

HB 259

Update Permanent Fund funding for *Dividends, Education and other Essential State Services*

Rep. Ivy Spohnholz
Chair, House Ways and Means Committee

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

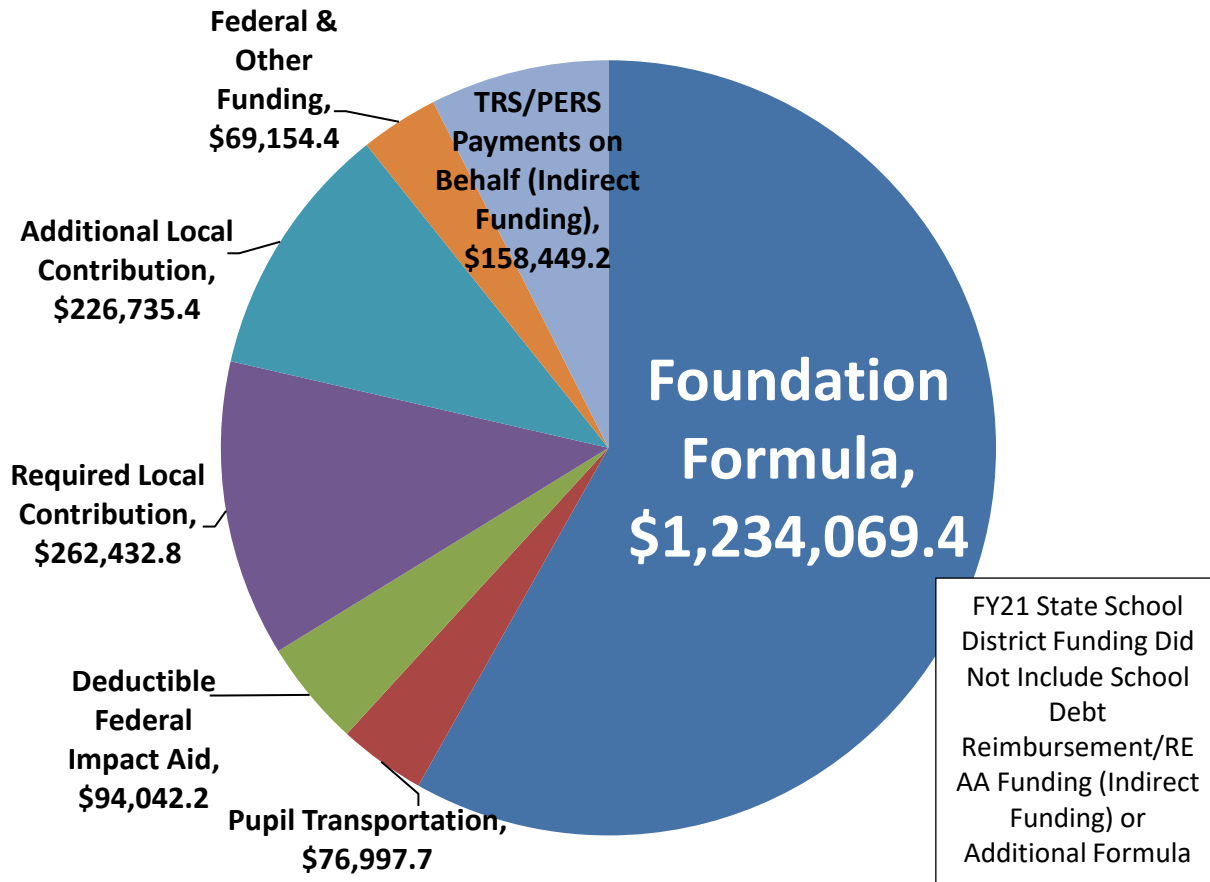
Soooo long AK. Hate to leave you, especially like this. Driving out of a state that is literally and figuratively on 🔥🔥🔥 Wish you all the best. ☺️
[#akleg](#) [#Override](#) [#OverrideTheVetoos](#)



