APFC ALASKA PERMANENT FUND CORPORATION

Alaska Resource EDUCATION

THE PERMANENT FUND
ALASKA'S RENEWABLE REVENUE

LESSON & ACTIVITY BOOK

Table of Contents

Introduction

The Alaska Permanent Fund was established in 1976 to permanently save and invest at least 25% of the state's oil royalties for intergenerational benefit.

The Alaska Permanent Fund Corporation (APFC) is a state-owned corporation based in Juneau, Alaska that manages the assets of the Alaska Permanent Fund and other funds designated by law. APFC's pioneering investment model has been recognized globally for successfully converting nonrenewable resources into a renewable revenue stream of intergenerational wealth. This has been accomplished by permanently saving a portion of Alaska's natural resource royalty, protecting its long-term value, and investing it in a well-diversified portfolio of income-producing financial assets.

As the investment manager of Alaska's largest renewable financial resource, APFC recognizes the Alaska Permanent Fund and the youth are essential aspects of Alaska's future. The lessons in this workbook were created to teach and empower Alaska's youth, at middle school and high school education levels, about financial literacy, the Fund, its structure, investment management, and how the Fund is used to convert nonrenewable resources into a renewable economic resource for Alaska.

Standards Crosswalk

GRADE 6-8		
OBJECTIVE	Geography	Economics
SS.6-8.1.3 SS.6-8.1.4 SS.6-8.4.1 SS.6-8.4.3 SS.6-8.5.2 SS.6-8.5.3	SS.6.3.16.2 SS.6.3.16.3 SS.6.3.16.4 SS.6.3.16.6	SS.6.3.15.1

GRADE 9-12				
Inquiry	Civics	Economics	Geography	History
SS.9-12.1.3 SS.9-12.3.3 SS.9-12.4.5 SS.9-12.4.8	SS.AKH.6.8.1 SS.AKH.3.9.1 SS.9-12.9.7	SS.AKH.6.11.1 SS.AKH.6.15.1 SS.9-12.15.1 SS.9-12.15.2 SS.9-12.15.3	SS.9-12.20.5	SS.AKH.623-1

The Permanent Fund:
Alaska's Renewable Revenue Videos

Alaska's Renewable Revenue is curriculum developed in partnership with the Alaska Permanent Fund Corporation and Alaska Resource Education (ARE). Students will learn about the Alaska Permanent Fund, investing, how smart investors use diversification to ensure stability and maximize on returns, while learning about the value the Fund provides our state.

ARE Video Resource Codes: (YouTube)

Check out the videos developed for the curriculum (Vimeo).

The Permanent Fund – Alaska's Renewable Revenue
APFC Video Resource Link
https://vimeo.com/akresource/alaskasrenewablerevenue?share=copy

The Permanent Fund – Diversification
APFC Video Resource Link
https://vimeo.com/akresource/arrdiversity?share=copy

The Permanent Fund in Action
APFC Video Resource Link
https://vimeo.com/1065956479?share=copy

Alaska's Renewable Revenue Questions

NAME(S): ____

Video 1 - The Permanent Fund - Alaska's Renewable Revenue

1. Name at least three benefits of the oil industry in Alaska.

2. What was built in 1970 to transport oil and is 800 miles long?

3. What was created to help ensure money for future generations, even after the oil stops flowing?

4. What percent of money from royalties for leasing land for oil, gas and mining goes into the Fund?

5. What is the name of the account where profits from investing go?

6. Since 1976, how much income has the Permanent Fund provided for Alaska?

7. Is Alaska's Legislature allowed to spend as much money as they want from the Earnings Reserves Account? Why or why not?

8. What are some examples of things the Fund pays for?

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Diversification Questions

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1. What are some of the natural resources in Alaska that fuel our economy?

2. What is Alaska's biggest single source of revenue?

3. What do the APFC team of experts do to help the Permanent Fund grow?

4. Which four categories do the APFC team of experts invest in?

5. What is diversification and why is that the strategy that APFC uses?

6. What is the savings account of the Permanent Fund called?

7. How does a diverse diet relate to diverse investments for the Fund?

8. Diversifying our investments is not about making a quick buck. It's about ____?

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The Fund in Action Questions

NAME(S): ____

Video 3 - The Permanent Fund In Action

1. Why, in 1976, did Alaska's leaders decide to start using a portion of the state's oil royalties to create a "Permanent Fund"?

2. How has the Alaska Permanent Fund grown from $734,000 to over $80 Billion today?

3. How do the Alaska Permanent Fund earnings benefit you?

4. Up to what percentage of the Alaska Permanent Fund's market value can be spent each year? [Alaska State Statue 37.13]

5. Today, how much of our State Budget is funded by the Alaska Permanent Fund earnings?

6. Why is the Alaska Permanent Fund important?

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Alaska's Renewable Revenue Answers

NAME(S): ANSWERS

Video 1 - The Permanent Fund - Alaska's Renewable Revenue

1. Name at least three benefits of the oil industry in Alaska.
   ANSWER: Jobs, development, "sweet" work schedule [0:10]

2. What was built in 1970 to transport oil and is 800 miles long?
   ANSWER: Trans-Alaska Pipeline (TAPS) [0:20]

3. What was created to help ensure money for future generations, even after the oil stops flowing?
   ANSWER: Alaska Permanent Fund (APFC) [0:39]

4. What percent of money from royalties for leasing land for oil, gas and mining goes into the Fund?
   ANSWER: At least 25%, per the Alaska State Constitution [1:04]

5. What is the name of the account where profits from investing go?
   ANSWER: Earnings Reserve Account [1:30]

6. Since 1976, how much income has the Permanent Fund provided for Alaska?
   ANSWER: Over $80 Billion [1:44]

7. Is Alaska's Legislature allowed to spend as much money as they want from the Earnings Reserves Account? Why or why not?
   ANSWER: No, they made a rule that limits the amount they can take from the Fund every year [2:09]

8. What are some examples of things the Fund pays for?
   ANSWER: Schools, public safety, natural resources, PFD [2:27]

Diversification Answers

NAME(S): ANSWERS

Video 2 - The Permanent Fund – Diversification

1. What are some of the natural resources in Alaska that fuel our economy?
   ANSWER: Oil and gas, mining, fishing [0:08]

2. What is Alaska's biggest single source of revenue?
   ANSWER: The Alaska Permanent Fund [0:19]

3. What do the APFC team of experts do to help the Permanent Fund grow?
   ANSWER: Invest the money from the Permanent Fund [0:48]

4. Which four categories do the APFC team of experts invest in?
   ANSWER: Stocks, bonds, real estate, and private equity [1:04]

5. What is diversification and why is that the strategy that APFC uses?
   ANSWER: Diversification is spreading your investments among different investment categories or asset classes. This is done so that if one investment goes badly, the others can still do well. [1:25]

6. What is the savings account of the Permanent Fund called?
   ANSWER: The Principal [1:50]

7. How does a diverse diet relate to diverse investments for the Fund?
   ANSWER: A diverse diet means you eat a variety of foods, and if something goes wrong with one food source, it is okay, because you have other options. In that sense, your diet is balanced and healthy and you are not relying on any one food source to keep you alive. [2:00 – 2:50]

8. Diversifying our investments is not about making a quick buck. It's about ____?
   ANSWER: Sustainable, long-term growth [3:00]

The Fund in Action Answers

NAME(S): ANSWERS

Video 3 - The Permanent Fund In Action

1. Why, in 1976, did Alaska's leaders decide to start using a portion of the state's oil royalties to create a "Permanent Fund"?
   ANSWER: Because oil is a nonrenewable resource. To save and invest for the future. To create a renewable revenue resource. [0:56]

2. How has the Alaska Permanent Fund grown from $734,000 to over $80 Billion today?
   ANSWER: By diversifying investments in real estate, stocks, bonds, and businesses. [1:20]

3. How do the Alaska Permanent Fund earnings benefit you?
   ANSWER: It helps to fund essential services like state parks, education, public safety, highways, and emergency services.
   A portion of the funds' earnings are shared through annual Permanent Fund Dividend checks. [2:10]

4. Up to what percentage of the Alaska Permanent Fund's market value can be spent each year? [Alaska State Statue 37.13]
   ANSWER: 5% [2:47]

5. Today, how much of our State Budget is funded by the Alaska Permanent Fund earnings?
   ANSWER: Over 50% (2024 = more than 60%)
   [3:26*]
   ***Answer to this question is found at [2:58] but previous pause-point is too close to this time. Allowing video to play until [3:26] before pausing explains what funds help support.**

6. Why is the Alaska Permanent Fund important?
   ANSWER: It helps pay for many of the things we need today. It helps support Alaska's future. It helps turn nonrenewable resources into a renewable resource through investing. [4:07]

Create-a-State Game

Essential Question: How do states have money to run their government? What role do natural resources play?

Grade:
9-12

Time:
One class period

Overview:
Students will learn about how Alaska became and stayed a state due to its natural resources (primarily, oil resources) and to challenge them to think about how you can transform a nonrenewable resource into a renewable resource.

Assessment:
Can the student effectively describe how the Alaska government funds its needs with different revenue streams? Can the student articulate potential issues with having a non-diverse revenue stream?

Vocabulary:
Natural resources, renewable resources, nonrenewable resources, revenue, oil reservoir, commercial fishing, taxes, investment

TEACHER INFORMATION AND PROCEDURE

Create-a-State teacher training
Scan the QR code to watch the teacher training video.

Prior knowledge for students:
The student should be able to define and give an example of a source of revenue for the state. They should understand what industries (resources) are major economic contributors to the state of Alaska.

Materials needed:
- Resource generation cards
- Oil, fish, and mineral cards

What to do in advance:
- Print out 1 set of Resource Generation cards
- Print out oil/fish/mineral cards (1 set of each needed per group, i.e., if you have 5 groups, you need 5 sets)
- Option to laminate all cards

Scan to view Teacher Training

Create-a-State Game

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TEACHING THE LESSON

Gear-up:

- Ask students what they think the state of Alaska helps pay for around their community or the state. Discuss things like schools, university, roads, ports, troopers, village public safety officer, fish and game, medical programs for those in need, etc.
- Ask students how the state can afford those expenses. Where does the money come from?

Explore:

In teams of 4 or 5, students are tasked with starting a brand-new state and generating revenue to meet the budget needs of their government. To make money, they can sell off three of their most plentiful resources: oil, minerals, and fish. Explain that oil and minerals are nonrenewable resources, and fish are renewable. Thus, once the nonrenewable resources are sold off, they cannot be replenished. However, at the end of each round, the students have the opportunity to replenish their fish resource, if they have at least one fish card left.

The goal of the game is for students to meet their government's annual budget demands of $80,000 using only these resources as their revenue streams, and to make them last as long as possible. They should also consider whether these resources are enough to fully support their government.

How to play the game:

Pass out 5 oil cards, 3 mineral cards, and 3 fish cards randomly to each group. Remaining cards should be sorted by type but randomized in a pile (1 pile for leftover oil, 1 for leftover fish, and 1 for leftover minerals).

Create-a-State Game

Year 1:

Each team draws a Resource Generation card and reads it out loud to the group. They will do what the card tells them to do, which may be either drawing or discarding a resource card, or no action. The teacher will collect all discarded cards and pass out new cards to those who need them. The students can choose which cards they want to discard but if they are drawing a new card, it will be random.

