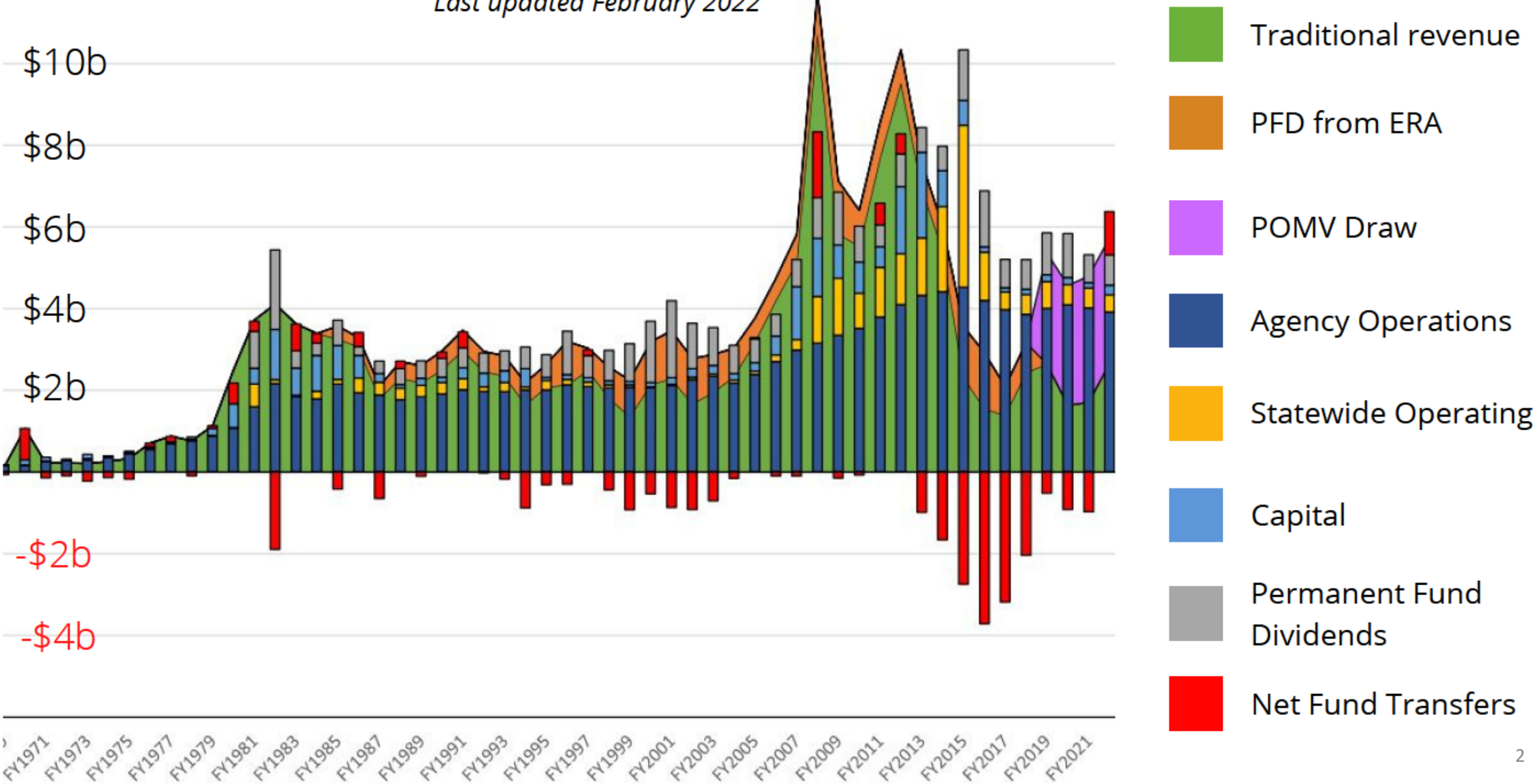


HB 259 Dividend Formula and Public Education Funding

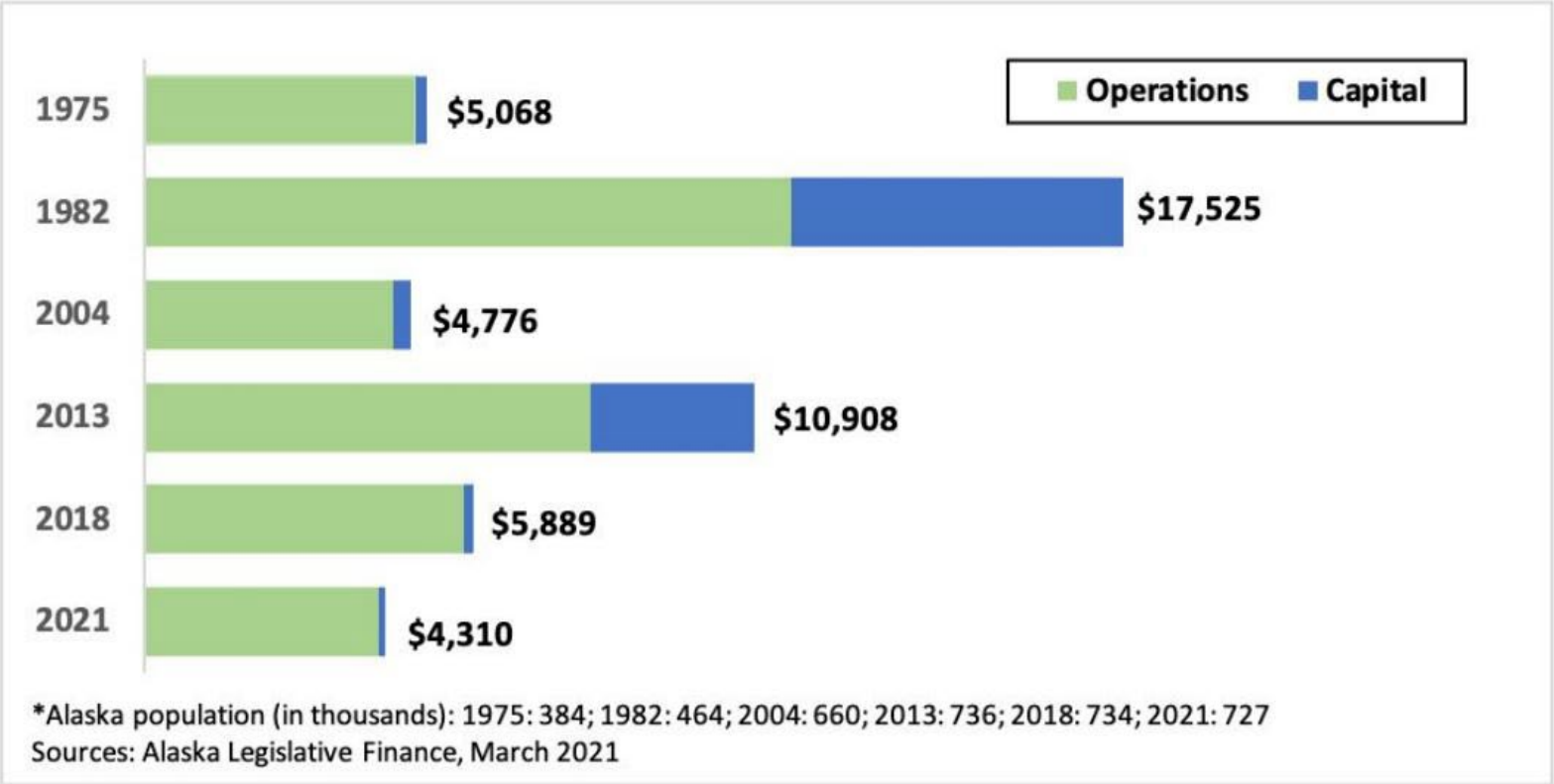
Rep. Ivy Spohnholz
Chair, House Ways and Means Committee

Nominal Unrestricted General Fund Revenue/Budget History

Last updated February 2022



Real Appropriations Per Person,* Unrestricted State General Fund (Adjusted for Inflation to 2016 Dollars)

