

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

**Department of Revenue
Alaska Retirement Management Board
Component Budget Summary**

Component: Alaska Retirement Management Board

Contribution to Department's Mission

The mission of the Alaska Retirement Management Board is to manage the state's retirement and benefit plan funds.

Results

(Additional performance information is available on the web at https://omb.alaska.gov/results.)

Target: Exceed 1-year, 3-year and 5-year target returns.

Core Services

- Manage the investment of ARMB funds.

Measures by Core Service

(Additional performance information is available on the web at https://omb.alaska.gov/results.)

1. Manage the investment of ARMB funds.

Target: Increase average longevity of the investment officers to five years.

Target: At least four investment staff will have their Chartered Financial Analyst (CFA) designation.

Major Component Accomplishments in 2015

- The Public Employee Retirement System (PERS) and Teacher Retirement System (TRS) defined benefit retirement plans each earned annual returns of 3.30% in 2015 placing their earnings above the median of all public funds in the Callan Database. Both plans exceeded targeted returns.
- The Alaska Retirement Management Board (ARMB) continues to improve investment options for defined contribution retirement plan participants.

- Continued to improve asset allocation of defined benefit plans.

Key Component Challenges

- Managing investment risk during times of market volatility.
- Achieving actuarial rate of return or greater over long periods of time.
- Evaluating asset allocation and new investment opportunities for both defined benefit and defined contribution plans.
- Managing investment liquidity challenges arising out of a closed defined benefit plan.

Significant Changes in Results to be Delivered in FY2017

No changes in results delivered.

Statutory and Regulatory Authority

AS 37.10.210-390 Alaska Retirement Management Board

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Component Detail All Funds
Department of Revenue

Component: Alaska Retirement Management Board (2813)
RDU: Taxation and Treasury (510)

Non-Formula Component

	FY2015 Actuals	FY2016 Conference Committee	FY2016 Authorized	FY2016 Management Plan	FY2017 Governor	FY2016 Management Plan vs FY2017 Governor	
71000 Personal Services	65.0	86.2	86.2	86.2	86.2	0.0	0.0%
72000 Travel	235.6	123.7	123.7	123.7	143.7	20.0	16.2%
73000 Services	6,182.4	8,190.4	8,056.0	8,056.0	9,670.7	1,614.7	20.0%
74000 Commodities	90.3	7.5	7.5	7.5	32.5	25.0	333.3%
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%
Totals	6,573.3	8,407.8	8,273.4	8,273.4	9,933.1	1,659.7	20.1%
Fund Sources:							
1004Gen Fund (UGF)	0.1	134.4	0.0	0.0	0.0	0.0	0.0%
1017Ben Sys (Other)	3,487.2	4,337.7	4,337.7	4,337.7	5,148.5	810.8	18.7%
1029P/E Retire (Other)	2,042.6	2,437.2	2,437.2	2,437.2	2,961.6	524.4	21.5%
1034Teach Ret (Other)	999.3	1,367.5	1,367.5	1,367.5	1,681.5	314.0	23.0%
1042Jud Retire (Other)	34.1	42.7	42.7	42.7	51.0	8.3	19.4%
1045Nat Guard (Other)	10.0	88.3	88.3	88.3	90.5	2.2	2.5%
Unrestricted General (UGF)	0.1	134.4	0.0	0.0	0.0	0.0	0.0%
Designated General (DGF)	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Other Funds	6,573.2	8,273.4	8,273.4	8,273.4	9,933.1	1,659.7	20.1%
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Positions:							
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: Alaska Retirement Management Board (2813)
RDU: Taxation and Treasury (510)