After each team has drawn and completed their actions, all teams will pay $80,000 to their government (a separate pile face down so it is clearly separate from their resource money cards, or the teacher will come around and collect). They can use any combination of their resource cards to pay their government. Once they pay, any group that has at least one fish card left gets one new fish card before the next round.

Year 2 – x:

Repeat the previous steps. When a team runs out of their fish cards, they no longer get a fish card replenished (they overfished the resource).

When a team can no longer pay the yearly budget using their natural resources, they are out. Let the other teams continue to play until none of the teams can still pay their government.

If a team does not have the exact "change" they have to pay at least $80,000 (e.g., if they only have $90,000 they have to pay that much).

You may optionally add variation to the state budget each year – e.g., the state has approved a lot of road construction projects for this upcoming season, so the state budget this year is $100,000.

Create-a-State Game

Generalize

Discuss with students what factors (environmental and human) from the resource generation cards helped and which ones hurt their ability to meet their state budget each year.

- When considering the type of resources available, which are nonrenewable and which are renewable? How did this impact your ability to use these resources?
- What can be done to support your state when nonrenewable resources no longer can?
- Is there a way to make revenue from natural resource industries (oil and mining) last longer, despite them being a nonrenewable resource?

Discuss why having diverse revenue streams in Alaska are important, and the other resources that already contribute significant revenue for the state.

What might they do if they were given a large amount of money that they could use today and also have for their future?

Introduce the concept of the Alaska Permanent Fund, which was established in 1976 to invest some of the revenue obtained from Alaska's oil and gas reserves. Managed by the Alaska Permanent Fund Corporation (APFC), the Fund's value today is over $80 billion dollars, which has grown from the first deposit from oil revenues of $734,000 in 1977.

Show the students the video "The Permanent Fund – Alaska's Renewable Revenue." Scan QR code below.

Extensions, adaptations, and more resources

- Have the students play the game again with additional natural resources and discuss similarities/differences with the outcome
- Have the students create their own Resource Generation cards
- Explore Alaska's state budget

Scan to view Video

Create-a-State Game:
Doodle Notes

NAME(S): ______________________________

1. Brainstorm all the things needed to run a State government.

2. Where does the money come from?

3. What do we use the money for?

Create-a-State Game:
Doodle Notes

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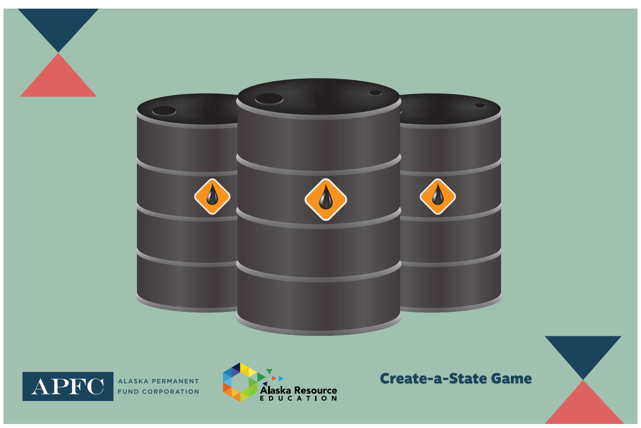
Create-a-State Game:
Resource Cards (Front)



Create-a-State Game:
Resource Cards (Back)

100 Barrels
$10,000

PERMANENT FUND ALASKA'S RENEWABLE REVENUE

100 Barrels
$10,000

PERMANENT FUND ALASKA'S RENEWABLE REVENUE

200 Barrels
$20,000

PERMANENT FUND ALASKA'S RENEWABLE REVENUE

200 Barrels
$20,000

PERMANENT FUND ALASKA'S RENEWABLE REVENUE

300 Barrels
$30,000

PERMANENT FUND ALASKA'S RENEWABLE REVENUE

300 Barrels
$30,000

PERMANENT FUND ALASKA'S RENEWABLE REVENUE

Create-a-State Game:
Resource Cards (Front)

Create-a-State Game:
Resource Cards (Back)

500 Barrels
$50,000

500 Barrels
$50,000

10 Tons
$10,000

10 Tons
$10,000

20 Tons
$20,000

20 Tons
$20,000

Create-a-State Game: Resource Cards (Front)

Create-a-State Game:
Resource Cards (Back)

30 Tons
$30,000

30 Tons
$30,000

50 Tons
$50,000

50 Tons
$50,000

450 oz. Silver
$10,000

450 oz. Silver
$10,000

Create-a-State Game: Resource Cards (Front)

Create-a-State Game:
Resource Cards (Back)

10 oz. Gold
$20,000

THE PERMANENT FUND
ALASKA'S
RENEWABLE
REVENUE

10 oz. Gold
$20,000

THE PERMANENT FUND
ALASKA'S
RENEWABLE
REVENUE

12 oz. Zinc
$30,000

THE PERMANENT FUND
ALASKA'S
RENEWABLE
REVENUE

12 oz. Zinc
$30,000

THE PERMANENT FUND
ALASKA'S
RENEWABLE
REVENUE

6 Tons Copper
$50,000

THE PERMANENT FUND
ALASKA'S
RENEWABLE
REVENUE

6 Tons Copper
$50,000

THE PERMANENT FUND
ALASKA'S
RENEWABLE
REVENUE

Create-a-State Game:
Resource Cards (Front)

RESOURCE
Generation

APFC Alaska Permanent Fund Corporation
Alaska Resource Education
Create-a-State Game

RESOURCE
Generation

APFC Alaska Permanent Fund Corporation
Alaska Resource Education
Create-a-State Game

RESOURCE
Generation

APFC Alaska Permanent Fund Corporation
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APFC Alaska Permanent Fund Corporation
Alaska Resource Education
Create-a-State Game

RESOURCE
Generation

APFC Alaska Permanent Fund Corporation
Alaska Resource Education
Create-a-State Game

Create-a-State Game:
Resource Cards (Back)

An oil company in your state discovered a new oil reservoir.
DRAW 1 OIL CARD

An oil company in your state had a spill.
DISCARD 1 OIL CARD

Oil production was good this year.
DRAW 1 OIL CARD

Oil prices crash!
DISCARD 2 OIL CARDS

New land was opened up for oil exploration.
DRAW 1 OIL CARD

Oil prices dropped due to global market conditions.
DISCARD 1 OIL CARD

Create-a-State Game:
Resource Cards (Front)

RESOURCE
Generation

APFC ALASKA PERMANENT FUND CORPORATION
Alaska Resource EDUCATION
Create-a-State Game

RESOURCE
Generation

APFC ALASKA PERMANENT FUND CORPORATION
Alaska Resource EDUCATION
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RESOURCE
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Alaska Resource EDUCATION
Create-a-State Game

RESOURCE
Generation

APFC ALASKA PERMANENT FUND CORPORATION
Alaska Resource EDUCATION
Create-a-State Game

Create-a-State Game:
Resource Cards (Back)

Frozen pipes halt oil production for a few days.
DISCARD 1 OIL CARD

A new oil company came to Alaska.
DRAW 1 OIL CARD

Oil prices are stable.
NO ACTION

War breaks out, and the U.S. can't trade for oil, so Alaska must drill for more oil.
DRAW 1 OIL CARD

A permit is denied for an oil exploration project.
DISCARD 1 OIL CARD

Normal oil production year.
NO ACTION

Create-a-State Game:
Resource Cards (Front)

RESOURCE
Generation

APFC ALASKA PERMANENT FUND CORPORATION

Alaska Resource EDUCATION

Create-a-State Game

RESOURCE
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Alaska Resource EDUCATION

Create-a-State Game

Create-a-State Game:
Resource Cards (Back)

There was a great run of salmon this year!
DRAW 2 FISH CARDS

The fishing industry could not find enough employees to fish.
DISCARD 1 FISH CARD

A warming climate decreases fish populations.
DISCARD 1 FISH CARD

An invasive fish species starts to impact Alaska fish runs.
DISCARD 1 FISH CARD

Gas prices go down and fishing is less expensive.
DRAW 1 FISH CARD

Commercial fishing is business as usual.
NO ACTION

Create-a-State Game:
Resource Cards (Front)

RESOURCE
Generation

APFC ALASKA PERMANENT FUND CORPORATION
Alaska Resource EDUCATION
Create-a-State Game

RESOURCE
Generation

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Create-a-State Game

Create-a-State Game:
Resource Cards (Back)

A restoration project helped fish spawning habitats.
DRAW 1 FISH CARD

Upgrades to commercial fishing boats increased production.
DRAW 1 FISH CARD

Gas prices go up, and fishing is more expensive.
DISCARD 1 FISH CARD

The local community is worried your commercial fishing is hurting their fishing.
DISCARD 1 FISH CARD

Fishing is stable.
NO ACTION

The weather was nice, you were able to fish more days.
DRAW 1 FISH CARD

Create-a-State Game:
Resource Cards (Front)

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Generation

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Alaska Resource EDUCATION
Create-a-State Game

Create-a-State Game:
Resource Cards (Back)

Mineral production is excellent.
DRAW 2 MINERAL CARDS

One of your large mines came to the end of its mine life.
DISCARD 2 MINERAL CARDS

A new mineral deposit was discovered by an exploration company.
DRAW 1 MINERAL CARD

An exploration mine got several of its permits denied.
DISCARD 1 MINERAL CARD

Good production year for your mining industry.
DRAW 1 MINERAL CARD

An advanced exploration mining project got its permits accepted.
DRAW 1 MINERAL CARD

Create-a-State Game:
Resource Cards (Front)

RESOURCE
Generation

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Create-a-State Game

RESOURCE
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Alaska Resource EDUCATION
Create-a-State Game

Create-a-State Game:
Resource Cards (Back)

An increased production of renewal energy technology creates demand for mineral commodities.
DRAW 1
MINERAL CARD

A large deposit of a rare earth mineral discovered in your state leads to increased industry activity.
DRAW 1
MINERAL CARD

A lawsuit is filed against your project. The project is delayed in court.
DISCARD 1
MINERAL CARD

An advanced exploration mining project got its permits denied.
DISCARD 1
MINERAL CARD

Mineral prices dropped and companies had to let employees go.
DISCARD 1
MINERAL CARD

One of your mining companies gets a fine for being out of compliance with a permit.
DISCARD 1
MINERAL CARD

The Permanent Fund:
A Renewable Financial Resource Game

Essential Question: How do the revenues from Alaska's oil and gas industries provide for Alaskans today and in the future? How does Alaska invest the Permanent Fund and manage it for the long run, as a renewable financial resource? What are the risks/rewards associated with investing and why is it important to diversify your investments?

Grade:
9-12

Time:
One class period

Overview:
Students will demonstrate how the Alaska Permanent Fund is managed as a renewable financial resource for Alaska. Students will learn what investments are and understand the importance of long-term investing and diversification.

Assessment:
Can the student:
- Explain how Alaska uses the Permanent Fund to benefit Alaskans today and save money for future generations?
- Who manages and invests the Permanent Fund?
- Explain what an investment is and why diversification is important?
- Define and give an investment example of a stock, bond, and real estate.

