

# **State of Alaska FY2014 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 <http://omb.alaska.gov/results>.)

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

**Core Services**

- Improve the risk adjusted return of funds under the stewardship of the ARMB by continually improving investment returns

**Measures by Core Service**

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

1. Improve the risk adjusted return of funds under the stewardship of the ARMB by continually improving investment returns

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

**Major Component Accomplishments in 2012**

- The Alaska Retirement Management Board continues to improve investment options for all retirement plan participants.
- Accounting process altered to provide data daily, providing investment staff additional information for decision making.

- Financial statements were redesigned to be more user friendly.

### 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.

### Significant Changes in Results to be Delivered in FY2014

- Selection of risk consultant will enable analysis of risk among different asset classes.

### Statutory and Regulatory Authority

AS 37.10.210-390 Alaska Retirement Management Board

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**Alaska Retirement Management Board  
Component Financial Summary**

*All dollars shown in thousands*

	<b>FY2012 Actuals</b>	<b>FY2013 Management Plan</b>	<b>FY2014 Governor</b>
<b>Non-Formula Program:</b>			
<b>Component Expenditures:</b>			
71000 Personal Services	55.1	74.8	74.8
72000 Travel	255.4	124.0	124.0
73000 Services	5,563.0	8,014.6	8,023.3
74000 Commodities	107.2	7.5	7.5
75000 Capital Outlay	250.3	0.0	0.0
77000 Grants, Benefits	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
<b>Expenditure Totals</b>	<b>6,231.0</b>	<b>8,220.9</b>	<b>8,229.6</b>
<b>Funding Sources:</b>			
1004 General Fund Receipts	375.4	381.6	381.6
1017 Benefits Systems Receipts	1,147.9	1,627.8	1,629.3
1029 Public Employees Retirement System Fund	3,253.3	4,094.7	4,099.7
1034 Teachers Retirement System Fund	1,405.1	1,982.4	1,984.4
1042 Judicial Retirement System	39.2	47.4	47.5
1045 National Guard & Naval Militia Retirement System	10.1	87.0	87.1
<b>Funding Totals</b>	<b>6,231.0</b>	<b>8,220.9</b>	<b>8,229.6</b>

**Estimated Revenue Collections**

<b>Description</b>	<b>Master Revenue Account</b>	<b>FY2012 Actuals</b>	<b>FY2013 Management Plan</b>	<b>FY2014 Governor</b>
<b>Unrestricted Revenues</b>				
None.		0.0	0.0	0.0
<b>Unrestricted Total</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Restricted Revenues</b>				
Benefits System Receipts	51390	1,147.9	1,627.8	1,629.3
<b>Restricted Total</b>		<b>1,147.9</b>	<b>1,627.8</b>	<b>1,629.3</b>
<b>Total Estimated Revenues</b>		<b>1,147.9</b>	<b>1,627.8</b>	<b>1,629.3</b>

**Summary of Component Budget Changes  
From FY2013 Management Plan to FY2014 Governor**

*All dollars shown in thousands*

	<u>Unrestricted Gen (UGF)</u>	<u>Designated Gen (DGF)</u>	<u>Other Funds</u>	<u>Federal Funds</u>	<u>Total Funds</u>
<b>FY2013 Management Plan</b>	381.6	0.0	7,839.3	0.0	8,220.9
<b>Proposed budget increases:</b>					
-Funding for Investment Staff FY2014 Personal Services Increases	0.0	0.0	8.7	0.0	8.7
<b>FY2014 Governor</b>	381.6	0.0	7,848.0	0.0	8,229.6

