

APFC: Vision for Alaska's Financial Anchor

By Angela Rodell

As we observe the anniversary of the creation of the Alaska Permanent Fund Corporation (APFC) this month, it is noteworthy to laud the vision and leadership of the past, and imperative in my opinion to look forward - to bring that same extraordinary vision, leadership, and forethought to the now, the near, and the far.

Now – today, Alaska is the only State that earns the majority of its unrestricted general fund revenues from the global economy. No longer a "rainy day account," the Permanent Fund now provides more than two-thirds of the State's annual revenue – money that pays for education, public safety, clean water and other essential services.

Properly protected and managed, the Alaska Permanent Fund can continue to support the State.

First and foremost, as Alaskans, we must recognize our reliance on the Fund's earnings. In many ways, the Permanent Fund has now been 'activated' to provide revenue given state savings accounts are depleted, oil revenues alone are insufficient, and there isn't a general statewide tax base.

The percent of market value (POMV) draw from the Fund provides a reliable and stable source of state revenue and ensures that no more than a sustainable amount is taken from the Fund so it can offer benefits to the far, the future generations of Alaskans, as envisioned by voters 45 years ago.

The challenge lies in the near, maintaining the discipline necessary to not overspend from the Fund while the policy debate about Alaska's fiscal future is resolved, all the while continuing to support the entity that is tasked with managing these assets in an uncertain time.

The Fund cannot grow by itself. The Legislature created APFC in 1980 as a quasi-independent state entity tasked with the important mission of prudently investing and managing the assets of the Fund. It has been my pleasure to be part of this group of 50-plus professionals for the past six years. Under the guidance of the Board of Trustees, these highly-skilled, forward-thinking, service-oriented individuals have contributed to the Fund's governance, performance, transparency and growth, now valued at over \$76.3 billion.

Innovation and courage have been the definitive words over the past year as the APFC staff were able to invest, trade, account for and communicate virtually instantaneously from remote locations at the onset of the pandemic. As one of the largest market collapses in history was occurring and the world hunkered down in isolation, staff had the courage to look forward and recognize that the Fund could prosper, as they identified and capitalized on opportunities around the world. This courage and willingness to think past the now to the far is highlighted in the results - the Fund recovered from a low of \$58.7 billion on March 16, 2020 to \$76.3 billion on March 31, 2021.

This past year has taught us that change is powerful and brings new insights, opportunities, and connectivity. Our world has become more dynamic, more resilient, more inventive – as has our work environment. Platforms once judiciously applied are now accessible and acceptable, propelling us all to lean in to the possibilities.

Alaskans made extraordinary policy decisions in creating the Fund and establishing an investment corporation to generate wealth. They then let it grow and prosper for 40-plus years into a resource that we depend on today and one future Alaskans can count on tomorrow.

It is now time for us to envision what we want for our State, our communities, our children, our grandchildren, and their children – generations of Alaskans. The legacy that we have in the Alaska Permanent Fund – was once just that – a vision. Each of us can ensure that legacy continues for another 45 years and beyond.

Angela M. Rodell serves as the Chief Executive Officer of the Alaska Permanent Fund Corporation. Since becoming CEO, the Fund has grown by more than 30%. She previously served as Commissioner of the Department of Revenue.