

ALASKA · STATE · CAPITOL

Permanent Fund “What If” Scenarios

Senate Finance Committee

September 7, 2021

Legislative Finance Division

Disclaimers

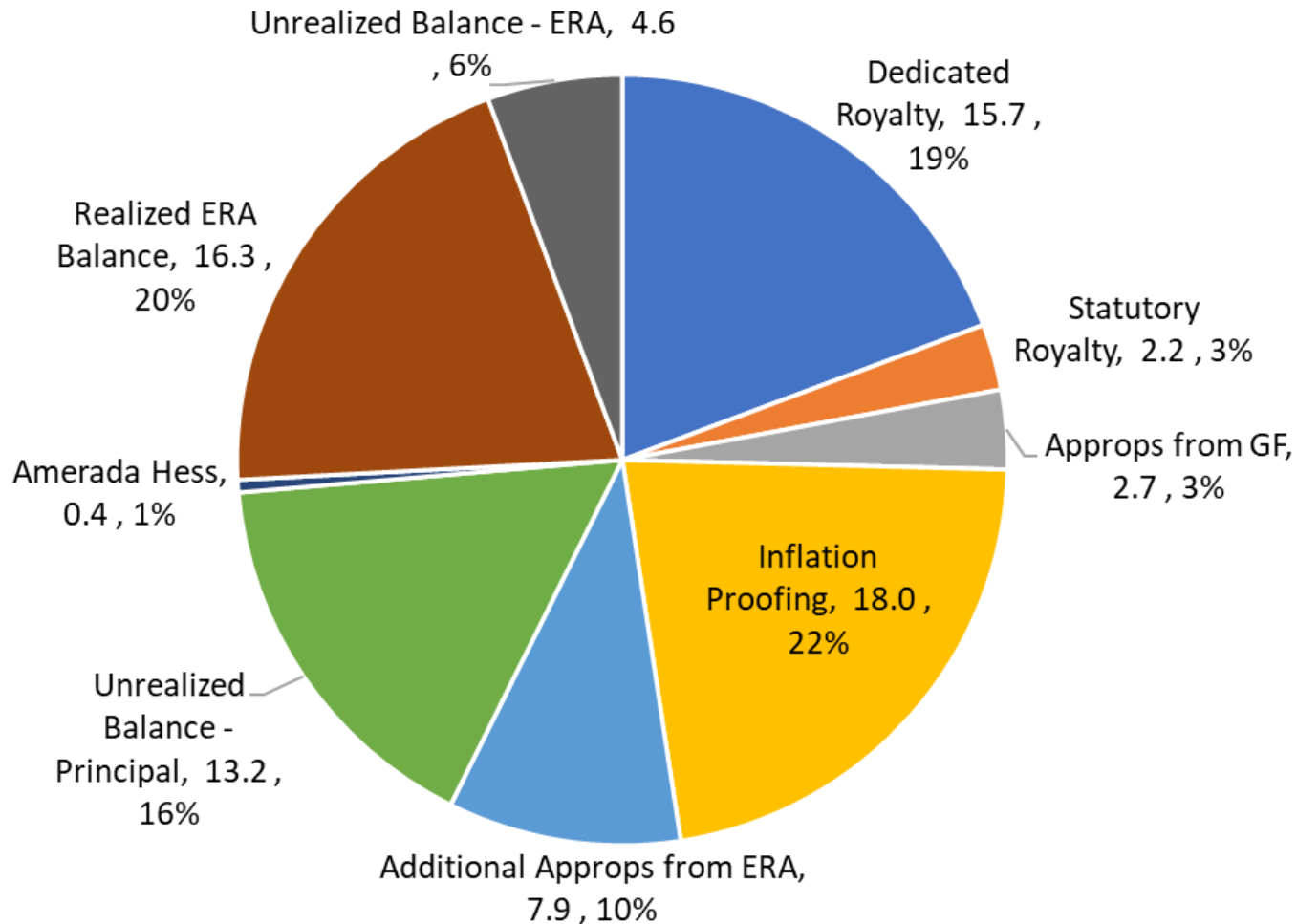
Scenarios and adjustments in this presentation were requested by the Finance co-chairs. LFD is policy neutral and does not endorse a particular fiscal plan.

