



ALASKA STATE LEGISLATURE

LEGISLATIVE BUDGET AND AUDIT COMMITTEE


Legislative Finance Division

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MEMORANDUM

DATE: February 13, 2023

TO: Senator Bert Stedman
Senator Lyman Hoffman
Senator Donny Olson
Co-Chairs, Senate Finance Committee

FROM: Alexei Painter 
Legislative Fiscal Analyst

SUBJECT: Responses to Committee Question from February 7 Meeting

Thank you for inviting the Legislative Finance Division to present on fiscal modeling. Responses to a request for follow-up information from the committee hearing are below.

Senator Olson asked for a regional distribution of syphilis cases, and Senator Bishop asked for a breakout of active versus inactive tuberculosis cases.

The Department of Health distributed an answer to these questions to the committee on February 10, 2023.

Senator Kiehl Asked about the percentage of Minnesota's budget reserve compared to its budget, and Senator Bishop asked about Minnesota's current budget status.

In 2022, the Minnesota Management and Budget recommended a reserve level of 4.8% of the biennium's budget, or \$2.7 billion (or about 9.6% of the budget on an annual basis). That is in addition to a separate cash flow account that has a target balance of \$350 million.

In December, Minnesota Management and Budget estimated that the state would have a surplus of \$17.6 billion available in the FY24-25 biennium (including additional amounts left from the FY22-23 biennium).

Senator Kiehl asked the amount of new school debt assumed in Legislative Finance’s model.

The model assumes new school debt of \$7.8 million per year once the moratorium ends in 2025.

Senator Stedman asked for modifications to slide 18 to add State Gross Domestic Product to the graph.

The updated slide is enclosed.

Senator Stedman requested a sensitivity table showing the likelihood of various Constitutional Budget Reserve (CBR) balances in a single fiscal year.

The table below shows the likelihood that the CBR balance at the end of FY28 exceeds a given value based on the Senate Finance Committee modeling assumptions across the three PFD scenarios. Note that these are illustrative projections which may understate potential volatility.

| Likelihood of CBR FY28 Balance Exceeding a Given Amount at FY28 Year-End | | | |
|--|---------------|--------------------|--------------------|
| CBR Balance (\$millions) | Statutory PFD | 50% of POMV to PFD | 25% of POMV to PFD |
| 500 | 69% | 90% | 100% |
| 1000 | 64% | 87% | 100% |
| 2000 | 53% | 79% | 100% |
| 3000 | 43% | 71% | 99% |
| 4000 | 34% | 62% | 96% |
| 5000 | 28% | 53% | 91% |

UGF Capital Budget vs State Gross Domestic Product

