



2024 STATE OF THE STATE

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WHERE DO WE STAND & WHAT TO EXPECT GOING FORWARD

- ▶ ALASKA'S FISCAL STATUS
- ▶ 2024 CHALLENGES



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

OCTOBER 31, 2021
VERSUS
NOVEMBER 30, 2023

TOTAL FUND VALUE

AS OF NOVEMBER 30, 2023

\$75,498,200,000

PRINCIPAL
\$56.6 B

Unrealized Gains: \$11.0B

ERA UNCOMMITTED
\$1.6 B

+ Committed FY25 POMV \$3.7 B
+ FY24 Inflation Proofing \$1.4 B + Unrealized Gains \$1.2 B

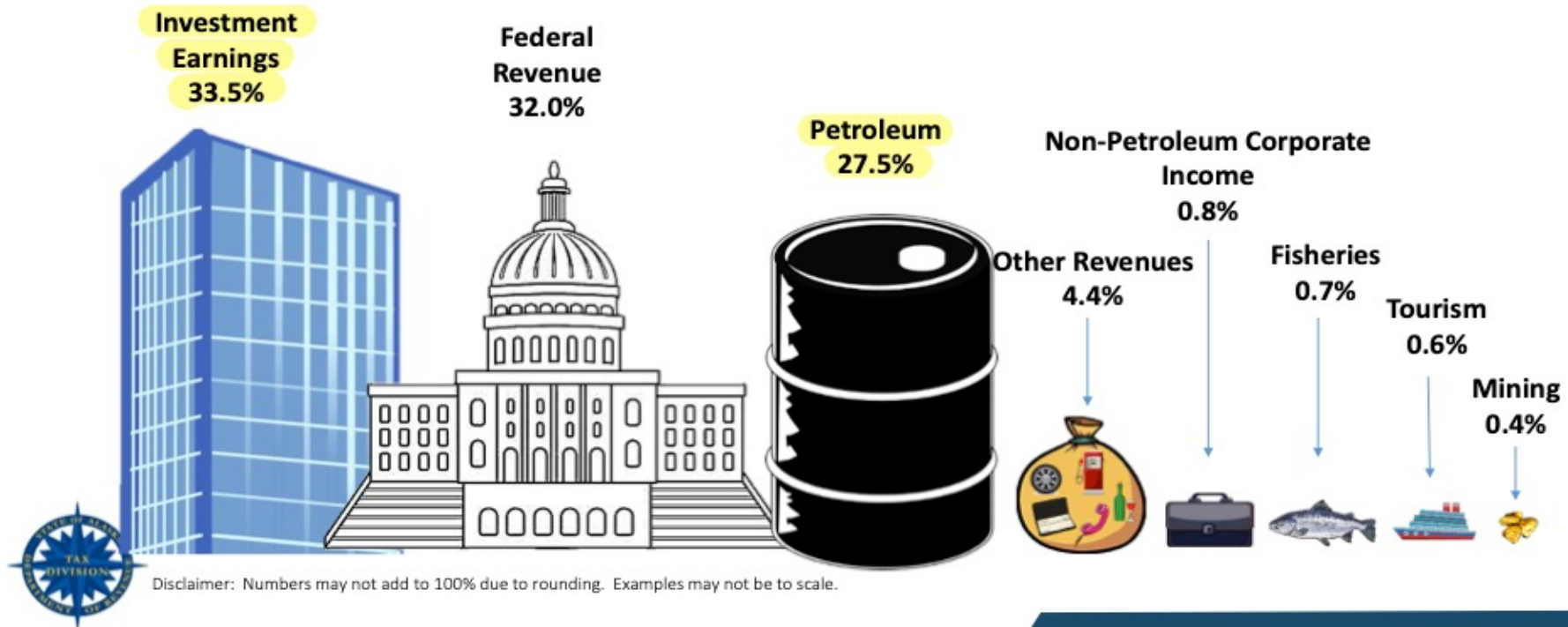
RATE OF RETURN
FYTD AS OF OCTOBER 31, 2023
-1.81%

