



Senator Cathy Giessel

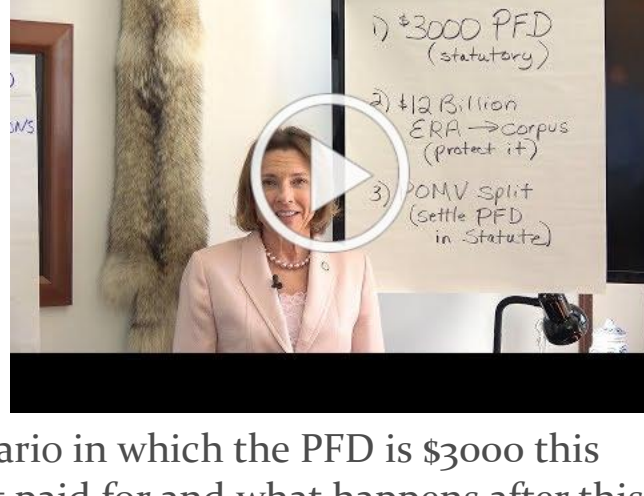
District N

Northeast Anchorage, Anchorage Hillside, Indian, Bird, Girdwood and Portage

April 30, 2019

Dear Friends and Neighbors:

Today's newsletter focuses on fiscal matters. The big issue that I get the most emails about is the Permanent Fund Dividend. In my newsletter video, I attempt to explain some of the issues around the Permanent Fund and the Dividend.



Yes, the Senate has suggested a scenario in which the PFD is \$3000 this year. The questions are - how is that paid for and what happens after this year?

In the video, you will see that the Permanent Fund has grown from the original \$734,000 deposit, to around \$65 billion today. That has happened because of investments which earned returns and the "inflation-proofing" (adding money to the Fund) that has been done over the years.

The Permanent Fund has two parts: the Corpus (which is locked up, out of reach) and the Earnings Reserve Account (ERA) which is very open to access. The PFD comes out of the ERA.

The \$65 billion in the Permanent Fund is divided into the Corpus and the ERA. The ERA has about \$19 billion and can be accessed with just a majority vote of the Legislature. That allows the Legislature to appropriate the PFD every year.

There's also our savings account. That's the Constitutional Budget Reserve (CBR), which requires a 3/4 vote of the Legislature to use. That's a pretty high bar, but over the past 8 years we have accessed the CBR and spent about \$14 billion out of it, leaving only about \$2 billion.

Back to this year's PFD: How will we pay for a \$3000 check, as the 39-year old law requires? To pay a PFD of that size will require about \$1.4 billion to pay. Should that be taken out of the CBR savings account, it would quickly empty it. Should it be taken out of the ERA - that would be possible, but would begin the process of eroding the ERA so that it would be nearly empty in just a few years.

In 1982, the Permanent Fund received its first deposit of \$734,000. That's when the law was written governing the PFD today. It was not considered fully what effect that would have 39 years later with a \$65 billion Permanent Fund.

When the Permanent Fund was established in 1977, the purpose of the Fund was stated: to CONSERVE the money, BENEFIT ALL GENERATIONS, provide SAFETY OF THE PRINCIPAL, maximize return, be a savings device managed to allow MAXIMUM USE OF DISPOSABLE INCOME.

Today's Senate proposal:

1. PFD \$3000 this year
2. Move \$12 billion of the ERA to the Corpus to protect it.
 1. This \$12 billion will earn another \$60 billion or more in 20 years
3. Re-establish a PFD plan that is realistic and doesn't drain the Permanent Fund, as the current law will do.

This is complicated. There are high emotions on all sides (give me money, spend the money to grow government services with free stuff, give me a tax).

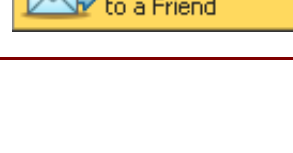
The Senate is patiently focused on a disciplined approach that reflects a long-term vision to benefit the people of Alaska.