Vocabulary:
Financial Market Report, Investment, Diversification, Long-term Investment, Principal, Bonds, Inflation, Real Estate, Reward, Risk, Stocks, Taxes

TEACHER INFORMATION AND PROCEDURE

The Permanent Fund: A Renewable Financial Resource teacher training
Scan the QR code to watch the teacher training video.

Scan to view Teacher Training

Prior knowledge for students:
Students should be able to articulate the purpose of the Alaska Permanent Fund, and give examples of common investments.

Materials needed:
- "How to Invest" PowerPoint slides: https://tinyurl.com/yc3nc83v
- Financial market report cards
    - Play money:
        - $1,000 per group: 8 x $100, 18 x $10, 20 x $1
        - One bank set per class: mixed denomination pack of play money (e.g., $340 per class: 20 x $10's, 20 x $5s, 40 x $1's)

Scan to view PowerPoint

What to do in advance:
- Print out 1 set of market cards (laminate-optional)
- Separate money into the correct (listed above) amounts for each group.
- Have 4 different colored or labeled bins for each team's money:
    - Cash • Stocks • Bonds • Real estate
- Ask students how the state can afford those expenses. Where does the money come from?

The Permanent Fund:
A Renewable Financial Resource Game

Gear-up:
Ask the students if they earned a lot of money, what would they do with it. Would they spend it all right away? Would they save some for the future, and if so, how much and why? Ask them about other ideas they might have to do with their savings, like investing it to earn more money. Ask them if a state government had savings, what could they do with it?

Have the students brainstorm examples of how a state could use its money. How can they make their savings renewable through investing to be able to use some today and make sure there is always some left for the future? Introduce the concepts of investment and diversification. Discuss the importance of not putting all your money in one place, as well as the potential risk and rewards of each type of investment. Ask students what factors could impact a state's savings and their investments.

Explore:
Students should be placed in the same teams as the previous lesson, and that they again are representing their newly founded state. Explain that the natural resources alone can no longer provide enough to support the state and so they are responsible for investing some of the revenue from natural resources to support the government today and ensure that it can continue to support them in the future. The point of the game is to support your government today while also growing your pool of money each year, and the team with the most money at the end of the game wins.

Year 1
Each team starts with the same amount of money, $1,000.

Each team can invest as little or as much of their money as they want into the three different investment types (stocks, bonds, and real estate). They can also put money into their savings if they don't want to invest.

The teacher will draw a financial market report card and read it to the whole group. (These cards can be reused if needed). Using this information, the team must calculate how much money their investments made or lost based on how much they had in each type of investment. If they lost money overall, they will pay it to the bank (teacher); if they gained revenue from an investment, the bank (teacher) will pay them.

			INITIAL	$
INVESTMENT TYPE	**INVESTMENT AMOUNT**	**MARKET REPORT (Gained or Lost %)**	**AMOUNT GAINED OR LOST**	**VALUE OF ACCOUNT AFTER MARKET REPORT**
Stocks	$100	-5%	100 x 0.05 = 5	100 - 5 = $95
Bonds	$400	3%	400 x 0.3 = 12	400 + 0.3 = 12
Real Estate	$300	10%	300 x 0.10 = 30	300 + 30 = $330
Savings	$200	N/A	N/A	$200
			TOTAL	$1,037
			AMOUNT GAINED OR LOST (FINAL - INITIAL)	$1,037 - $1,000 = $37

For year 2, each team can change their investment allocations if they desire. At the end of the round, students calculate their revenue gained or lost in the same manner as above.

After the 5th year, each team should count their money to see which generated the most investment earnings over the course of the 5 years.

Generalize:
Discuss with the students how the Alaska Permanent Fund through prudent investment, transforms a portion of Alaska's nonrenewable resources into a renewable financial resource. The goal is to make sure the Principal is maintained, that the Fund is invested to achieve the maximum returns possible – with as little risk as possible, and to generate consistent revenues to support Alaskans today while ensuring that it can also benefit future generations.

Watch the video "Alaska's Renewable Revenue: Diversification." Scan QR code below.

Extensions, adaptations, and more resources:
Have students research and present how much money the Permanent Fund contributes to Alaska every year. How many people work to manage the Permanent Fund and what types of investments do they make? Discuss how oil revenues (price and production) affect the state's revenue stream, and how the role of the Permanent Fund has evolved over the years to support the state and all Alaskans.

Scan to view Video

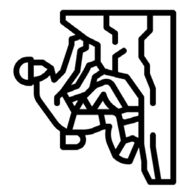
The Permanent Fund:
A Renewable Financial Resource Game

NAME(S): ____

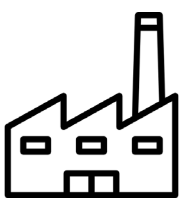
Investing revenue from Alaska's natural resources for future generations.

1st Deposit 1977: $734,000
Today's investments worth
over $80 Billion

Compound Interest
Interest on top of interest



Risk Tolerance



Stocks
Partial **ownership**
in a company
High Risk / Return

Bonds
Loan to a company or government with guaranteed rate of return after a set amount of time **Moderate** Risk / Return

Real-Estate
Property ownership:
buildings or land
Variable Risk / Return

Diversified Portfolio
"Don't put all your eggs in one basket!"

Bull Market
"Boldly charging ahead"

Bear Market
"Running away scared"

Savings
Bank account
Low Risk / [No] Return

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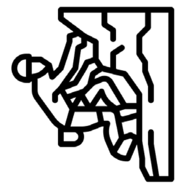

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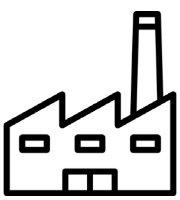

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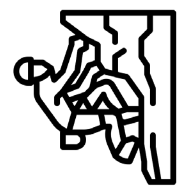

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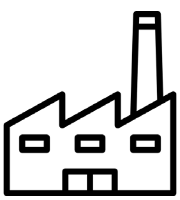

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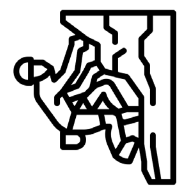

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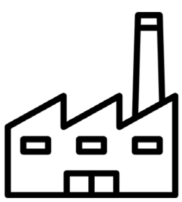

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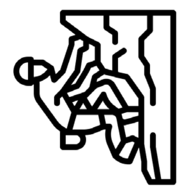

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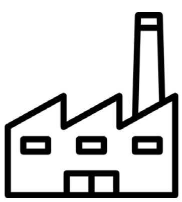

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The Permanent Fund:
A Renewable Financial Resource Game

Market Report Tracking

SAMPLE

			INITIAL	$
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Savings	$200	N/A	N/A	$200
			TOTAL	$1,037
AMOUNT GAINED OR LOST (FINAL - INITIAL)				$1,037 - $1,000 = $37

YEAR 1

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INVESTMENT TYPE	INVESTMENT AMOUNT	MARKET REPORT (Gained or Lost %)	AMOUNT GAINED OR LOST	VALUE OF ACCOUNT AFTER MARKET REPORT
Stocks				
Bonds				
Real Estate				
Savings		N/A	N/A	
			TOTAL	
AMOUNT GAINED OR LOST (FINAL - INITIAL)				

YEAR 2

			INITIAL	$
INVESTMENT TYPE	INVESTMENT AMOUNT	MARKET REPORT (Gained or Lost %)	AMOUNT GAINED OR LOST	VALUE OF ACCOUNT AFTER MARKET REPORT
Stocks				
Bonds				
Real Estate				
Savings		N/A	N/A	
			TOTAL	
AMOUNT GAINED OR LOST (FINAL - INITIAL)				

The Permanent Fund:
A Renewable Financial Resource Game

Market Report Tracking

YEAR 3

			INITIAL	$
INVESTMENT TYPE	INVESTMENT AMOUNT	MARKET REPORT (Gained or Lost %)	AMOUNT GAINED OR LOST	VALUE OF ACCOUNT AFTER MARKET REPORT
Stocks				
Bonds				
Real Estate				
Savings		N/A	N/A	
			TOTAL	
			AMOUNT GAINED OR LOST (FINAL - INITIAL)	

YEAR 4

			INITIAL	$
INVESTMENT TYPE	INVESTMENT AMOUNT	MARKET REPORT (Gained or Lost %)	AMOUNT GAINED OR LOST	VALUE OF ACCOUNT AFTER MARKET REPORT
Stocks				
Bonds				
Real Estate				
Savings		N/A	N/A	
			TOTAL	
			AMOUNT GAINED OR LOST (FINAL - INITIAL)	

YEAR 5

			INITIAL	$
INVESTMENT TYPE	INVESTMENT AMOUNT	MARKET REPORT (Gained or Lost %)	AMOUNT GAINED OR LOST	VALUE OF ACCOUNT AFTER MARKET REPORT
Stocks				
Bonds				
Real Estate				
Savings		N/A	N/A	
			TOTAL	
			AMOUNT GAINED OR LOST (FINAL - INITIAL)	

The Permanent Fund:
A Renewable Financial Resource Game

Market Report Tracking

SAMPLE

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Stocks				
Bonds				
Real Estate				
Savings		N/A	N/A	
			TOTAL	
			AMOUNT GAINED OR LOST (FINAL - INITIAL)	

YEAR 2

			INITIAL	$
INVESTMENT TYPE	INVESTMENT AMOUNT	MARKET REPORT (Gained or Lost %)	AMOUNT GAINED OR LOST	VALUE OF ACCOUNT AFTER MARKET REPORT
Stocks				
Bonds				
Real Estate				
Savings		N/A	N/A	
			TOTAL	
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The Permanent Fund:
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YEAR 3

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Stocks				
Bonds				
Real Estate				
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YEAR 4

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Stocks				
Bonds				
Real Estate				
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			TOTAL	
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YEAR 5

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YEAR 2

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INVESTMENT TYPE	INVESTMENT AMOUNT	MARKET REPORT (Gained or Lost %)	AMOUNT GAINED OR LOST	VALUE OF ACCOUNT AFTER MARKET REPORT
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Real Estate				
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Market Report Tracking

YEAR 3

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INVESTMENT TYPE	INVESTMENT AMOUNT	MARKET REPORT (Gained or Lost %)	AMOUNT GAINED OR LOST	VALUE OF ACCOUNT AFTER MARKET REPORT
Stocks				
Bonds				
Real Estate				
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YEAR 4

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INVESTMENT TYPE	INVESTMENT AMOUNT	MARKET REPORT (Gained or Lost %)	AMOUNT GAINED OR LOST	VALUE OF ACCOUNT AFTER MARKET REPORT
Stocks				
Bonds				
Real Estate				
Savings		N/A	N/A	
			TOTAL	
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YEAR 5

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Stocks				
Bonds				
Real Estate				
Savings		N/A	N/A	
			TOTAL	
AMOUNT GAINED OR LOST (FINAL - INITIAL)				

YEAR 2

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Stocks				
Bonds				
Real Estate				
Savings		N/A	N/A	
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Bonds				
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Bonds				
Real Estate				
Savings		N/A	N/A	
			TOTAL	
			AMOUNT GAINED OR LOST (FINAL - INITIAL)	

