



2025 STATE OF THE STATE

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Where Do We Stand & What To Expect Going Forward

- ▶ ALASKA'S FISCAL STATUS
- ▶ 2025 CHALLENGES

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 FUND VALUE

AS OF OCTOBER 31, 2024

\$79,010,400,000

RATE OF RETURN FYTD AS OF OCTOBER 31, 2024: **2.56%**
8.24% OVER 5 YEARS



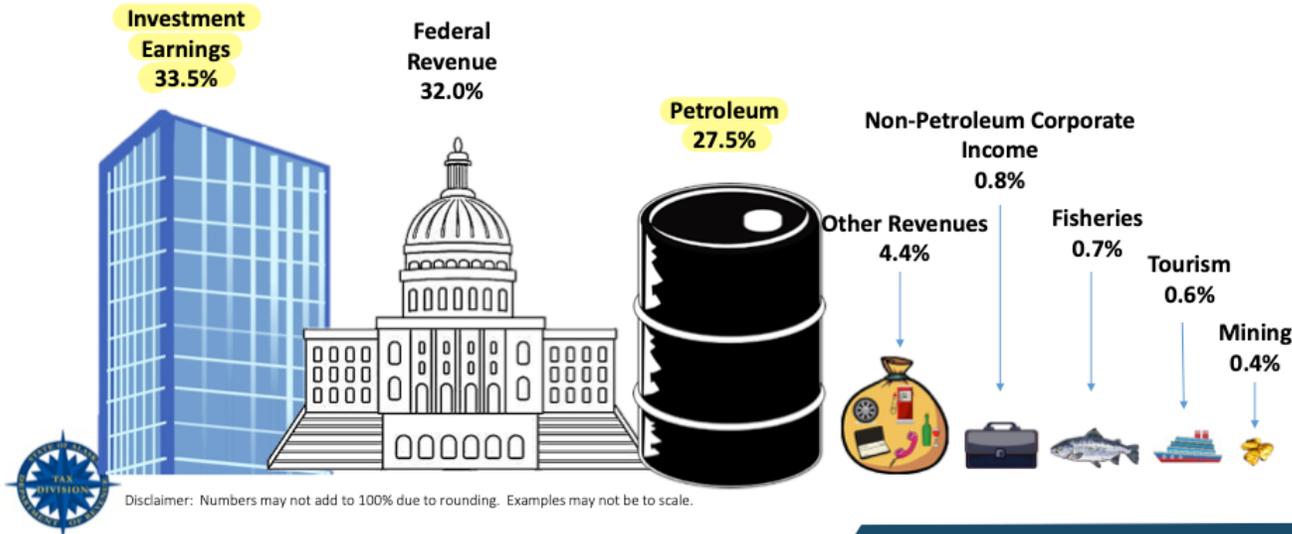
Corpus; \$58.5 B
Unrealized Gains: \$12.8 B
ERA: \$3.8B for FY 26
POMV Draw