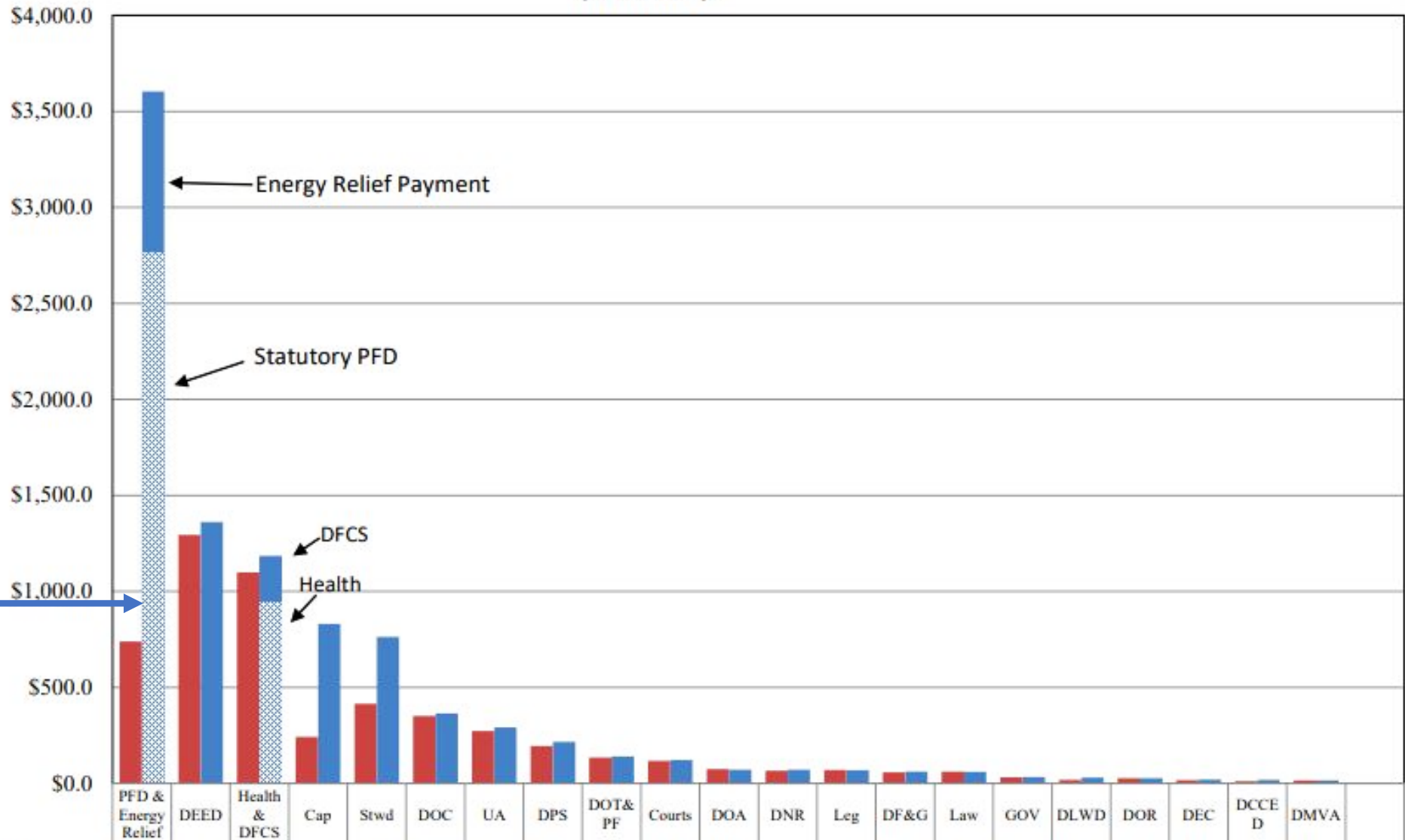


Data Source: Alaska Legislative Finance, 2022

Swoop Graph - UGF Only

FY23 Senate Compared to FY22 Management Plan

(Millions)

