

**State of Alaska  
FY2018 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 2016**

- Although the Public Employee Retirement System (PERS) and Teacher Retirement System (TRS) defined benefit retirement plans earned annual returns below than their benchmark returns in 2016, the 3 year and 5 year returns exceeded their benchmarks.
- Staff created new equity mandates that are being managed in-house, reducing fees paid to external investment managers.

- The Alaska Retirement Management Board 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 FY2018

No changes in results delivered.

### Statutory and Regulatory Authority

AS 37.10.210-390 Alaska Retirement Management Board

Contact Information
<p><b>Contact:</b> Dan DeBartolo, Director, Administrative Services <b>Phone:</b> (907) 465-2312 <b>Fax:</b> (907) 465-1685 <b>E-mail:</b> daniel.debartolo@alaska.gov</p>

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

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

Non-Formula Component

	FY2016 Actuals	FY2017 Conference Committee	FY2017 Authorized	FY2017 Management Plan	FY2018 Governor	FY2017 Management Plan vs FY2018 Governor	
71000 Personal Services	56.8	231.3	231.3	86.2	86.2	0.0	0.0%
72000 Travel	154.9	143.7	143.7	143.7	143.7	0.0	0.0%
73000 Services	6,730.1	8,838.0	8,838.0	8,983.1	9,331.6	348.5	3.9%
74000 Commodities	68.1	32.5	32.5	32.5	32.5	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>7,009.9</b>	<b>9,245.5</b>	<b>9,245.5</b>	<b>9,245.5</b>	<b>9,594.0</b>	<b>348.5</b>	<b>3.8%</b>
<b>Fund Sources:</b>							
1017Ben Sys (Other)	3,529.3	4,812.6	4,812.6	4,812.6	4,984.9	172.3	3.6%
1029P/E Retire (Other)	2,155.8	2,744.3	2,744.3	2,744.3	2,853.8	109.5	4.0%
1034Teach Ret (Other)	1,282.1	1,551.5	1,551.5	1,551.5	1,616.0	64.5	4.2%
1042Jud Retire (Other)	33.7	47.5	47.5	47.5	49.3	1.8	3.8%
1045Nat Guard (Other)	9.0	89.6	89.6	89.6	90.0	0.4	0.4%
<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>7,009.9</b>	<b>9,245.5</b>	<b>9,245.5</b>	<b>9,245.5</b>	<b>9,594.0</b>	<b>348.5</b>	<b>3.8%</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 FY2017 Conference Committee To FY2017 Authorized *****												
<b>FY2017 Conference Committee</b>												
ConfCom		9,245.5	231.3	143.7	8,838.0	32.5	0.0	0.0	0.0	0	0	0
1017 Ben Sys		4,812.6										
1029 P/E Retire		2,744.3										
1034 Teach Ret		1,551.5										
1042 Jud Retire		47.5										
1045 Nat Guard		89.6										
<b>Subtotal</b>		<b>9,245.5</b>	<b>231.3</b>	<b>143.7</b>	<b>8,838.0</b>	<b>32.5</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>
***** Changes From FY2017 Authorized To FY2017 Management Plan *****												
<b>Correct Change Record - Funding to Move Treasury Division Investment Officer Salaries to Market</b>												
LIT		0.0	-145.1	0.0	145.1	0.0	0.0	0.0	0.0	0	0	0
This line item transfer corrects the increment received in FY2017 and moves the authorization into services. Personal Services in ARMB is reserved for board honoraria.												
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.												
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.												
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.												
<b>Subtotal</b>		<b>9,245.5</b>	<b>86.2</b>	<b>143.7</b>	<b>8,983.1</b>	<b>32.5</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>
***** Changes From FY2017 Management Plan To FY2018 Governor *****												
<b>Treasury Division Services Paid by Alaska Retirement Management Board with Reimbursable Services Agreement</b>												
Inc		348.5	0.0	0.0	348.5	0.0	0.0	0.0	0.0	0	0	0
1017 Ben Sys		172.3										
1029 P/E Retire		109.5										
1034 Teach Ret		64.5										
1042 Jud Retire		1.8										
1045 Nat Guard		0.4										

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.

