



Budget Scenarios FY2020

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		2018	2019	2020	Notes
ProForma Budget					
Current Revenue Sources:					
	Unrestricted General Fund	1,880.9	2,375.5	2,265.0	REVISED-Fall Revenue Sourcebook
	Designated General Fund revenue	958.7	959.0	916.3	OMB FY2020 Preliminary
	Other State Funds	721.5	741.4	721.9	OMB FY2020 Preliminary
	Federal Funds	3,436.3	3,780.3	3,783.0	OMB FY2020 Preliminary
	POMV Permanent Fund	n/a	2,723.0	2,933.1	APFC 2020
	TOTAL REVENUE	6,997.4	10,579.2	10,619.3	
Current Appropriations (spending)					
	DEED: Education & Early Development	1,639.7	1,643.9	1,676.1	
	HSS: Health & Social Services	2,707.9	3,222.6	3,316.8	
	UA- University of Alaska	879.1	888.5	908.1	
	All other agency spending	2,883.8	2,966.4	3,141.3	
	Less Duplicate Appropriations	(786.1)	(752.1)	(863.7)	
	Subtotal Agency Operations	7,324.5	8,071.5	8,178.7	
Current Statewide Obligations					
	Debt Service	209.4	274.9	277.5	
	Revenue Sharing	15.0	34.0	69.4	
	Oil and Gas credits	57.0	127.0	167.0	Bond Bill was approved
	Fund Capitalization	62.4	109.4	61.9	
	Direct Appropriation to retirement	163.5	271.1	307.9	
	Less Other duplicate appropriations			(113.3)	
	Total Capital	1,414.1	1,484.0	1,353.1	
	Subtotal statewide obligations	1,921.4	2,300.4	2,123.5	
Permanent Dividends Paid			1,023.4	1,944.0	Permanent Fund Dividend
	Total spending	9,245.9	11,395.3	12,246.2	
	Revenue less expenses	(2,248.5)	(816.1)	(1,626.9)	Deficit

No State Reductions... yet.

Have the trifecta in place:

- ▶ 1) Fiscally conservative governor
- ▶ 2) Legislative body in agreement (House?)
- ▶ 3) A catalyst for change (decrease in oil revenues)

How do you address the deficit?

OPTIONS

- ▶ Increase revenue through more oil production, or new taxes
- ▶ Decrease operating expenses
- ▶ Pay a lower dividend

Potential Budget Reductions

California

- Cut \$900MM in Medi-cal
- Limited # of people into Healthy Family Programs
- Cuts in pay raises for some state employees
- Reductions in Medicaid programs
- Changed stray dog mandate

Florida

- Lump sum budgeting
- Increased fees and tuition
- Eliminated eyeglasses, hearing aides and dentures for poor seniors
- Lowered Medicaid eligibly for kids

Illinois

- Reduced Medicaid programs
- Some capital projects were canceled
- Social service programs, agricultural programs, energy programs and natural resource programs canceled
- Cost controls for state employee health benefits
- Addressed Medicaid eligibility

Alaska specific:

- ▶ Automation
- ▶ Reduce Medicaid optional services
- ▶ Address Medicaid Eligibility
- ▶ Outsourcing some DOT functions
- ▶ Fraud and Abuse in payroll
- ▶ Education- Look at tribal agreements
- ▶ State employee health care recalibrations

How about the
elephant in
the room:

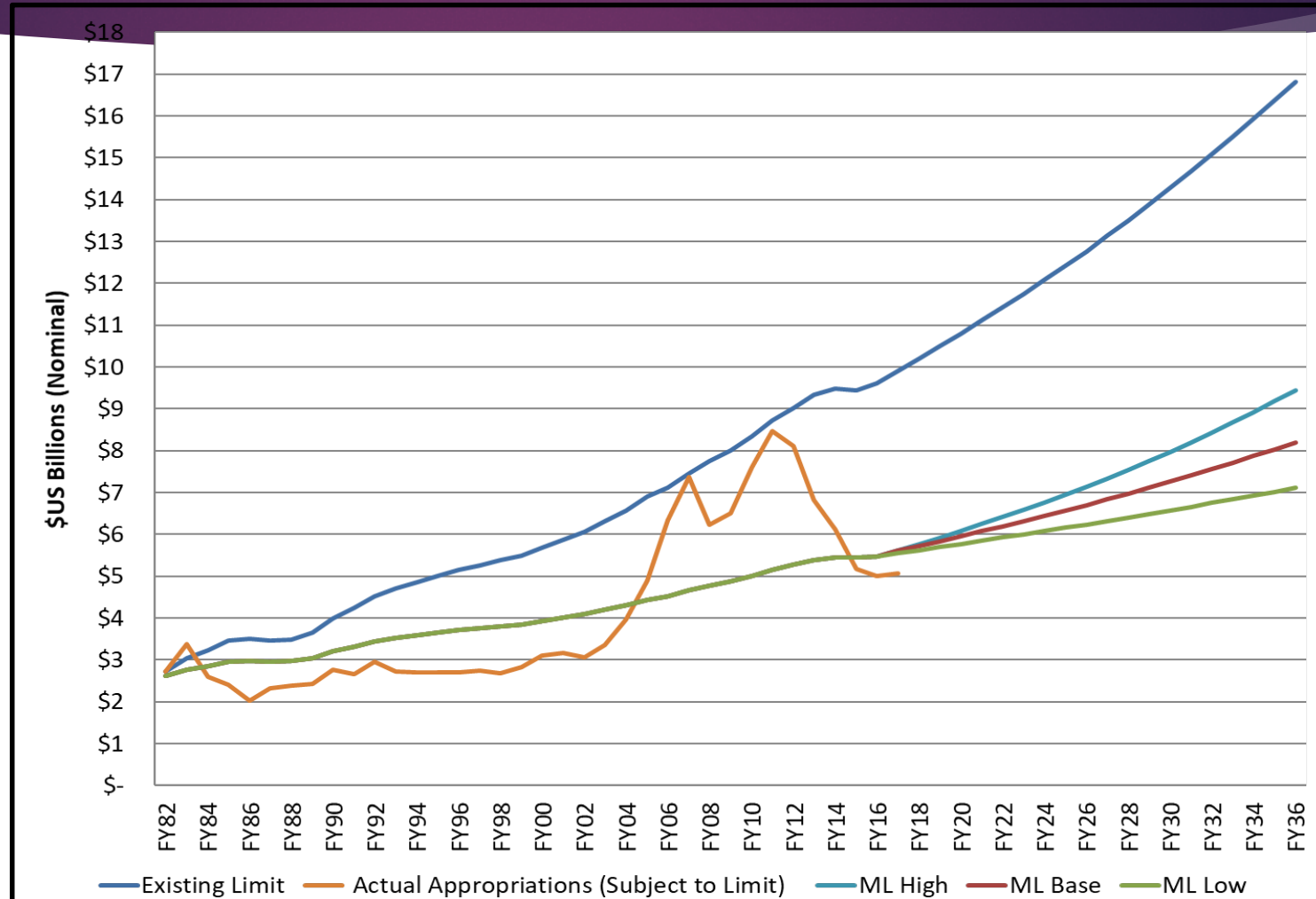


► Size of the
Permanent Fund
Dividend?

Dividend Currency:

- \$100 BSA increase for education = \$42 dollar decrease in the PFD
- \$100 decrease in the dividend = about \$60 million, which could all go toward crime and opioid rehabilitation
- \$500 decrease in dividend would fund nine agencies' general fund budgets

Must have a Spending Cap!



Takeaways

- ▶ Reduction in administrative costs
- ▶ Merge agency functions
- ▶ Divert government services to the private sector
- ▶ Scale back social services