

Memorandum

To: Representative Foster, Co-Chair
Representative Merrick, Co-Chair
House Finance Committee, Alaska State Legislature

From: Valerie Mertz, Chief Financial Officer & Acting Executive Director
Alaska Permanent Fund Corporation

Date: January 31, 2022

Re: Follow Up to House Finance Committee on January 25

Thank you for the opportunity to present to the House Finance Committee on the Alaska Permanent Fund and highlight the Corporation's work to manage and invest Alaska's largest renewable financial resource. In response to the remaining answers and requests for additional information, we provide the following –

1. *Insight as to the reduction in Operating Budget Actuals for APFC's Operations Allocation from FY20 to FY21.*

In comparing actuals based on the short-forms provided by the Legislative Finance Division, there is a reduction of \$55,300 from FY20 to FY21 in APFC's Operation's Allocation:

FY20 Actuals = \$14,422,300

FY21 Actuals = \$14,367,000

This reduction is mainly related to reduced travel in FY21 due to COVID.

2. *Information on whether more or less than 5% of the Fund's market value has been paid out annually.*

Since its inception, the annual draw rates from the Alaska Permanent Fund have ranged from 1.5% to 21.5% of the Fund's average market value in the first five of the preceding six years. There were 18 years between 1983 and 2018 when the statutory dividend transfer calculation exceeded what would have been transferred under the percent of market value (POMV) framework. Since the establishment and adherence to the POMV draw methodology established in AS 37.13.140(b), the effective draw rates from the Alaska Permanent Fund have ranged from 3.8% to 4.5% of the Fund's value.

3. *Clarification related to the question and response on NPRA receipts deposited to the Principal of the Alaska Permanent Fund.*

In response to Representative Wool's question on NPRA receipts, APFC would like to clarify that the answer provided during the meeting was related to how APFC records NPRA receipts generally, not to a percentage or specific fields.

Records indicate that the Alaska Permanent Fund has not received NPRA royalties since 2015 but did receive about \$6.7 million between 2003 and 2015. These deposits were recorded as royalty deposits and are included in the numbers presented as Principal contributions.

As always, please feel free to contact us if there are further questions. APFC's Director of Communications, Pauly Swanson, can be reached via email pswanson@apfc.org or at 907-796-1520.