

State of Alaska FY2005 Governor's Operating Budget

Department of Revenue Alaska State Pension Investment Board Component Budget Summary

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Component: Alaska State Pension Investment Board

Contribution to Department's Mission

The mission of State Pension Investment Board is to manage state pension funds.

Core Services

Invest the funds of the state defined-benefit pension plans:

- Public Employees Retirement System
- Teachers' Retirement System
- Judicial Retirement System
- Alaska National Guard and Alaska Naval Militia Retirement System

Select and monitor appropriate investment options for the Supplemental Benefits Annuity Plan and the Deferred Compensation Plan.

End Results	Strategies to Achieve Results
<p>(1) Improve the risk adjusted return of funds under the stewardship of the Treasury Division by continually improving investment returns</p> <p><u>Target:</u> Exceed 1-year and 5-year target returns. <u>Measure:</u> Actual returns compared with target returns reported by consultant.</p>	<p>(1) Recognize possible improvements to asset allocation decisions through evaluation of greater diversification by expanding the number of asset classes. (NOTE: Asset allocation is the single largest contributor to total return.)</p> <p><u>Target:</u> Perform in-depth education on and analysis of at least one asset class each year. <u>Measure:</u> Number of new asset classes (or significant sub-categories) that the board evaluates annually.</p>

FY2005 Resources Allocated to Achieve Results							
<p>FY2005 Component Budget: \$3,582,900</p>	<p>Personnel:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Full time</td> <td style="text-align: right;">0</td> </tr> <tr> <td>Part time</td> <td style="text-align: right;">0</td> </tr> <tr style="border-top: 1px solid black;"> <td>Total</td> <td style="text-align: right;">0</td> </tr> </table>	Full time	0	Part time	0	Total	0
Full time	0						
Part time	0						
Total	0						

Performance Measure Detail

(1) Result: Improve the risk adjusted return of funds under the stewardship of the Treasury Division by continually improving investment returns

Target: Exceed 1-year and 5-year target returns.
Measure: Actual returns compared with target returns reported by consultant.

Analysis of results and challenges: PERS 1 yr return data

2002	actual 5.48	target 4.36
2003	actual 3.82	target 3.41
2004	N/A	
2005	N/A	

PERS 5 yr return data

2002 actual 4.57 target 4.90
 2003 actual 2.54 target 2.54
 2004 N/A
 2005 N/A

TRS 1 yr return data

2002 actual 5.49 target 4.36
 2003 actual 3.81 target 3.41
 2004 N/A
 2005 N/A

TRS 5 yr return data

2002 actual 4.60 target 4.90
 2003 actual 2.55 target 2.54
 2004 N/A
 2005 N/A

Judicial 1 yr return data

2002 actual -2.75 target -3.33
 2003 actual 3.95 target 5.62
 2004 N/A
 2005 N/A

Judicial 5 yr return data

2002 actual 5.16 target 5.18
 2003 actual 3.35 target 3.24
 2004 N/A
 2005 N/A

Military 1 yr return data

2002 actual -2.13 target -1.69
 2003 actual 6.27 target 7.77
 2004 N/A
 2005 N/A

Military 5 yr return data

2002 actual 5.47 target 5.63
 2003 actual 3.96 target 4.09
 2004 N/A
 2005 N/A

(1) Strategy: Recognize possible improvements to asset allocation decisions through evaluation of greater diversification by expanding the number of asset classes. (NOTE: Asset allocation is the single largest contributor to total return.)

Target: Perform in-depth education on and analysis of at least one asset class each year.

Measure: Number of new asset classes (or significant sub-categories) that the board evaluates annually.

Analysis of results and challenges: The Board will continue to evaluate new asset classes at their annual educational workshop.

Key Component Challenges

- Manage investment risk during times of increasing market volatility, while taking advantage of opportunities to increase returns.

Significant Changes in Results to be Delivered in FY2005

No changes in Results to be Delivered in FY2005.

Major Component Accomplishments in 2003

- The funds had a positive 3.6% return for the year ended June 30, 2003.

Statutory and Regulatory Authority

AS 14.25.180
AS 22.25.048(c)
AS 26.05.228(c)
AS 37.10.071
AS 37.10.210-AS 37.10.390
AS 39.35.080

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**Alaska State Pension Investment Board
Component Financial Summary**

All dollars shown in thousands

	FY2003 Actuals	FY2004 Authorized	FY2005 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	0.0	0.0	0.0
72000 Travel	170.7	157.9	157.9
73000 Contractual	3,042.2	3,096.3	3,305.0
74000 Supplies	28.0	50.0	50.0
75000 Equipment	52.2	70.0	70.0
76000 Land/Buildings	0.0	0.0	0.0
77000 Grants, Claims	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	3,293.1	3,374.2	3,582.9
Funding Sources:			
1017 Benefits Systems Receipts	99.0	99.0	99.0
1029 Public Employees Retirement Fund	2,108.0	2,128.5	2,262.1
1034 Teachers Retirement System Fund	1,074.4	1,118.8	1,121.0
1042 Judicial Retirement System	9.8	22.0	24.3
1045 National Guard Retirement System	1.9	5.9	76.5
Funding Totals	3,293.1	3,374.2	3,582.9

Estimated Revenue Collections

Description	Master Revenue Account	FY2003 Actuals	FY2004 Authorized	FY2005 Governor
Unrestricted Revenues				
None.		0.0	0.0	0.0
Unrestricted Total		0.0	0.0	0.0
Restricted Revenues				
Benefits System Receipts	51390	99.0	99.0	99.0
Restricted Total		99.0	99.0	99.0
Total Estimated Revenues		99.0	99.0	99.0

**Summary of Component Budget Changes
From FY2004 Authorized to FY2005 Governor**

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2004 Authorized	0.0	0.0	3,374.2	3,374.2
Proposed budget increases:				
-To reflect ASPIB's share of changes to Treasury personal services	0.0	0.0	208.7	208.7
FY2005 Governor	0.0	0.0	3,582.9	3,582.9