

# 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

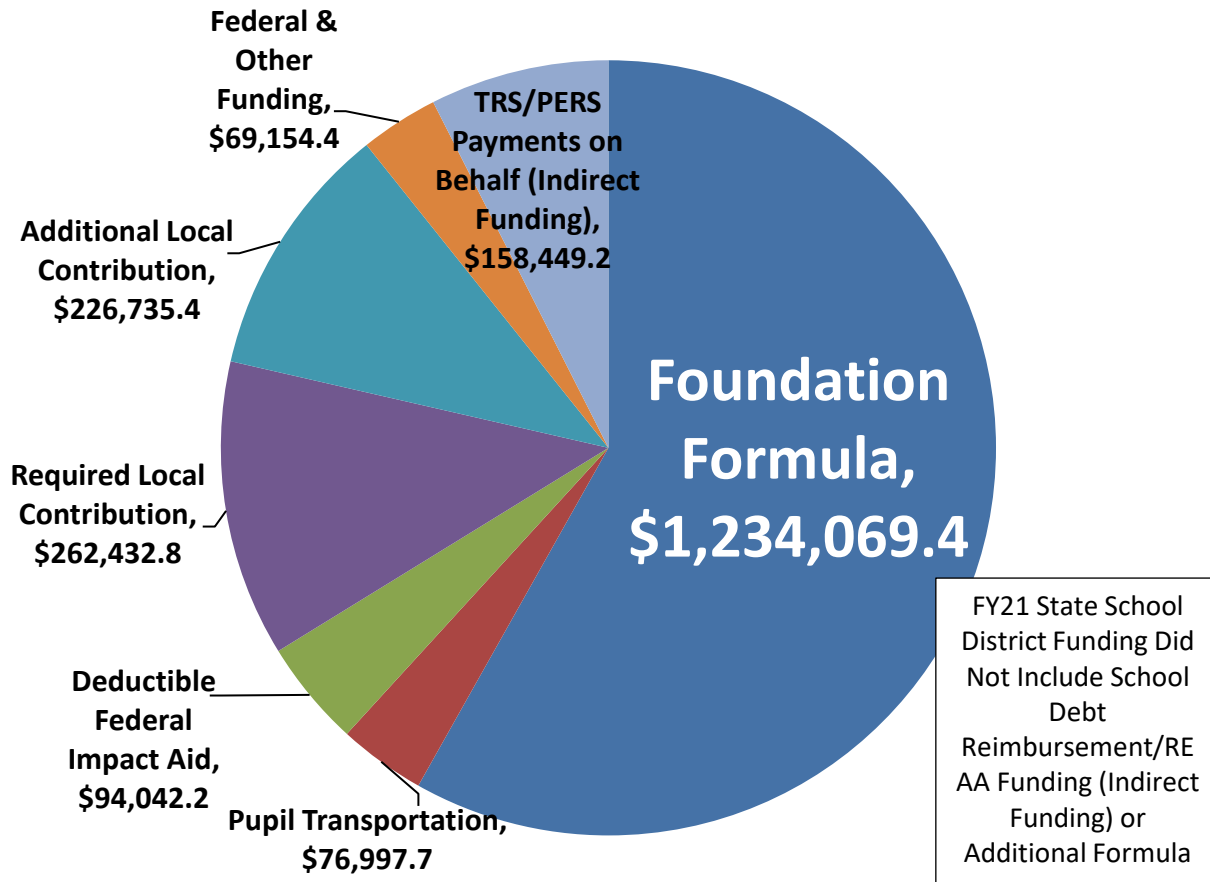
Sooooo long AK. Hate to leave you, especially like this. Driving out of a state that is literally and figuratively on 🔥🔥🔥 Wish you all the best. 🕊️  
[#akleg](#) [#Override](#) [#OverrideTheVetoes](#)