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 *****												
FY2016 Conference Committee												
	ConfCom	8,407.8	86.2	123.7	8,190.4	7.5	0.0	0.0	0.0	0	0	0
1004 Gen Fund		134.4										
1017 Ben Sys		4,337.7										
1029 P/E Retire		2,437.2										
1034 Teach Ret		1,367.5										
1042 Jud Retire		42.7										
1045 Nat Guard		88.3										
Reduce Authority No Longer Needed for Defined Contribution Plans												
	Unalloc	-134.4	0.0	0.0	-134.4	0.0	0.0	0.0	0.0	0	0	0
1004 Gen Fund		-134.4										
In FY2007 general funds were requested to support the defined contribution plans. It was assumed that as more employees were hired into the new tier, program costs would be funded through an assessment on defined contribution accounts. Now that the number of participants has grown, the general funds can be removed.												
Subtotal		8,273.4	86.2	123.7	8,056.0	7.5	0.0	0.0	0.0	0	0	0
***** Changes From FY2016 Management Plan To FY2017 Governor *****												
Reverse to Correct for Negative Fund Source												
	SalAdj	2.2	0.0	0.0	2.2	0.0	0.0	0.0	0.0	0	0	0
1004 Gen Fund		2.2										
Restore UGF FY2016 Salary Increases because cuts taken in other expenditure lines.												
Reverse FY2016 One-Time Unrestricted General Fund Salary Adjustments in FY2017 Budget Request												
	SalAdj	-2.2	0.0	0.0	-2.2	0.0	0.0	0.0	0.0	0	0	0
1004 Gen Fund		-2.2										
Treasury Division health care benefit decrease reflected through a reimbursable services agreement with the Alaska Retirement Management Board.												
Treasury Division salary increases that are supported through a reimbursable services agreement with the Alaska Retirement Management Board.												
Treasury Division Services Paid by Alaska Retirement Management Board with Reimbursable Services Agreement												
	Inc	1,659.7	0.0	20.0	1,614.7	25.0	0.0	0.0	0.0	0	0	0
1017 Ben Sys		810.8										
1029 P/E Retire		524.4										
1034 Teach Ret		314.0										
1042 Jud Retire		8.3										
1045 Nat Guard		2.2										

Change Record Detail - Multiple Scenarios with Descriptions
Department of Revenue

Component: Alaska Retirement Management Board (2813)
RDU: Taxation and Treasury (510)

Scenario/Change Record Title	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		NP
										PFT	PPT	
<p>This increment provides funding via inter-agency receipts paid from the pension funds managed by the Alaska Retirement Management Board (ARMB) and invested by the Treasury Division.</p> <p>Add six in-house positions to the Treasury Division. The additional staff includes two equity investment staff to continue development of Treasury Division's internal investment program and one classified staff to support the new investment team. The majority of funding for these positions will come from inter-agency receipts paid from the pension funds managed by the Alaska Retirement Management Board (ARMB) and invested by the Treasury Division.</p> <p>The increase in internal capacity resulting from this investment in the Treasury will enable the division to more actively manage the state's assets and find new opportunities for increased returns.</p>												
	Totals	9,933.1	86.2	143.7	9,670.7	32.5	0.0	0.0	0.0	0	0	0

Line Item Detail
Department of Revenue
Travel

Component: Alaska Retirement Management Board (2813)
RDU: Taxation and Treasury (510)

Line Number	Line Name		FY2015 Actuals	FY2016 Management Plan	FY2017 Governor
72000	Travel		235.6	123.7	143.7
Expenditure Account	Servicing Agency	Explanation	FY2015 Actuals	FY2016 Management Plan	FY2017 Governor
72000 Travel Detail Totals			235.6	123.7	143.7
72110	Employee Travel (Instate)	Instate airfare, surface transportation, lodging, meals & incidentals	29.0	38.7	40.7
72120	Nonemployee Travel (Instate Travel)	Instate airfare, surface transportation, lodging, meals & incidentals for Alaska Retirement Management Board Members and Investment Advisory Council Members	51.4	25.0	27.0
72410	Employee Travel (Out of state)	Out of state airfare, surface transportation, lodging, meals & incidentals	125.1	30.0	38.0
72420	Nonemployee Travel (Out of state Emp)	Out of state airfare, surface transportation, lodging, meal & incidentals for Alaska Retirement Management Board Members and Investment Advisory Council Members	30.1	30.0	38.0

Line Item Detail
Department of Revenue
Services

Component: Alaska Retirement Management Board (2813)
RDU: Taxation and Treasury (510)

Line Number	Line Name			FY2015 Actuals	FY2016 Management Plan	FY2017 Governor
73000	Services			6,182.4	8,056.0	9,670.7
Expenditure Account				FY2015 Actuals	FY2016 Management Plan	FY2017 Governor
Servicing Agency		Explanation		FY2015 Actuals	FY2016 Management Plan	FY2017 Governor
73000 Services Detail Totals				6,182.4	8,056.0	9,670.7
73025	Education Services		Training, conferences, memberships, and employee tuition	35.3	35.3	35.3
73050	Financial Services		Accounting, auditing, management and consulting services	1,186.6	1,880.4	1,950.4
73075	Legal & Judicial Svc		Transcription services	25.1	25.1	25.1
73150	Information Technlgy		IT consulting, software licensing, and software maintenance including investment management tools	885.7	885.7	885.7
73156	Telecommunication		Local, long distance, cellular and telecommunications equipment charges; data/network; and television	29.0	29.0	29.0
73225	Delivery Services		Delivery and courier services	2.3	2.3	2.3
73450	Advertising & Promos		Advertising and public notice	3.7	3.7	3.7
73650	Struc/Infstruct/Land		Repairs, maintenance, rentals and/or leases of structures or infrastructure	10.5	10.5	10.5
73675	Equipment/Machinery		Repairs, maintenance, rentals and/or leases of office furniture and equipment	25.6	25.6	25.6
73750	Other Services (Non IA Svcs)		Copier Maintenance	7.1	7.1	7.1
73805	IT-Non-Telecommunication	Admin	ETS chargeback for computer services (including EPR, MICS charges for mainframe usage, and VPN)	12.4	12.4	12.4
73806	IT-Telecommunication	Admin	ETS chargeback for telecommunications EPR, line fees and service requests	28.2	28.2	28.2
73808	Building Maintenance	Admin	DGS building maintenance	0.3	0.3	0.3
73809	Mail	Admin	Central mailroom services including pickup and delivery of U.S. mail, postage, mailing of state warrants	3.8	3.0	3.0
73810	Human Resources	Admin	Human resource and payroll services provided by the Division of Personnel	11.5	11.5	11.5
73811	Building Leases	Admin	Cost of space in state owned facility	88.8	90.0	90.0