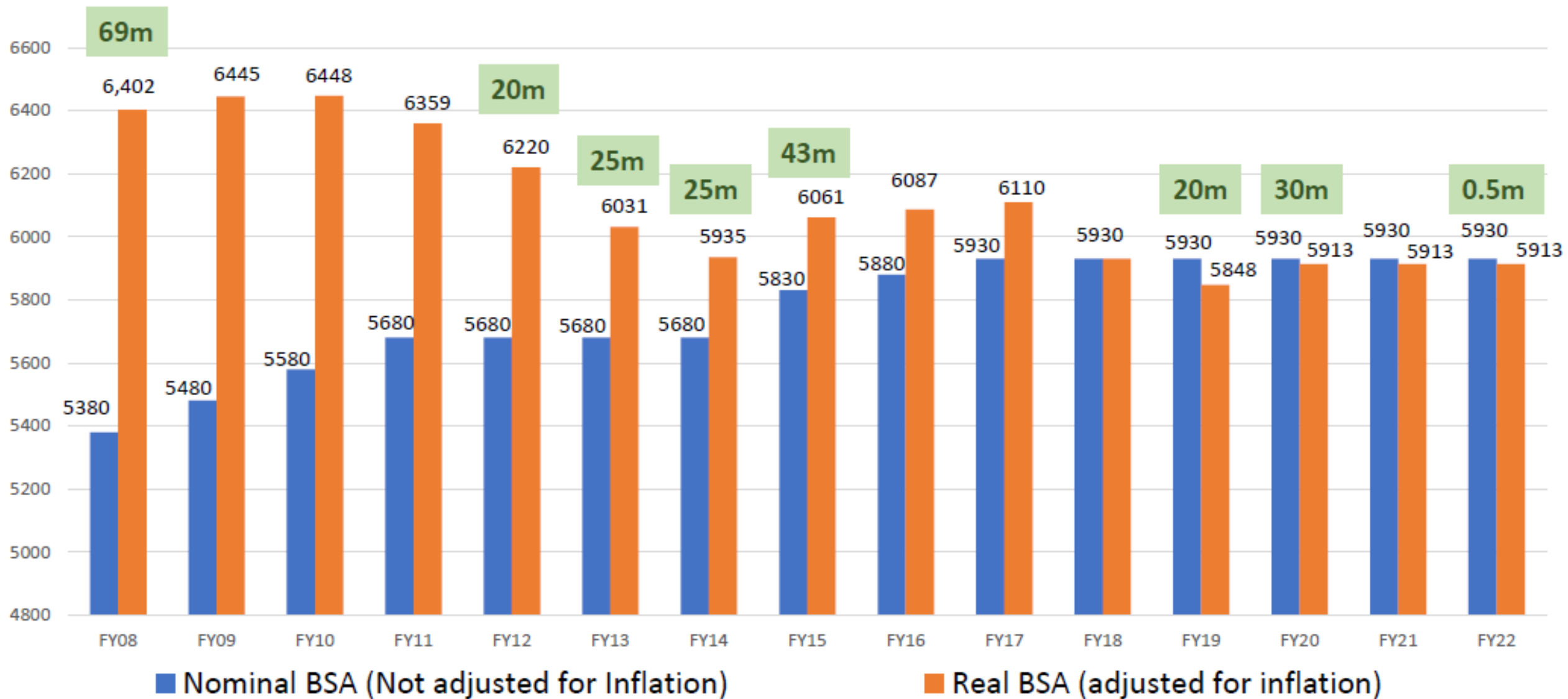


25% of POMV for PFDs
~900m

LFD
Presentation
to SFIN,
5/13/22

■ FY22 Mgmt Plan	739	1,294	1,100	243	414	352	273	195	135	118	75	66	70	57	62	32	18	28	18	12	16	
■ FY23 Senate Budget	3,605	1,362	1,185	831	763	365	291	216	140	122	72	72	69	61	61	32	30	27	20	19	16	
Cum. Budget From Right	9,361	5,737	4,374	3,189	2,358	1,595	1,230	939	722	582	460	387	316	247	185	125	92	62	35	19	16	
% of FY23 Senate Budget	38.5%	14.6%	12.7%	8.9%	8.2%	3.9%	3.1%	2.3%	1.5%	1.3%	0.8%	0.8%	0.7%	0.7%	0.6%	0.3%	0.3%	0.3%	0.2%	0.2%	0.2%	