The Permanent Fund:
A Renewable Financial Resource Game

Market Report Tracking

SAMPLE

			INITIAL	$
INVESTMENT TYPE	INVESTMENT AMOUNT	MARKET REPORT (Gained or Lost %)	AMOUNT GAINED OR LOST	VALUE OF ACCOUNT AFTER MARKET REPORT
Stocks	$100	-5%	100 x 0.05 = 5	100 - 5 = $95
Bonds	$400	3%	400 x 0.3 = 12	400 + 0.3 = 12
Real Estate	$300	10%	300 x 0.10 = 30	300 + 30 = $330
Savings	$200	N/A	N/A	$200
			TOTAL	$1,037
			AMOUNT GAINED OR LOST (FINAL - INITIAL)	$1,037 - $1,000 = $37

YEAR 1

			INITIAL	$
INVESTMENT TYPE	INVESTMENT AMOUNT	MARKET REPORT (Gained or Lost %)	AMOUNT GAINED OR LOST	VALUE OF ACCOUNT AFTER MARKET REPORT
Stocks				
Bonds				
Real Estate				
Savings		N/A	N/A	
			TOTAL	
			AMOUNT GAINED OR LOST (FINAL - INITIAL)	

YEAR 2

			INITIAL	$
INVESTMENT TYPE	INVESTMENT AMOUNT	MARKET REPORT (Gained or Lost %)	AMOUNT GAINED OR LOST	VALUE OF ACCOUNT AFTER MARKET REPORT
Stocks				
Bonds				
Real Estate				
Savings		N/A	N/A	
			TOTAL	
			AMOUNT GAINED OR LOST (FINAL - INITIAL)	

Market Report Tracking

YEAR 3

			INITIAL	$
INVESTMENT TYPE	INVESTMENT AMOUNT	MARKET REPORT (Gained or Lost %)	AMOUNT GAINED OR LOST	VALUE OF ACCOUNT AFTER MARKET REPORT
Stocks				
Bonds				
Real Estate				
Savings		N/A	N/A	
			TOTAL	
AMOUNT GAINED OR LOST (FINAL - INITIAL)				

YEAR 4

			INITIAL	$
INVESTMENT TYPE	INVESTMENT AMOUNT	MARKET REPORT (Gained or Lost %)	AMOUNT GAINED OR LOST	VALUE OF ACCOUNT AFTER MARKET REPORT
Stocks				
Bonds				
Real Estate				
Savings		N/A	N/A	
			TOTAL	
AMOUNT GAINED OR LOST (FINAL - INITIAL)				

YEAR 5

			INITIAL	$
INVESTMENT TYPE	INVESTMENT AMOUNT	MARKET REPORT (Gained or Lost %)	AMOUNT GAINED OR LOST	VALUE OF ACCOUNT AFTER MARKET REPORT
Stocks				
Bonds				
Real Estate				
Savings		N/A	N/A	
			TOTAL	
AMOUNT GAINED OR LOST (FINAL - INITIAL)				

The Permanent Fund:
A Renewable Financial Resource Game Market Cards (Front)

MARKET
Card

APFC ALASKA PERMANENT FUND CORPORATION
The Permanent Fund:
A Renewable Financial Resource
Alaska Resource Education

MARKET
Card

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MARKET
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Alaska Resource Education

MARKET
Card

APFC ALASKA PERMANENT FUND CORPORATION
The Permanent Fund:
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Alaska Resource Education

The Permanent Fund:
A Renewable Financial Resource Game Market Cards (Back)

ANNUAL MARKET REPORT
Stocks: down 5%
Bonds: down 3%
Real Estate: down 10%

THE PERMANENT FUND ALASKA'S RENEWABLE REVENUE

ANNUAL MARKET REPORT
Stocks: down 15%
Bonds: down 4%
Real Estate: down 5%

THE PERMANENT FUND ALASKA'S RENEWABLE REVENUE

ANNUAL MARKET REPORT
Stocks: down 10%
Bonds: down 3%
Real Estate: up 5%

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ANNUAL MARKET REPORT
Stocks: down 10%
Bonds: down 2%
Real Estate: down 2%

THE PERMANENT FUND ALASKA'S RENEWABLE REVENUE

ANNUAL MARKET REPORT
Stocks: up 5%
Bonds: down 3%
Real Estate: up 2%

THE PERMANENT FUND ALASKA'S RENEWABLE REVENUE

ANNUAL MARKET REPORT
Stocks: up 5%
Bonds: up 2%
Real Estate: up 2%

THE PERMANENT FUND ALASKA'S RENEWABLE REVENUE

The Permanent Fund:
A Renewable Financial Resource Game Market Cards (Front)

MARKET
Card

APFC ALASKA PERMANENT FUND CORPORATION

The Permanent Fund:
A Renewable Financial Resource

Alaska Resource EDUCATION

MARKET
Card

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MARKET
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ANNUAL MARKET REPORT
Stocks: up 5%
Bonds: down 2%
Real Estate: down 1%

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MARKET
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The Permanent Fund:
A Renewable Financial Resource

Alaska Resource EDUCATION

MARKET
Card

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Alaska Resource EDUCATION

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THE PERMANENT FUND ALASKA'S RENEWABLE REVENUE

The Permanent Fund:
A Renewable Financial Resource Game Money

Group Money: Make one copy per group

The Permanent Fund:
A Renewable Financial Resource Game Money

Group Money: Make one copy per group

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Group Money: Make one copy per group

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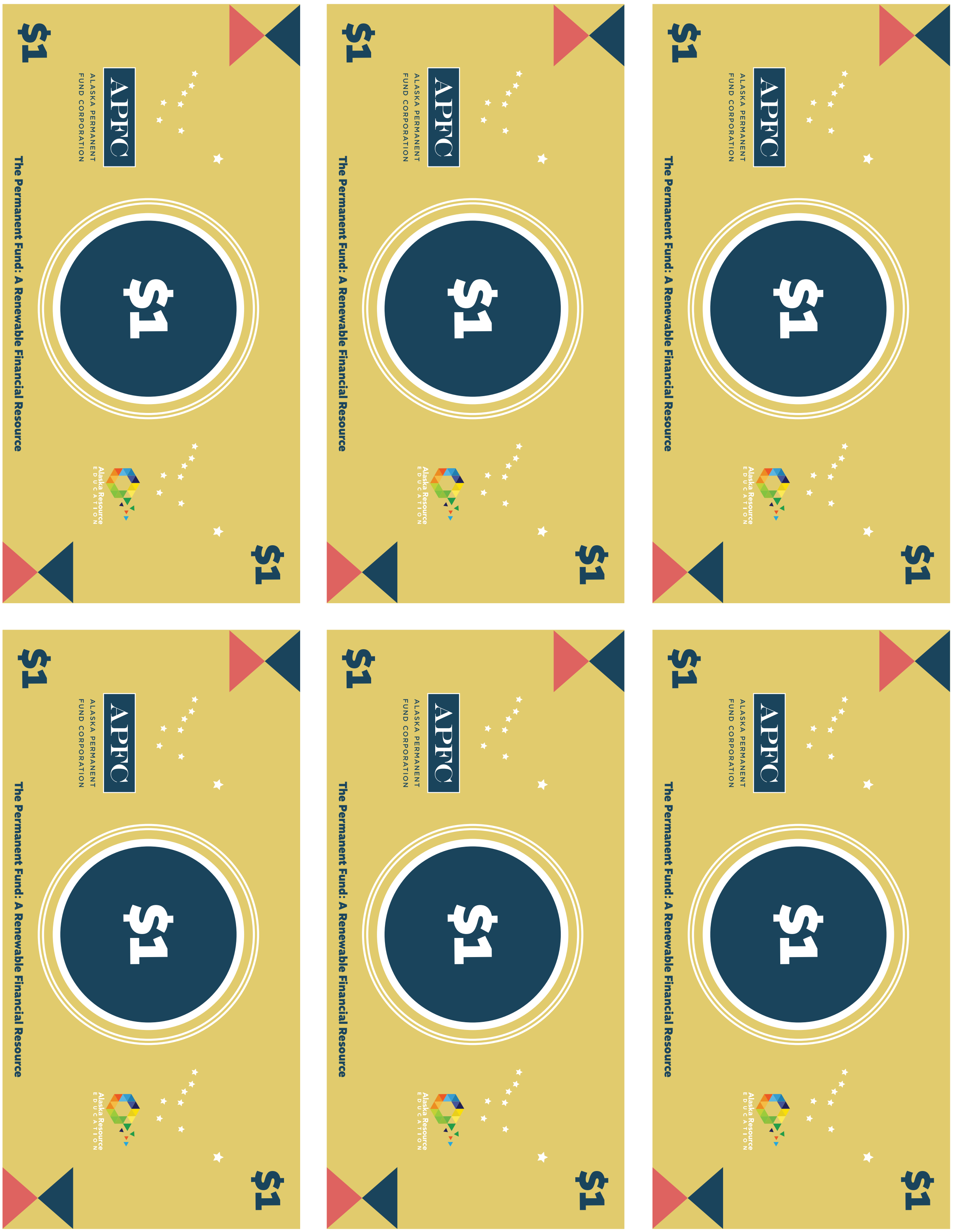
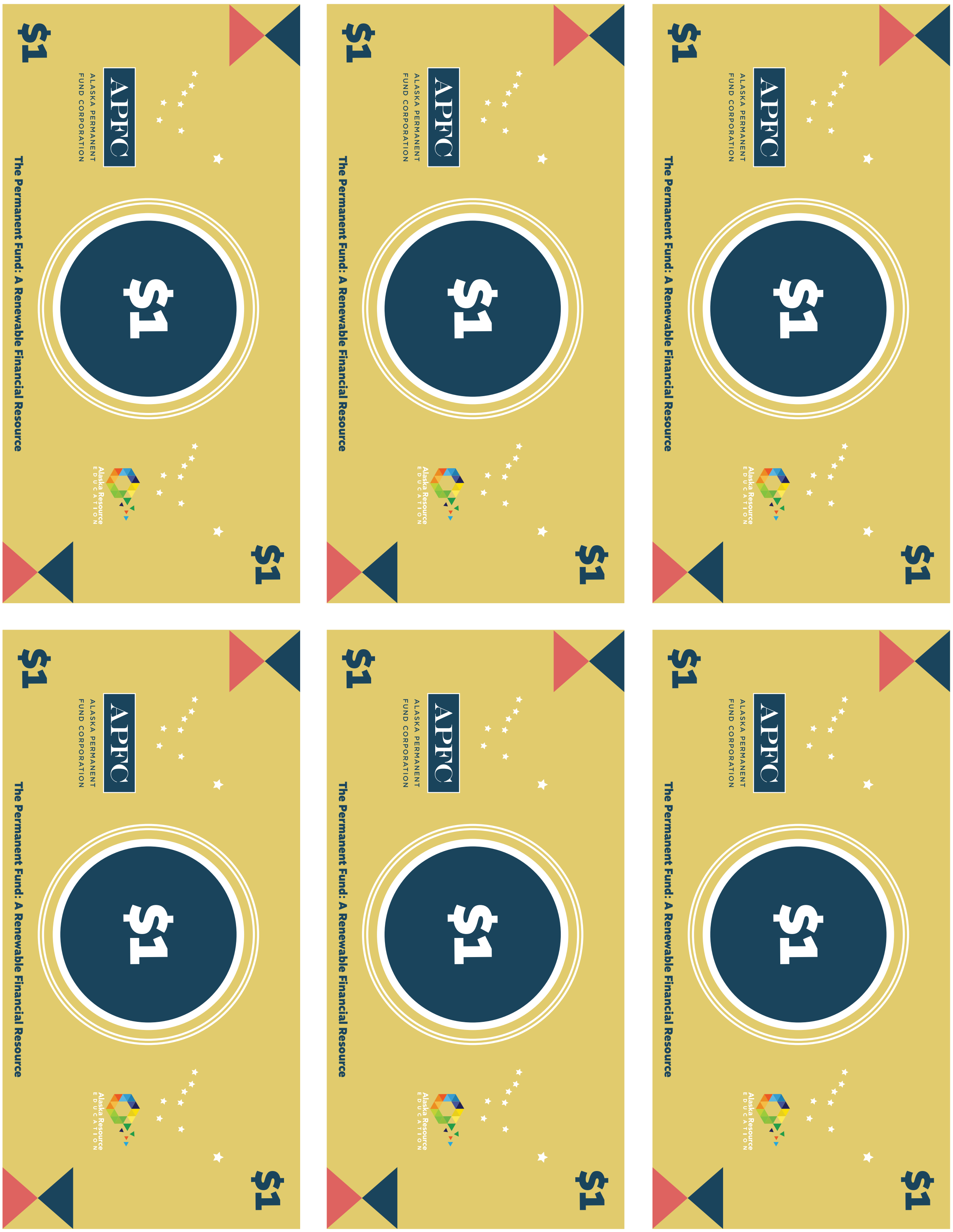
A Renewable Financial Resource Game Money

