

Memo

To: Senator Bert Stedman, Co-Chair
Senator Natasha von Imhof, Co-Chair
Senate Finance Committee, Alaska State Senate

From: Angela Rodell, CEO
Alaska Permanent Fund Corporation

Date: January 30, 2019

Re: Follow Up to Questions posed in SFIN January 25th

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1. *The Committee asked for a summary of special legislative appropriations to the Principal of the Alaska Permanent Fund (Fund) from the General Fund and the realized Earnings Reserve Account (ERA).*

General Fund Appropriations to Principal Total \$2,700,000,000

1981	\$	900,000,000
1982	\$	800,000,000
1983	\$	400,000,000
1984	\$	300,000,000
1985	\$	300,000,000

ERA Appropriations to Principal Total \$4,185,900,000 (not including inflation proofing)

1987	\$	1,264,400,000
1996	\$	1,842,100,000
1997	\$	803,000,000
2000	\$	276,400,000
2003	\$	354,200,000 - redirected in FY04 supplemental as pre-inflation proofing

2. *Senator Micciche asked about the effect of the special appropriations - specifically the amounts of the deposits, with escalation, how much that has increased the Fund and how much the deposits and their earnings have added to the dividend, by percentage.*

The statutory dividend calculation is based on realized earnings on the Fund's investments, not the overall value of the Fund. It is difficult to determine to what degree the increase in Fund value through general fund contributions led to changes in investment activity that resulted in additional realized earnings and thus the dividend calculation. Transfers from the realized earnings of the ERA to the Principal of the Fund did not result in an overall change in Fund value, as these are transfers from one Fund account to the other.

3. *Senator Stedman inquired what a 5.25% Percent of Market Value (POMV) draw would have looked like during FY08-FY10.*

Following are calculations for a POMV draw based on the Fund market values and realized earnings reported in APFC's Annual Reports. Please note that each year is independently calculated and the POMV is based on the average market value for the first five of the preceding six years for each fiscal year.

Calculations do not take into account draws from one year to the next. As noted in the table below, in -

FY08 the ERA balance of \$4.96 billion would have been sufficient to allow for a full appropriation of a POMV draw of \$1.44 billion.

FY09 the ERA balance would not have been sufficient to meet the POMV draw of \$1.59 billion, as only \$440.6 million was in the account and available for appropriation.

FY10 the ERA balance would not have been sufficient to meet the POMV draw of \$1.72 billion, as only \$1.19 billion was in the account and available for appropriation.

	<u>Fund Value</u>	<u>Realized ERA</u>	<u>5.25% POMV</u>
FY08	\$35,880,930,000	\$4,968,774,000	\$1,448,903,000
FY09	\$29,916,069,000	\$440,610,000	\$1,599,062,000
FY10	\$33,254,811,000	\$1,193,949,000	\$1,721,772,000

As always, please feel free to contact us if there are further questions. Our Communications Manager, Paulyn Swanson, can be reached via email pswanson@apfc.org or at 907-796-1520.