7.87% OVER 5 YEARS

TOTAL STATE REVENUES BY SOURCE

Relative Contributions to Total State Revenue: FY 2023

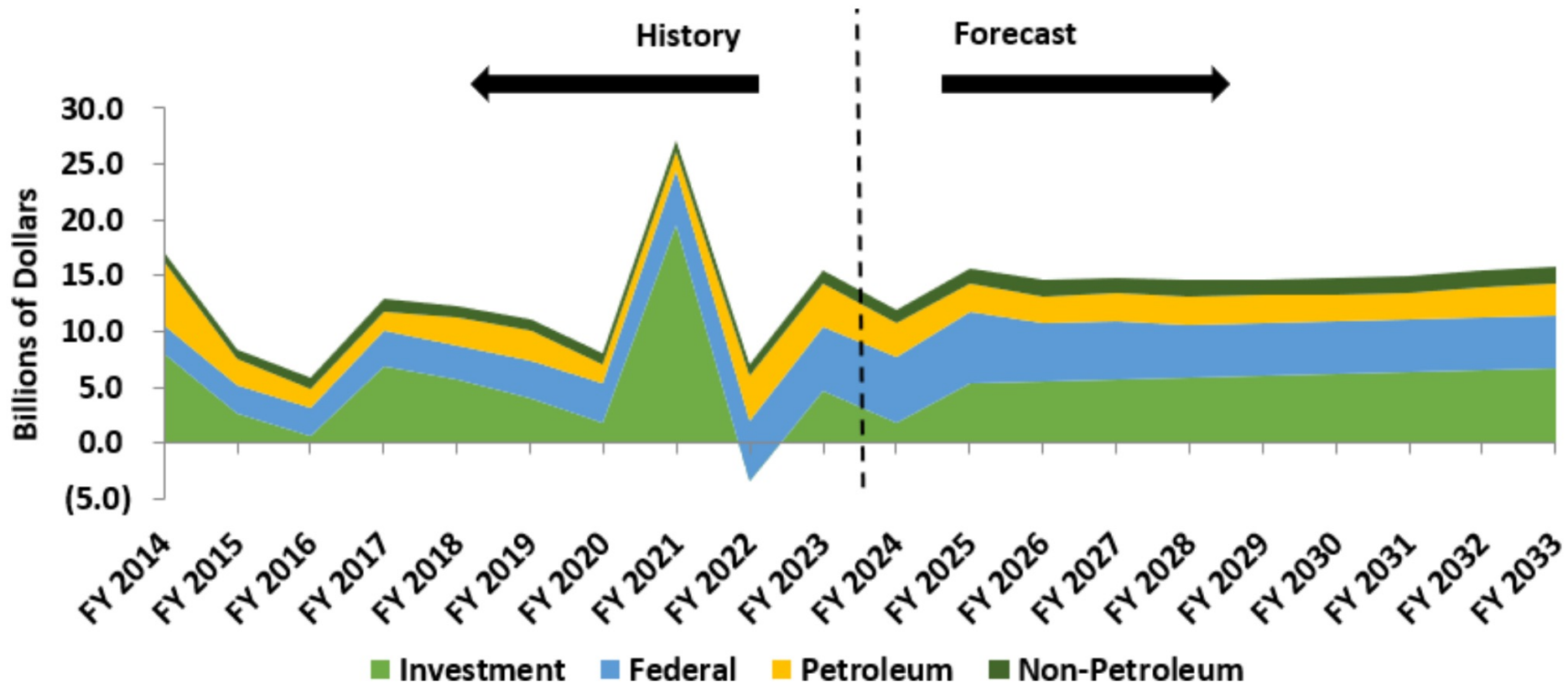
Total State Revenue: \$15.4 Billion



Source: DOR Fall 2022 Revenue Forecast

Total State Revenue

A look back and a look ahead



Chapter 2
5

Total Unrestricted General Fund Revenue FY 2023 actuals and FY 2024 – FY 2034 forecast

