

# Senator Cathy Giessel



The House Finance Committee met today to hear from the Department of Law, Department of Revenue, and the Legislative Finance Division. This newsletter includes links from the meeting, as well as other important documents that you may be interested in.

This special newsletter includes:

[House Finance Committee Meeting Links](#)

[Legislative Finance Fiscal Update](#)

[Commonwealth North Budget Calculator](#)

[Information on the Alaska Small Business Legal Clinic](#)

[Alaska Trails October Newsletter](#)

## House Finance Committee Meeting Links

[Click here to watch a recording of the hearing.](#)

[Click here to view the documents from the hearing.](#)

## Legislative Finance Fiscal Update

### Summary of Appropriations and Conference Committee Books Published

The Legislative Finance Division (LFD) publishes two annual post-session publications: the Summary of Appropriations, and the Conference Committee books. The Summary of Appropriations was released in September and the Conference Committee Books were released in August.

The [Summary of Appropriations](#) is a historical record of budget actions made this session, with detailed reports, tables, and the final appropriation bill text. This document is primarily intended for historical reference and does not contain any narrative.

[Conference Committee Books](#) are published for each agency and provide detailed information on what happened in each agency's budgets. They contain a narrative summary of major changes, plus budget reports showing funding information and transactions for each agency. These are a useful reminder of what happened this session.

### Implications of Updated Permanent Fund Earnings

The Alaska Permanent Fund Corporation (APFC) released its actual FY20 earnings figures and updated projections for FY21-30. The updated [History and Projections sheet](#) has a few implications for Alaska's budget.

	FY22 POMV (\$millions)	FY20 Total Return	FY20 Year End Balance (\$millions)
DOR Fall 2019 Forecast	\$ 3,095	7.00%	\$ 67,847
DOR Spring 2020 Forecast	\$ 3,048	-0.52%	\$ 63,146
Actual	\$ 3,069	2.01%	\$ 65,302

APFC's accounting net income in FY20 was \$1.6 billion, about a 2% return. While this is below the midpoint projected return of 7%, the DOR's Spring Revenue Forecast used APFC's low return scenario of -0.52%, so this actually exceeded that projection.

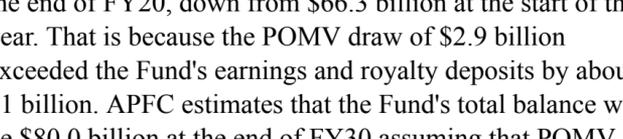
The FY22 POMV draw (which is based on the fund's ending balances from FY16-20) will be \$3,069.3 million. This is above the Spring Forecast projection by about \$21 million, but below the midpoint estimate (which was used in the Fall Forecast) by about \$26 million.

This is also below the FY21 POMV draw of \$3,091.5 million because the statutory POMV draw is set to drop from 5.25% to 5.00% in FY22.

The Permanent Fund realized statutory net income of \$3.1 billion in FY20. **This is the amount that actually flows into the Earnings Reserve Account (ERA) and is used to calculate the statutory Permanent Fund Dividend.** This closely matched the 'Low' scenario used in the Spring Forecast, which estimated \$3.2 billion of Statutory Net Income. As a result, the ERA's realized balance ended FY20 at \$11.5 billion. The statutory dividend for FY21 would have been \$2,914 per person based on a total cost of \$1.9 billion.

APFC also updated its FY21-30 return assumptions, as estimated by its consultant Callan. The previous assumption was a 7% average total return for both total income and statutory net income. The updated assumption for FY21-30 is a 6.75% total return and a 6.40% statutory return.

The difference between these two numbers means that not all of the return will go into the ERA each year and the unrealized portion of the Permanent Fund's balance will grow over time.



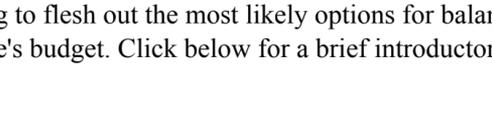
The total value of the Permanent Fund was \$65.3 billion at the end of FY20, down from \$66.3 billion at the start of the year. That is because the POMV draw of \$2.9 billion exceeded the Fund's earnings and royalty deposits by about \$1 billion. APFC estimates that the Fund's total balance will be \$80.0 billion at the end of FY30 assuming that POMV is the only draw out of the Fund going forward.

The statutory PFD calculation for FY22 is estimated to be an appropriation of \$2.0 billion, paying a dividend of about \$3,077 per recipient.

## Commonwealth North Budget Calculator

Commonwealth North (CWN) has announced the launch of a new website to assist Alaskans in better understanding the state's fiscal challenge.

The website [www.akbudget.com](http://www.akbudget.com) offers Alaskans the opportunity to make interactive revenue and spending choices to address the projected \$1.3 billion dollar shortfall in the State of Alaska's fiscal year 2022 budget.

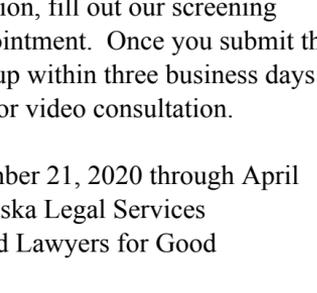


The interactive website was developed by CWN's Fiscal Policy Study Group. Since last May, the group has been working to flesh out the most likely options for balancing the state's budget. Click below for a brief introductory video.

[Click here to visit the Alaska Budget Choices Matter website.](#)

## Alaska Small Business Legal Clinic

Alaska small businesses and nonprofits with 50 or fewer employees can access free attorney consultations to help with COVID-related legal issues, such as government relief programs, commercial leases, contracts, and employment law questions.



To register for a free consultation, fill out our screening form below to request an appointment. Once you submit the form, an attorney will follow up within three business days to arrange a 45 minute phone or video consultation.

This clinic is available September 21, 2020 through April 2021, and is sponsored by Alaska Legal Services Corporation, Perkins Coie, and Lawyers for Good Government.

Questions can be emailed to [AKSmallBusinessLegalClinic@gmail.com](mailto:AKSmallBusinessLegalClinic@gmail.com)

[Click here for more information about the Alaska Small Business Legal Clinic.](#)

## Alaska Trails October Newsletter

Alaska Trails is getting some final trail work in before the snow creeps too far down the mountains, including finishing up the first section of the new Little O'Malley Peak Trail in Chugach State Park and helping put in a couple new bridges on the Crow Pass trail.



The newsletter linked below includes lots of great information!

[Click here to read the full Alaska Trails newsletter.](#)

[Email Me Here](#)