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

**Component:** Alaska Retirement Management Board (AR15165) (2813)  
**RDU:** Taxation and Treasury (510)

	FY2012 Actuals	FY2013 Conference Committee	FY2013 Authorized	FY2013 Management Plan	FY2014 Governor	FY2013 Management Plan vs FY2014 Governor	
71000 Personal Services	55.1	74.8	74.8	74.8	74.8	0.0	0.0%
72000 Travel	255.4	124.0	124.0	124.0	124.0	0.0	0.0%
73000 Services	5,563.0	8,014.6	8,014.6	8,014.6	8,023.3	8.7	0.1%
74000 Commodities	107.2	7.5	7.5	7.5	7.5	0.0	0.0%
75000 Capital Outlay	250.3	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>6,231.0</b>	<b>8,220.9</b>	<b>8,220.9</b>	<b>8,220.9</b>	<b>8,229.6</b>	<b>8.7</b>	<b>0.1%</b>
<b>Fund Sources:</b>							
1004 Gen Fund (UGF)	375.4	381.6	381.6	381.6	381.6	0.0	0.0%
1017 Ben Sys (Other)	1,147.9	1,627.8	1,627.8	1,627.8	1,629.3	1.5	0.1%
1029 P/E Retire (Other)	3,253.3	4,094.7	4,094.7	4,094.7	4,099.7	5.0	0.1%
1034 Teach Ret (Other)	1,405.1	1,982.4	1,982.4	1,982.4	1,984.4	2.0	0.1%
1042 Jud Retire (Other)	39.2	47.4	47.4	47.4	47.5	0.1	0.2%
1045 Nat Guard (Other)	10.1	87.0	87.0	87.0	87.1	0.1	0.1%
<b>Unrestricted General (UGF)</b>	<b>375.4</b>	<b>381.6</b>	<b>381.6</b>	<b>381.6</b>	<b>381.6</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>5,855.6</b>	<b>7,839.3</b>	<b>7,839.3</b>	<b>7,839.3</b>	<b>7,848.0</b>	<b>8.7</b>	<b>0.1%</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:** 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 FY2013 Conference Committee To FY2013 Authorized *****												
<b>FY2013 Conference Committee</b>												
	ConfCom	8,220.9	74.8	124.0	8,014.6	7.5	0.0	0.0	0.0	0	0	0
1004 Gen Fund		381.6										
1017 Ben Sys		1,627.8										
1029 P/E Retire		4,094.7										
1034 Teach Ret		1,982.4										
1042 Jud Retire		47.4										
1045 Nat Guard		87.0										
<b>Subtotal</b>		<b>8,220.9</b>	<b>74.8</b>	<b>124.0</b>	<b>8,014.6</b>	<b>7.5</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>
***** Changes From FY2013 Authorized To FY2013 Management Plan *****												
<b>Subtotal</b>		<b>8,220.9</b>	<b>74.8</b>	<b>124.0</b>	<b>8,014.6</b>	<b>7.5</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>
***** Changes From FY2013 Management Plan To FY2014 Governor *****												
<b>Funding for Investment Staff FY2014 Personal Services Increases</b>												
	Inc	8.7	0.0	0.0	8.7	0.0	0.0	0.0	0.0	0	0	0
1017 Ben Sys		1.5										
1029 P/E Retire		5.0										
1034 Teach Ret		2.0										
1042 Jud Retire		0.1										
1045 Nat Guard		0.1										
<b>Totals</b>		<b>8,229.6</b>	<b>74.8</b>	<b>124.0</b>	<b>8,023.3</b>	<b>7.5</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>

The Department of Revenue requests an increase in pension funds in the Alaska Retirement Management Board (ARMB) component to correspond with the interagency receipts being added to the Treasury component for FY2014 wage and benefit increases. Treasury's interagency receipts are collected from the pension funds managed by ARMB; if additional funds are not available for ARMB to pay for the increases, then Treasury's funding for investment staffing costs will be uncollectible.