Millions of Dollars

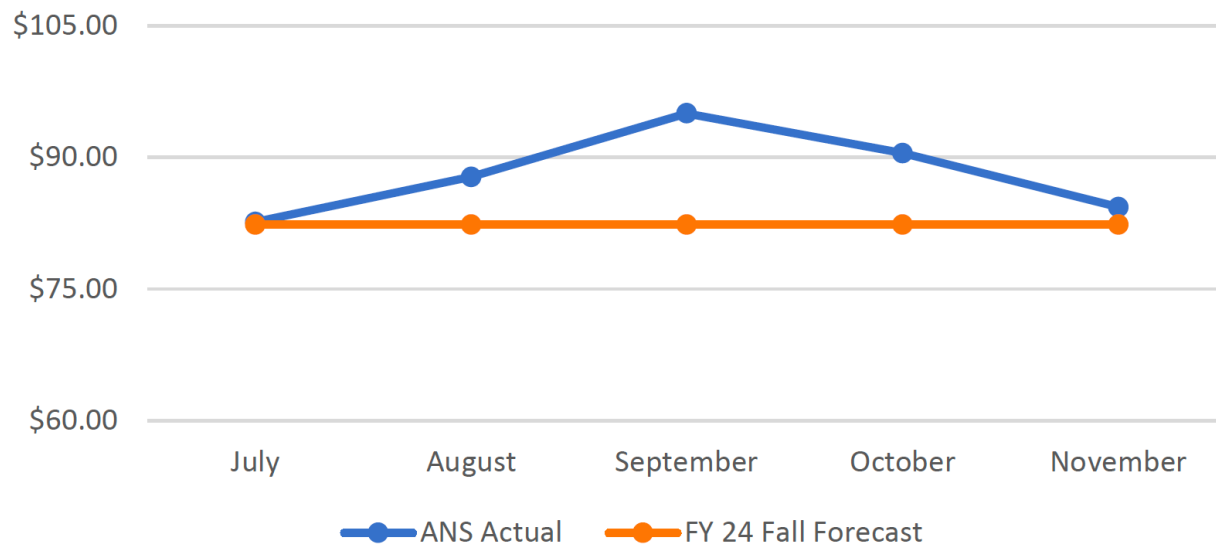
	History		Forecast									
	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034
Unrestricted General Fund Revenue												
1 Investment Revenue ¹	3,458.3	3,616.6	3,745.0	3,847.8	3,979.8	3,964.8	4,024.8	4,090.8	4,192.8	4,299.8	4,410.8	4,527.8
2 Petroleum Revenue	3,119.4	2,414.4	2,078.2	1,935.7	1,950.1	2,003.4	1,944.1	1,867.6	1,854.6	1,986.5	2,100.9	2,166.9
3 Non-Petroleum Revenue	466.3	454.5	485.2	518.8	547.9	568.1	577.3	592.8	605.1	613.1	621.2	626.8
4 Total Unrestricted General Fund Revenue	7,044.0	6,485.5	6,308.4	6,302.3	6,477.8	6,536.3	6,546.2	6,551.2	6,652.5	6,899.5	7,132.9	7,321.5
5 Percent from Petroleum	44%	37%	33%	31%	30%	31%	30%	29%	28%	29%	29%	30%
6 Permanent Fund transfer	3,360.6	3,526.0	3,657.2	3,760.0	3,892.0	3,877.0	3,937.0	4,003.0	4,105.0	4,212.0	4,323.0	4,440.0