ALASKA PERMANENT FUND STATUS

NOVEMBER 30, 2023
VERSUS
OCTOBER 31, 2024

Relative Contributions to Total State Revenue: FY 2023

Total State Revenue: \$15.4 Billion



Source: DOR Fall 2022 Revenue Forecast

TOTAL FY 2023 STATE REVENUES BY SOURCE

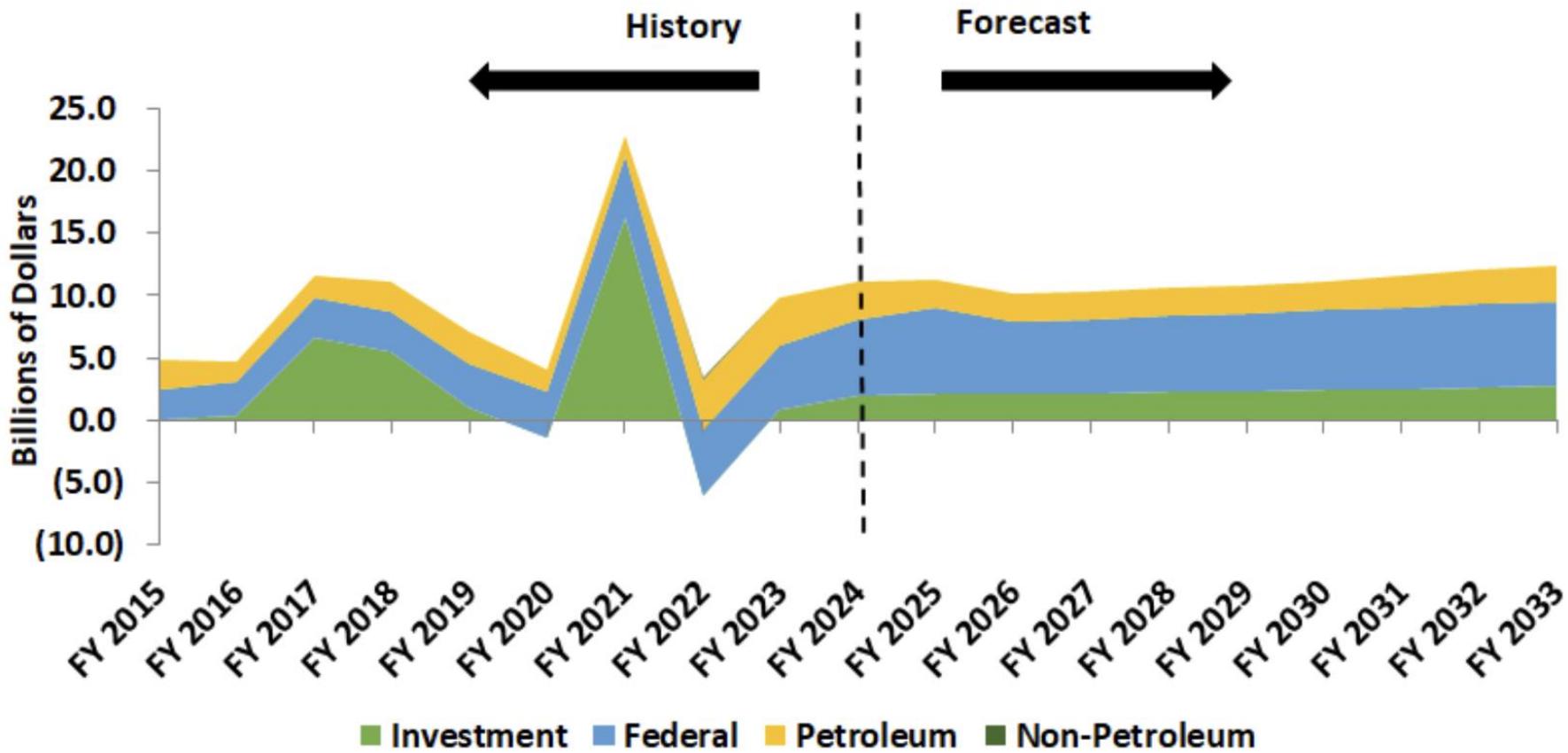
<u>FY 2025 Forecast by Revenue Source</u>	<u>Dollar Amount</u>	<u>Percent of Total Revenue</u>	<u>FY 2023 Percentage</u>
Investment Revenue	\$6.274 billion	37.3%	33.5%
Petroleum Revenue	\$2.286 billion	13.6%	27.5%
Non-Petroleum Revenue	\$1.391 billion	8.2%	7%
Federal Revenue	\$6.886 billion	40.9%	32%
Total	\$16.837 billion	100%	100%

TOTAL FORECASTED FY 2025 STATE REVENUES BY SOURCE

(USING DOR FALL 2024 FORECAST)