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

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

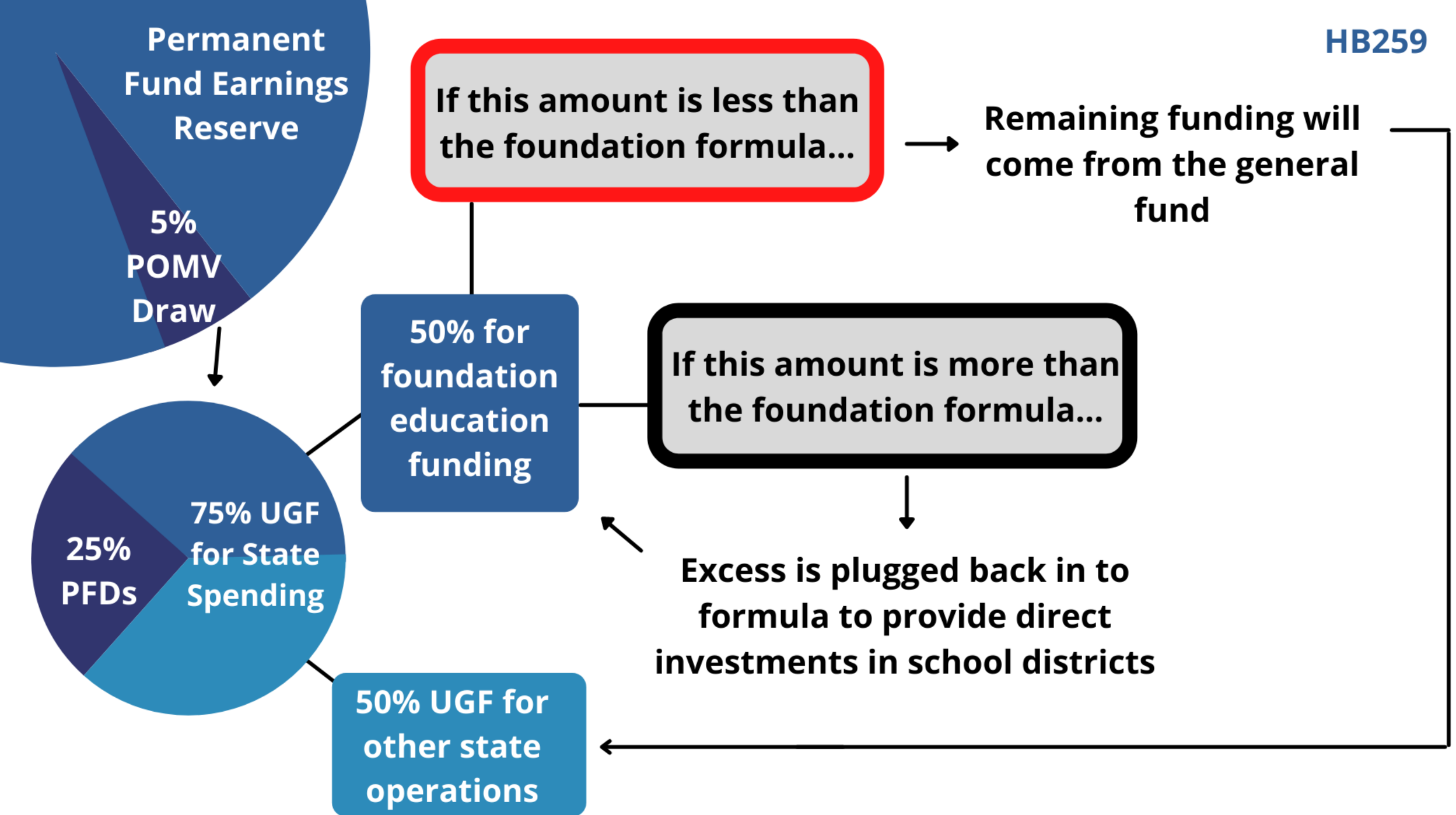
The 5% Percent of Market Draw from the Permanent Fund will be split as follows:

- 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

* Effective rate is 38% of total draw

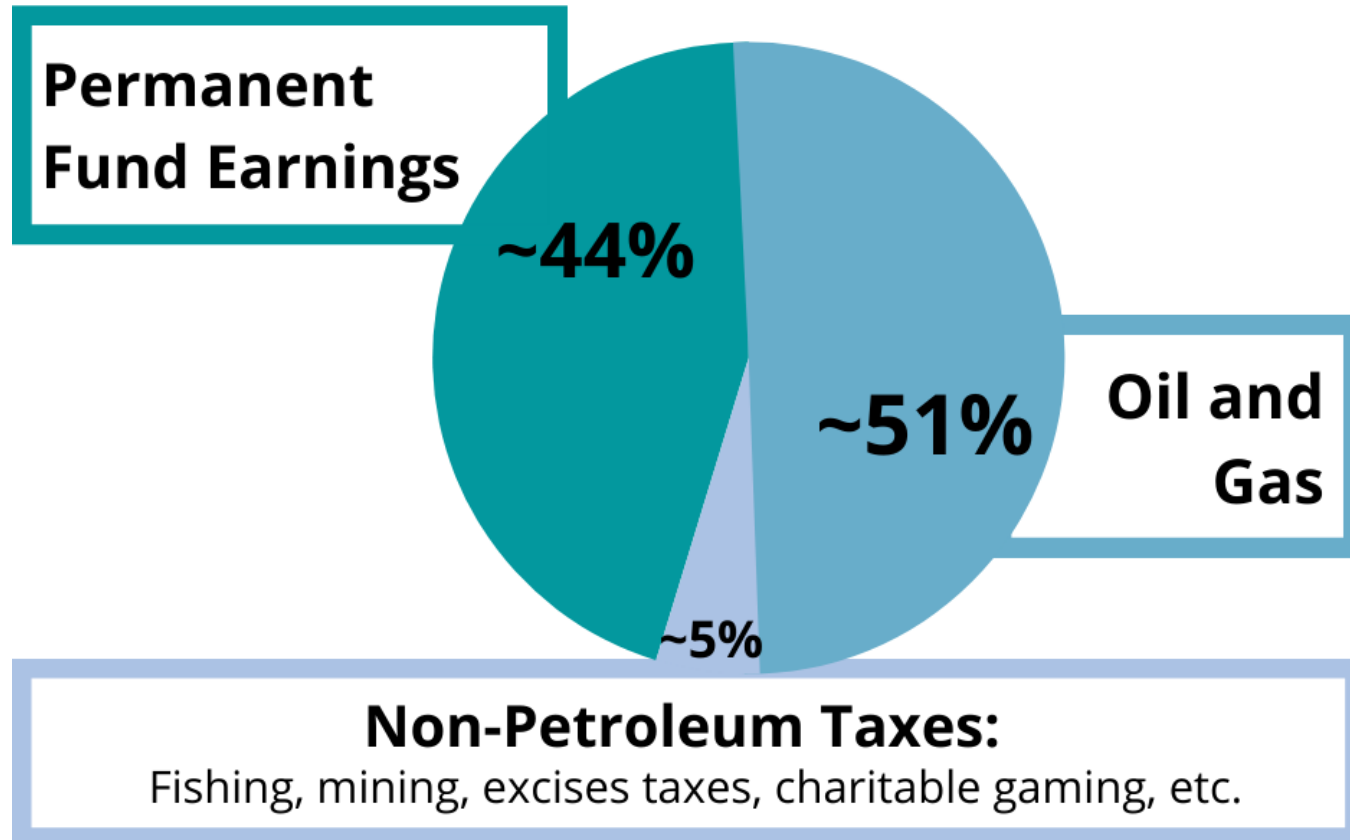
If the percentage allocated to education does not fully fund the foundation formula, the remaining need will be met with UGF

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.



Why fund public education through the Permanent Fund?