Source: DOR Fall 2023 Revenue Forecast

STATE'S FY 2024 & FY 2025 REVENUE PICTURE

- ▶ IN COMPARISON TO THE DOR'S SPRING 2023 FORECAST, THE DECEMBER 2023 FORECAST INCREASED BY \$9.39 PER BARREL FOR FY 2024 AND \$6.00 PER BARREL FOR FY 2025.
- ▶ THE ANS OIL PRODUCTION FORECAST DECREASED BY 26,100 BARRELS PER DAY FOR FY 2024 AND BY 34,200 BARRELS PER DAY FOR FY 2025. THE FY 2024 REVENUE ESTIMATE HAS INCREASED BY \$228 MILLION UNDER THE DECEMBER 2023 FORECAST.
- ▶ THE PERMANENT FUND IS SET TO TRANSFER \$3.5 BILLION TO THE GENERAL FUND FOR FY 2024 AND \$3.7 BILLION FOR FY 2025. THESE AMOUNTS INCLUDE FUNDS THAT ARE AVAILABLE FOR GENERAL GOVERNMENT SPENDING AND ANNUAL PAYMENT OF DIVIDENDS TO ALASKAN RESIDENTS.
- ▶ THE PERMANENT FUND OPERATING TRANSFER REMAINS A LARGE SOURCE OF FUNDING TO THE GENERAL FUND, CONTRIBUTING 48% OF UGF FOR FY 2023 AND PROJECTED TO CONTRIBUTE A RANGE OF 54% TO 62% FOR EACH OF THE NEXT TEN YEARS.