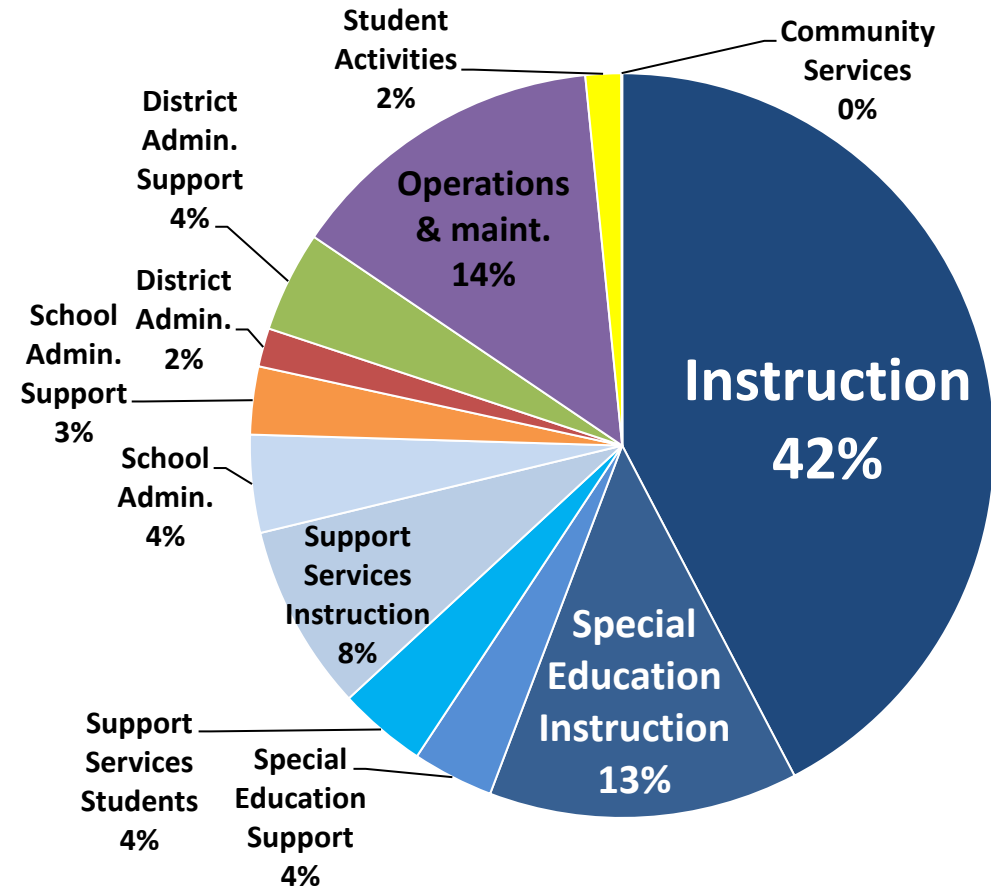
6:46 AM · Jul 12, 2019 · Twitter Web App

What is foundation formula funding used for?

