	(21.7)	(82.7)	0.0	129.3	99.2
5	**CBR End Balance 12/15/21**	**1,350.6**	**1,438.4**	**1,215.4**	**1,042.7**	**995.3**	**1,005.7**	**1,024.3**	**982.3**	**1,022.2**	**1,192.4**	**1,336.4**
6	**Constitutional Budget Reserve 1/19/22**	**1,350.6**	**1,438.4**	**1,215.4**	**1,042.7**	**995.3**	**1,005.7**	**1,024.3**	**982.3**	**1,022.2**	**1,192.4**	**1,336.4**
7	CBR Beginning Balance	1,175.7	1,631.7	2,192.3	1,986.3	1,830.8	1,801.2	1,829.8	1,866.9	1,843.9	1,903.1	2,093.1
8	Earnings & Deposits	31.6	67.2	69.5	65.4	60.9	59.2	58.8	59.7	59.3	60.7	65.1
9	Surplus/(Draws)	424.4	493.4	(275.5)	(220.8)	(90.6)	(30.6)	(21.7)	(82.7)	0.0	129.3	99.2
10	***CBR End Balance 1/19/22***	***1,631.7***	***2,192.3***	***1,986.3***	***1,830.8***	***1,801.2***	***1,829.8***	***1,866.9***	***1,843.9***	***1,903.1***	***2,093.1***	***2,257.5***

CBR Balance Assumptions

FY21 Sweep: FY22 beginning balance reflects estimated $490.4m from sub-funds of the general fund swept to the CBR based on pre-audit estimates and will be adjusted when final financial reports are available

Earnings: 2.25 percent returns

Deposits: Fall 2021 Revenue Sources Book projections

Surplus/(Draws): UGF revenue less UGF expenditures

(Dollars in millions)

Durable Fiscal Reform

Constitutional Reforms

- SJR 5: Appropriation Limit
- SJR 6: 50-50 PFD Split
- SJR 7: Voter Approval for State Tax

Future Budget Topics

- Alaska Marine Highway System reshaping and transition
- Medicaid cost containment
- Post-sweep transition of designated funds use
- Government efficiencies

Legislative Reforms

- SB55 – Passed SLA2021