Total State Revenue

A look back and a look ahead



Source: DOR Fall 2024 Revenue Forecast

Total State Revenue By restriction and type

Source: DOR Fall 2024 Revenue Forecast

		Millions of Dollars		
		History	Forecast	
		FY 2024	FY 2025	FY 2026
Unrestricted Revenue Sources				
Unrestricted General Fund Revenue				
1	Investment Revenue	3,674.1	3,795.2	3,886.7
2	Petroleum Revenue	2,469.8	1,849.1	1,724.8
3	Non-Petroleum Revenue	487.3	584.3	587.3
4	Total Unrestricted General Fund Revenue	6,631.2	6,228.6	6,198.8
Restricted Revenue Sources				
Designated General Fund Revenue				
5	Investment Revenue	218.1	193.0	169.0
6	Petroleum Revenue	109.9	71.9	76.5
7	Non-Petroleum Revenue	486.3	503.1	505.2
8	Subtotal Designated General Fund Revenue	814.3	768.0	750.7
Other Restricted Revenue				
9	Investment Revenue	2,101.5	2,286.4	2,250.1
10	Petroleum Revenue	429.4	364.5	401.0
11	Non-Petroleum Revenue	224.0	303.5	256.2
12	Subtotal Other Restricted Revenue	2,754.9	2,954.5	2,907.3
Federal Revenue				
13	Federal Receipts	6,083.5	6,854.7	5,773.3
14	Petroleum Revenue ¹	31.0	30.8	27.8
15	Subtotal Federal Revenue	6,114.5	6,885.5	5,801.1
16	Total Restricted Revenue	9,683.7	10,607.9	9,459.1
17	Total State Revenue	16,314.9	16,836.5	15,657.9

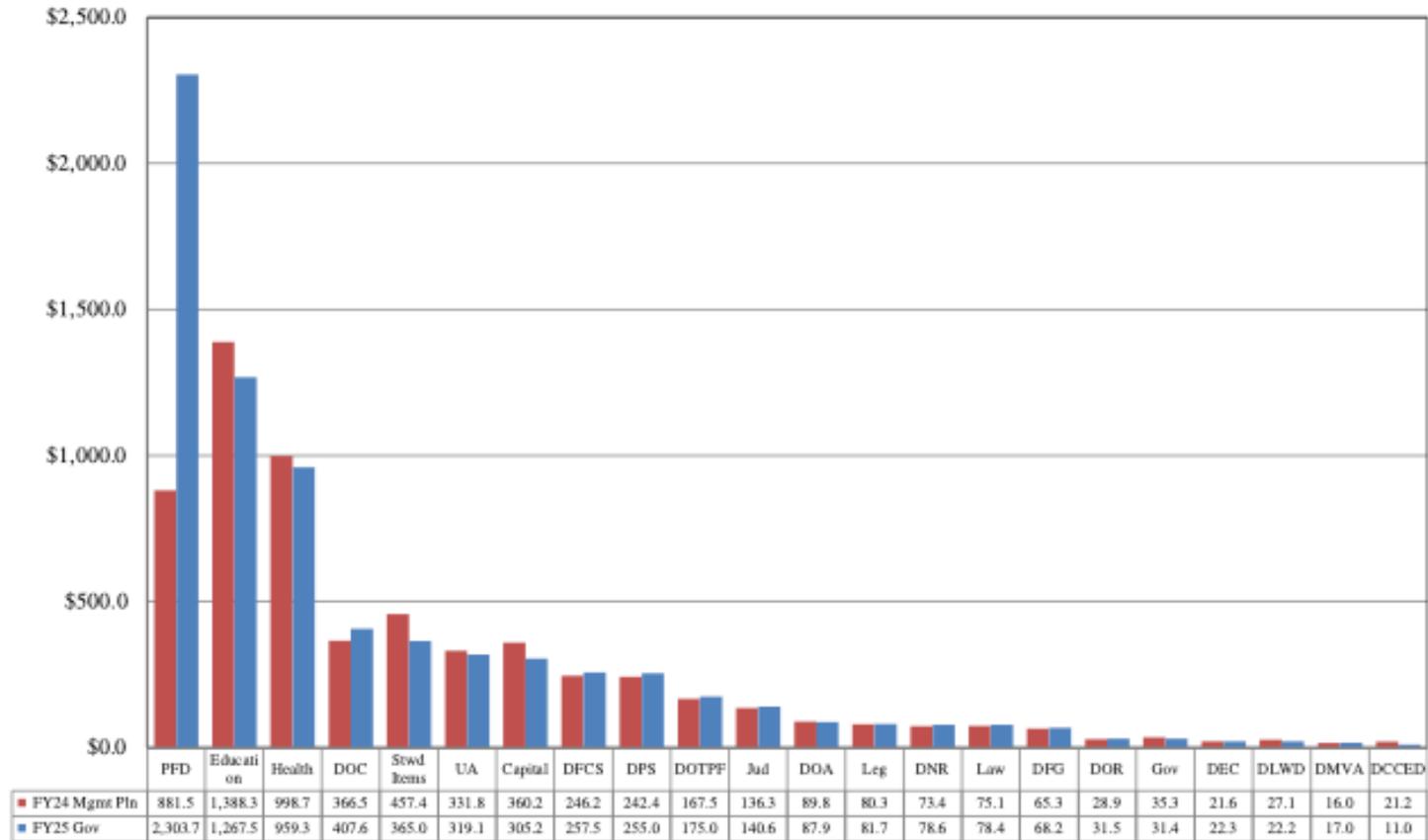
¹ Petroleum revenue shown in the Federal category includes the state share of rents, royalties, and bonuses received from the National Petroleum Reserve - Alaska. Amounts shown here reflect when the state receives the state's share of revenue and not when those revenues are disbursed as grants to municipalities.