These historical “what if” scenarios do not take secondary impacts into account. They are hypothetical exercises intended as rough illustrations.

Due to historical changes in Permanent Fund accounting practices, this analysis has some margin for error in replicating the Fund’s history.

Where did our Current Permanent Fund Balance Come From?

Permanent Fund Balance By Source as of 6/30/21 (\$billions)



Follow Constitution/Statute Only

“What If” Scenario

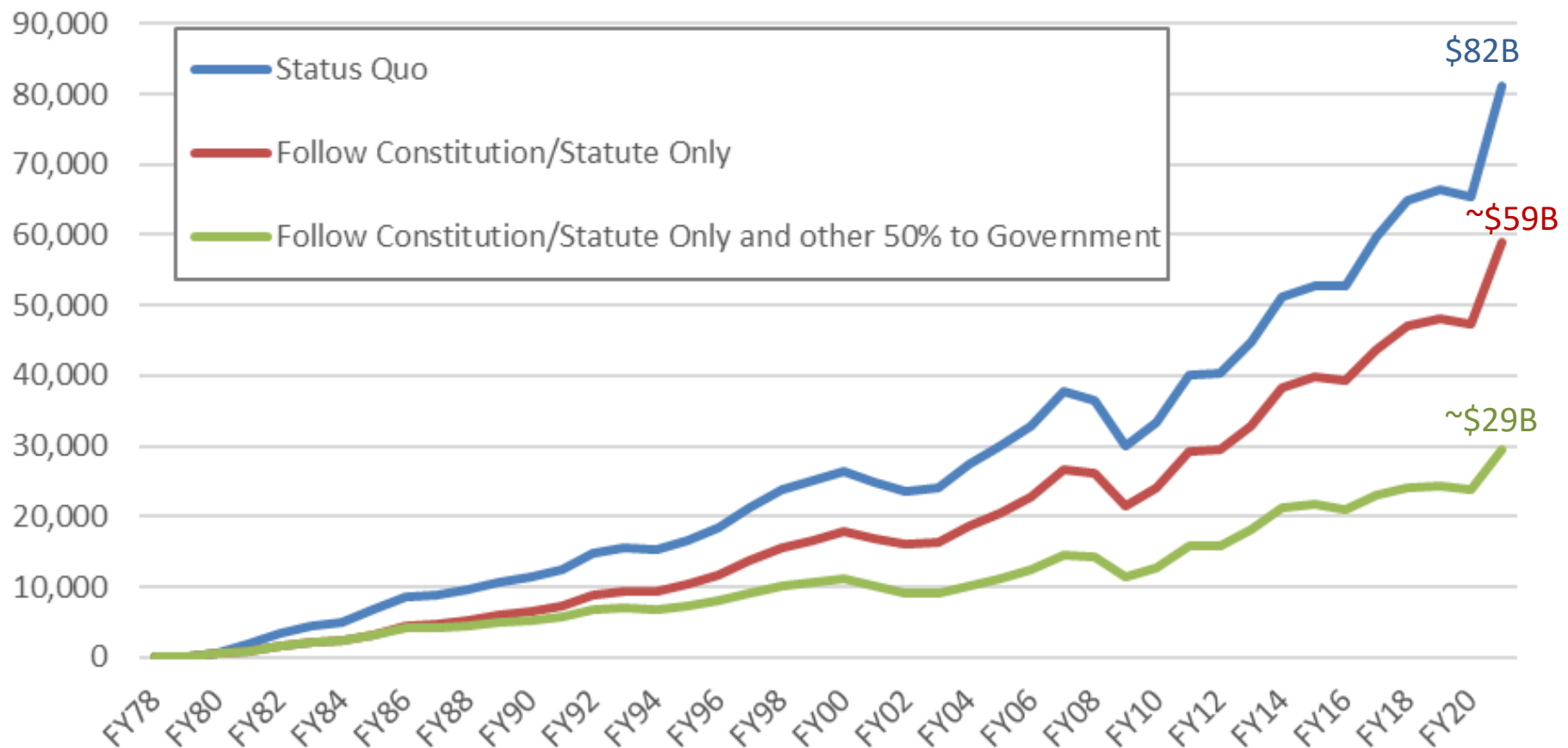
- Assume statutory PFD was paid in all years
- Statutory inflation transfer made annually, with no additional ad-hoc transfers
- Constitutional and statutory royalty deposits made annually
- Assumes \$2.7 billion of FY81-FY85 appropriations from the General Fund to Perm Fund never occurred