ANS Oil Prices FY 24 Actual vs Fall Forecast

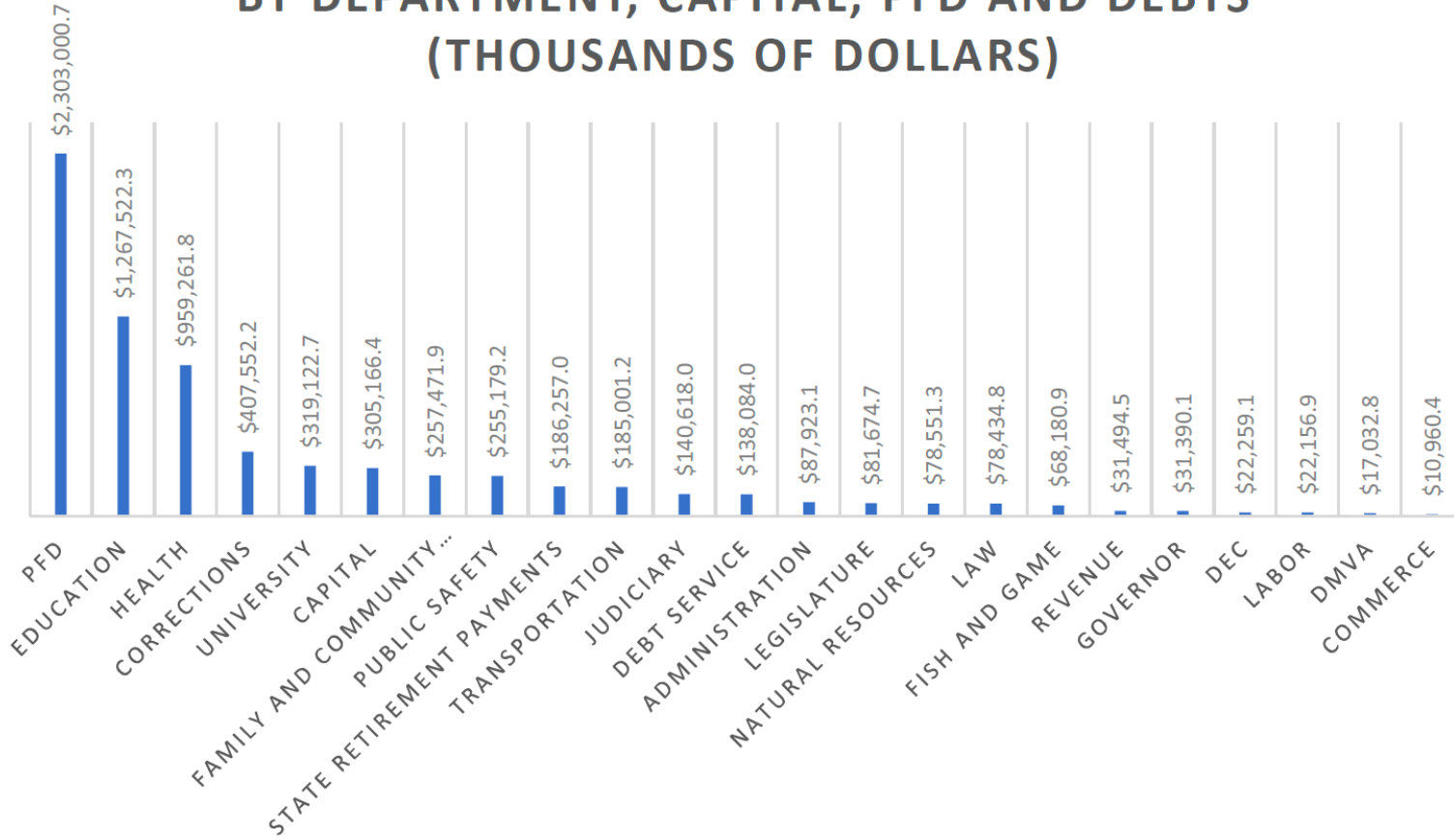


- ▶ UNLESS OIL PRICES CONTINUE TO DECLINE, COULD SEE A SURPLUS OF MORE THAN \$500 MILLION IN FY 2024.
- ▶ APPROVED OPERATING BUDGET REQUIRES 50% OF ANY FY 2024 SURPLUS PAID AS AN ADDITIONAL "ENERGY REBATE" DIVIDEND.

GOVERNOR DUNLEAVY'S PROPOSED FY 2025 BUDGET

- ▶ GOVERNOR'S PROPOSED "STATUS QUO" FY 2025 BUDGET IS PROJECTED TO HAVE A DEFICIT OF \$987 MILLION. HIS PROPOSAL IS TO COVER THIS DEFICIT WITH A DRAW FROM THE CONSTITUTIONAL AND STATUTORY BUDGET RESERVE FUNDS.
- ▶ HIS BUDGET PROPOSES SPENDING \$2.3 BILLION TO PAY A FULL STATUTORY PERMANENT FUND DIVIDEND, RESULTING IN A DIVIDEND OF NEARLY \$3,300 PER PERSON.
- ▶ NO INCREASE IS INCLUDED FOR K-12 EDUCATION FUNDING, NOR DOES IT INCLUDE ANY ONE-TIME MONEY WHICH MEANS A CUT OF \$87.5 MILLION COMPARED TO THE FY 2024 EDUCATION BUDGET.
- ▶ GOVERNOR SAYS HE'S WILLING TO NEGOTIATE ON AN INCREASE IN EDUCATION FUNDING.
- ▶ BUDGET PROPOSES FULL FUNDING OF SCHOOL DEBT REIMBURSEMENT AND MONEY TO FUND A \$30 MILLION COMMUNITY ASSISTANCE PROGRAM – AN AMOUNT SIMILAR TO THE CURRENT YEAR.

FY 25 GOV PROPOSED UGF BUDGET BY DEPARTMENT, CAPITAL, PFD AND DEBTS (THOUSANDS OF DOLLARS)



HIGHLIGHTS FROM GOVERNOR'S PROPOSED FY 2025 BUDGET

EDUCATION

- ▶ STATUTORY FUNDING FOR SCHOOL DISTRICTS ACCORDING TO THE FOUNDATION PROGRAM, PUPIL TRANSPORTATION, AND SCHOOL DEBT REIMBURSEMENT FORMULAS IN STATUTE.
- ▶ \$8.3 MILLION FOR SCHOOL CONSTRUCTION AND MAJOR MAINTENANCE.
- ▶ \$5 MILLION FOR THE ALYESKA READING ACADEMY AND INSTITUTE.
- ▶ \$1.5 MILLION FOR TEACHER RECRUITMENT, RETENTION, CERTIFICATION AND APPRENTICESHIP DEVELOPMENT.
- ▶ \$1.5 MILLION FOR CONTINUED CAREER AND TECHNICAL EDUCATION INITIATIVE.