Group Money: Make one copy per group



The Permanent Fund:
A Renewable Financial Resource Game Money

Group Money: Make one copy per group



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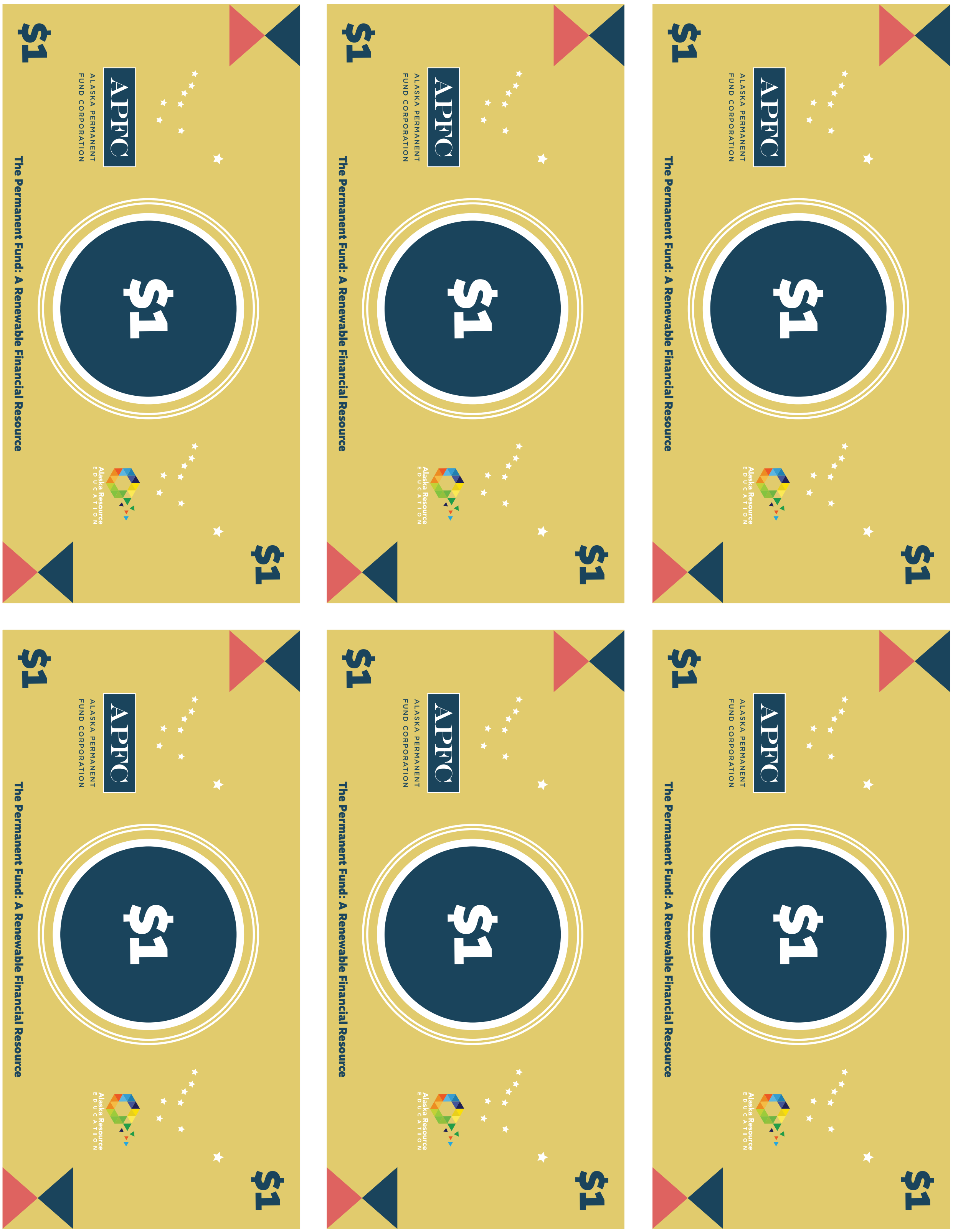
Group Money: Make one copy per group



Group Money: Make one copy per group

The Permanent Fund:
A Renewable Financial Resource Game Money

Bank Money: Make one copy per group

The Permanent Fund:
A Renewable Financial Resource Game Money

Bank Money: Make one copy per group

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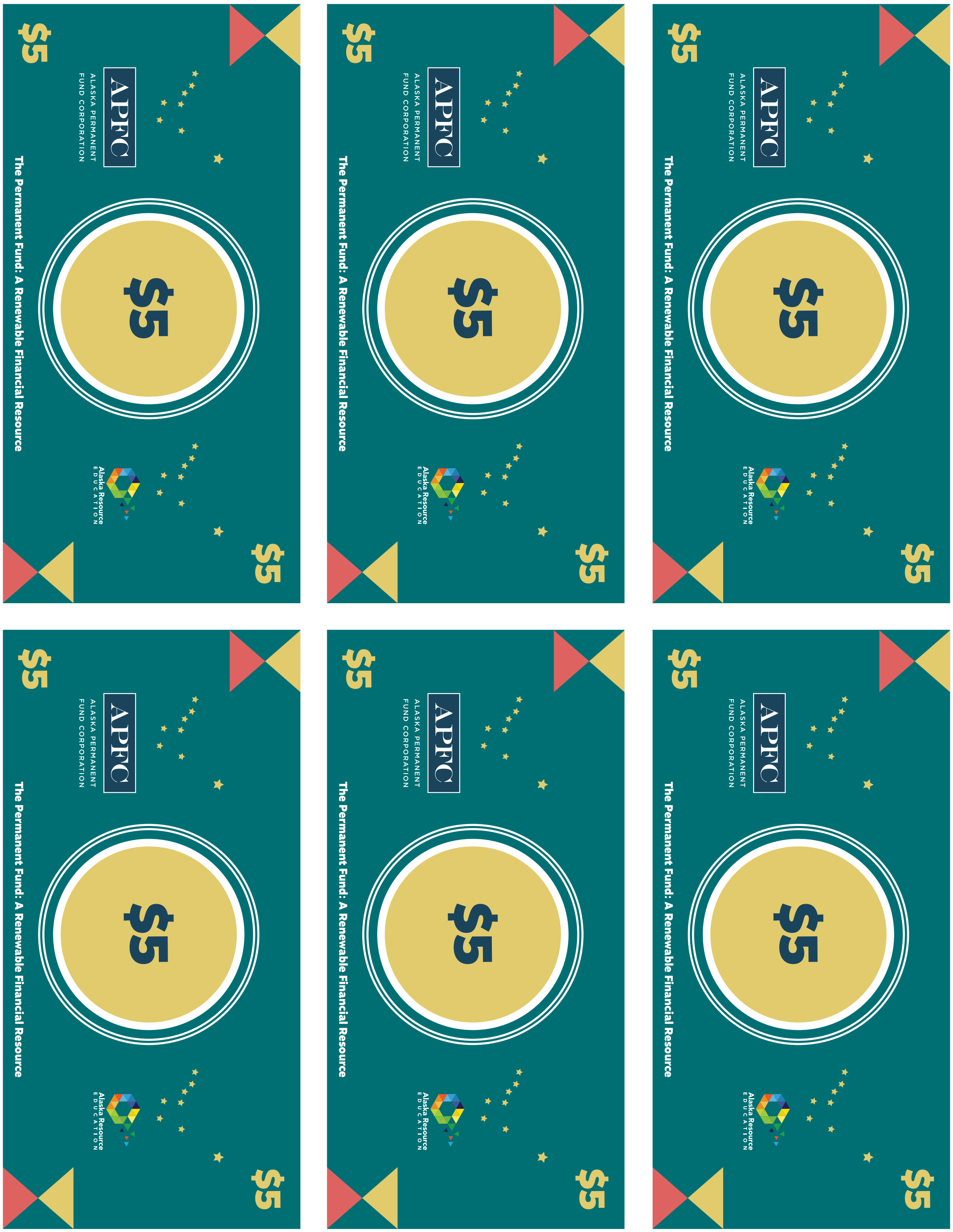