Follow Constitution/Statute Only and other 50% to Government “What If” Scenario

- Starts with all assumptions from ‘Follow Constitution/Statute Only’ scenario
- Assumes the other 50% of ‘Income Available for Distribution’ was drawn annually to pay for government services

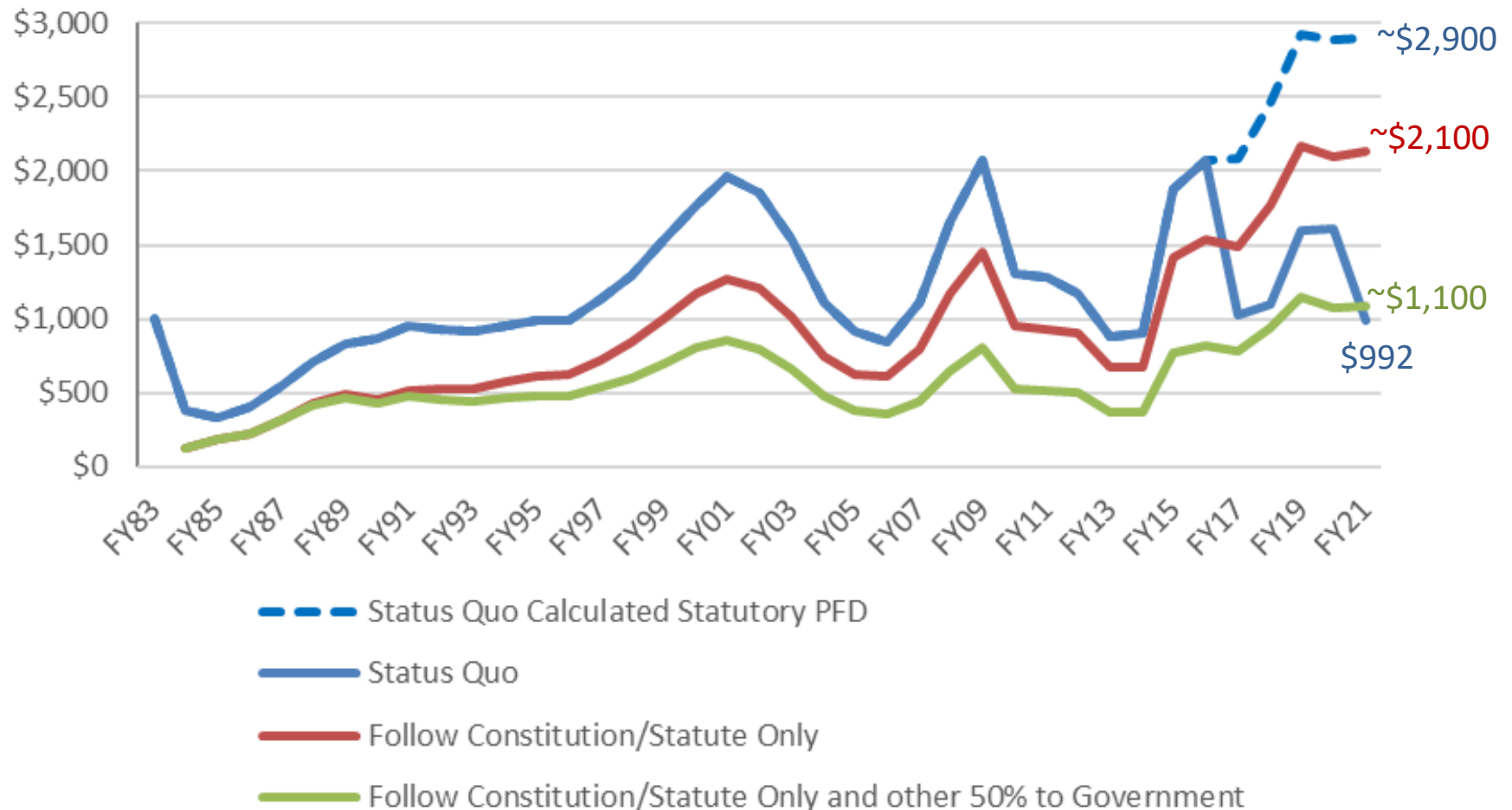
How Would The Permanent Fund Balance Have Been Different?

