

KENAI LEGISLATIVE INFORMATION OFFICE

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WRITTEN TESTIMONY

NAME: Ed & Kathleen Martin
REPRESENTING: Self
BILL # or SUBJECT: HB 259
COMMITTEE: House Ways & Means **DATE:** 2-15-22

NOTE: This testimony is considered part of the official record and will be posted online with the hearing documents

Dear House Special Committee Members,

We are in total opposition to HB 259 to pillage the Alaskan PFD for education with this 75/25 split. The education our students in grades first through twelve are receiving is pathetic for the amount that is spent already. This bill is grabbing at anything, now it is education to drain our PFD that is rightfully for all Alaskans. It is insulting that the sponsors of this bill have the nerve to even present it, they will do anything to raid the fund with the excuse for the children. Vote NO with HB 259.

Thank you for the opportunity to comment.

Sincerely,

Ed & Kathleen Martin

From: [Brad Keithley](#)
To: [House Ways and Means](#)
Cc: [Rep. Ivy Spohnholz](#); [Rep. Adam Wool](#); [Rep. Andy Josephson](#); [Rep. Calvin Schrage](#); [Rep. Andi Story](#); [Rep. Mike Prax](#); [Rep. David Eastman](#); [Rep. Harriet Drummond](#)
Subject: Comments in Opposition to HB 259
Date: Wednesday, February 16, 2022 8:00:56 AM

Alaskans for Sustainable Budgets strongly oppose HB 259. The effect of the bill is hugely regressive, shifting the burden of funding K-12 education largely to middle and lower income Alaska families while the top 20% largely get a free ride (and non-residents contribute nothing). As the Committee is aware from previous testimony before it, by using PFD cuts as the funding mechanism, the bill relies on the approach that also has the "largest adverse impact" on the Alaska economy of all of the various revenue options.

As we outlined in our [previous column on the bill's predecessor](#) in the *Alaska Landmine* - repeated below for the record - there are much more equitable and lower impact approaches available for such a purpose.

Who should bear the state's share of K-12 spending?