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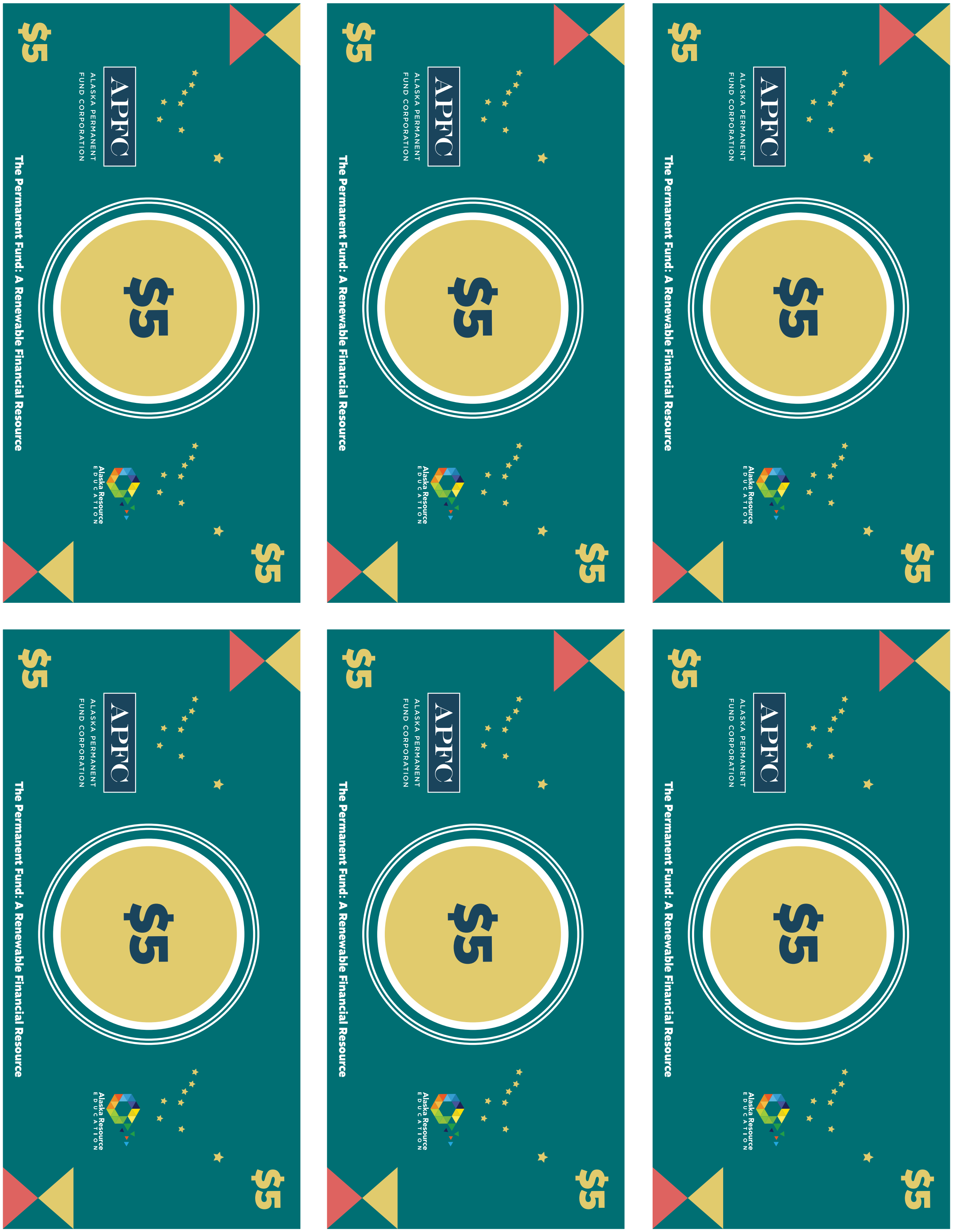

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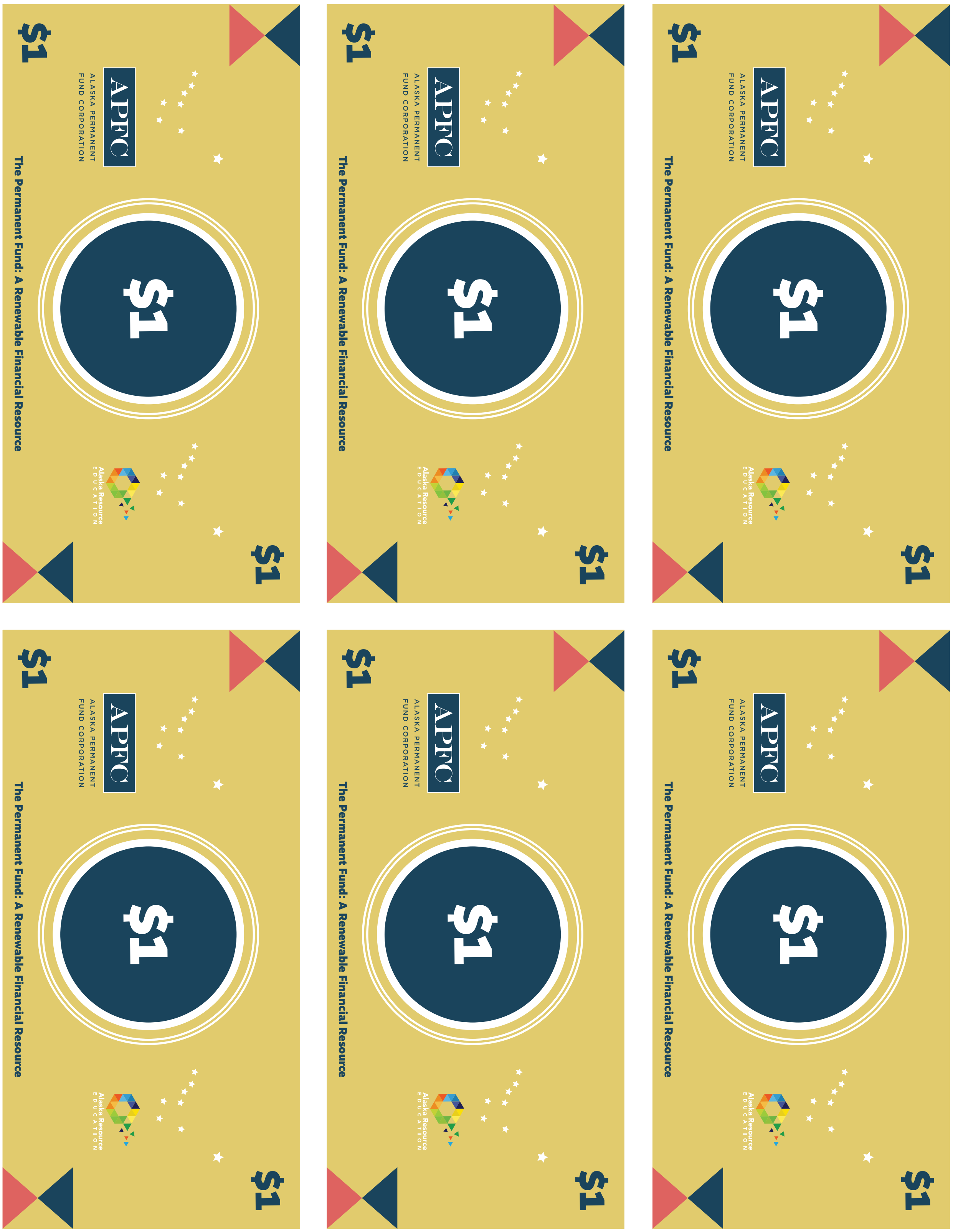

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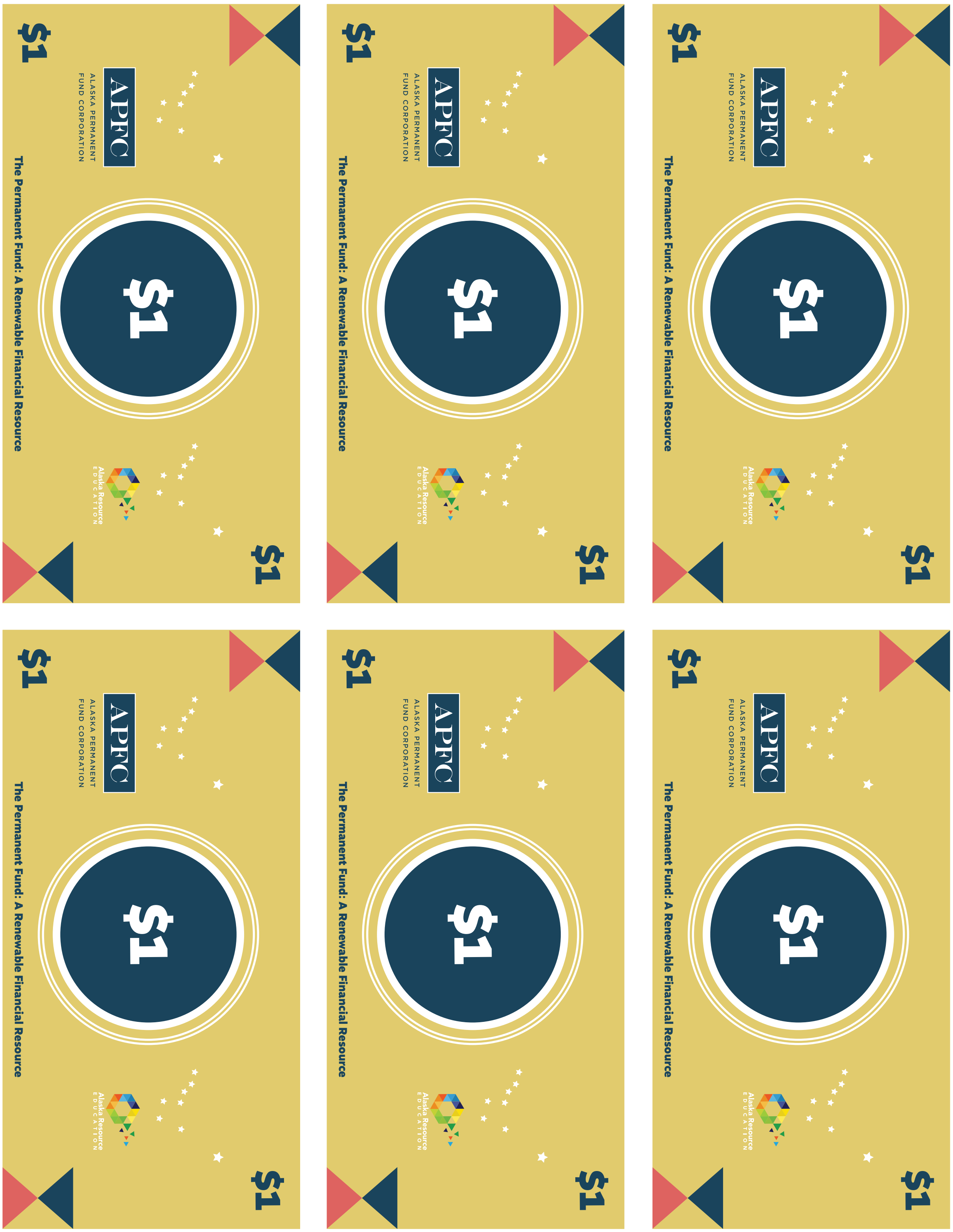