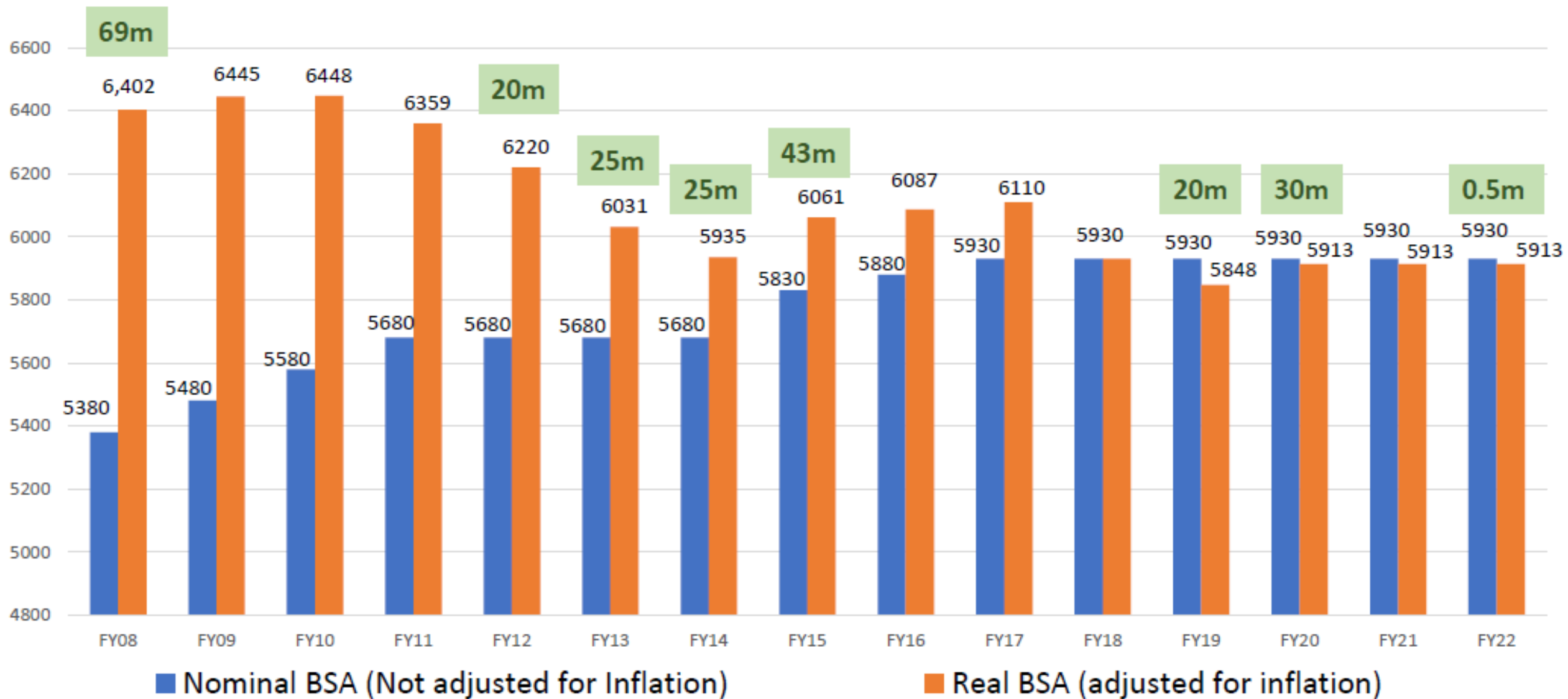
FY21 State and Local Funding for School Districts



FY 21 School District Expenditure Budget by Category



Value of Base Student Allocation (BSA), Appropriations Outside Foundation Formula Funding

