The background of the slide features abstract, overlapping geometric shapes in various shades of blue, creating a modern and professional look.

CSHB 4003: **Updated Permanent Fund** **POMV Funding for** *Dividends, Education and other* *Essential State Services*

Rep. Ivy Spohnholz
Chair, House Ways and Means Committee

September 1, 2021 Ways & Means Committee presentation by Legislative Finance projected deficits of various split formulas.*

Surplus/(Deficit)	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30
Before PFD	190.9	490.0	821.9	1,088.6	1,306.4	1,502.0	1,709.6	1,817.7	1,924.7
25% POMV to PFD	(576.4)	(346.7)	(71.5)	146.7	315.1	454.6	639.9	727.0	813.6
33% POMV to PFD	(822.0)	(614.4)	(357.4)	(154.8)	(2.1)	119.4	297.6	377.9	458.0
50% POMV to PFD	(1,343.8)	(1,183.3)	(964.9)	(795.3)	(676.2)	(592.9)	(429.8)	(363.8)	(297.5)

*These have been updated by Legislative Finance using the Fiscal Policy Working Group Assumptions. They are modestly different than those presented to Ways and Means on Sept. 1, 2021

Proposed fiscal plan elements

Bill	FY23	FY24	FY25	FY26	FY27
(H) W&M HB 4003: 75%/25% POMV PFD formula*	(346.7)	(71.5)	146.7	315.1	454.6
(H) W&M HB 189: Employment Tax for Education	65.0	65.0	66.0	66.0	66.0
(H) W&M HB 4002: Oil & Gas Per Barrel Tax Credit	174.0	294.7	460.6	386.7	386.7
Josephson HB 104: Motor Fuel Tax; Vehicle Reg. Fees	35.6	34.6	34.2	33.7	33.2
**	(72.1)	322.8	707.5	801.5	940.5

This chart is based on the assumptions of the Fiscal Policy Working Group

*State deficit after a 25/75 split of the POMV.

**State deficit after 27/75 POMV split and new revenue

HB 4003 POMV Split 75%/25%

Dividend Impacts

	FY23	FY24	FY25	FY26	FY27	FY28
POMV Draw (<i>millions</i>)	3,361	3,599	3,805	4,014	4,249	4,335
25% for PFD (<i>millions</i>)	840	900	951	1,003	1,062	1,084
PFD/Recipient (<i>dollars</i>)	\$1,248	\$1,331	\$1,401	\$1,472	\$1,552	\$1,575