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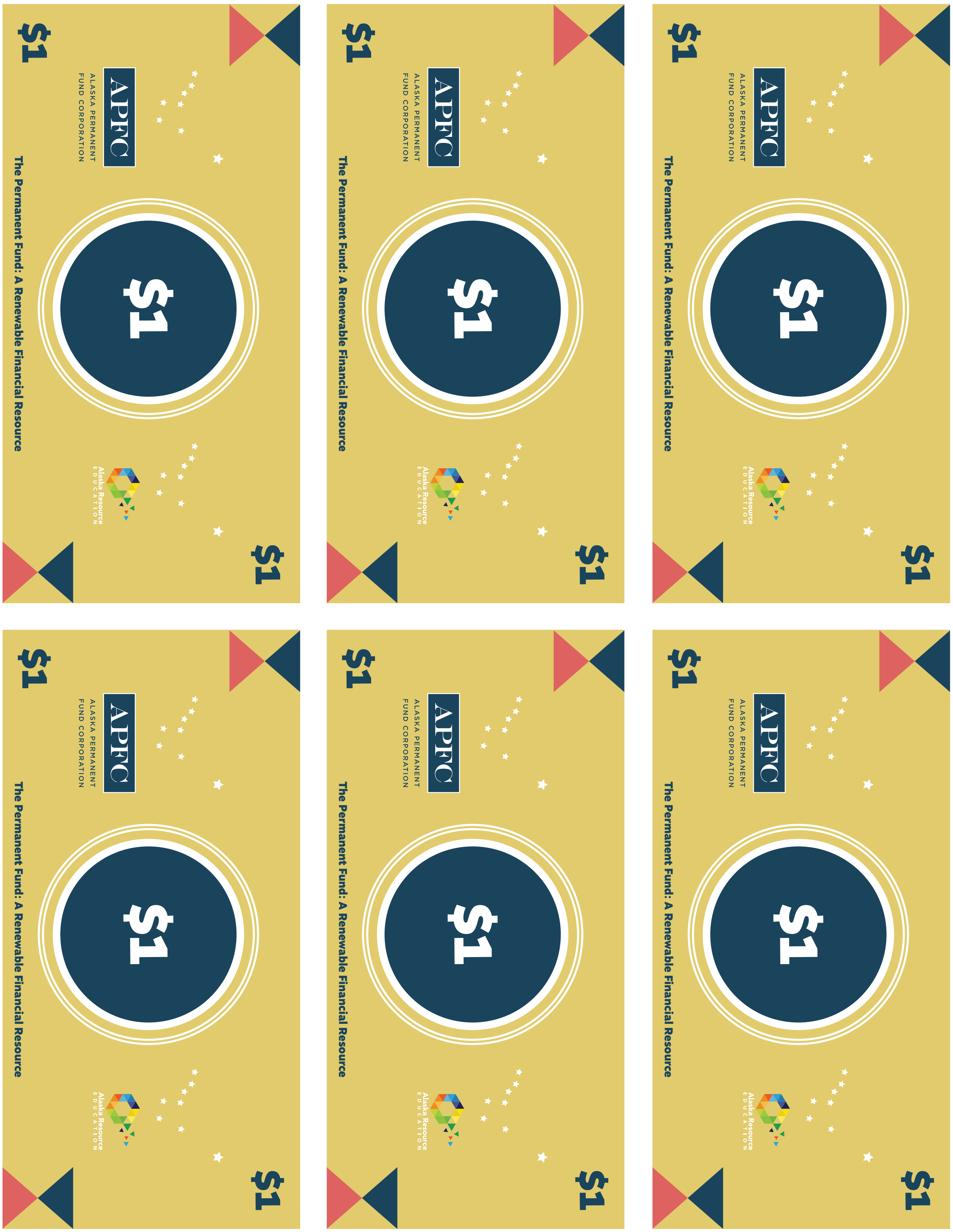

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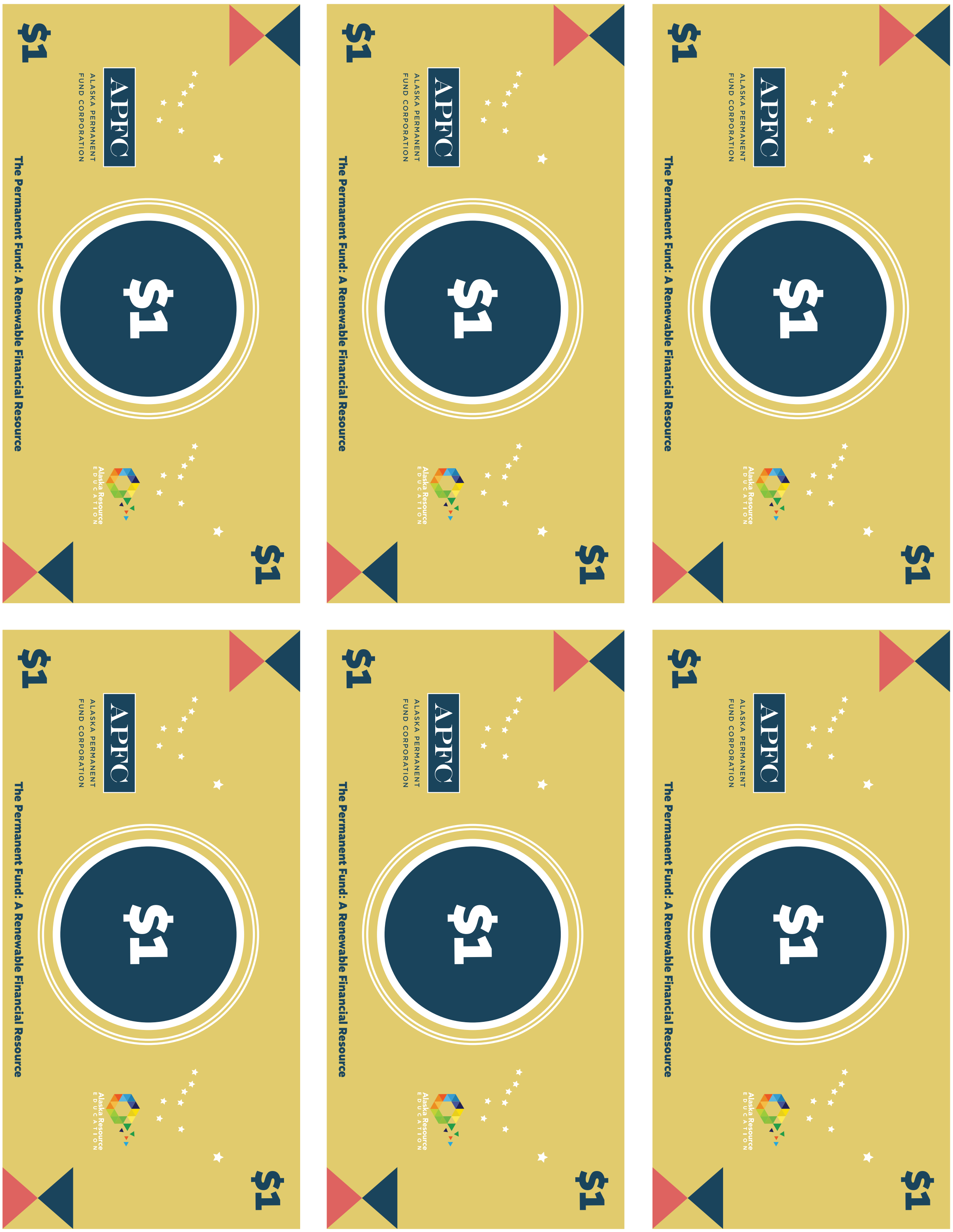

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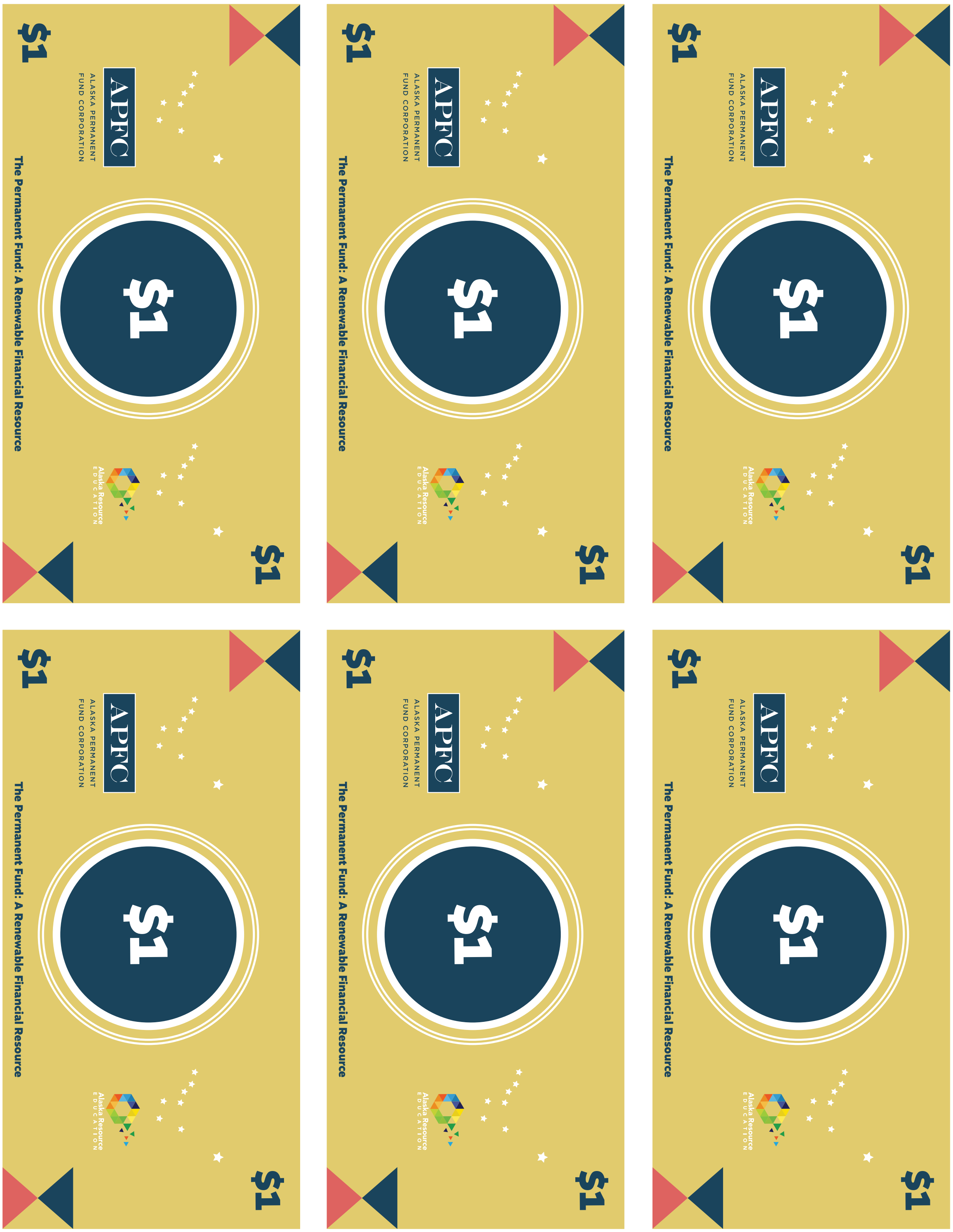

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Bank Money: Make one copy per group