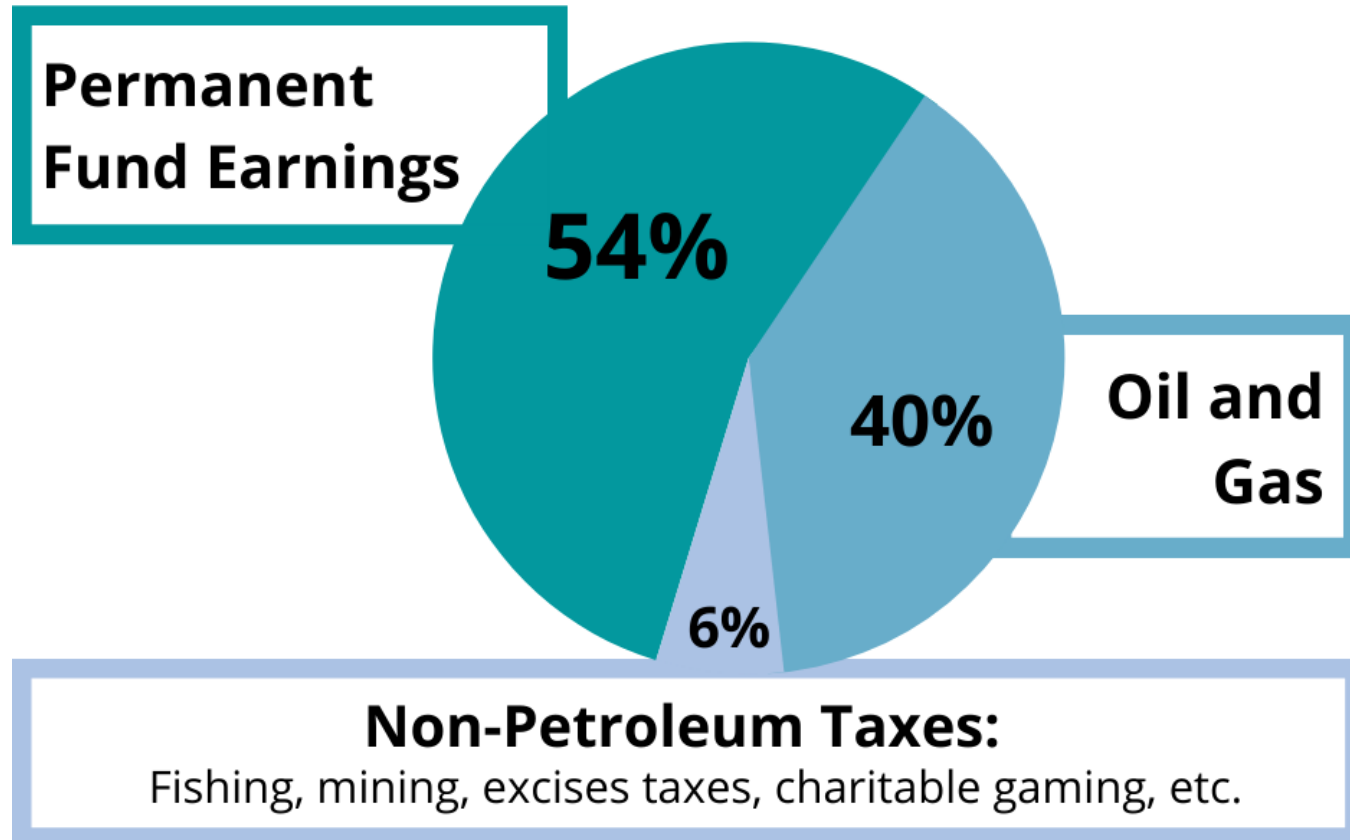


*Legislature made ad hoc additional appropriation outside the formula

*Rounded to the nearest million

Why fund public education through the Permanent Fund?