Line Item Detail
Department of Revenue
Services

Component: Alaska Retirement Management Board (2813)

RDU: Taxation and Treasury (510)

Expenditure Account		Servicing Agency	Explanation	FY2015 Actuals	FY2016 Management Plan	FY2017 Governor
73000 Services Detail Totals				6,182.4	8,056.0	9,670.7
73812	Legal	Law	Legal services provided by the Department of Law	121.1	265.0	265.0
73814	Insurance	Admin	Risk Management	0.3	0.3	0.3
73815	Financial	Admin	Division of Finance IRIS and AKPAY	16.6	16.0	16.0
73816	ADA Compliance	Labor	Share of cost for ADA compliance	0.1	0.1	0.1
73818	Training (Services-IA Svcs)	Admin	Training provided by state agencies	0.4	0.4	0.4
73819	Commission Sales (IA Svcs)	Admin	State Travel Office fees	1.4	1.4	1.4
73822	Construction (IA Svcs)		Renovation	0.6	0.6	1.0
73827	Safety (IA Svcs)	Admin	Building security services	1.2	1.2	1.2
73979	Mgmt/Consulting (IA Svcs)	Admin	Investment auditing and consulting services provided by Retirement & Benefits	92.2	113.0	113.0
73979	Mgmt/Consulting (IA Svcs)	Admin	Actuarial consulting	127.2	133.0	135.0
73979	Mgmt/Consulting (IA Svcs)	Revenue-Treasury	Staffing provided by Treasury Division	3,219.4	4,228.7	5,771.0
73979	Mgmt/Consulting (IA Svcs)	Revenue-ASD	Support services provided by the Administrative Services Division including fiscal, budget, IT, and procurement	192.2	192.2	192.2
73979	Mgmt/Consulting (IA Svcs)	Revenue-CO	Support services provided by the Commissioner's Office	53.8	54.0	54.0

Line Item Detail
Department of Revenue
Commodities

Component: Alaska Retirement Management Board (2813)
RDU: Taxation and Treasury (510)

Line Number	Line Name		FY2015 Actuals	FY2016 Management Plan	FY2017 Governor
74000	Commodities		90.3	7.5	32.5
Expenditure Account	Servicing Agency	Explanation	FY2015 Actuals	FY2016 Management Plan	FY2017 Governor
74000 Commodities Detail Totals			90.3	7.5	32.5
74200	Business	Business supplies including books and educational; equipment and furniture; office supplies; desktop computers, printers and IT equipment less than \$5,000 per item; and subscriptions including electronic access to information	71.2	6.5	31.5
74480	Household & Instit.	Board meeting catering	19.1	1.0	1.0

Unrestricted Revenue Detail
Department of Revenue

Component: Alaska Retirement Management Board (2813)
RDU: Taxation and Treasury (510)

Master Account	Revenue Description				FY2015 Actuals	FY2016 Management Plan	FY2017 Governor
68515	Unrestricted Fund				5.2	0.0	0.0
Detail Information							
Revenue Amount	Revenue Description	Component	Collocation Code	AKSAS Fund	FY2015 Actuals	FY2016 Management Plan	FY2017 Governor
66190	Py Reimburse Recvry				5.2	0.0	0.0

Restricted Revenue Detail
Department of Revenue

Component: Alaska Retirement Management Board (2813)
RDU: Taxation and Treasury (510)