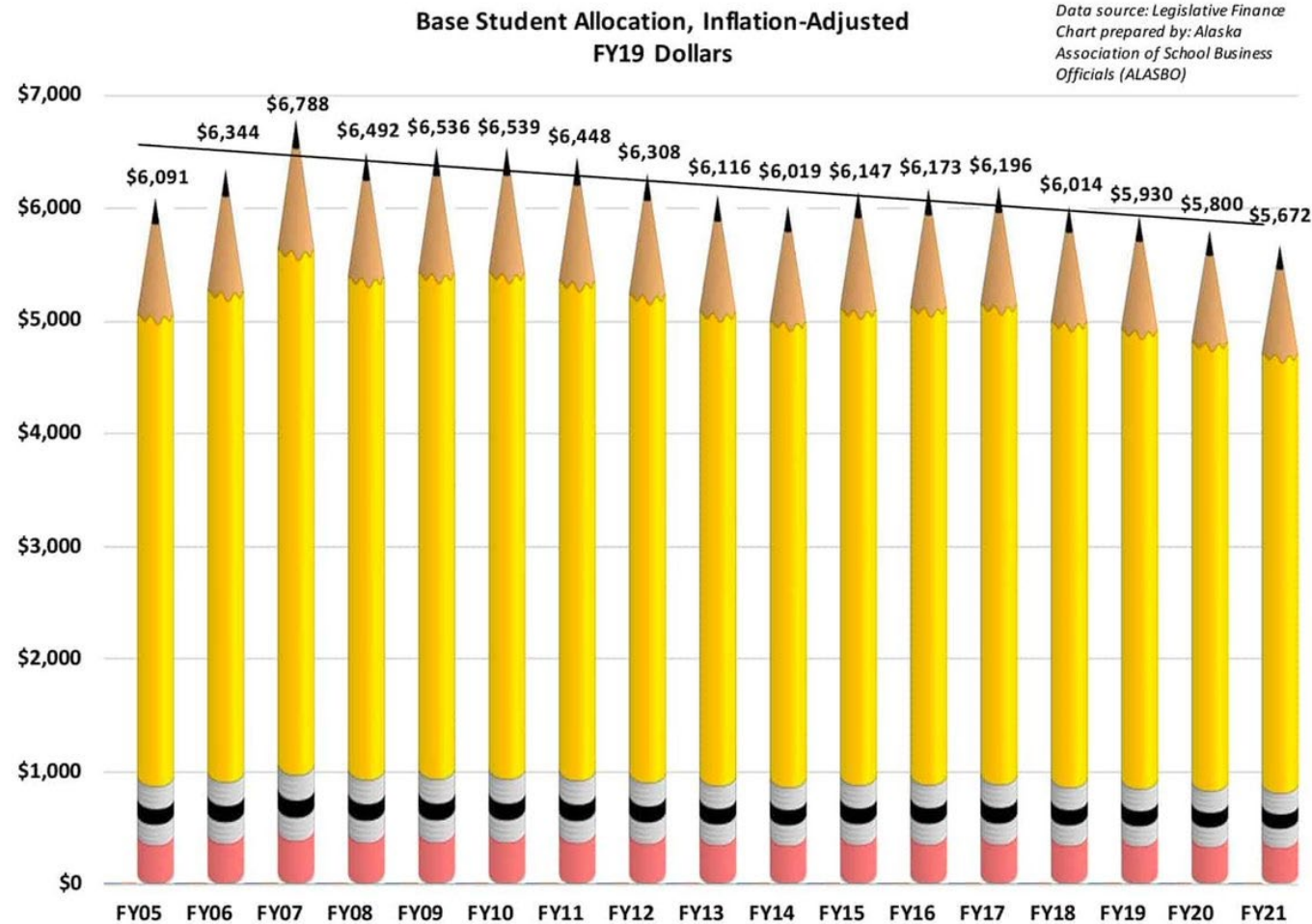
“

The legislature shall by general law establish and maintain a system of public schools open to all children of the state...

”

Art. 7, Sec. 1, Alaska State Constitution

The costs of providing public education are increasing, but funding isn't.



Impacts of unstable education funding

Alaska education funding dispute sees pink slips, profound concern in rural schools

Kenny Knutson / KTUU (KTUU)

By Sean Maguire

Published: Jun. 5, 2019 at 7:35 PM AKDT

220 Anchorage teachers receive layoff notices

By Josh Edge, APRN - Anchorage - May 25, 2017



JimBob Aybear
@AybearJimbob

Soooo long AK. Hate to leave you, especially like this. Driving out of a state that is literally and figuratively on 🔥🔥🔥 Wish you all the best. ☮️
[#akleg](#) [#Override](#) [#OverrideTheVeto](#)