Total State Revenue by Type

GF Spending by Budget Component

6 [Swoop Graph]

Swoop Graph - UGF Only FY25 Governor's Budget Compared to FY24 Management Plan (\$Millions)



Overview

Legislative Fiscal Analyst's Overview of the Governor's FY2025 Request

STATE'S FY 2025 & FY 2026 REVENUE PICTURE

In comparison to the DOR's Spring 2024 Revenue Forecast, the December 2024 ANS oil price forecast decreased by \$4.14 per barrel for FY 2025 and \$4.00 per barrel for FY 2026.

The ANS oil production forecast decreased by 10,600 barrels per day for FY 2025 and by 12,600 barrels per day for FY 2026. The FY 2025 unrestricted general fund revenue estimate has decreased by \$220 million and by \$232 million for FY 2026 compared to the spring 2024 forecast.

The Permanent Fund is set to transfer \$3.7 billion to the General Fund for FY 2025 and \$3.8 billion for FY 2026. 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 an increasing source of funding to the General Fund, contributing 59% of UGF for FY 2025 and projected to contribute 61% for FY 2026.

34TH ALASKA STATE LEGISLATURE – ORGANIZATION AND PRIORITIES

The Alaska State Senate plans to organize with a 14-member bipartisan coalition consisting of 9 Democrats and 5 Republicans. Senator Gary Stevens (*R-Kodiak*) remains Senate President, while Senator Lyman Hoffman (*D-Bethel*) will serve as one of the 3 Senate Finance Co-Chairs.

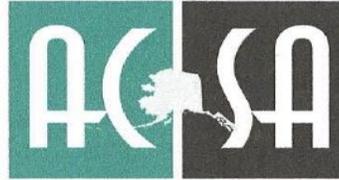


The Alaska State House will organize with a 21-member bipartisan coalition consisting of 14 Democrats, 5 Independents and 2 Republicans. Rep. Bryce Edgmon (*I-Dillingham*) will serve as the House Speaker, and Rep. Louise Stutes (*R-Kodiak*) will be the House Rules Chair.



Top priorities for both organizations include providing adequate and stable funding for public education and retirement reform to address teachers and public employee recruitment and retention problems. Maintaining balanced budgets, elections reform, and energy development are additional priorities.