**Line Item Detail**  
**Department of Revenue**  
**Travel**

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

Line Number	Line Name		FY2012 Actuals	FY2013 Management Plan	FY2014 Governor
72000	Travel		255.4	124.0	124.0
Expenditure Account	Servicing Agency	Explanation	FY2012 Actuals	FY2013 Management Plan	FY2014 Governor
<b>72000 Travel Detail Totals</b>			<b>255.4</b>	<b>124.0</b>	<b>124.0</b>
72110	Employee Travel (Instate)	Instate airfare, surface transportation, lodging, meals & incidentals	36.9	15.0	15.0
72120	Nonemployee Travel (Instate Travel)	Instate airfare, surface transportation, lodging, meals & incidentals for Alaska Retirement Management Board Members and Investment Advisory Council Members.	53.6	20.0	20.0
72410	Employee Travel (Out of state)	Out of state airfare, surface transportation, lodging, meals & incidentals	120.6	75.0	75.0
72420	Nonemployee Travel (Out of state Emp)	Out of state airfare, surface transportation, lodging, meals & incidentals for Alaska Retirement Management Board Members and Investment Advisory Council Members	33.1	14.0	14.0
72700	Moving Costs		11.2	0.0	0.0



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

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

Line Number	Line Name		FY2012 Actuals	FY2013 Management Plan	FY2014 Governor	
73000	Services		5,563.0	8,014.6	8,023.3	
Expenditure Account	Servicing Agency	Explanation	FY2012 Actuals	FY2013 Management Plan	FY2014 Governor	
<b>73000 Services Detail Totals</b>			<b>5,563.0</b>	<b>8,014.6</b>	<b>8,023.3</b>	
73025	Education Services	Training, conferences, memberships, and employee tuition	40.3	65.0	65.0	
73050	Financial Services	Accounting, auditing, management and consulting services	1,013.1	2,105.0	2,105.0	
73075	Legal & Judicial Svc	Transcription services	30.5	36.0	36.0	
73150	Information Technlgy	IT consulting, software licensing, and software maintenance including investment management tools	840.0	1,148.1	1,148.1	
73156	Telecommunication	Local, long distance, cellular and telecommunications equipment charges; data/network; and television	26.2	38.3	38.3	
73225	Delivery Services	Delivery and courier services; use of services fluctuates depending on the needs of the board trustees, number of trustees, and number of meetings held	2.8	13.0	13.0	
73450	Advertising & Promos	Advertising and public notice	7.4	15.0	15.0	
73525	Utilities	Document disposal	1.2	0.4	0.4	
73650	Struc/Infstruct/Land	Repairs, maintenance, rentals and/or leases of structures or infrastructure	11.7	35.0	35.0	
73675	Equipment/Machinery	Repairs, maintenance, rentals and/or leases of office furniture and equipment	29.8	30.0	30.0	
73750	Other Services (Non IA Svcs)	Professional management and consulting services; printing and copying services	0.8	0.0	0.0	
73805	IT-Non-Telecommunication	Admin	ETS chargeback for computer services (including EPR, MICS charges for mainframe usage, and VPN)	12.9	15.0	15.0
73806	IT-Telecommunication	Admin	ETS chargeback for telecommunications EPR, line fees and service requests	35.5	35.0	35.0
73808	Building Maintenance	Admin	Maintenance and upgrades on state-owned facility	0.1	0.4	0.4
73809	Mail	Admin	Central mailroom services including pick up and	4.2	6.1	6.1

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

**Component:** Alaska Retirement Management Board (2813)

**RDU:** Taxation and Treasury (510)

Expenditure Account	Servicing Agency	Explanation	FY2012 Actuals	FY2013 Management Plan	FY2014 Governor	
<b>73000 Services Detail Totals</b>			<b>5,563.0</b>	<b>8,014.6</b>	<b>8,023.3</b>	
		delivery of U.S. mail, postage, mailing of state warrants				
73810	Human Resources	Admin	Human resource and payroll services provided by the Division of Personnel	17.6	16.0	16.0
73811	Building Leases	Admin	Cost of space in state owned facility	84.1	90.0	90.0
73812	Legal	Law	Legal services provided by the Department of Law	63.9	195.0	195.0
73814	Insurance	Admin	Risk Management	0.3	0.3	0.3
73815	Financial	Admin	Division of Finance AKSAS/AKPAY	23.5	30.0	30.0
73816	ADA Compliance	Labor	Share of cost for ADA compliance	0.3	0.4	0.4
73818	Training (Services-IA Svcs)	Admin	Training provided by state agencies	0.3	0.4	0.4
73819	Commission Sales (IA Svcs)	Admin	State Travel Office fees	1.5	1.9	1.9
73827	Safety (IA Svcs)	Admin	Building security services	1.0	1.0	1.0
73979	Mgmt/Consulting (IA Svcs)	Admin	Investment auditing and consulting services provided by Retirement & Benefits	89.4	89.4	89.4
73979	Mgmt/Consulting (IA Svcs)	Admin	Actuarial consulting	26.1	80.0	80.0
73979	Mgmt/Consulting (IA Svcs)	Revenue-Treasury	Staffing provided by Treasury Division	3,022.1	3,771.1	3,779.8
73979	Mgmt/Consulting (IA Svcs)	Revenue-ASD	Support services provided by the Administrative Services Division including fiscal, budget, IT, and procurement	155.0	154.9	154.9
73979	Mgmt/Consulting (IA Svcs)	Revenue-CO	Support services provided by the Commissioner's Office	21.4	41.9	41.9