DECEMBER 10, 2021 **BY [BRAD KEITHLEY](#)**

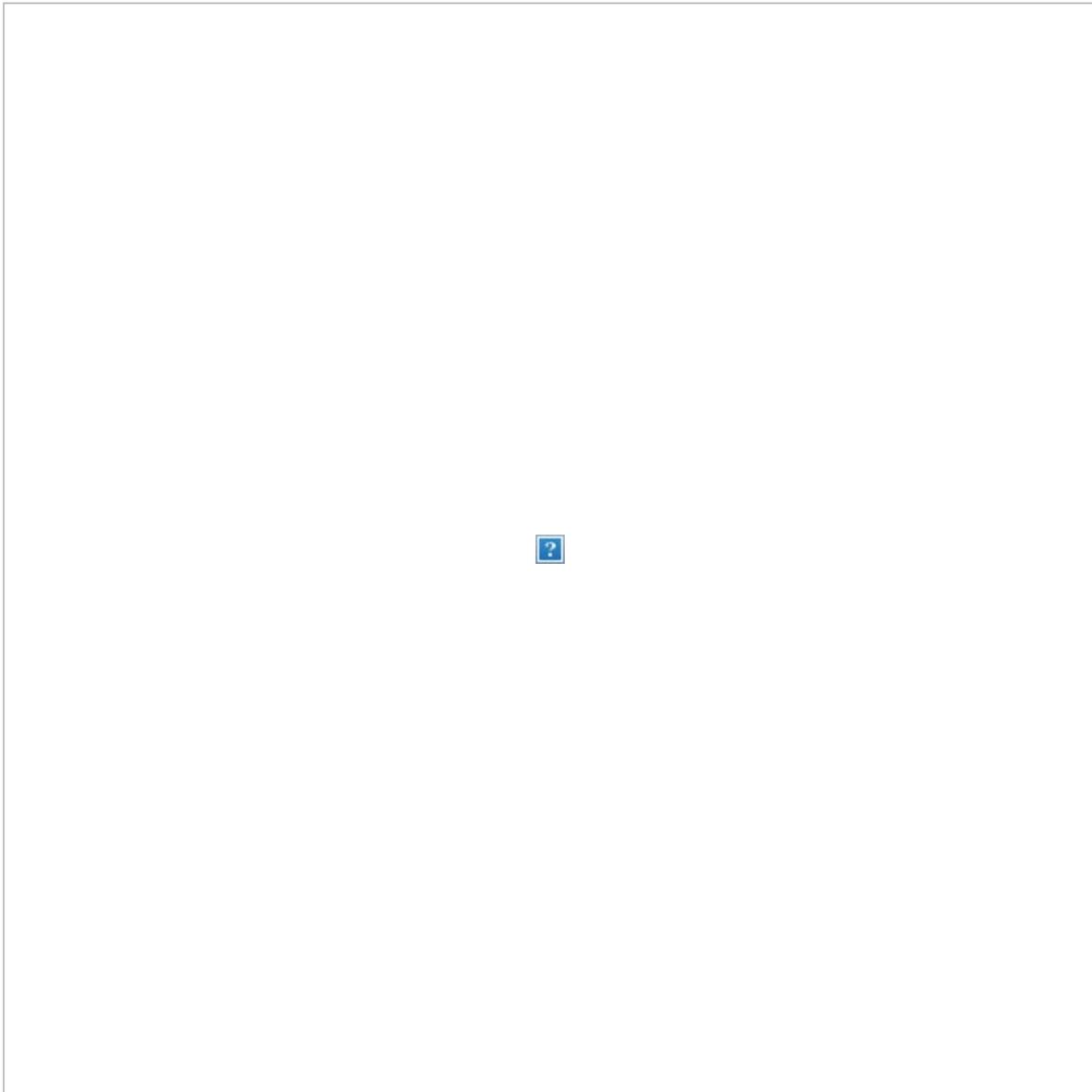
While the Legislature as a whole was largely idle during the fourth special session, the House Ways & Means Committee remained active, holding four hearings on a variety of proposed revenue measures. The fourth hearing – its last of the special session – was devoted entirely to [HB 4003](#), a committee bill which since [seems to be emerging](#) as the Committee's primary fiscal proposal this coming session.

The bill deals primarily with the POMV draw, designating a quarter (25%) for the PFD, and dividing the remaining 75% equally between the "public education fund for foundation formula and pupil transportation" (K-12) and the general fund. As usual for the bills both this Committee and others have considered this Legislature, HB 4003 has not been accompanied by a distributional analysis, obscuring its impact on Alaska families and the Alaska economy.

But as we have said in previous columns in this space, that sort of analysis isn't hard to do. And doing so here reveals, in our view, a deeply troublesome impact.

While individual years may be higher or lower, assuming "statutory net income" – the basis for the current PFD law – results over time generally in the same 5% real rate of return used in the calculation of the POMV draw, the current law PFD generally equals 65% of the annual POMV draw smoothed out over time.

As we have [explained elsewhere](#), that differs from POMV 50/50 and other “percent of POMV” approaches because there is a significant difference between the two approaches in the treatment of the so-called “inflation adjustment” – the amount deposited annually in the fund to offset the impact of inflation. While a percent of POMV approach effectively splits the inflation adjustment proportionately between the PFD and the government’s share of the draw, the current law approach as codified in [AS 37.13.245\(c\)](#) effectively assigns all of the adjustment to the government’s share. Based on [the Permanent Fund Corporation’s most recent projections](#), at least over the next decade the difference between the two roughly equals 15% over a POMV 50/50 approach.



Given that baseline, the effect of HB 4003 then is permanently to reduce the PFD from roughly 65% of the POMV under current law to 25%, shifting the difference –

currently, about \$1.3 billion, or roughly 5% of total Alaska household income – from Alaska households to government.

Where does the reduction – 40% of the POMV – go? Simple; almost all of it goes to the 37.5% the bill simultaneously sets aside for K-12 spending. (The remaining 2.5% goes to slightly increase the portion allocated to the general fund.) In short, the bill effectively proposes to finance K-12 through a permanent dollar-for-dollar reduction in the current PFD law.

