

SJR 6 PERMANENT FUND CONSTITUTIONAL AMENDMENT

Governor Dunleavy has proposed the first part of a comprehensive approach to solving the State's long-term fiscal issues. This initial step to be addressed this year includes two key components: 1) A constitutional amendment to the Permanent Fund, and 2) a FY22 budget amendment. The following provides an overview to the proposed Permanent Fund constitutional amendment plan:

1) CONSTITUTIONAL AMENDMENT

- **5% POMV BASED ON THE 5-YEAR LAGGED AVERAGE BALANCE OF THE PERMANENT FUND**
 - i. Permanent Fund Balance (as of May 10, 2021): ~\$79 billion
 - ii. FY22 POMV: ~\$3.1 billion
 - iii. FY23 POMV (*est.*): ~\$3.3 billion

- **50/50 PERMANENT FUND DIVIDEND**
 - i. Constitutionally dedicate 50% of annual POMV draw for PFDs
 - 1. FY22 PFD: ~\$2,300
 - 2. FY23 PFD (*est.*): ~\$2,500
 - ii. Remaining 50% would be available for government spending, less the annual PCE payment

- **POWER COST EQUALIZATION**
 - i. Constitutionally protect Power Cost Equalization as provided by law
 - ii. PCE Fund Balance (as of March 31, 2021): ~\$1.1 billion
 - iii. FY22 PCE payment: ~\$32.3 million

- **TRANSFER THE ERA & PCE FUND INTO PERMANENT FUND**
 - i. The ~\$17 billion Permanent Fund Earnings Reserve Account and \$1.1 billion PCE fund will provide the Permanent Fund with additional resources to earn more investment revenue for all Alaskans.

2) FY22 BUDGET AMENDMENT

- **TRANSFER \$3 BILLION FROM ERA TO THE CBR**
 - i. The one-time transfer in FY22 provides a bridge fund to address future deficits for several years as the State continues to address a comprehensive fiscal solution.

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CBR BRIDGE FUND – 10-YEAR OUTLOOK

Fiscal Year 2022 Ten Year Outlook - Governor's Amended Budget, Spring 2021 Price Forecast, Updated DOR Permanent Fund Outlook

(Amounts in millions)

Unrestricted General Fund	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030
POMV Draw for Government	3,091.5	1,534.6	1,658.7	1,742.1	1,813.3	1,885.4	1,970.5	2,002.0	2,046.7	2,085.9
Total Revenue (Traditional plus POMV)	4,759.5	3,196.9	3,579.7	3,827.2	4,037.2	4,168.2	4,317.4	4,438.5	4,578.2	4,744.4
Total General Fund Appropriations	4,508.1	4,638.6	4,477.8	4,428.9	4,502.4	4,555.0	4,619.2	4,690.0	4,771.6	4,838.2
UGF Surplus/(Deficit)	251.4	(1,441.8)	(898.1)	(601.7)	(465.2)	(386.8)	(301.8)	(251.5)	(193.3)	(93.8)
Permanent Fund Dividend	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030
PFD Fund Sources										
UGF/Permanent Fund POMV for PFD (50%)	680.0	1,534.6	1,658.7	1,742.1	1,813.3	1,885.4	1,970.5	2,002.0	2,046.7	2,085.9
Per capita PFD (dollars)	\$992	\$2,354	\$2,512	\$2,624	\$2,718	\$2,813	\$2,927	\$2,959	\$3,011	\$3,055
Reserve Balances	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030
Constitutional Budget Reserve End Balance	1,018.4	2,626.6	1,803.0	1,257.2	830.5	472.6	400.0	400.0	400.0	400.0
Remaining Deficit	-	-	-	-	-	-	(208.4)	(232.2)	(174.1)	(74.6)
Permanent Fund End Balance	77,586.1	76,456.4	79,139.8	80,730.8	82,320.9	83,885.3	85,399.6	86,972.1	88,579.2	90,218.8

FY2021 Permanent Fund figures contain a mix of actuals and projections from the APFC website, APFC History and Projections report (3/31/21), and APFC financial statements (3/31/21)

FY2021-2022 Traditional UGF revenue is based on DOR Spring ANS price forecast of \$53 for FY21 and \$61 for FY22. Market price as of 5/11/2021 was \$67.48.

FY2021 Operating Budget includes a \$120m branchwide unallocated reduction offset by federal funds from the 2021 American Rescue Plan Act.

Fiscal notes for proposed legislation are not included. AHFC bond financing for capital projects is shown as UGF.