In this week's newsletter you'll find:

- Senate Finance
- Property Crime Rates in Mid-Sized Cities
- Alaska Community Forest Council Seeks New Members

Best regards,
Cathy

[Click here to email me.](#)



Senate Finance

Wednesday, April 24th:

9:00am [SB 10](#) Extend Suicide Prevention Council, [SB 74](#) Internet for Schools, [SB 95](#) Land Transfers

[Click here for a link to the documents from the hearing.](#)

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

1:30pm [SB 32](#), [SB 35](#) Crime Bills

[Click here for a link to the documents from the hearing.](#)

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

Thursday, April 25th:

9:00am David Teal from Legislative Finance and [SB 32](#) Crime Bill

[Click here for a link to the documents from the hearing.](#)

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

Friday, April 26th:

9:00am [HB 39](#) Operating Budget, [HB 40](#) Mental Health Budget

[Click here for a link to the documents from the hearing.](#)

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

4:00pm [HB 39](#) Operating Budget, [HB 40](#) Mental Health Budget

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

Monday, April 29th:

9:00am [SB 10](#) Extend Suicide Prevention Council, [SB 103](#) PFD Appropriations

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

1:30pm [SB 104](#) PFD Appropriation Limit

[Click here for a link to the documents from the hearing.](#)

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

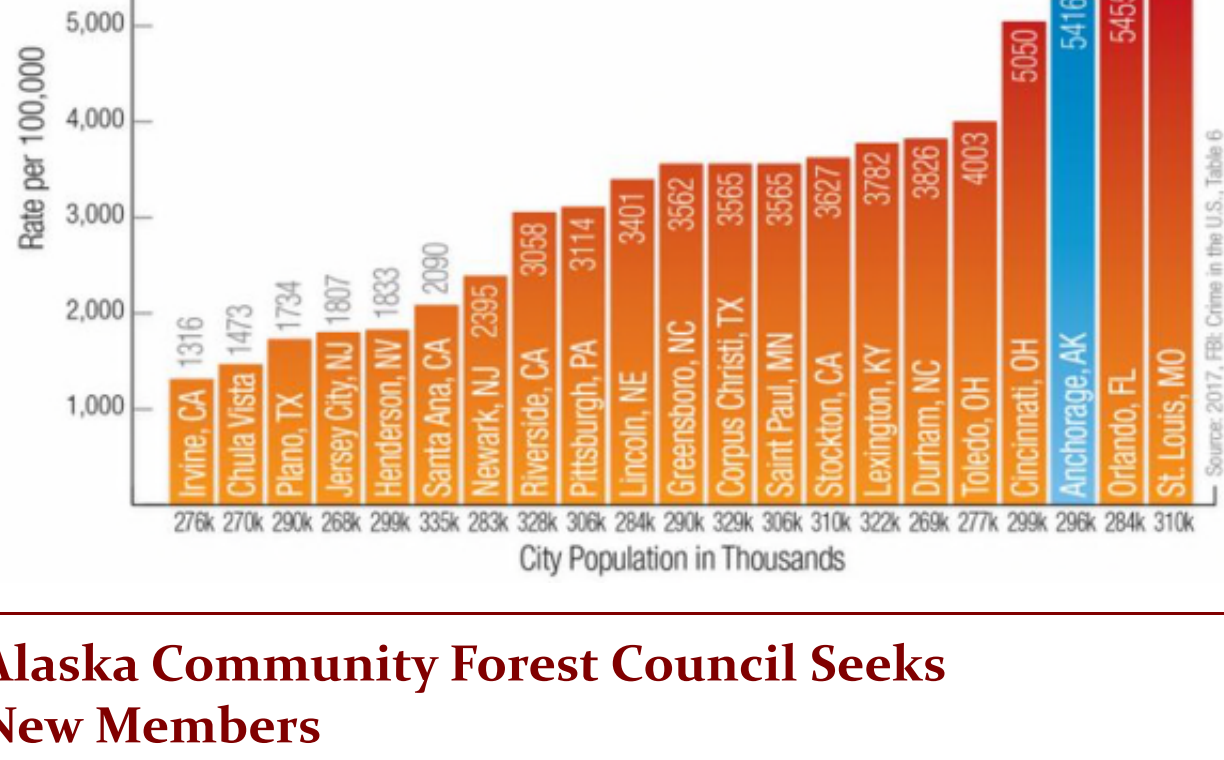
Tuesday, April 30th:

9:00am [SB 91](#) Nuyakuk Hydroelectric Site, [SB 103](#) PFD Appropriation, [SB 104](#) Appropriation Limit

[Click here for a link to the documents from the hearing.](#)

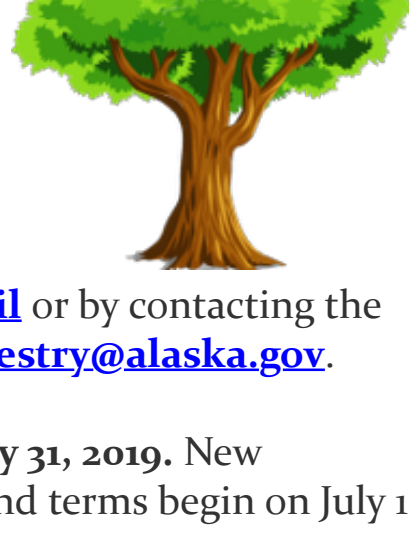
[Click here to watch a recording of the hearing.](#)

Property Crime Rates



Alaska Community Forest Council Seeks New Members

The Alaska Community Forest Council is seeking to fill several council seats in the following categories: Landscape Architect; Construction/Right of Way; Small Community Service; and Member-at-Large.



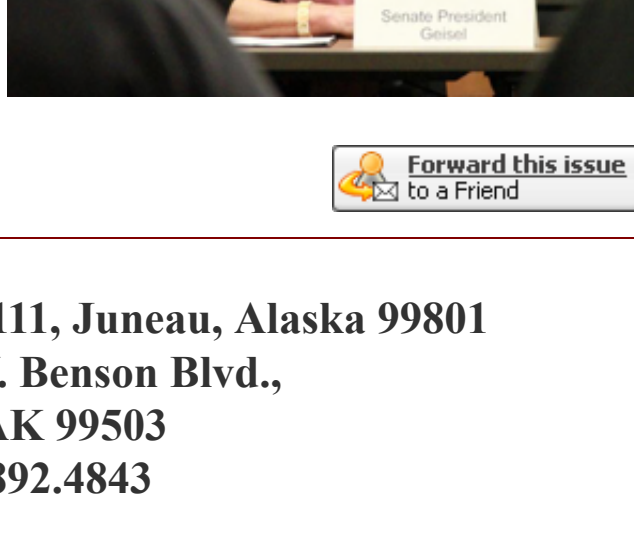
Applications and information about the council and the Division of Forestry's Community Forestry Program are available at <http://forestry.alaska.gov/community/council> or by contacting the Community Forestry Program at communityforestry@alaska.gov.

Applications are due no later than Friday, May 31, 2019. New appointees will be notified in early to mid-June and terms begin on July 1, 2019 and end June 30, 2020.

[Click here to read the full press release.](#)

It's a pleasure to serve and represent the wonderful people of district N!

I look forward to hearing your ideas, suggestions and comments.



[To email me, click here.](#)



Juneau: State Capitol, Room 111, Juneau, Alaska 99801
Anchorage: 1500 W. Benson Blvd.,
Anchorage, AK 99503
Phone: 800.892.4843

Copyright © 2019. All Rights Reserved.

Staff Contacts	Quick Links	Congressional Delegation	
Jane Conway	Senate Republican Majority	Senator Lisa Murkowski	Anchorage Office 907.271.3735
Akis Gialopos	Alaska State Legislature	Senator Dan Sullivan	Anchorage Office 907.271.5915
Kari Nore	State of Alaska	Congressman Don Young	Anchorage Office 907.271.5978
Emmie Jackson			