Total Permanent Fund Value (\$millions)



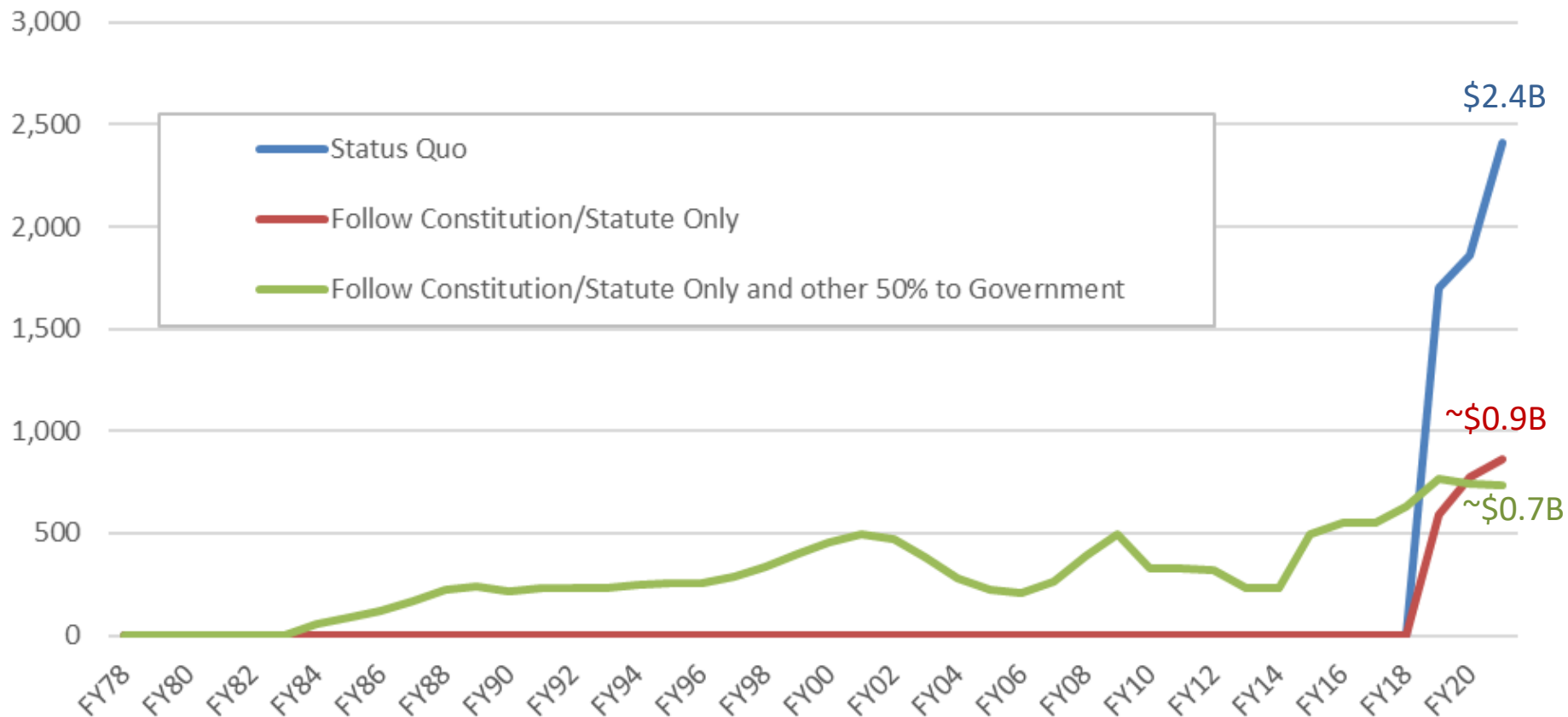
How Would PFDs Have Been Different?

Historical PFD/Person



How Much of the Permanent Fund Would Have Been Drawn and Spent on Government Services?

Permanent Fund Draw for Government (\$millions)



Questions?

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