While we know that the overall impact is to shift about 5% of total household income to government, by failing to do a distributional analysis, the committee has avoided confronting exactly “who” – which Alaska families – end up paying for K-12 under that approach.

But as we noted above, that isn’t hard to calculate once we know the source of the funding. Applying the Institute on Taxation and Economic Policy’s (ITEP) 2017 analysis [we have discussed in previous columns](#), it becomes clear that, by using PFD cuts, those paying for K-12 under the bill largely are middle and lower income – 80% of – Alaska families. As a share of income, the top 20% contributes a relatively trivial share.



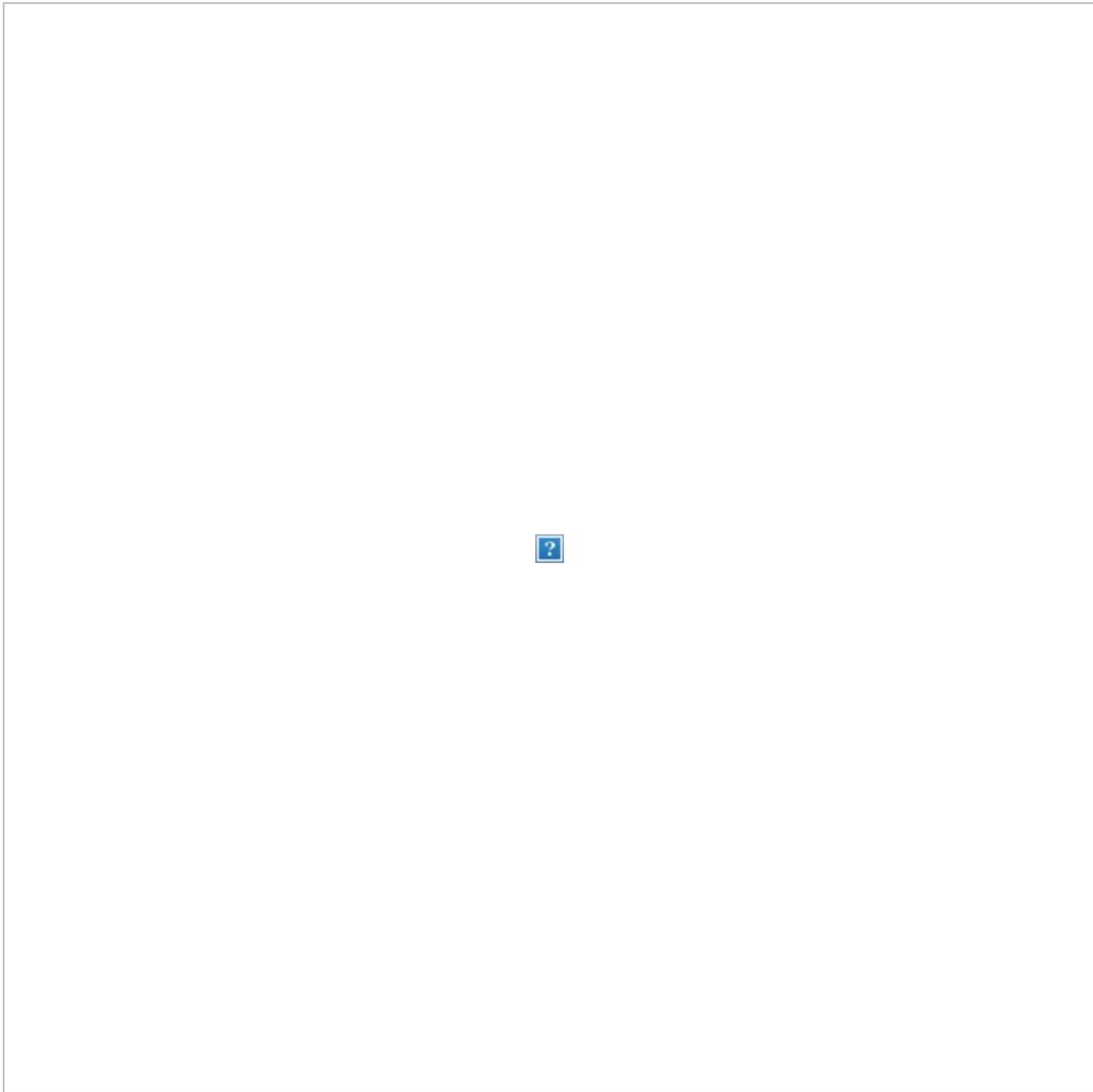
This result is hugely regressive. Lower income families contribute 36 times, middle income families 13 times and even upper-middle income families 8 times the share of income taken from the top 1% for K-12 education. Put more succinctly, middle and lower income Alaska families are expected to pay the tab for K-12 spending while the top 20% largely get a free ride.