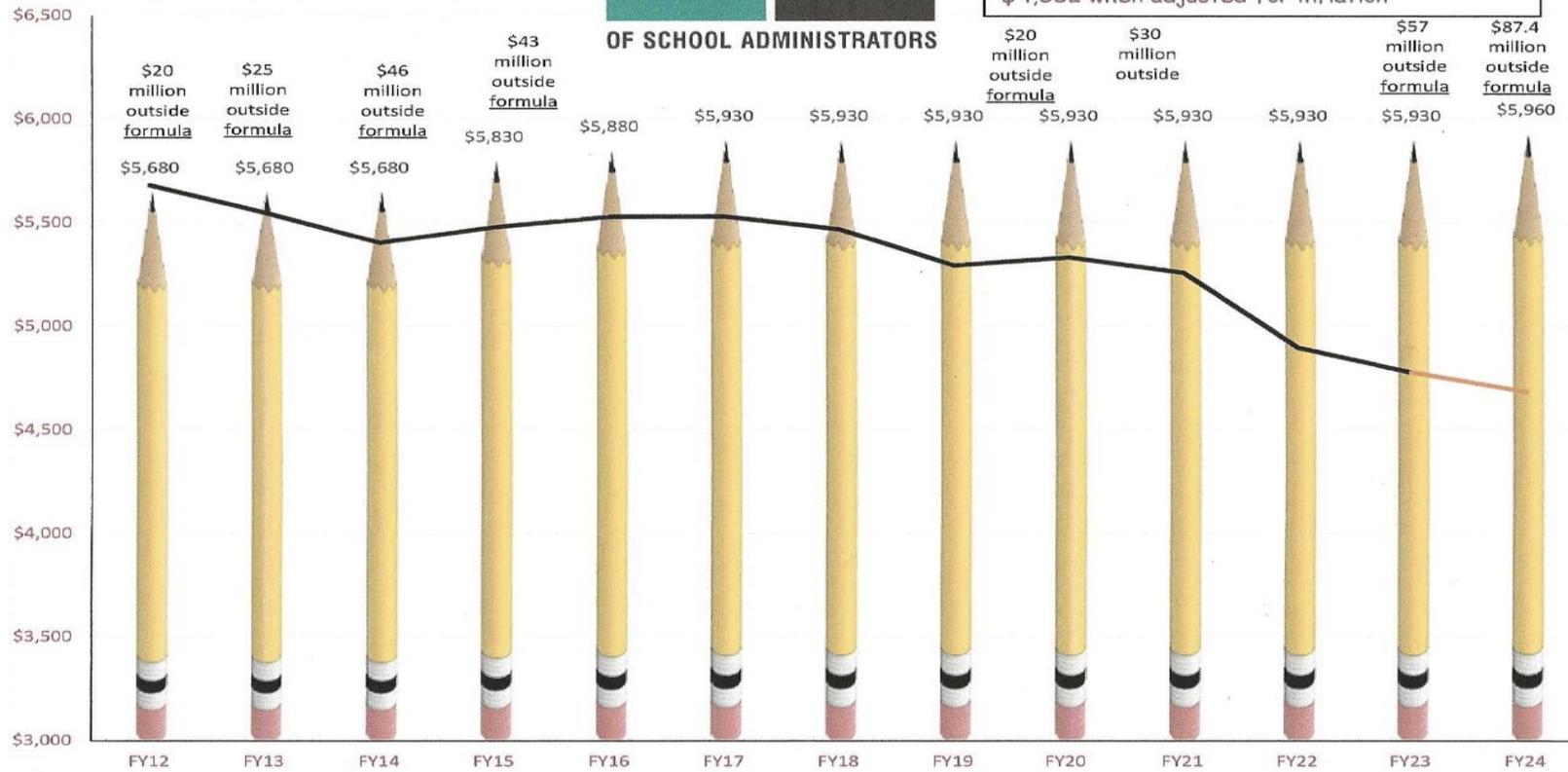
ALASKA COUNCIL



OF SCHOOL ADMINISTRATORS

**Alaska K-12 Funding
Base Student Allocation
Fiscal Year 2012 - 2024**

Data source: Legislative Finance
Line shows inflation adjustment to FY12 value;
BSA of \$5,960 in FY24 has an FY12 value of
\$4,682 when adjusted for inflation



