



2023 State of the State

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Where Do We Stand & What To Expect Going Forward

- ▶ ALASKA'S FISCAL ENVIRONMENT
- ▶ 2023 CHALLENGES



33rd Alaska State Legislature

- ▶ New legislature convened January 17, 2023.
- ▶ The Senate majority is a 17-member bipartisan organization consisting of 9 Democrats and 8 Republicans.
- ▶ Senator Gary Stevens (*R-Kodiak*) serves as Senate President. Senator Lyman Hoffman (*D-Bethel*) is one of 3 Senate Finance Co-Chairs with responsibility for the capital budget.
- ▶ The State House organized on the 2nd day of session. Current membership is 19 Republicans and 4 Bush Caucus members (2 D's/2 I's). Rep. Bryce Edgmon (*I-Dillingham*) serves as one of three House Finance Co-Chairs, overseeing the capital budget.
- ▶ The House minority consists of 11 Democrats, 1 Republican and 4 Independents. 1 Republican has not joined either caucus.

TOTAL FUND VALUE

AS OF OCTOBER 31, 2021

\$81,062,900,000

Principal \$65.7 Billion | ERA \$15.3 Billion

[FINANCIAL STATEMENTS](#)

PRINCIPAL

\$65.7 B

Contributions: \$51.0 B | Unrealized Gains: \$14.7 B

ERA UNCOMMITTED

\$8.5 B

+ FY22 POMV Commitment \$3.4 B + Unrealized Gains \$3.4 B = Total of \$15.3 B

VALUE ADDED AS OF JUNE 30, 2021

\$5.7 B

VS PASSIVE BENCHMARK OVER 5 YEARS
[DAILY FUND MARKET VALUE](#)

RATE OF RETURN FYTD AS OF OCTOBER 31, 2021

fytd 2022 4.20%

12.09% OVER 5 YEARS
[PERFORMANCE REPORTS](#)

Alaska
Permanent
Fund Status as
of October
31, 2021

TOTAL FUND VALUE

AS OF OCTOBER 31, 2022

\$72,520,100,000

Principal Total \$59.9 Billion | ERA Total \$12.6 Billion

[FINANCIAL STATEMENTS](#)

PRINCIPAL

\$59.9 B

Contributions: \$51.9 B | Unrealized Gains: \$8 B

ERA UNCOMMITTED

\$3.5 B

+ Committed FY24 POMV \$3.5 B + Unrealized Gains \$1.7 B + Inflation Proofing \$3.9 B =
Total of \$12.6 B

VALUE ADDED

AS OF JUNE 30, 2022

\$18.4 B

VS PASSIVE BENCHMARK OVER 10 YEARS

[DAILY FUND MARKET VALUE](#)