6:46 AM · Jul 12, 2019 · Twitter Web App

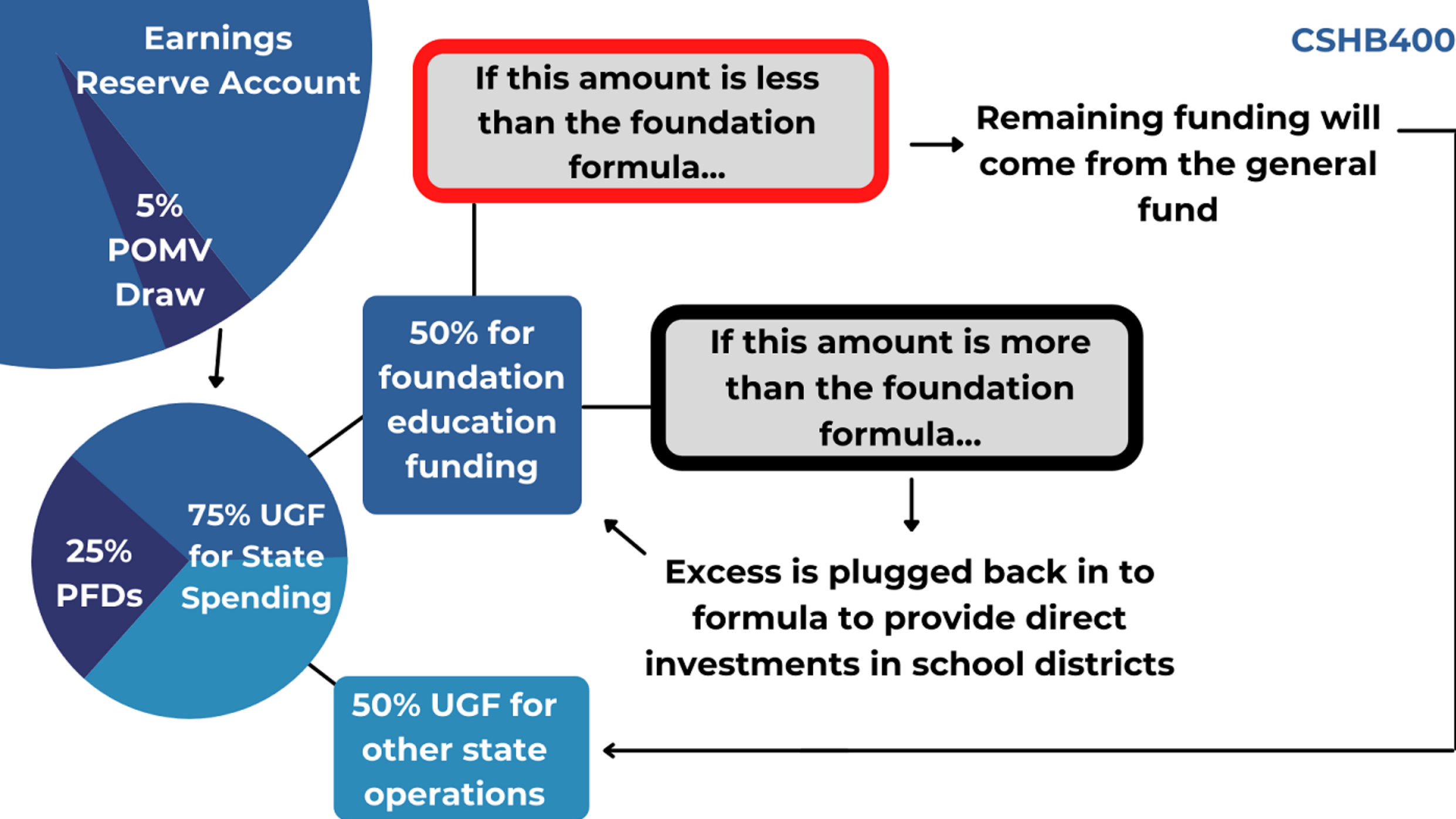
CSHB 4003: Updates the Dividend Formula

Rewrites the dividend formula as follows:

The 5% Percent of Market Draw from the Permanent Fund will be split as follows:

- 25% to dividends
- 75% UGF available for essential government services
 - 50%* to the public education fund for foundation formula and pupil transportation
 - If the percentage allocated to education does not fully fund the foundation formula, the remaining need will be met with UGF
 - If the percentage allocated to education exceeds the amount required by the foundation formula, the excess will be distributed directly to school districts according to the foundation formula.
 - 50% to general fund

* Effective rate is 38% of total draw



CSHB 4003 creates a stable fund source for Alaskan schools that will grow into the future

		FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30
POMV*		2933.1	3,091.5	3,069.5	3361	3599	3805	4014	4249	4335	4418	4497
Min Foundation Funding (% of POMV Excluding PFD)	50%											
Percentage of Total POMV	38%											
Minimum amount for Foundation Funding**					1,260.4	1,349.6	1,426.9	1,505.3	1,593.4	1,625.6	1,656.8	1,686.4
Additional Funding beyond formula					2.0	66.0	117.6	169.8	231.2	236.2	239.6	240.8
Total Foundation/Pupil Trans Funding from POMV					1,262.40	1,415.60	1,544.50	1,675.10	1,824.60	1,861.80	1,896.40	1,927.20

Prepared by the Division of Legislative Finance

**Assumes baseline budget grow with 2% inflation. Does not attempt to account for potential changes to enrollment

*POMV projected to increase at a rate greater than inflation

Questions?