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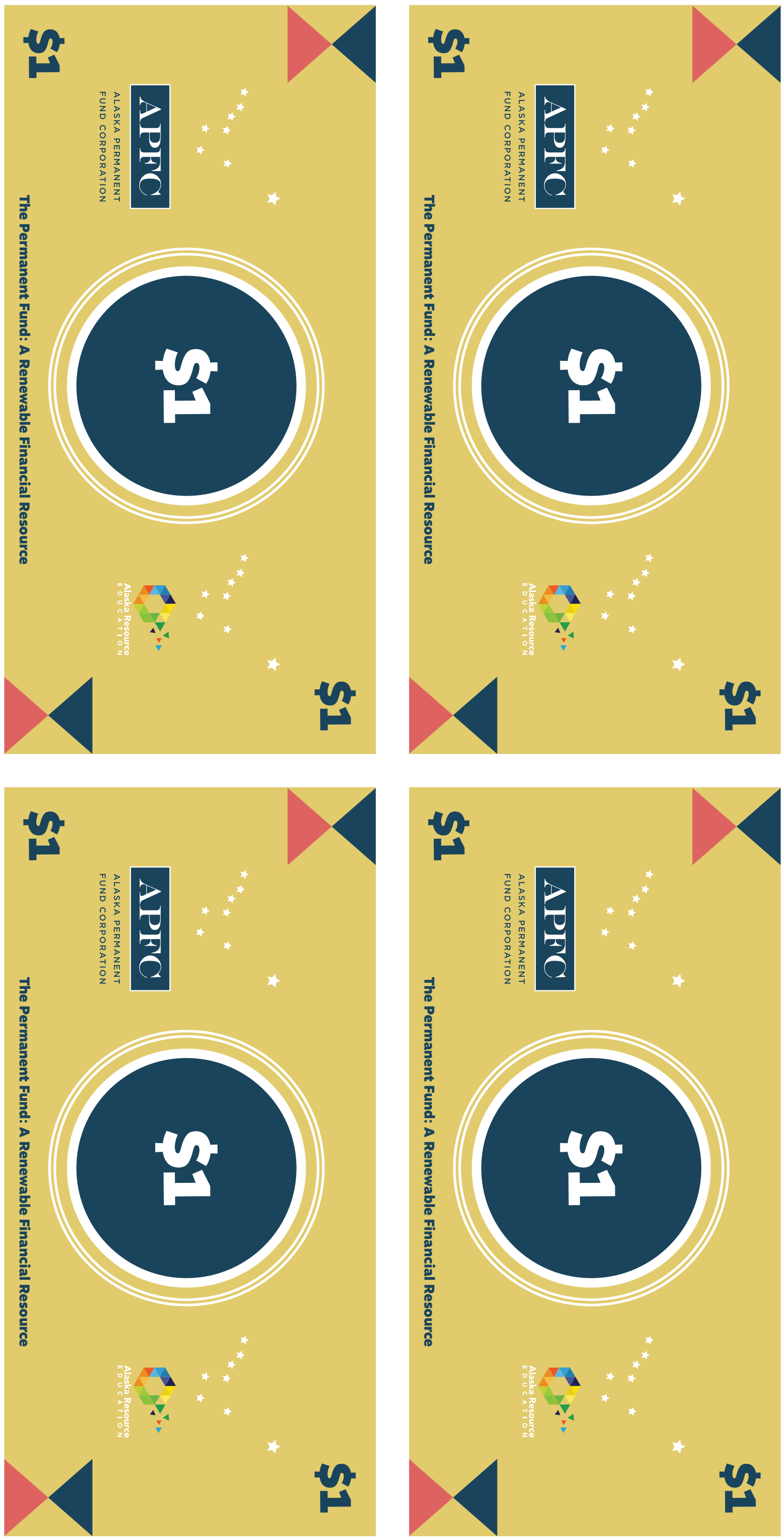

MONEY BINS

Stocks

THE PERMANENT FUND ALASKA'S RENEWABLE REVENUE

The Permanent Fund:
A Renewable Financial Resource

MONEY BINS

Bonds

THE PERMANENT FUND ALASKA'S RENEWABLE REVENUE

The Permanent Fund:
A Renewable Financial Resource

MONEY BINS

Real Estate

THE PERMANENT FUND ALASKA'S RENEWABLE REVENUE

The Permanent Fund:
A Renewable Financial Resource

MONEY BINS

Savings

THE PERMANENT FUND ALASKA'S RENEWABLE REVENUE

The Permanent Fund:
A Renewable Financial Resource

Fund Sustainability Simulation Game

Essential Question: How does the money of the Permanent Fund get managed and spent?

Grade:
9-12

Time:
One class period

Overview:
Students will role play management of the Permanent Fund to make sure it is able to benefit Alaskans today and in the future, equally.

Assessment:
Can the student:
- Demonstrate the importance of compromise and long-term planning?
- Explain the concept of the POMV rule and why it was enacted?
- Describe the Corporate and Legislative roles and responsibilities concerning the spending of the Permanent Fund?

Vocabulary:
Corporation, Legislature, Compromise, Appropriation, Constitution, Statute, Spending, POMV, Savings

TEACHER INFORMATION AND PROCEDURE

Fund Sustainability Simulation Game teacher training
Scan the QR code to watch the teacher training video.

Prior knowledge for students:
- Students should have a basic understanding of what the Permanent Fund is, why, and how it came into existence.
- Students should have a working understanding of how the Alaska Permanent Fund is structured.
- Students should understand APFC's role in managing the Alaska Permanent Fund.
- Students should comprehend how APFC makes money for Alaska.

Materials needed:
- Class set of budget items (1 per group, laminate optional)

What to do in advance:
Review APFC videos, found here: https://tinyurl.com/AKrenewableresource
Complete the previous two lessons in the workbook: Create-a-State and The Permanent Fund: A Renewable Financial Resource

Scan to view Teacher Training

Scan to view Video

Fund Sustainability Simulation Game

TEACHING THE LESSON

Gear up:
Begin with a brief discussion and overview of the history and significance of the Permanent Fund for the state of Alaska. Overview how money flows into the Fund and how it is invested (review the prior two lessons).
Ask students: How do you think money from the Permanent Fund can be spent? Who decides who spends it? What is that money used for?

Explore:
Students will engage in a role-playing activity to simulate how the Permanent Fund is managed to be a sustainable financial resource. Tell students that their school has a reserve savings account started by students years before them that they can use, and it is also invested to keep growing as time goes on. The account was created to ensure that the money in the account would help current students and all students in future years, but the current student council can always spend from the account as they see fit. Investments do well in some years, and not as well in others, but overall, the balance of the account goes up 5% each year.

Tell the students that today, the account sits at $100,000.

Brainstorm a list of student/school needs that the money could be spent on with the entire class. Divide the list into "annual/today needs" (e.g., prom, yearbook) and "periodic/future needs" (e.g., new textbooks, new technology, supplies, etc.)

Students will be placed in 5-6 groups, depending on class size. They represent the student body. In groups, student have 5-10 minutes to decide on a proposed yearly spending budget. They will be provided a "menu" of annual and periodic needs with associated costs to help them decide on a budget. One representative from each group will share their ideas with the rest of the class.

After hearing all of the proposals, remind students that the savings account has $100,000 this year, and normally grows at 5% per year. This means that if nothing is spent, it will have $105,000 in year 1, and because of the power of compound interest it would have $162,889 by year 10, $265,330 by year 20, and $432,194 by year 30. Each group must figure out how many years their reserve savings account will last if the student body spent their proposed budget year after year. Discuss as a whole group: are the budgets they came up with sustainable? Is it fair for the future generation of students?

Tell the students they will get back in their groups again, except this time instead of coming up with a budget proposal, they will come up with a proposed rule for spending each year (e.g., the current student body may only spend 5% of the reserve account each year, except every 5th year 10% may be spent on any major upgrades/ purchases). Their rule must consider both the short-term and long-term needs of the student body – while also remembering the fact that the fund only grows at about 5% per year. This time, they are vying to be chosen for student council, and will present their ideas out to the class and teacher. The class will listen to all presentations and vote on which group's spending rule is the most viable and financially sound, picking a winning group to sit on the student council. They must be able to show mathematically that their spending rule is sustainable (i.e. makes the money reserve last at least 2 years beyond the first round).

Additionally, students may propose ideas about ways to increase the amount of money in the reserve account through fundraising and sponsorships, so that a bigger yearly spending budget can be maintained. This can be included in their presentations as justification for their spending budget rule.

Generalize:

Ask the students:

- How difficult was it to think about future generations of students to ensure the reserve savings account didn't run out?
- Is it the responsibility of current generations to take care of future generations financially?
- Even if the current generation makes a recommendation to sustainable spending, is it realistic to assume all future generations might follow suit? Why or why not?

Relate the game to how the Alaska Permanent Fund Corporation (APFC) manages the Permanent Fund. Long supported by the APFC Board of Trustees, the Legislature adopted a Percent of Market Value (POMV) rule to guide withdrawals from the Permanent Fund. This formula is designed to give the state a predictable revenue stream while ensuring sustainability by limiting the amount of the draws.
The POMV draw is based on a percentage of the average market value of the Fund for the first five of the preceding six fiscal years. The draw is subject to appropriation and is set in statute at 5%.

Extensions, adaptations, and more resources:

Have students play the game for multiple "years" and change the investment growth percentage each year. Explore current issues in the state legislature regarding the POMV and others that pertain to Permanent Fund and create discussion.

THE PERMANENT FUND ALASKA'S RENEWABLE REVENUE

Fund Management Simulation Game

School Budget Menu

Reminder: Your budget currently sits at **$100,000**, and grows at roughly **5%** interest each year.

CURRENT/YEARLY NEEDS

Prom	$5,000
Other Dances*	$2,500
Yearbook	$2,000
Sports teams and club travel**	$6,000
Basic classroom supplies and upgrades	$3,000
Pep rallies & other in-school events*	$2,000
Individual club fund requests**	$3,000
School trip to Hawaii	$15,000

*per item **per 5 items

FUTURE/PERIODIC NEEDS

Many of the same needs as current students as well as larger items	
Technology upgrades	$10,000-$50,000
School parking lot upgrades (more student parking)	$5,000
Sports team uniforms and equipment**	$10,000

APFC ALASKA PERMANENT FUND CORPORATION

Alaska Resource EDUCATION

Fund Management Simulation Game

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Fund Sustainability Simulation Game

Fund Management Simulation Game

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Alaska Resource EDUCATION

THE PERMANENT FUND ALASKA'S RENEWABLE REVENUE

Fund Management Simulation Game

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APFC ALASKA PERMANENT FUND CORPORATION

Alaska Resource EDUCATION

Fund Sustainability Simulation Game:
Doodle Notes

NAME(S): ______________________________

THE PERMANENT FUND: A RENEWABLE FINANCIAL RESOURCE DEBRIEF	
Values	What values does this activity invite us to think about?
Identities	Who would this activity be helpful for?
Actions	What actions might this activity encourage?

Three questions that I have:

Two things I will remember:

One change I commit to make:

Fund Sustainability Simulation Game:
Doodle Notes

NAME(S): ____

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Doodle Notes

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Doodle Notes

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One change I commit to make:

Fund Sustainability Simulation Game:
Doodle Notes

NAME(S): ____

THE PERMANENT FUND: A RENEWABLE FINANCIAL RESOURCE DEBRIEF	
Values	What values does this activity invite us to think about?
Identities	Who would this activity be helpful for?
Actions	What actions might this activity encourage?

Three questions that I have:

Two things I will remember:

One change I commit to make:

Fund Sustainability Simulation Game:
Student Council Proposed Budget

List your proposed yearly budget items here:

Line Item	Cost

Justification: In a couple sentences describe why you chose the budget you did.

With your above proposed budget, how many years will your reserve account last?
Remember that it grows at 5% each year.

Year	Initial	Investment Growth	Spending	Final
1	$100,000	($100,000 x 0.05) + 100,000 = $105,000	$20,000	$105,000 - $20,000 = $85,000
2	$85,000	(85,000 x 0.05) + 85,000 = $89,250	$20,000	$89,250 - $20,000 = $69,250

Spending budget rule: In your group, come up with a spending budget rule that will be enacted for your annual budget and that would remain in effect for future years as well. The goal is to maintain the reserve savings account indefinitely, while still keeping in mind the needs of today and future students. You will present your rule and justification to the class and to the school "board" (the teachers) with the goal of becoming selected as student council representatives.

Our spending rule is:

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Fund Sustainability Simulation Game:
Student Council Proposed Budget

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REVENUE