HIGHLIGHTS FROM GOVERNOR'S PROPOSED FY 2025 BUDGET

PUBLIC SAFETY

- ▶ 10 ADDITIONAL VILLAGE PUBLIC SAFETY OFFICER POSITIONS AND VPSO SALARY INCREASES.
- ▶ THREE NEW INVESTIGATORS AT ALASKA STATE TROOPERS FOCUSED ON CRIMES AGAINST CHILDREN.
- ▶ FOUR INVESTIGATORS AT AST FULLY DEDICATED TO INVESTIGATING MISSING AND MURDERED INDIGENOUS PERSONS.
- ▶ ACQUISITION OF A SINGLE ENGINE, TURBINE-POWERED, ALL-WEATHER AIRCRAFT (PILATUS PC-12NG) FOR STATEWIDE PUBLIC SAFETY OPERATIONS.
- ▶ REPLACEMENT OF A PATROL VESSEL FOR SOUTHEAST ALASKA TO RESPOND TO EMERGENCIES, SEARCH AND RESCUE OPERATIONS, AND ENFORCE LAWS AND REGULATIONS PROTECTING COASTAL ALASKA COMMUNITIES.

HIGHLIGHTS FROM GOVERNOR'S PROPOSED FY 2025 BUDGET

TRANSPORTATION

- ▶ MATCHING FUNDS FOR ALASKA MARINE HIGHWAY FERRY REPLACEMENT GRANTS USING FEDERAL TOLL CREDITS. INCLUDES ADDITIONAL FEDERAL FUNDS AND MATCH FOR TUSTUMENA REPLACEMENT VESSEL PROJECT.
- ▶ \$2.5 MILLION FOR STATEWIDE PFAS FLEETWIDE EQUIPMENT FOAM REPLACEMENT.
- ▶ FULLY FUNDS HARBOR DEBT REIMBURSEMENT PROGRAM – SUPPORTS AKUTAN & FALSE PASS PROJECTS.

LAW

- ▶ \$1.9 MILLION AND 10 POSITIONS TO EXPAND CONSUMER PROTECTION INVESTIGATIONS, ADDRESS CHILD PROTECTION CASES, ASSIST WITH DRUG PROSECUTIONS AND ASSIST WITH GRAND JURY INVESTIGATIONS.
- ▶ \$2 MILLION TO SUPPORT CONTINUED STATEHOOD DEFENSE EFFORTS ACROSS MULTIPLE AGENCIES.

HIGHLIGHTS FROM GOVERNOR'S PROPOSED FY 2025 BUDGET

FOOD SECURITY

- ▶ FUNDING FOR 30 PERMANENT, FULL-TIME ELIGIBILITY TECHNICIAN POSITIONS WITHIN THE DEPARTMENT OF HEALTH TO PROCESS SNAP APPLICATIONS.
- ▶ \$5 MILLION TO FOOD BANKS AND FOOD PANTRIES ACROSS ALASKA TO INCREASE FOOD SECURITY.

HOUSING

- ▶ \$25 MILLION FOR ALASKA HOUSING FINANCE CORPORATION DOWN PAYMENT ASSISTANCE GRANTS PRIMARILY UTILIZING AHFC DIVIDENDS.
- ▶ \$62.6 MILLION FOR AHFC ANNUAL HOUSING PROGRAMS.

ISSUES CONFRONTING STATE DURING UPCOMING LEGISLATIVE SESSION

BUDGET ISSUES TO WATCH

- FY 2025 K-12 SCHOOL FUNDING
- SCHOOL DEBT/HARBOR DEBT REIMBURSEMENT PROGRAMS
- PERS/TRS SUPPORT
- PCE & COMMUNITY ASSISTANCE PROGRAMS
- AMHS CY 2025 OPERATING BUDGET/FEDERAL FUNDS PROVISION
- SLIM FY 2025 CAPITAL BUDGET OPPORTUNITIES

OTHER MATTERS

- BSA INCREASE IN K-12 FOUNDATION FORMULA. ADVOCATES PUSHING FOR A 14% INCREASE OR ABOUT \$200 MILLION MORE ANNUALLY.
- PASSAGE OF HYBRID DEFINED BENEFIT - DEFINED CONTRIBUTION RETIREMENT SYSTEM FOR SOME OR ALL PUBLIC EMPLOYEES.
- REWRITE OF PERMANENT FUND DIVIDEND FORMULA. MAY BE RUNNING OUT OF MONEY THAT CAN BE SPENT.
- REPEAL OF RANKED-CHOICE VOTING.



QUESTIONS?