

**State of Alaska  
FY2017 Governor's Operating Budget**

**Department of Revenue  
APFC Investment Management Fees  
Component Budget Summary**

**Component: APFC Investment Management Fees**

**Contribution to Department's Mission**

See Alaska Permanent Fund Corporation Component Narrative Report.

**Core Services**

- See Alaska Permanent Fund Corporation Component Narrative Report.

**Major Component Accomplishments in 2015**

See Alaska Permanent Fund Corporation Component Narrative Report.

**Key Component Challenges**

See Alaska Permanent Fund Corporation Component Narrative Report.

**Significant Changes in Results to be Delivered in FY2017**

See Alaska Permanent Fund Corporation Component Narrative Report.

**Statutory and Regulatory Authority**

AS 37.13 Alaska Permanent Fund and Corporation

**Contact Information**

**Contact:** Angela Rodell, Executive Director  
**Phone:** (907) 796-1500  
**Fax:** (907) 586-2057  
**E-mail:** arodell@apfc.org

**Component Detail All Funds**  
**Department of Revenue**

**Component:** APFC Investment Management Fees (2310)  
**RDU:** Alaska Permanent Fund Corporation (45)

Non-Formula Component

	FY2015 Actuals	FY2016 Conference Committee	FY2016 Authorized	FY2016 Management Plan	FY2017 Governor	FY2016 Management Plan vs FY2017 Governor	
71000 Personal Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
72000 Travel	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
73000 Services	0.0	0.0	0.0	0.0	148,191.0	148,191.0	100.0%
74000 Commodities	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
75000 Capital Outlay	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
77000 Grants, Benefits	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
78000 Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
<b>Totals</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>148,191.0</b>	<b>148,191.0</b>	<b>100.0%</b>
<b>Fund Sources:</b>							
1105PFund Rcpt (Other)	0.0	0.0	0.0	0.0	148,191.0	148,191.0	100.0%
<b>Unrestricted General (UGF)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0%</b>
<b>Designated General (DGF)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0%</b>
<b>Other Funds</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>148,191.0</b>	<b>148,191.0</b>	<b>100.0%</b>
<b>Federal Funds</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0%</b>
<b>Positions:</b>							
Permanent Full Time	0	0	0	0	0	0	0.0%
Permanent Part Time	0	0	0	0	0	0	0.0%
Non Permanent	0	0	0	0	0	0	0.0%

**Component Detail All Funds**  
**Department of Revenue**

**Component:** APFC Investment Management Fees (2310)  
**RDU:** APFC Investment Management Fees (318)

Non-Formula Component

	<b>FY2015 Actuals</b>	<b>FY2016 Conference Committee</b>	<b>FY2016 Authorized</b>	<b>FY2016 Management Plan</b>	<b>FY2017 Governor</b>	<b>FY2016 Management Plan vs FY2017 Governor</b>	
71000 Personal Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
72000 Travel	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
73000 Services	94,157.7	151,391.0	151,391.0	151,391.0	0.0	-151,391.0	-100.0%
74000 Commodities	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
75000 Capital Outlay	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
77000 Grants, Benefits	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
78000 Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
<b>Totals</b>	<b>94,157.7</b>	<b>151,391.0</b>	<b>151,391.0</b>	<b>151,391.0</b>	<b>0.0</b>	<b>-151,391.0</b>	<b>-100.0%</b>
<b>Fund Sources:</b>							
1105PFund Rcpt (Other)	94,157.7	151,391.0	151,391.0	151,391.0	0.0	-151,391.0	-100.0%
<b>Unrestricted General (UGF)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0%</b>
<b>Designated General (DGF)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0%</b>
<b>Other Funds</b>	<b>94,157.7</b>	<b>151,391.0</b>	<b>151,391.0</b>	<b>151,391.0</b>	<b>0.0</b>	<b>-151,391.0</b>	<b>-100.0%</b>
<b>Federal Funds</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0%</b>
<b>Positions:</b>							
Permanent Full Time	0	0	0	0	0	0	0.0%
Permanent Part Time	0	0	0	0	0	0	0.0%
Non Permanent	0	0	0	0	0	0	0.0%

**Change Record Detail - Multiple Scenarios with Descriptions**  
**Department of Revenue**

**Component:** APFC Investment Management Fees (2310)

**RDU:** Alaska Permanent Fund Corporation (45)

Scenario/Change Record Title	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		NP
										PFT	PPT	
***** Changes From FY2016 Conference Committee To FY2016 Authorized *****												
<b>FY2016 Conference Committee</b>												
	ConfCom	151,391.0	0.0	0.0	151,391.0	0.0	0.0	0.0	0.0	0	0	0
1105 PFund Rcpt		151,391.0										
<b>Subtotal</b>		<b>151,391.0</b>	<b>0.0</b>	<b>0.0</b>	<b>151,391.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>
***** Changes From FY2016 Management Plan To FY2017 Governor *****												
<b>External Investment Management Fees</b>												
	Dec	-3,200.0	0.0	0.0	-3,200.0	0.0	0.0	0.0	0.0	0	0	0
1105 PFund Rcpt		-3,200.0										
<b>Totals</b>		<b>148,191.0</b>	<b>0.0</b>	<b>0.0</b>	<b>148,191.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>

The Board of Trustees' strategic plan maximizes the Fund's value by directly managing investments in-house in areas where it is prudent to do so. In FY2017, the plan calls for bringing portions of the equities and absolute return portfolios in-house through the Quantitative Equities Program. The program benefits the State by developing the ability to achieve returns comparable to external managers at a lower cost and redirecting dollars to Alaskan jobs instead of spending those dollars outside the State on external management fees.