Is there a more equitable approach?

Absolutely. Let's compare these results, for example, to those if, rather than PFD cuts, HB 4003 instead used a flat tax to pay for K-12.

To analyze that, we use the "Option 1" flat tax approach contained in the [2020](#)

[report](#) prepared for the Legislature by ITEP we discussed in [last week's column](#). We compare the two approaches here:



Clearly, the distributional impact from using a flat tax to fund K-12 is much more equitable. ALL Alaska families, including both middle and lower income – 80% of – Alaska families AND the top 20% contribute relatively the same amount as a share of income toward the costs of K-12. No income bracket contributes more than 1.2 times another.

And unlike using PFD cuts where only Alaskan families bear the burden, by using a flat tax non-residents receiving Alaska sourced income contribute as well, as occurs in a number of other states.

As we noted [in last week's column](#), Option 1 isn't perfectly flat. As we explained there, that's largely because Option 1 excludes PFD's from income. If that's an important issue, it can be resolved by eliminating the exclusion. Doing so would result in all income brackets (and non-residents) contributing the same, roughly 4.5% of income, to cover the costs of K-12.

By designating a portion of the POMV to K-12 funding, the bill's political purpose obviously is to enlist Alaska's education community in supporting the fiscal restructuring it proposes. But by failing to analyze the bill from a distributional perspective, the Committee is asking them to buy a proverbial pig in a poke.

The effect of this particular "pig" is largely to shift most of the burden of K-12 costs to middle and lower income Alaska families, while those in the top 20% essentially get a free ride. The question is why is that fair?

The Committee should transparently and publicly attempt to answer that question. In our view, once it attempts to do so in the light of day, we'll discover there isn't a good answer.

Using Permanent Fund Corporation estimates, on average over the next 10 years HB 4003 proposes annually to shift roughly \$1.65 billion – or based on current estimates, roughly 5% of total household income – from Alaska households to K-12. As a share of income, HB 4003 proposes that middle and lower income Alaska families bear most of the burden. Because K-12 benefits all Alaska families, in our view *ALL* Alaska families should have the same stake in those costs instead.

Brad

Brad Keithley
Managing Director, Alaskans for Sustainable Budgets

Email: manager@AKforSB.com

Web: AKforSB.com



From: [Dixie D. Banner](#)
To: [House Ways and Means](#)
Subject: Fwd: HB 259 - No to this proposal
Date: Wednesday, February 16, 2022 11:28:21 AM

> To: All,

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>> No to HB 259 for it is a waste of money and time! We already fun the Education program in AK and the system seems unable to produce a favorable outcome! Why add more funding??? Throwing money to poor system is ineffective and inefficient!

>>

>> If there is any extra money it should be spent to create a viable economy and get people off of welfare! Especially Baby Mommas! Tired taking of irresponsible people.

>>

>> Why is it we have to educate you to make smart decisions and demand accountability! When asked to be elected it was expected that you as an elected official to do your job and manage accordingly to the Will of the People not as you see fit! This is why we must move the Capital since you fail to follow the law!

>>

>> Note we have had enough of the games and if you per-sue this bill, plan for discharge papers come Election time!

>>

>> Tired of your games!!!!