FY 22 UGF Revenue Forecast

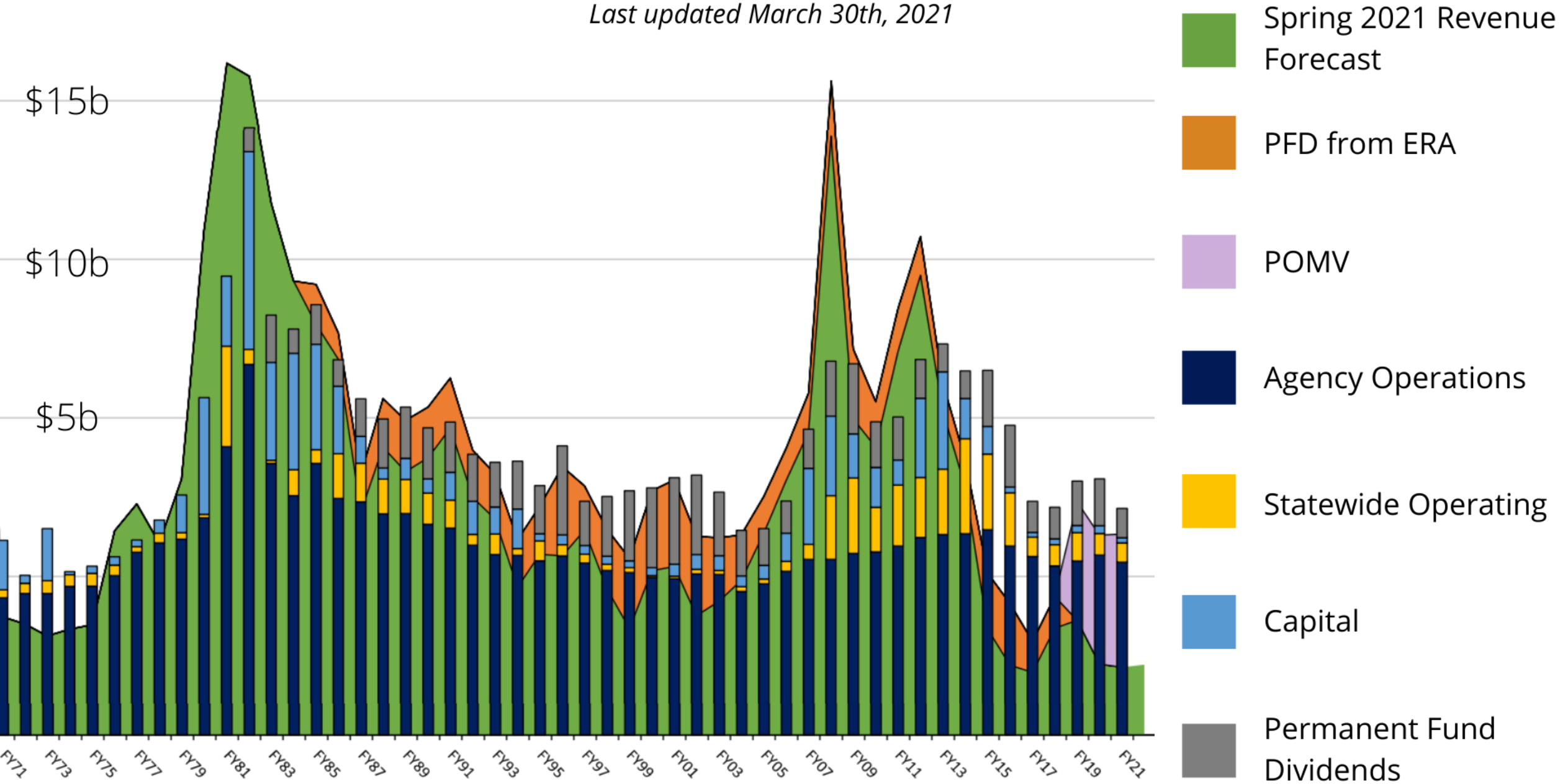


“The legislature shall by general law establish and maintain a system of public schools open to all children of the state...”

▶ Art. 7, Sec. 1, Alaska State Constitution

Real Per Capita Unrestricted General Fund Revenue/Budget History

Last updated March 30th, 2021



Impact of Various Dividend Formulas to Alaska's budget*

Surplus/ (Deficit)	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31
Surplus Before PFD	1,281.8	1,317.0	1,462.8	1,686.6	1,836.0	1,852.3	1,799.5	1,885.6	2,005.2
25% of POMV to PFD	441.7	417.0	511.0	681.8	771.7	766.0	692.3	758.6	859.4
33% of POMV to PFD	172.9	129.0	206.4	360.3	431.1	418.4	338.0	398.0	492.7
50% of POMV to PFD	(398.4)	(483.0)	(440.9)	(322.9)	(294.3)	(325.3)	(424.8)	(384.8)	(311.8)

*Assumes LFD's baseline budget based on DOR's Fall 2021 Forecast

HB 259: Rewrites the Dividend Formula and Creates a Stable and Growing Dividend for Alaskans