Alaska Permanent Fund Corporation's (APFC) current capacity and staffing are not adequate to execute this program. Additional positions will have to be funded in the FY2017 budget process to implement the program and achieve the expected external management fee savings. Five positions at a cost of \$885,000 are requested in the APFC Operations appropriation to staff and support the program.

If the new staff positions in the Alaska Permanent Fund Corporation Operations budget request are not funded, APFC will not be able to implement the Quantitative Equities Program, and this cost savings will not be realized.

**Line Item Detail**  
**Department of Revenue**  
**Services**

**Component:** APFC Investment Management Fees (2310)  
**RDU:** Alaska Permanent Fund Corporation (45)

Line Number	Line Name		FY2015 Actuals	FY2016 Management Plan	FY2017 Governor
73000	Services		0.0	0.0	148,191.0
Expenditure Account	Servicing Agency	Explanation	FY2015 Actuals	FY2016 Management Plan	FY2017 Governor
<b>73000 Services Detail Totals</b>			<b>0.0</b>	<b>0.0</b>	<b>148,191.0</b>
73050	Financial Services	Investment management fees, custodian fees, third party fiduciaries, subject matter experts, manager searches, performance measurement, risk consulting and modeling, and other investment related due diligence services.	0.0	0.0	142,640.0
73075	Legal & Judicial Svc	Investment Legal Due Diligence	0.0	0.0	1,925.0
73150	Information Technlgy	Investment systems, analytics, information and data, related consulting services, and access fees.	0.0	0.0	3,626.0

**Line Item Detail**  
**Department of Revenue**  
**Services**

**Component:** APFC Investment Management Fees (2310)  
**RDU:** APFC Investment Management Fees (318)

Line Number	Line Name		FY2015 Actuals	FY2016 Management Plan	FY2017 Governor
73000	Services		94,157.7	151,391.0	0.0
Expenditure Account	Servicing Agency	Explanation	FY2015 Actuals	FY2016 Management Plan	FY2017 Governor
<b>73000 Services Detail Totals</b>			<b>94,157.7</b>	<b>151,391.0</b>	<b>0.0</b>
73050	Financial Services	Investment management fees, custodian fees, third party fiduciaries, subject matter experts, manager searches, performance measurement, risk consulting and modeling, and other investment related due diligence services.	93,096.7	147,085.0	0.0
73075	Legal & Judicial Svc	Investment Legal Due Diligence	1,061.0	1,925.0	0.0
73150	Information Technlgy	Investment systems, analytics, information and data, related consulting services, and access fees.	0.0	2,381.0	0.0

**Restricted Revenue Detail**  
**Department of Revenue**

**Component:** APFC Investment Management Fees (2310)  
**RDU:** Alaska Permanent Fund Corporation (45)

<b>Master Account</b>	<b>Revenue Description</b>				<b>FY2015 Actuals</b>	<b>FY2016 Management Plan</b>	<b>FY2017 Governor</b>
51373	Permanent Fund Earnings Reserve Account				0.0	0.0	148,191.0
<b>Detail Information</b>							
<b>Revenue Amount</b>	<b>Revenue Description</b>	<b>Component</b>	<b>Collocation Code</b>	<b>AKSAS Fund</b>	<b>FY2015 Actuals</b>	<b>FY2016 Management Plan</b>	<b>FY2017 Governor</b>
51373	Permanent Fund Earnings As 37.13.150 Corporation budget				0.0	0.0	148,191.0

**Restricted Revenue Detail**  
**Department of Revenue**

**Component:** APFC Investment Management Fees (2310)  
**RDU:** APFC Investment Management Fees (318)

<b>Master Account</b>	<b>Revenue Description</b>				<b>FY2015 Actuals</b>	<b>FY2016 Management Plan</b>	<b>FY2017 Governor</b>
51373	Permanent Fund Earnings Reserve Account				94,157.7	151,391.0	0.0
<b>Detail Information</b>							
<b>Revenue Amount</b>	<b>Revenue Description</b>	<b>Component</b>	<b>Collocation Code</b>	<b>AKSAS Fund</b>	<b>FY2015 Actuals</b>	<b>FY2016 Management Plan</b>	<b>FY2017 Governor</b>
51373	Permanent Fund Earnings As 37.13.150 Corporation budget				94,157.7	151,391.0	0.0