From: [Harry Holt](#)
To: [House Ways and Means](#)
Subject: HB 259 Education
Date: Monday, February 14, 2022 2:18:33 AM

Dear House Special Committee Members,

We are in total opposition to HB 259 to pillage the Alaskan PFD for education with this 75/25 split. The education our students in grades first through twelve are receiving is pathetic for the amount that is spent already. This bill is grabbing at anything, now it is education to drain our PFD that is rightfully for all Alaskans. It is insulting that the sponsors of this bill have the nerve to even present it, they will do anything to raid the fund with the excuse for the children. Vote NO with HB 259.

Thank you for the opportunity to comment.

Harry and Jean Holt
Palmer, AK.

From: snowshoehair@mosquitonet.com
To: [Rep. Grier Hopkins](#)
Cc: [Rep. Bart LeBon](#); [Rep. Steve Thompson](#); [Rep. Mike Prax](#); [Rep. Adam Wool](#); [Rep. Mike Cronk](#); [Rep. Christopher Kurka](#); [Rep. Kevin McCabe](#); [Rep. George Rauscher](#); [Rep. David Eastman](#); [Rep. DeLena Johnson](#); [Rep. Cathy Tilton](#); [Rep. Ken McCarty](#); [Rep. Kelly Merrick](#); [Rep. David Nelson](#); [Rep. Ivy Spohnholz](#); [Rep. Andy Josephson](#); [Rep. Harriet Drummond](#); [Rep. Geran Tarr](#); [Rep. Zack Fields](#); [Rep. Matt Claman](#); Representative.Sarah.Rasmussen@akleg.gov; [Rep. Chris Tuck](#); [Rep. Thomas McKay](#); [Rep. Calvin Schrage](#); [Rep. Laddie Shaw](#); [Rep. Liz Snyder](#); [Rep. James Kaufman](#); [Rep. Ben Carpenter](#); [Rep. Ronald Gillham](#); [Rep. Sarah Vance](#); [Rep. Louise Stutes](#); Representative.Sarah.Hannan@akleg.gov; [Rep. Andi Story](#); [Rep. Jonathan Kreiss-Tomkins](#); [Rep. Daniel Ortiz](#); [Rep. Bryce Edgmon](#); [Rep. Tiffany Zulkosky](#); [Rep. Neal Foster](#); [Rep. Josiah Patkotak](#)
Subject: HB 259
Date: Tuesday, February 15, 2022 10:52:05 PM

HB 259 "An Act relating to use of income of the Alaska permanent fund; relating to the amount of the permanent fund dividend"

I do not support this bill.

Why do you people hate us so much?

Why do you keep looking for ways to take our PFD away from us?

Why do you keep hurting the poor, the low income people of the state, the unemployed and disabled, the senior citizens? These and the middle class are two thirds of the Alaskan population that you are hurting by stealing our PFD.

Every time we look away for just one second, there is another attempt by certain people in our legislature to take our Dividend away from us so it can be spent on a larger and more expensive government. People are working two or three jobs, and then we are criticized for not spending hours out of our days waiting on hold on the phone for a turn to testify for three minutes that we want our PFD. "Gee... they aren't interested".... that's bull.

I thought you Democrats were supposed to care about the people you represent... all I see is you dishing out hurt. Hopkins, I'm talking to you!

I want my Dividend and I think the 50/50 split is the only fair way to do it.

Lori Horvath


Fairbanks, AK 99709
Dist 4-B

From: [Kerri Mullis](#)
To: [House Education](#); [House Ways and Means](#); [Rep. Mike Prax](#); [Rep. Ivy Spohnholz](#)
Subject: HB259
Date: Sunday, February 13, 2022 8:49:02 PM

,I would like both committees, Representative Prax, and Representative Spohnholz to look at the schools test results. I have been watching the Peaks testing results for over 10 years. I have also heard "it's for the children", and "we need more money to fund the schools". But, I have also watched FNSB give new cell phones, and free internet at their homes to all the admin and higher ups in the school district, watched the Superintendent to give herself a nice raise a few times, while I watched the children get dumber.... And the odd thing, it's not the rural areas particularly that are getting worse quicker, it's the more affluent areas. In Fairbanks, West Valley and Lathrop have had terrible "non proficiency. But wait, there's more.....it isn't just limited to FNSB. Anchorage has horrible tests too, and the other areas, Juneau, look at it. Quit hiding your head and thinking stealing from the PFD (which takes money from the parents, by the way, which in turn, could hurt the children more than you know). How pious some of you are thinking you know how to spend money better, I have been here over 35 years, my husband has been here around 40. Guess what, the more you spend, the worse it gets, just look at the records of the Peaks testing.