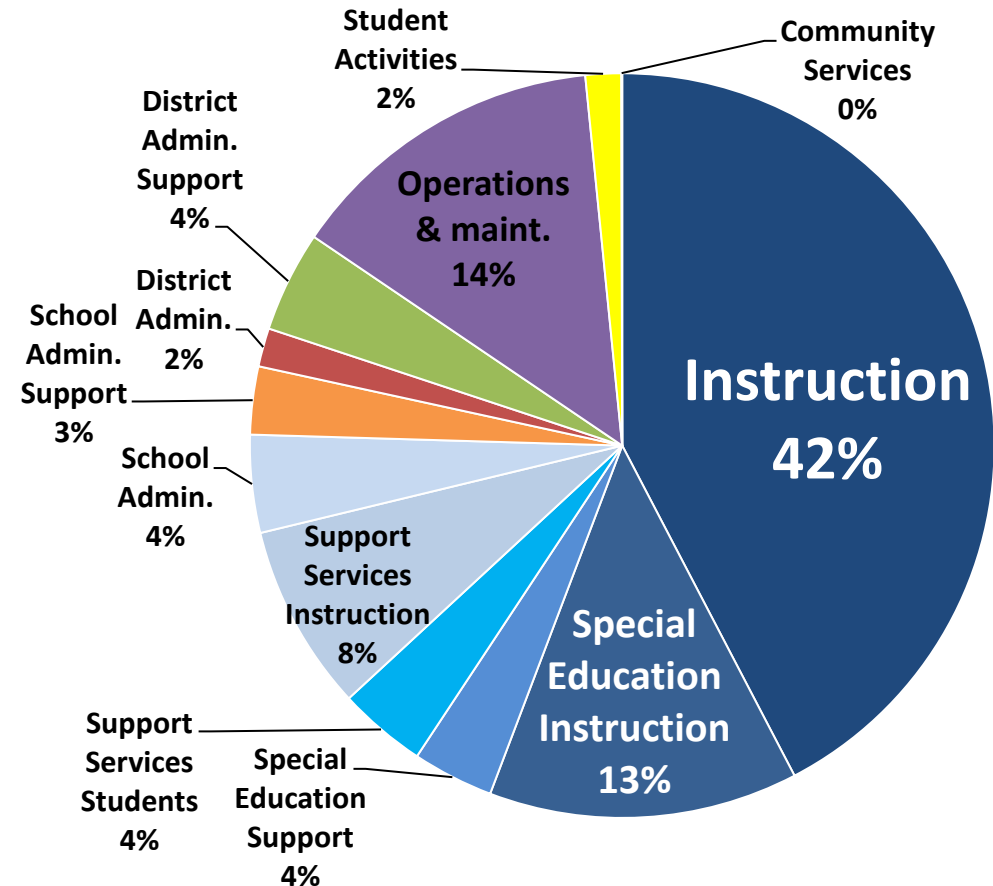
6:46 AM · Jul 12, 2019 · Twitter Web App