**Line Item Detail**  
**Department of Revenue**  
**Commodities**

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

Line Number	Line Name		FY2012 Actuals	FY2013 Management Plan	FY2014 Governor
74000	Commodities		107.2	7.5	7.5
Expenditure Account	Servicing Agency	Explanation	FY2012 Actuals	FY2013 Management Plan	FY2014 Governor
<b>74000 Commodities Detail Totals</b>			<b>107.2</b>	<b>7.5</b>	<b>7.5</b>
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	84.4	6.5	6.5
74480	Household & Instit.	Institutional supplies	22.8	1.0	1.0

**Line Item Detail**  
**Department of Revenue**  
**Capital Outlay**

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

Line Number	Line Name		FY2012 Actuals	FY2013 Management Plan	FY2014 Governor
75000	Capital Outlay		250.3	0.0	0.0
			<b>FY2012 Actuals</b>	<b>FY2013 Management Plan</b>	<b>FY2014 Governor</b>
			<b>75000 Capital Outlay Detail Totals</b>	<b>250.3</b>	<b>0.0</b>
75700	Equipment		250.3	0.0	0.0

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

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

<b>Master Account</b>	<b>Revenue Description</b>			<b>FY2012 Actuals</b>	<b>FY2013 Management Plan</b>	<b>FY2014 Governor</b>	
51390	Benefits System Receipts			1,147.9	1,627.8	1,629.3	
<b>Detail Information</b>							
<b>Revenue Amount</b>	<b>Revenue Description</b>	<b>Component</b>	<b>Collocation Code</b>	<b>AKSAS Fund</b>	<b>FY2012 Actuals</b>	<b>FY2013 Management Plan</b>	<b>FY2014 Governor</b>
51390	Benefits System Rec Fees applicable to management of Retiree Health funds		04704130	11100	20.4	24.4	48.8
51390	Benefits System Rec Fees applicable to management of Deferred Compensation funds are received from Great West.		04704140	11100	182.8	399.1	358.5
51390	Benefits System Rec Fees applicable to management of SBS funds		04704180	11100	944.7	1,204.3	1,222.0