GOVERNOR DUNLEAVY'S PROPOSED FY 2026 BUDGET

Governor's proposed FY 2026 budget is projected to have a deficit of \$1.5 billion. His proposal is to cover this deficit with a draw from the Constitutional Budget Reserve Fund, depleting it by over 50%.

His budget proposes spending \$2.5 billion to pay a full statutory Permanent Fund Dividend, resulting in a dividend of nearly \$3,900 per person.

No increase is included for K-12 education funding, nor does it include any one-time money which means a cut of \$175 million compared to the FY 2025 K-12 education budget.

Governor says he's willing to negotiate an increase in education funding up to \$200 million if some of his reforms are adopted.

Budget proposes full funding of School & Harbor Debt Reimbursement and money to fund a \$30 million Community Assistance Program.

HIGHLIGHTS FROM GOVERNOR'S PROPOSED FY 2026 BUDGET

Education

- Base funding for school districts according to the Foundation Program, Pupil Transportation, and School Debt Reimbursement formulas.
- \$2.75 million for Career & Technical Education, Teacher Apprenticeships, and Teacher Recruitment & Retention Efforts.
- \$300,000 for Electrician & Plumber career pathway development for students.

Public Safety

- 5 additional Village Public Safety Officers.
- \$1.3 million to hire 3 new State Troopers to investigate Child Crimes in rural areas.
- \$6.5 million to purchase Pilatus aircraft for emergency rural response across Alaska.
- \$1.5 million AHFC Empowering Choice voucher program for victims of domestic violence.

HIGHLIGHTS FROM GOVERNOR'S PROPOSED FY 2026 BUDGET

Energy Development

- \$6.3 million for Alaska Energy Authority Renewable Energy Project Grants.
- \$5 million for AHFC Weatherization Programs.

Resources

- \$5.6 million initiating a Gulf of Alaska Chinook salmon marine harvest study.
- \$800,000 to continue Alaska Marine Salmon Program for critical marine research in the Bering Sea and Gulf of Alaska.
- \$10 million for Alaska Seafood Marketing Institute to invest over three years to market Alaska's seafood.

HIGHLIGHTS FROM GOVERNOR'S PROPOSED FY 2026 BUDGET

Transportation

- Appears to provide flat funding for the Alaska Marine Highway System during calendar year 2026. Proposing transition to 2-year FY budget.
- Fully funds Harbor Debt Reimbursement Program – supports Akutan and False Pass Projects.

Affordability

- \$11.5 million for AHFC Rural Professional Housing Program.
- \$10.1 million for the AHFC Homeless Assistance Program.
- \$6 million to implement expanded eligibility for Child Care Assistance Program implementing SB 189.

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 2026 OPERATING BUDGET/TRANSITION TO 2-YEAR FISCAL YEAR BUDGET.
- SLIM FY 2026 CAPITAL BUDGET OPPORTUNITIES.

OTHER MATTERS

- BSA INCREASE IN K-12 FOUNDATION FORMULA. GOVERNOR PUSHING FOR REFORMS RE: CHARTER SCHOOLS & CORRESPONDENCE STUDY.
- PASSAGE OF HYBRID DEFINED BENEFIT - DEFINED CONTRIBUTION RETIREMENT SYSTEM FOR SOME OR ALL PUBLIC EMPLOYEES.
- FISHERIES TASK FORCE RECOMMENDATIONS.
- REWRITE OF PERMANENT FUND DIVIDEND FORMULA. MAY BE RUNNING OUT OF MONEY THAT CAN BE SPENT.



QUESTIONS?