# What is foundation formula funding used for?

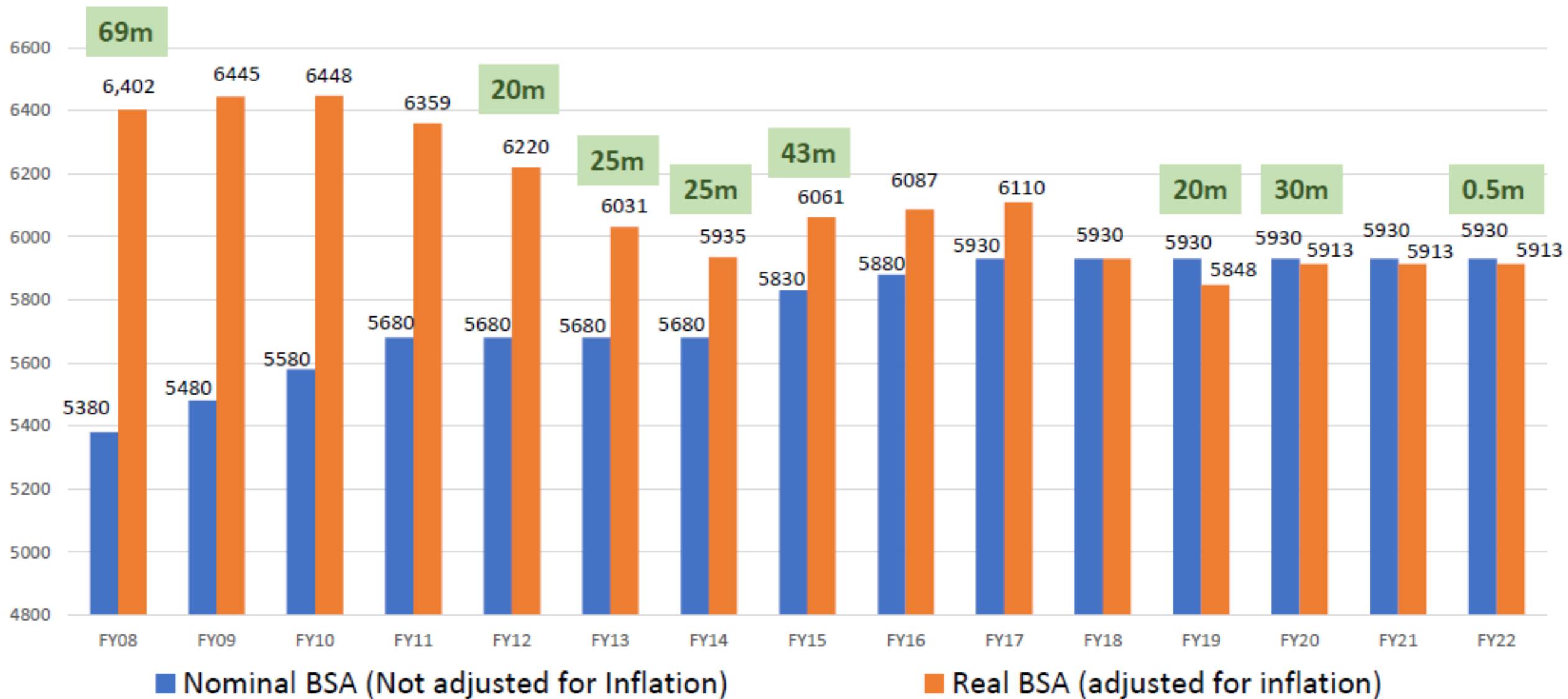
## FY21 State and Local Funding for School Districts