Parents are continually having to fight the continued attack on the children's capability to just be children. CRT, reverse racism, book banning, LGBTQ agendas, slanted history, books that don't tell the true story

If what you are doing isn't working, it's time to come up with a different plan. I have a different plan, other parents have a different plan, maybe it is time for your group to think about a different plan.

Kerri Mullis
Delta Jct,
Mother, Grandmother, Great Grandmother

From: [Linda Morrison Goss](#)
To: [House Ways and Means](#); [Rep. Mike Prax](#); [House Education](#)
Subject: Oppose HB 259
Date: Sunday, February 13, 2022 8:01:52 PM

I strongly oppose HB259. Our education system does not need more money, it needs a desperate overhaul.

Leave the PFD alone. Haven't you robbed the citizens of Alaska enough. With so much distrust and disgust with our current legislature (minus a few including Rep Prax) plus the election coming up, you should all check yourselves and realize that your constituents have had enough.and want most of you gone.

Linda Morrison Goss
67 year resident, Fairbanks



Virus-free. www.avast.com

From: [Rob B](#)
To: [House Ways and Means](#)
Subject: PFD is not your toy
Date: Saturday, February 12, 2022 1:45:43 PM

To whom it may concern,

We the people of Alaska are tired of your attempts to infiltrate the PFD for your pet projects.

The PFD was set up to help all Alaskans, not just other spin-offs from the government torso, i.e. the schools in this scenario .

With the rise of food prices, gas prices, heating fuel prices and housing prices you would think that those things would be at the top of your list to help fellow Alaskans.

The schools get plenty of money and year after year they get more money, to hold in their slush fund account, never actually using it.

It's time for you to rejoin the reality world of what it takes to live in Alaska.

You guys and girls are getting ready to get fatter thanks to Biden and associates from federal funds.

Have a great day and think about your future.

From: redmond3@acsalaska.net
To: [House Education](#); [House Ways and Means](#)
Cc: [Rep. Mike Prax](#); Rep.Ivy.Sponholtz@akleg.gov
Subject: PFD
Date: Saturday, February 12, 2022 2:50:47 PM

Why do you people keep putting your sticky fingers into the PFD. Leave the PFD alone and let the people get what's coming to them. We haven't received our full PFD since Walker screwed it up when he was in office. Do what the people who elected you want you to do, not grab other peoples money.

Thank You
Chris Redmond

From: [Alisha](#)
To: [House Ways and Means](#); [Rep. David Eastman](#); [Rep. Mike Prax](#); [Rep. Andi Story](#); [Rep. Calvin Schrage](#); [Rep. Andy Josephson](#); [Rep. Adam Wool](#); [Rep. Ivy Spohnholz](#)
Subject: Public testimony against HB 259 by Alisha Asplund on February 17 2022
Date: Thursday, February 17, 2022 8:50:41 AM

Hello, my name is Alisha Asplund, I live in D8; I am representing myself today and wish to testify against HB 259

I wish to thank the chair of the Ways and Means Committee and the Committee members for letting me testify against HB 259 today February 17, 2022

I wish to thank Spohnholz for explaining her bill so that I now know in which of the 4 categories of bills fits in. I explained about these four categories in my public testimony which I emailed to the House Education committee testimony on February 4, 2022. And this bill fits into the three categories that I do not find acceptable because the undermine the integrity of the legislature and the rule of law.

