



THE STATE
of **ALASKA**
GOVERNOR BILL WALKER

Department of Revenue
PERMANENT FUND DIVIDEND DIVISION
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March 10, 2017

Representative David Eastman
Alaska State Capitol, Room 114
Juneau, AK 99801

Representative Scott Kawasaki
Alaska State Capitol, Room 502
Juneau, AK 99801

Dear Representatives:

I am writing in response to the four questions that were presented in your March 8, 2017 request regarding the Pick.Click.Give. program.

Before answering the questions presented I believe background on the annual process of setting the Pick.Click.Give. amount to be pledged is crucial. At the inception of the Pick.Click.Give. program the division placed a limit on the amount available for pledging that was well above any dividend amount ever paid. As a result, the charitable organizations participating in the program were presented with inflated projections as the dividend amount was less than the amount pledged. At the time of payment, when pledges turn into actual contributions, only the amount available from the dividend is transferred. Working with Pick.Click.Give. administrative staff, it was determined that placing a "cap" or limit closer to the prior year dividend amount would allow for more reasonable reporting to the benefit of the charitable organizations participating. Because the dividend application process occurs months before the actual dividend calculation takes place it is impossible to provide a precise maximum, however a limit of some sort has always been part of the process and proven to be successful. Currently, Pick.Click.Give. actively participates on an annual basis to come up with the "cap" along with the PFD division.

Now to address your specific questions:

1. The estimated amount presented on the annual dividend application is projected from the prior year and agreed upon with Pick.Click.Give. administrative staff. For the 2017 application, the division met with Jason Grenn, Pick.Click.Give. Manager and Katie St. John, Director of Programs and Grants with Alaska Community Foundation, to set the 2017 pledge amount.
2. The original amount to pledge on the 2016 application was set at \$2,300.00. However when the budget was finalized, the division had better information to base a more realistic pledge amount on, therefore, the set amount was reduced. Again, this process occurred in an effort to allow newly received pledges to be more realistic for reporting

purposes, and was discussed at length and agreed upon with the Pick.Click.Give. administrative staff.

- The amounts listed below are based on the prior year's dividend, and a best guess estimates. They, in no way, reflect any actual dividend amounts. Set maximum Pick.Click.Give. pledge amounts:

<i>Dividend Year</i>	<i>Pick.Click.Give. limit</i>	<i>Dividend Amount</i>
2009	\$5,000.00	\$1,305.00
2010	\$5,000.00	\$1,281.00
2011	\$5,000.00	\$1,174.00
2012	\$1,500.00	\$878.00
2013	\$1,500.00	\$900.00
2014	\$1,800.00	\$1,884.00
2015	\$2,000.00	\$2,072.00
2016	\$2,300.00 reduced to \$1000.00	\$1,022.00
2017	\$1000.00	

- Providing exact numbers for individual pledges would be extremely difficult with over 49,000 pledges received in 2016. At any time through August 31st an individual has the ability to add, change, or withdraw their pledge. Unfortunately, the statistics being requested for each and every change would have to be tracked as overall pledge totals from July to August and would not provide the results requested. With that being said, year to year comparisons provide a good overview of the amount pledged to the amount actually contributed. In 2015, the difference between pledges and amount paid in contributions differed \$167,254.57 whereas in 2016 they differed \$306,568.97. As you can see by the numbers below, the closer that we "cap" the ability to give in comparison to the dividend amount, the more accurate numbers that charities are able to base their budgets on. In 2015, the difference was \$72.00, allowing for a very small variance in what was pledged, and what was actually contributed. In 2016, the cap for 90% of the season was a difference of \$1,278.00, which led to an inflated projection provided to charities. Either way, it was an estimate based on the prior year's dividend and varied from the actual dividend amount.

2015:
Pledges – 54,126
Amount - \$3,383,150.00

Actual Contributions – 52,033
Amount - \$3,215,895.43

Difference - \$167,254.57

2016:
Pledges – 49,816
Amount - \$3,187,150.00

Actual Contributions – 47,515
Amount - \$2,880,581.03

Difference - \$306,568.97

The Department of Revenue or the Permanent Fund Dividend Division is not attempting to estimate a PFD amount indirectly through the Pick.Click.Give. option. Based off of historical results a process was put into place in an effort minimize inflated pledge amounts, allowing the participating organization to better project their budgets. There is no benefit to providing the

charities with inflated numbers when the reality of their actual contributions can be estimated to very little detriment of the organization. Thus far, this process has included annual active participation of Pick.Click.Give, and has proven to be successful. If you haven't already done so, I highly encourage this same feedback to be requested from Sofia Fouquet, current Pick.Click.Give. Program Manager, as I am confident that our responses and intentions behind this process will not waiver.

Sincerely,

Sara Race



cc: Randall Hoffbeck, Commissioner, Department of Revenue
Jerry Burnett, Deputy Commissioner, Department of Revenue