## FY 21 School District Expenditure Budget by Category



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

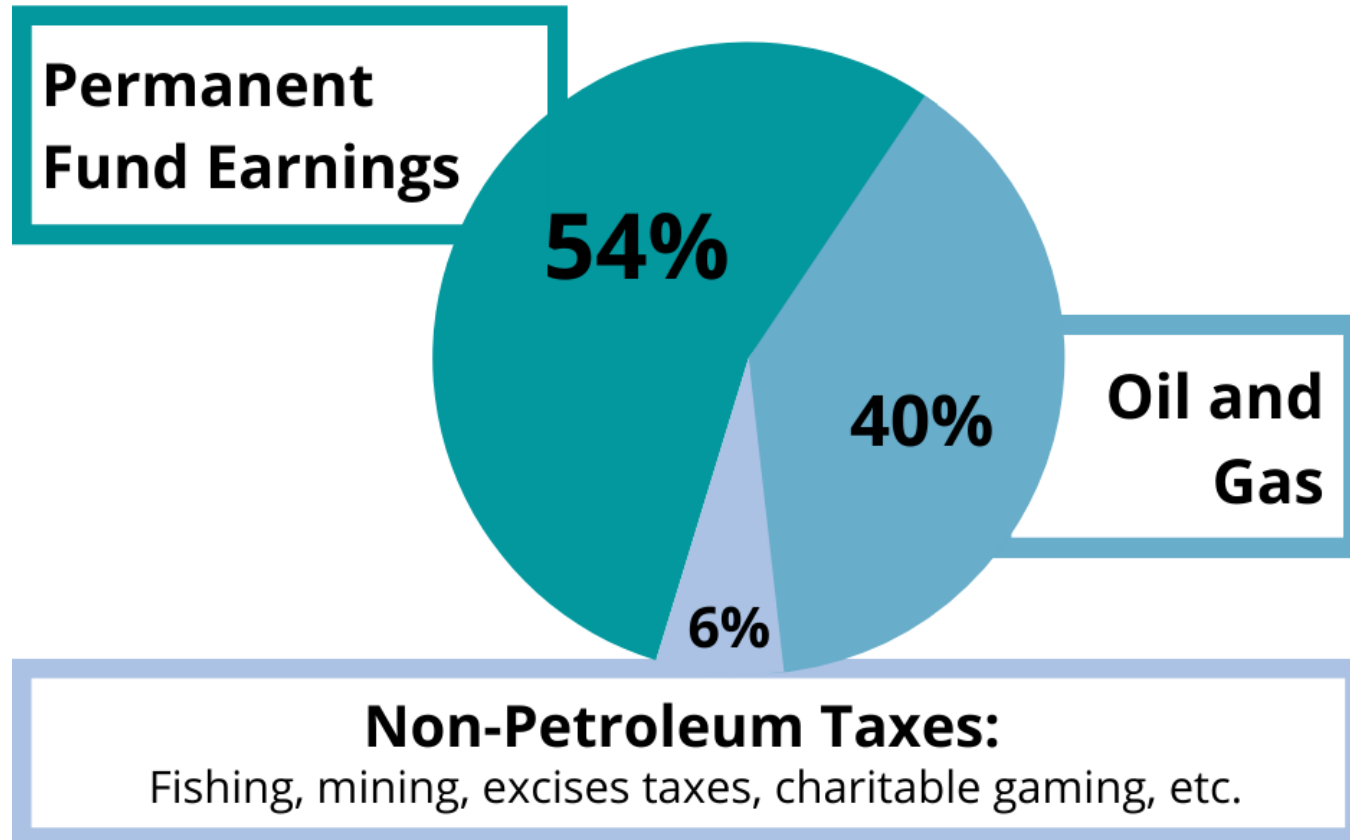


\*Legislature made ad hoc additional appropriation outside the formula

\*Rounded to the nearest million

# Why fund public education through the Permanent Fund?

## FY 22 UGF Revenue Forecast

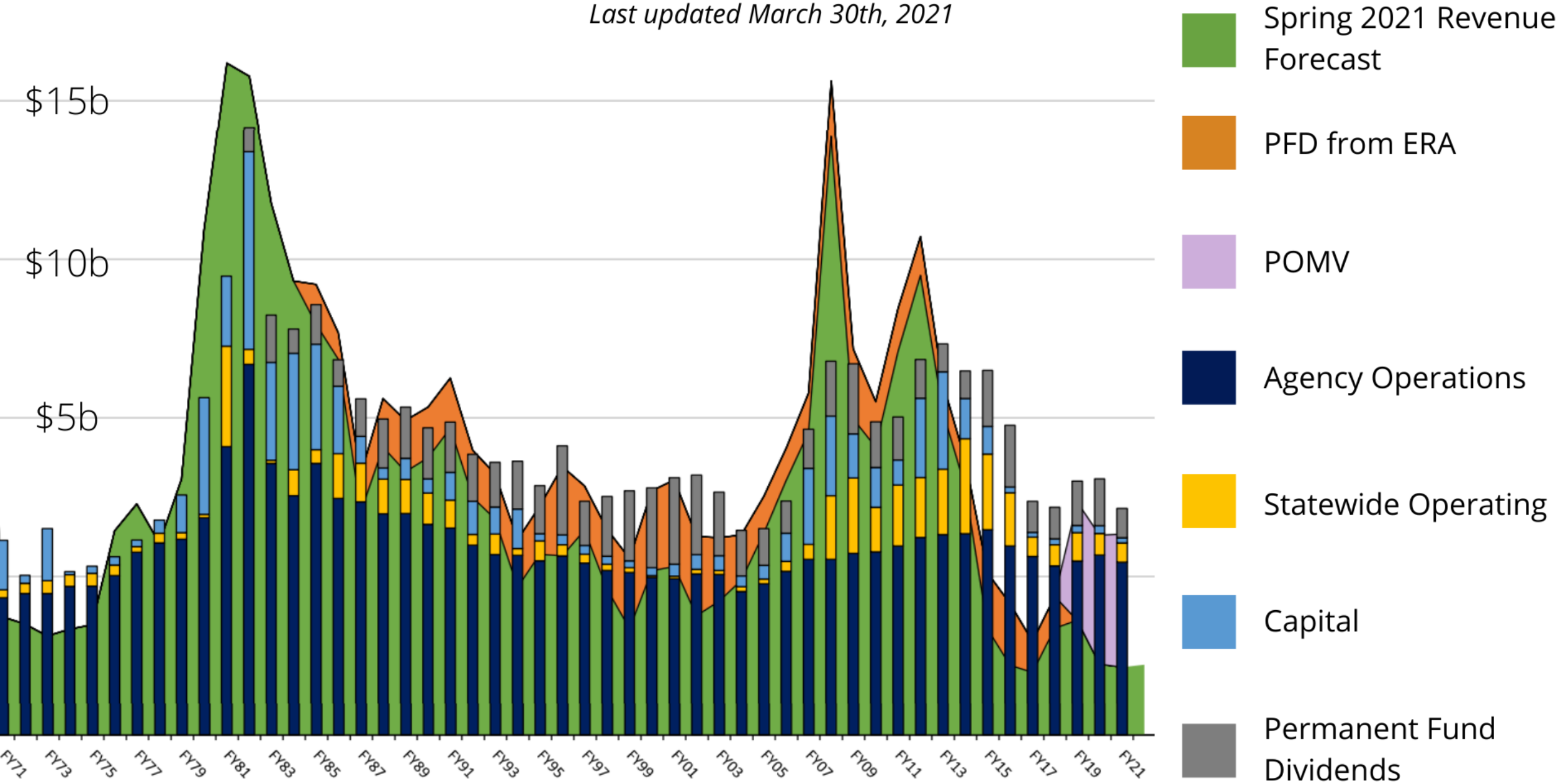


“The legislature shall by general law establish and maintain a system of public schools open to all children of the state...”

▶ 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	<b>(398.4)</b>	<b>(483.0)</b>	<b>(440.9)</b>	<b>(322.9)</b>	<b>(294.3)</b>	<b>(325.3)</b>	<b>(424.8)</b>	<b>(384.8)</b>	<b>(311.8)</b>

\*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:

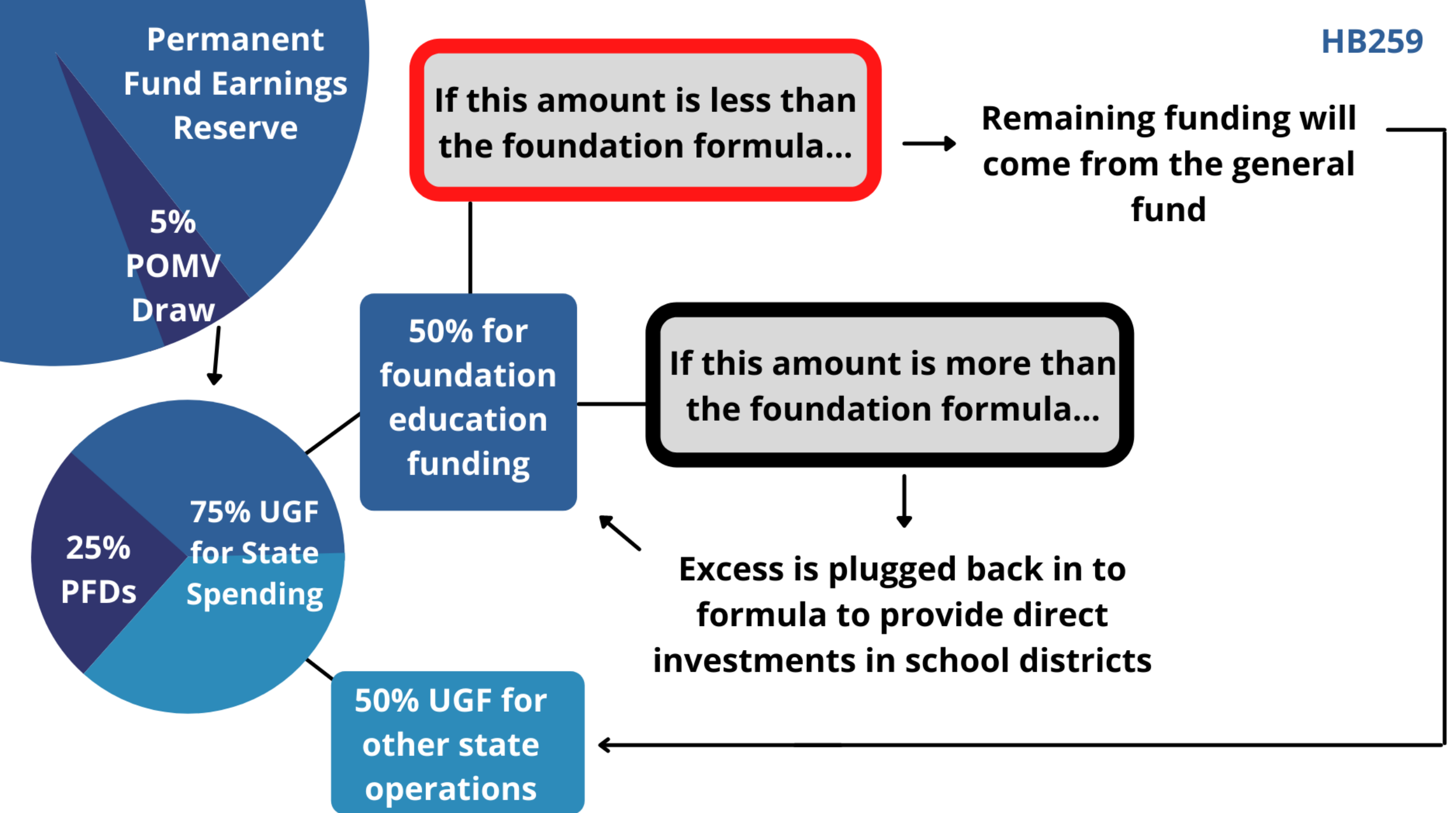
- 25% to dividends, producing a \$1,301 dividend in FY24.
- 75% UGF available for essential government services
  - 50%\* to the public education fund for foundation formula and pupil transportation
  - 50% to general fund