RATE OF RETURN

FYTD AS OF OCTOBER 31, 2022

fytd 2023 -1.78%

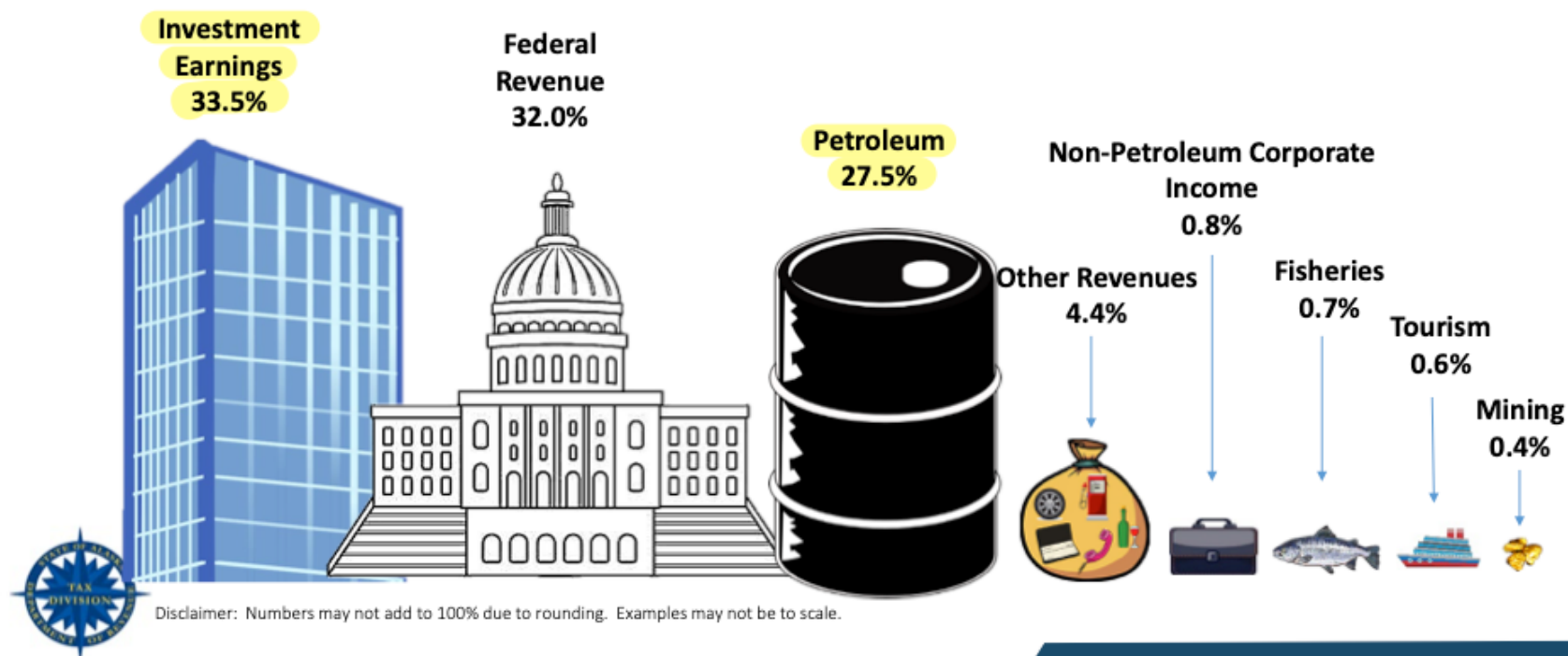
7.48% OVER 5 YEARS

[PERFORMANCE REPORTS](#)

Alaska
Permanent
Fund Status as
of October
31, 2022

Relative Contributions to Total State Revenue: FY 2023

Total State Revenue: \$15.4 Billion



Source: DOR Fall 2022 Revenue Forecast

Snapshot of State's FY 2023 & FY 2024 Revenue Picture

- ▶ Department of Revenue projects a reduction of 12.4% in oil tax revenues for FY 2023 & 10% for FY 2024 as of December 2022 forecast.
- ▶ Based on \$88.45 price per barrel in FY 2023 and \$81 per barrel for FY 2024.
- ▶ ANS West Coast price has ranged between \$75 and \$95 per barrel since mid-November. Would mean little or no surplus by end of FY 2023.
- ▶ K-12 forward funding for FY 2024 included in FY 2023 budget will be gone because of drop in oil prices over the last several months.
- ▶ Governor's status quo FY 2024 budget is currently projected to have a deficit of \$264 million,

Unrestricted Revenue Forecast: FY 2022 and Changes to Two-Year Outlook

		History	Forecast	
		FY 2022	FY 2023	FY 2024
ANS Oil Price (Nominal \$/bbl)	Spring 2022 Forecast	\$91.68	\$101.00	\$90.00
	Fall 2022 Forecast	\$91.41	\$88.45	\$81.00
	Change	(\$0.27)	(\$12.55)	(\$9.00)
Permanent Fund Transfer (\$ millions)	Spring 2022 Forecast	3,069.3	3,360.6	3,601.0
	Fall 2022 Forecast	3,069.3	3,360.6	3,526.1
	Change	0.0	0.0	(74.9)
Unrestricted Revenue, excluding Permanent Fund Transfer (\$ millions)	Spring 2022 Forecast	3,883.4	4,970.4	4,064.7
	Fall 2022 Forecast	3,869.9	3,865.2	3,410.1
	Change	(13.5)	(1105.2)	(654.6)
Unrestricted Revenue, including Permanent Fund Transfer (\$ millions)	Spring 2022 Forecast	6,952.7	8,331.0	7,665.7
	Fall 2022 Forecast	6,939.2	7,225.8	6,936.2
	Change	(13.5)	(1,105.2)	(729.5)



ANS = Alaska North Slope



FY24 Budget High Points

- UGF Operating down almost 4% since FY19
- Full Statutory PFD
 - Estimated \$3,860 per person
- K-12 Education
 - Fully funded to the \$5,960 base student allocation
 - Net UGF reduction of \$1.7m
- SLA 2022 HB114 – Reads Act year two funding \$6.4m
- Municipal and School Bond Debt/REAA fully funded
- PCE and Scholarships Fully Funded



FY24 Budget High Points

- \$5m for rural public professional housing
- \$5m to DCCED to market Alaska
- Oil and Gas Tax Credits to be fully paid off - \$42.7m
 - Retires about \$300m in debt
- WWAMI - \$2m capital investment and funding for 10 additional slots for medical students
- Alaska Marine Highway System fully funded
 - Federal funding still uncertain
- \$4m for new cabins and park sanitation
- \$56.2m (\$31.3m UGF) Net salary adjustments



FY24 Budget High Points

- Statehood Defense Investments
 - \$10m in funding for litigation, expert witnesses, studies, and outside counsel
 - \$1.3m in additional funding for DFG wildlife research
 - \$1.5m in air quality monitoring for DEC
- \$9.5m to address Congenital Syphilis and Tuberculosis and provide health coverage to post-partum mothers
- Food Security Investments
 - \$4.6m to DFG and DNR for fisheries and livestock
 - \$3m investment in power infrastructure for the Delta farm region and co-op
 - \$3m for produce processing at Point Mackenzie



FY24 Budget High Points

- Public Safety Investments
 - Fully fund filled trooper positions
 - 30 new support positions
 - Allow the troopers to focus on public safety work
 - \$14.2m in assorted capital investment
 - Criminal justice IT systems
 - Trooper posts and training academy maintenance and upgrades
 - Forensic equipment refresh
 - Vessel and vehicle replacements
- \$2.5m investment in the Alaska State Defense Force
- \$10m investment in University drone program
- \$2m for the Business Enterprise Program



Issues Confronting State During Upcoming Legislative Session



Questions?