Master Account	Revenue Description				FY2015 Actuals	FY2016 Management Plan	FY2017 Governor
51390	Benefits System Receipts				198.4	0.0	0.0
Detail Information							
Revenue Amount	Revenue Description	Component	Collocation Code	AKSAS Fund	FY2015 Actuals	FY2016 Management Plan	FY2017 Governor
51466	Deferred Comp Receipts		04704140	11100	198.4	0.0	0.0

Interagency Services
Department of Revenue

Component: Alaska Retirement Management Board (2813)
RDU: Taxation and Treasury (510)

Expenditure Account		Service Description	Service Type	Servicing Agency	FY2015 Actuals	FY2016 Management Plan	FY2017 Governor
73805	IT-Non-Telecommunication	ETS chargeback for computer services (including EPR, MICS charges for mainframe usage, and VPN)	Inter-dept	Admin	12.4	12.4	12.4
73805 IT-Non-Telecommunication subtotal:					12.4	12.4	12.4
73806	IT-Telecommunication	ETS chargeback for telecommunications EPR, line fees and service requests	Inter-dept	Admin	28.2	28.2	28.2
73806 IT-Telecommunication subtotal:					28.2	28.2	28.2
73808	Building Maintenance	DGS building maintenance	Inter-dept	Admin	0.3	0.3	0.3
73808 Building Maintenance subtotal:					0.3	0.3	0.3
73809	Mail	Central mailroom services including pickup and delivery of U.S. mail, postage, mailing of state warrants	Inter-dept	Admin	3.8	3.0	3.0
73809 Mail subtotal:					3.8	3.0	3.0
73810	Human Resources	Human resource and payroll services provided by the Division of Personnel	Inter-dept	Admin	11.5	11.5	11.5
73810 Human Resources subtotal:					11.5	11.5	11.5
73811	Building Leases	Cost of space in state owned facility	Inter-dept	Admin	88.8	90.0	90.0
73811 Building Leases subtotal:					88.8	90.0	90.0
73812	Legal	Legal services provided by the Department of Law	Inter-dept	Law	121.1	265.0	265.0
73812 Legal subtotal:					121.1	265.0	265.0
73814	Insurance	Risk Management	Inter-dept	Admin	0.3	0.3	0.3
73814 Insurance subtotal:					0.3	0.3	0.3
73815	Financial	Division of Finance IRIS and AKPAY	Inter-dept	Admin	16.6	16.0	16.0
73815 Financial subtotal:					16.6	16.0	16.0
73816	ADA Compliance	Share of cost for ADA compliance	Inter-dept	Labor	0.1	0.1	0.1
73816 ADA Compliance subtotal:					0.1	0.1	0.1
73818	Training (Services-IA Svcs)	Training provided by state agencies	Inter-dept	Admin	0.4	0.4	0.4
73818 Training (Services-IA Svcs) subtotal:					0.4	0.4	0.4
73819	Commission Sales (IA Svcs)	State Travel Office fees	Inter-dept	Admin	1.4	1.4	1.4
73819 Commission Sales (IA Svcs) subtotal:					1.4	1.4	1.4
73822	Construction (IA Svcs)	Renovation	Inter-dept		0.6	0.6	1.0
73822 Construction (IA Svcs) subtotal:					0.6	0.6	1.0
73827	Safety (IA Svcs)	Building security services	Inter-dept	Admin	1.2	1.2	1.2
73827 Safety (IA Svcs) subtotal:					1.2	1.2	1.2
73979	Mgmt/Consulting (IA Svcs)	Investment auditing and consulting services provided by Retirement & Benefits	Inter-dept	Admin	92.2	113.0	113.0
73979	Mgmt/Consulting (IA Svcs)	Actuarial consulting	Inter-dept	Admin	127.2	133.0	135.0
73979	Mgmt/Consulting (IA Svcs)	Staffing provided by Treasury Division	Intra-dept	Revenue-Treasury	3,219.4	4,228.7	5,771.0
73979	Mgmt/Consulting (IA Svcs)	Support services provided by the Administrative Services Division including fiscal, budget, IT, and procurement	Intra-dept	Revenue-ASD	192.2	192.2	192.2

Interagency Services
Department of Revenue

Component: Alaska Retirement Management Board (2813)
RDU: Taxation and Treasury (510)

Expenditure Account	Service Description	Service Type	Servicing Agency	FY2015 Actuals	FY2016 Management Plan	FY2017 Governor	
73979	Mgmt/Consulting (IA Svcs)	Support services provided by the Commissioner's Office	Intra-dept	Revenue-CO	53.8	54.0	54.0
73979 Mgmt/Consulting (IA Svcs) subtotal:				3,684.8	4,720.9	6,265.2	
Alaska Retirement Management Board total:				3,971.5	5,151.3	6,696.0	
Grand Total:				3,971.5	5,151.3	6,696.0	