**Inter-Agency Services**  
**Department of Revenue**

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

Expenditure Account	Service Description	Service Type	Servicing Agency	FY2013			
				FY2012 Actuals	Management Plan	FY2014 Governor	
73805	IT-Non-Telecommunication	ETS chargeback for computer services (including EPR, MICS charges for mainframe usage, and VPN)	Inter-dept	Admin	12.9	15.0	15.0
				<b>73805 IT-Non-Telecommunication subtotal:</b>	<b>12.9</b>	<b>15.0</b>	<b>15.0</b>
73806	IT-Telecommunication	ETS chargeback for telecommunications EPR, line fees and service requests	Inter-dept	Admin	35.5	35.0	35.0
				<b>73806 IT-Telecommunication subtotal:</b>	<b>35.5</b>	<b>35.0</b>	<b>35.0</b>
73808	Building Maintenance	Maintenance and upgrades on state-owned facility	Inter-dept	Admin	0.1	0.4	0.4
				<b>73808 Building Maintenance subtotal:</b>	<b>0.1</b>	<b>0.4</b>	<b>0.4</b>
73809	Mail	Central mailroom services including pick up and delivery of U.S. mail, postage, mailing of state warrants	Inter-dept	Admin	4.2	6.1	6.1
				<b>73809 Mail subtotal:</b>	<b>4.2</b>	<b>6.1</b>	<b>6.1</b>
73810	Human Resources	Human resource and payroll services provided by the Division of Personnel	Inter-dept	Admin	17.6	16.0	16.0
				<b>73810 Human Resources subtotal:</b>	<b>17.6</b>	<b>16.0</b>	<b>16.0</b>
73811	Building Leases	Cost of space in state owned facility	Inter-dept	Admin	84.1	90.0	90.0
				<b>73811 Building Leases subtotal:</b>	<b>84.1</b>	<b>90.0</b>	<b>90.0</b>
73812	Legal	Legal services provided by the Department of Law	Inter-dept	Law	63.9	195.0	195.0
				<b>73812 Legal subtotal:</b>	<b>63.9</b>	<b>195.0</b>	<b>195.0</b>
73814	Insurance	Risk Management	Inter-dept	Admin	0.3	0.3	0.3
				<b>73814 Insurance subtotal:</b>	<b>0.3</b>	<b>0.3</b>	<b>0.3</b>
73815	Financial	Division of Finance AKSAS/AKPAY	Inter-dept	Admin	23.5	30.0	30.0
				<b>73815 Financial subtotal:</b>	<b>23.5</b>	<b>30.0</b>	<b>30.0</b>
73816	ADA Compliance	Share of cost for ADA compliance	Inter-dept	Labor	0.3	0.4	0.4
				<b>73816 ADA Compliance subtotal:</b>	<b>0.3</b>	<b>0.4</b>	<b>0.4</b>
73818	Training (Services-IA Svcs)	Training provided by state agencies	Inter-dept	Admin	0.3	0.4	0.4
				<b>73818 Training (Services-IA Svcs) subtotal:</b>	<b>0.3</b>	<b>0.4</b>	<b>0.4</b>
73819	Commission Sales (IA Svcs)	State Travel Office fees	Inter-dept	Admin	1.5	1.9	1.9
				<b>73819 Commission Sales (IA Svcs) subtotal:</b>	<b>1.5</b>	<b>1.9</b>	<b>1.9</b>
73827	Safety (IA Svcs)	Building security services	Inter-dept	Admin	1.0	1.0	1.0
				<b>73827 Safety (IA Svcs) subtotal:</b>	<b>1.0</b>	<b>1.0</b>	<b>1.0</b>
73979	Mgmt/Consulting (IA Svcs)	Investment auditing and consulting services provided by Retirement & Benefits	Inter-dept	Admin	89.4	89.4	89.4
73979	Mgmt/Consulting (IA Svcs)	Actuarial consulting	Inter-dept	Admin	26.1	80.0	80.0
73979	Mgmt/Consulting (IA Svcs)	Staffing provided by Treasury Division	Intra-dept	Revenue-Treasury	3,022.1	3,771.1	3,779.8
73979	Mgmt/Consulting (IA Svcs)	Support services provided by the Administrative Services Division including fiscal, budget, IT, and procurement	Intra-dept	Revenue-ASD	155.0	154.9	154.9
73979	Mgmt/Consulting (IA Svcs)	Support services provided by the Commissioner's Office	Intra-dept	Revenue-CO	21.4	41.9	41.9
				<b>73979 Mgmt/Consulting (IA Svcs) subtotal:</b>	<b>3,314.0</b>	<b>4,137.3</b>	<b>4,146.0</b>

**Inter-Agency Services**  
**Department of Revenue**

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

<u>Expenditure Account</u>	<u>Service Description</u>	<u>Service Type</u>	<u>Servicing Agency</u>	<u>FY2012 Actuals</u>	<u>FY2013 Management Plan</u>	<u>FY2014 Governor</u>
			Alaska Retirement Management Board total:	3,559.2	4,528.8	4,537.5
			Grand Total:	3,559.2	4,528.8	4,537.5