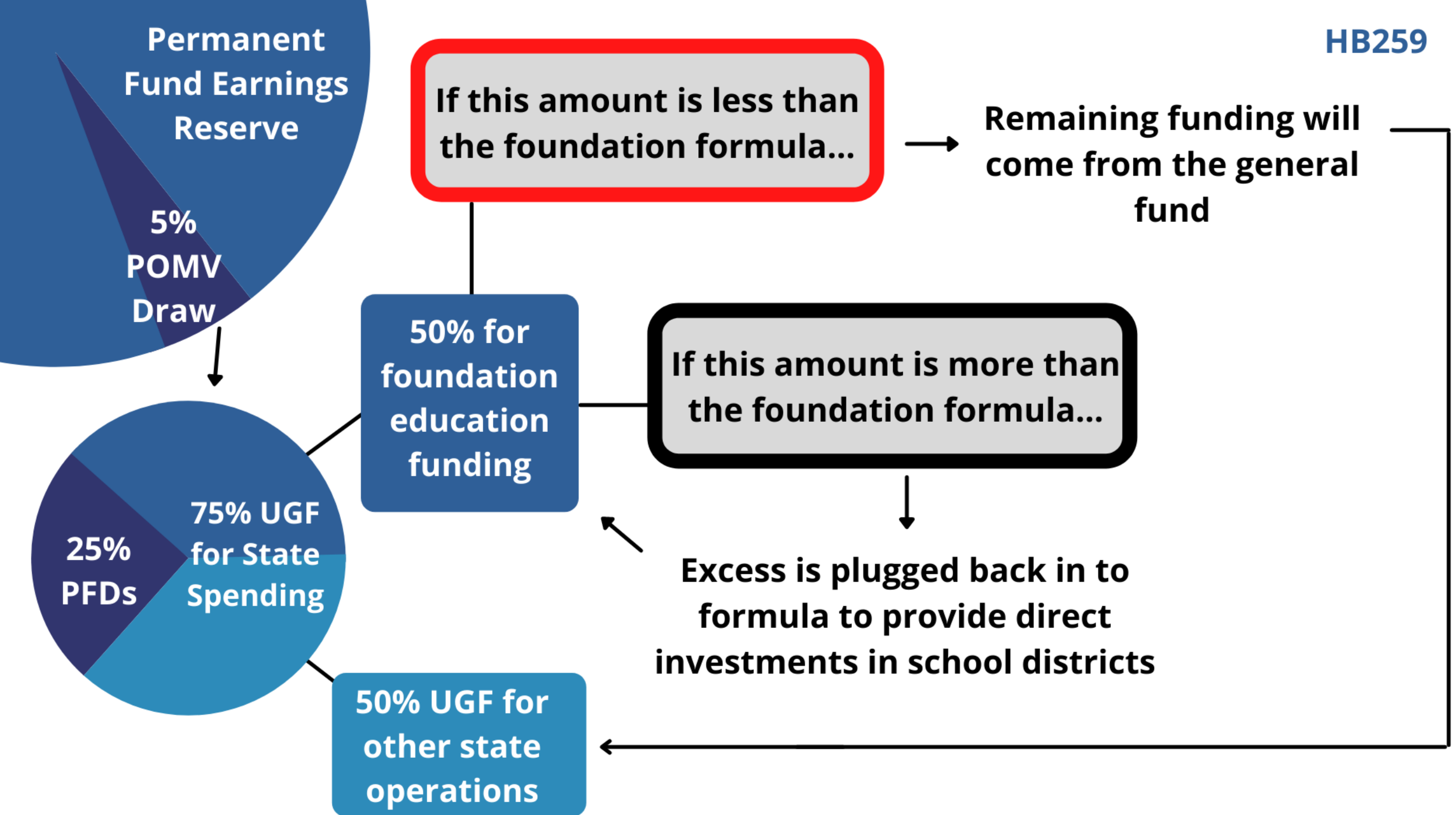
The 5% Percent of Market Draw from the Permanent Fund will be split as follows:

- 25% to dividends, producing a \$1,301 dividend in FY24.
- 75% UGF available for essential government services
 - 50%* to the public education fund for foundation formula and pupil transportation
 - 50% to general fund

If the percentage allocated to education does not fully fund the foundation formula, the remaining need will be met with UGF