FY 22 UGF Revenue Forecast

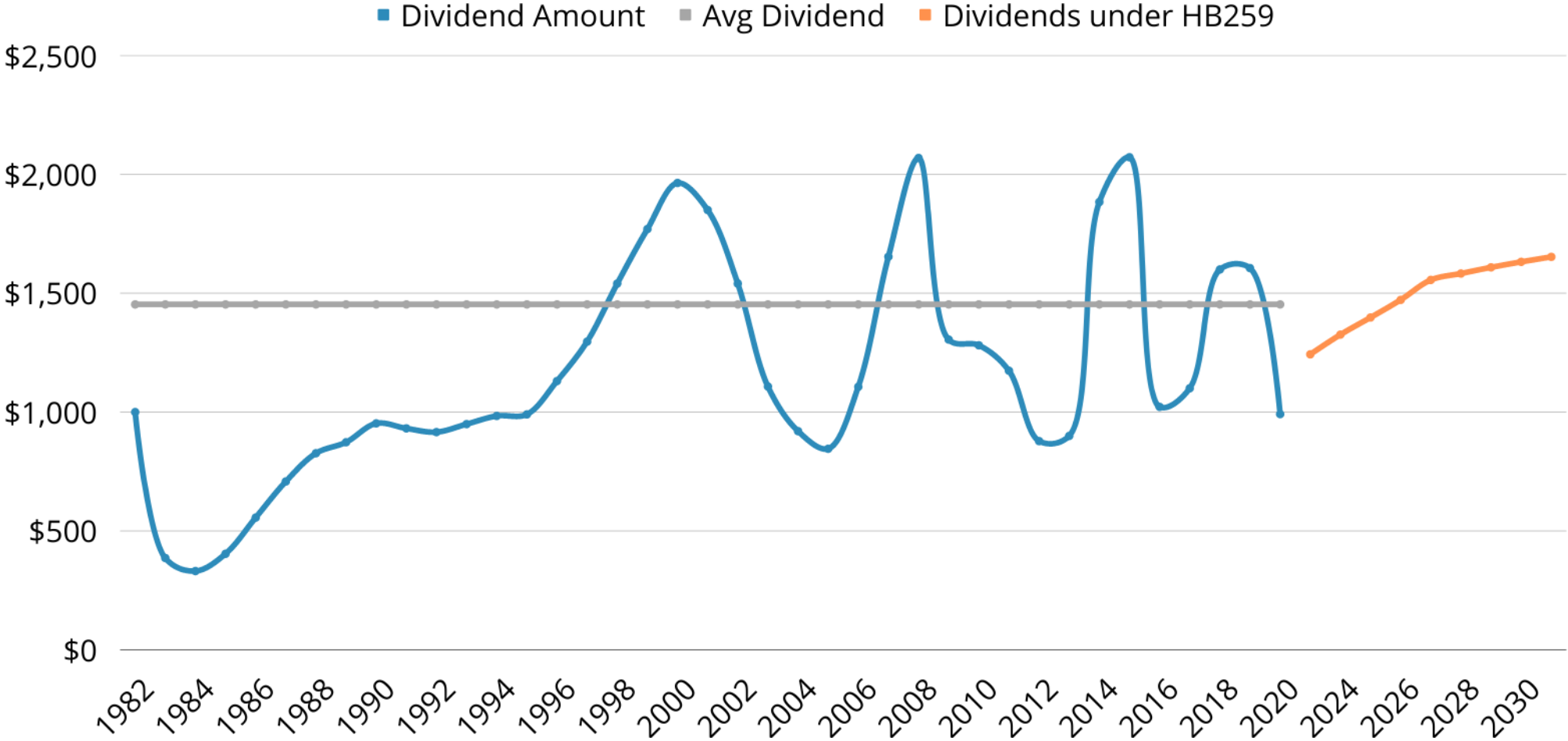


“The legislature shall by general law establish and maintain a system of public schools open to all children of the state...”

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

Predictable, growing dividends for Alaskans

HB 259 PFD	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31
	\$1,326	\$1,398	\$1,472	\$1,556	\$1,583	\$1,609	\$1,632	\$1,653



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

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

(\$millions)	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31
POMV Draw*	3,602.0	3,814.7	4,033.0	4,279.6	4,377.0	4,469.2	4,554.3	4,634.9
Statutory Minimum Foundation Funding**	1,242.4	1,270.4	1,299.0	1,328.2	1,358.1	1,388.6	1,419.9	1,451.8
HB 259 funds for Foundation/Pupil Transportation	1,350.7	1,430.5	1,512.4	1,604.9	1,641.4	1,676.0	1,707.8	1,738.1
Additional Education Funding beyond Statutory Minimum	108.3	160.1	213.4	276.7	283.3	287.3	288.0	286.3
Plan Surplus/(Deficit) for Other Essential Government Services	1,315.4	864.7	484.8	263.4	172.4	109.5	116.5	403.4

**POMV projected to increase at a rate greater than inflation*

***Assumes LFD's baseline budget grows at 2.25% inflation. Does not attempt to account for potential changes to enrollment*

****Assumes SFIN operating (excluding PFD) and capital budget with 2.25% annual growth FY24+*

Impact of Various Dividend Formulas to Alaska's budget*

Surplus/ (Deficit)	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31
Surplus Before PFD	2,323.4	1,976.6	1,703.3	1,605.5	1,544.1	1,507.6	1,536.3	1,848.4
25% of POMV to PFD	1,422.9	1,023.0	695.1	535.6	449.8	390.3	397.7	689.7
33% of POMV to PFD	1,134.8	717.8	372.4	193.2	99.7	32.8	33.4	318.9
50% of POMV to PFD	522.4	69.3	(313.2)	(534.3)	(644.4)	(727.0)	(740.8)	(469.0)

*Assumes LFD's baseline budget based on DOR's Spring 2022 Forecast

**Assumes SFIN operating (excluding PFD) and capital budgets, with 2.25% annual growth FY24+

Questions?