- **Category #2** This is a bill that Spohnholz believes would create an unconstitutional law if it were a “true” law that is binding and enforceable.
- **Category #3** This is a bill Spohnholz and the lawyers of the legislature have purposely written to create a non-binding “law” a “law” to be ignored. Undermining the integrity of the rule of law.
- **Category #4** This Bills that will result in statutes/laws that can be disregarded because current legislators believe Representative Spohnholz’s statement from the April 29th House Ways and Means Committee, “Because we ultimately make the laws and therefore, we have the ability to disregard law” after hearing Spohnholz’s comments in the February 4, 2022 Education meeting I see how current legislators could believe this statement is true, if they no longer believes that a law is – A rule formally recognized as **binding and enforced** by controlling authorities, but instead current legislators and the lawyers who advise them believe a “law” is – merely a suggestion that can be disregarded. That is a terrifying idea for the law enacting branch of the government to have.

As Spohnholz pointed out in her explanation of HB259 in the House Education Committee on Feb 4, 2022, current legislators believe any statute written to only changes the PFD formula without a containing a constitutional component, and putting it before the people for a vote, will turn the PFD in to a mere suggestion which can be ignored.

So, it seems that in the eyes of current legislators any bill that deals with the PFD formula without also fixing the loop hole that the Wielechowski case created in the constitution and is not brought before the people for a vote, would be unconstitutional if it were binding. I feel spending so much time and resources on mere suggestions which can be ignored is a waste of the limited time and resources made available for the legislature to fulfill its constitutional required duty to pass a balanced budget each year.

She seemed to be saying that her bill was purposely written to be non-binding because she believed that if it were binding it would violate the appropriation power of legislators. So, it seems that current legislators feel that they can fix unconstitutional laws by just making them non-binding. But if a “law” is non-binding is still a law?

If so, have current legislators decided that the definition of a law should be changed to say laws are mere suggestions and are no longer - a rule formally recognized as binding and enforceable.

Given the definitions supplied in the legislature's web site.

- Statutes-The codified body of laws enacted by the Legislature, known as the Alaska Statutes.
- Law - A rule formally recognized as **binding and enforced** by controlling authorities. Statute law is law enacted by the Legislature. Common law is law set by precedent in court and by interpretation of the Constitution and statute law.

I do not see how it would be the intent of the constitution for legislators to purposely create non-binding laws that contradicts the definitions given which clearly shows that statutes are meant to be recognized as binding. Therefore, in my opinion this kind of action undermining the very idea of the "rule of law". These non-binding suggestions that current legislators are representing as Statutes/laws - should not be called statutes because that would be the legislators setting precedents that statutes need not be binding and can be mere suggestions, thus undermining the 'rule of law' that is critical for Statute to be respected by the public.

Why would legislators wish to turn laws into mere suggestions because then the definition for a statute or law could be interpreted as "a rule formally recognized as a mere suggestion and not binding". I do not believe that this is a, wise or constitutionally intended, precedent which legislators should be reinforcing and validating.

Instead of calling these suggestions, statutes/laws, it should be made clear to those in the general public, who do not have time to watch every committee meeting, that legislators are creating suggestions not laws/statutes and since they are mere suggestions which have little to no significant value to any long-term fiscal solution since current legislators are purposely wording them so that they can be ignored.

I feel that spending all this time making bills that will result in suggestions that are made to be ignored, is not a wise use of time and resources that should be being used to fulfill the legislature's constitutional requirement of passing a balanced budget in the 90-day regular session. Any time wasted in making mere suggestion that will result in the legislator ignoring the 90-day regular session statute that represents the people's will and results in legislators having an excuse to extend the regular session to 120 days which costs all Alaskans money that could have gone toward their PFDs or other needed services but instead would go toward rewarding legislators for not completing their constitutional required work done on time, by increasing their yearly income.

I feel that wasting time creating suggestion and then calling them laws, against constitutional intent. It also goes against the ethics act AS 24.60.010 because it undermines the "trust, respect, and confidence of the people of the state" in the legislative branch of government and does not "preserve the integrity of the legislative process"

Thank you for your time.

Alisha Asplund
District D8

Wasilla, Ak 99623

Sent from [Mail](#) for Windows

From: [Aileen Cotter](#)
To: [House Ways and Means](#)
Subject: Stay out of our PFD
Date: Monday, February 14, 2022 10:20:37 AM

They have failed at teaching our children truth so we the people do not want any of our PFD going to a worthless cause! We will teach them ourselves!

Ella Cotter

Sent from my iPhone