**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.**

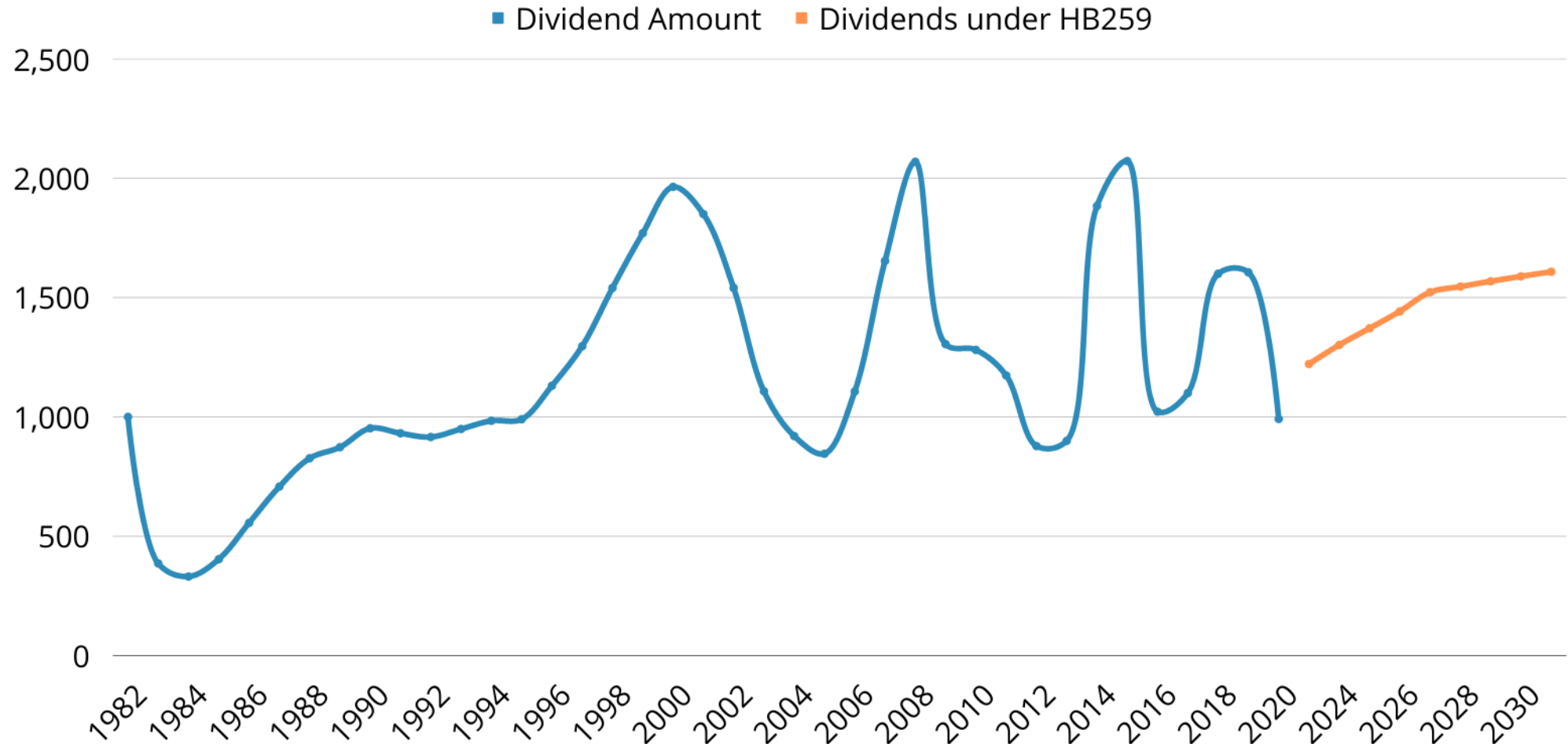
\* Effective rate is 38% of total draw





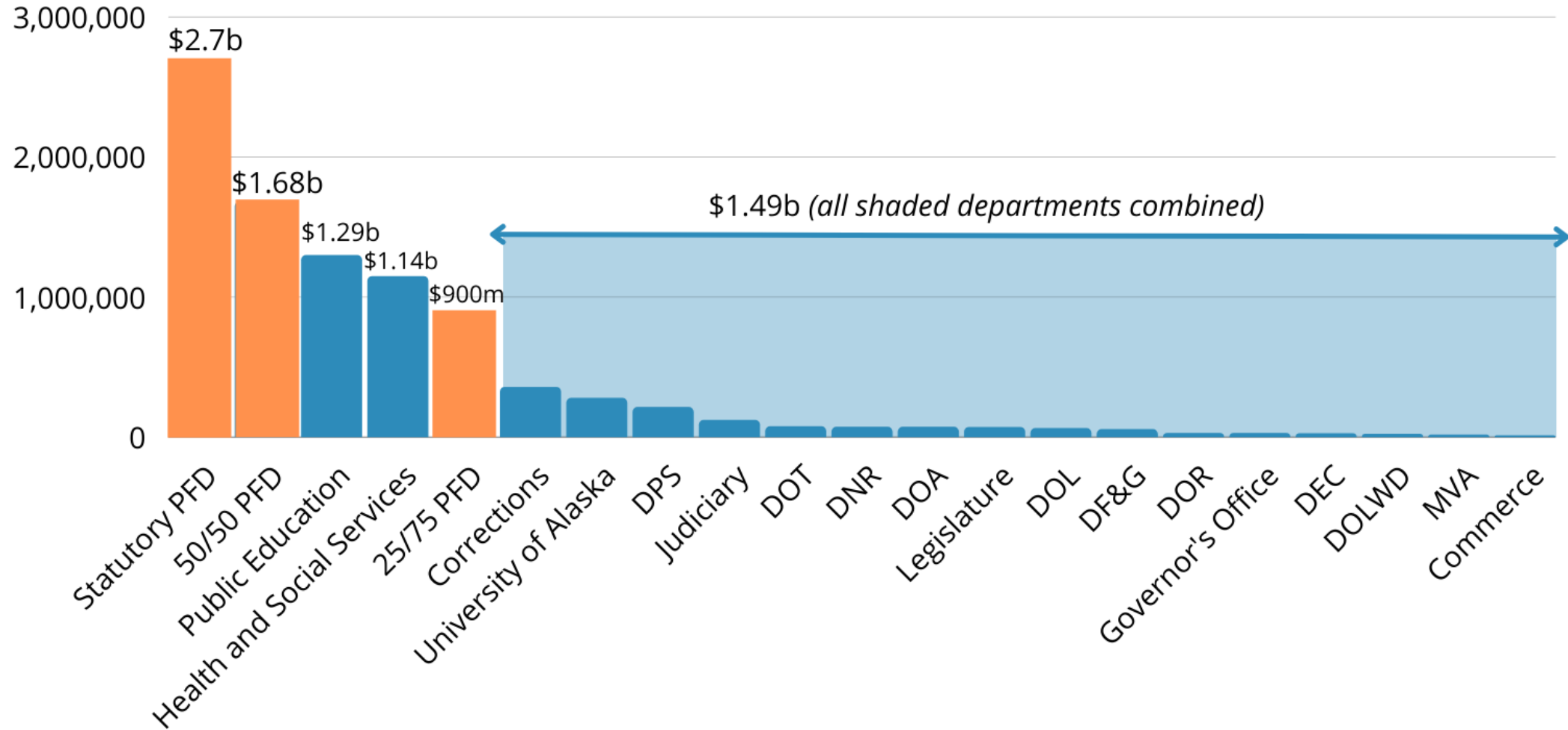
# Predictable, growing dividends for Alaskans

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



Source: Department of Revenue, Division of Legislative Finance, Alaska Permanent Fund Corporation

# UGF Spend in the Governor's Proposed FY23 Budget



# 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
<b>HB 259 funds for Foundation/Pupil Transportation</b>	1,350.0	1,427.8	1,507.1	1,596.4	1,629.4	1,660.8	1,690.5	1,718.7
<b>Additional Education Funding beyond Statutory Minimum</b>	<b>110.6</b>	<b>163.7</b>	<b>217.6</b>	<b>281.2</b>	<b>287.9</b>	<b>292.5</b>	<b>294.7</b>	<b>295.1</b>
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?**