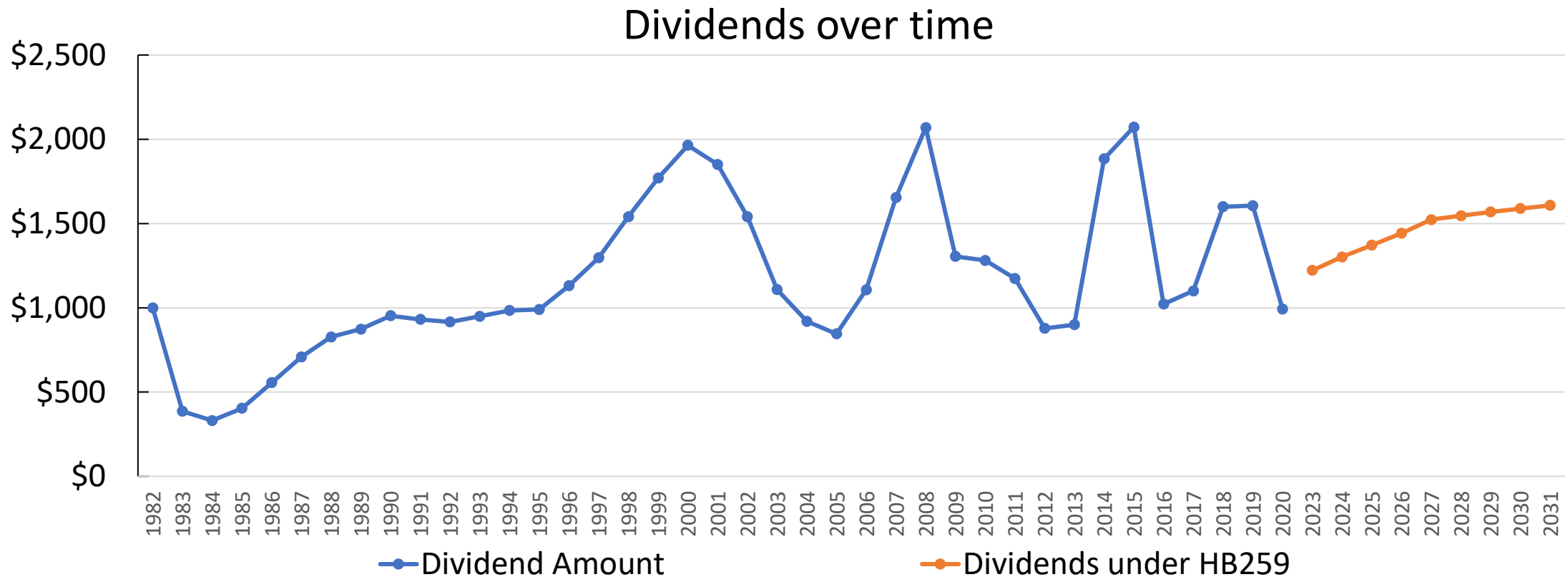
If the percentage allocated to education exceeds the amount required by the foundation formula, the excess will be distributed directly to school districts according to the foundation formula.

* Effective rate is 38% of total draw



Predictable, growing dividends for Alaskans

HB 259 PFD	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31
	\$1,302	\$1,371	\$1,442	\$1,523	\$1,546	\$1,568	\$1,589	\$1,608



HB 259 creates a stable, growing fund source for Alaska's schools

(\$millions)	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31
POMV Draw*	3,600.0	3,807.5	4,018.9	4,257.1	4,345.1	4,428.9	4,507.9	4,583.3
Statutory Minimum Foundation Funding**	1,239.4	1,264.2	1,289.4	1,315.2	1,341.5	1,368.4	1,395.7	1,423.7
HB 259 funds for Foundation/Pupil Transportation	1,350.0	1,427.8	1,507.1	1,596.4	1,629.4	1,660.8	1,690.5	1,718.7
Additional Education Funding beyond Statutory Minimum	110.6	163.7	217.6	281.2	287.9	292.5	294.7	295.1
Plan Surplus/(Deficit) for Other Essential Government Services	306.4	347.3	464.2	490.5	478.1	399.8	463.9	564.3

Prepared by the Division of Legislative Finance

*POMV projected to increase at a rate greater than inflation

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

Questions?