**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		
										PFT	PPT	NP
	Totals	9,594.0	86.2	143.7	9,331.6	32.5	0.0	0.0	0.0	0	0	0

**Line Item Detail (1676)**  
**Department of Revenue**  
**Travel**

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

<b>Line Number</b>	<b>Line Name</b>		<b>FY2016 Actuals</b>	<b>FY2017 Management Plan</b>	<b>FY2018 Governor</b>
2000	Travel		154.9	143.7	143.7
<b>Object Class</b>	<b>Servicing Agency</b>	<b>Explanation</b>	<b>FY2016 Actuals</b>	<b>FY2017 Management Plan</b>	<b>FY2018 Governor</b>
<b>2000 Travel Detail Totals</b>			<b>154.9</b>	<b>143.7</b>	<b>143.7</b>
2000	In-State Employee Travel	Employee instate travel - airfare, lodging, surface transportation, reimbursable travel costs, and meal & incidentals	30.1	40.7	40.7
2001	In-State Non-Employee Travel	Non-Employee instate travel - airfare, lodging, surface transportation, reimbursable travel costs, and meal & incidentals	24.2	27.0	27.0
2002	Out of State Employee Travel	Employee out of state travel - airfare, lodging, surface transportation, reimbursable travel costs, and meal & incidentals	78.9	38.0	38.0
2003	Out of State Non-Employee Travel	Non-Employee out of state travel - airfare, lodging, surface transportation, reimbursable travel costs, and meal & incidentals	21.7	38.0	38.0

**Line Item Detail (1676)**  
**Department of Revenue**  
**Services**

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

Line Number	Line Name		FY2016 Actuals	FY2017 Management Plan	FY2018 Governor
3000	Services		6,730.1	8,983.1	9,331.6
Object Class	Servicing Agency	Explanation	FY2016 Actuals	FY2017 Management Plan	FY2018 Governor
<b>3000 Services Detail Totals</b>			<b>6,730.1</b>	<b>8,983.1</b>	<b>9,331.6</b>
3000	Education Services	Training, conferences, memberships, and employee tuition	35.3	35.0	35.0
3001	Financial Services	Accounting, auditing, management/consulting services	1,162.6	1,360.5	1,372.6
3002	Legal and Judicial Services	Transcription services	26.4	25.1	25.1
3003	Information Technology	IT training, consulting, software licensing, software maintenance, and IT equipment leases	977.1	885.7	977.1
3004	Telecommunications	Local, long distance, cellular and telecommunications equipment charges; data/network; and television	31.6	29.0	29.0
3006	Delivery Services	Delivery and courier services	4.1	2.3	2.3
3007	Advertising and Promotions	Advertising of legal notices for regulations and public hearings	8.6	3.7	3.7
3009	Structure/Infrastructure/Land	Repairs/maintenance of structures or infrastructure	12.2	10.5	10.5
3010	Equipment/Machinery	Repairs, maintenance, rentals and/or leases of office furniture and equipment	23.7	25.6	25.6
3011	Other Services	Professional management and consulting services; printing and copying services; and State Travel Office fees	1.6	8.5	345.2
3017	Inter-Agency Information Technology	Admin - Department-wide ETS chargeback for computer	17.4	12.4	12.4



**Line Item Detail (1676)**  
**Department of Revenue**  
**Services**

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

Object Class	Servicing Agency	Explanation	FY2016 Actuals	FY2017 Management Plan	FY2018 Governor
<b>3000 Services Detail Totals</b>			<b>6,730.1</b>	<b>8,983.1</b>	<b>9,331.6</b>
Non-Telecommunications		services (including EPR, MICS charges for mainframe usage, and VPN			
3018	Inter-Agency Information Technology Telecommunications	Admin - Department-wide ETS chargeback for telecommunications EPR, phone lines and service requests	37.5	28.2	28.2
3020	Inter-Agency Building Maintenance	Admin - Department-wide Building maintenance performed by Division of General Services	0.3	0.3	0.3
3021	Inter-Agency Mail	Admin - Department-wide Central mailroom services including pickup and delivery of U.S. mail, postage, mailing of state warrants	5.0	3.0	3.0
3022	Inter-Agency Human Resources	Admin - Department-wide Human resource and payroll services provided by the Division of Personnel	16.3	11.5	11.5
3023	Inter-Agency Building Leases	Admin - Department-wide Cost of space in state-owned facilities	115.9	90.0	90.0
3024	Inter-Agency Legal	Law - Department-wide Legal services provided by the Department of Law	81.2	190.0	190.0
3026	Inter-Agency Insurance	Admin - Department-wide Risk Management	0.5	0.3	0.3
3027	Inter-Agency Financial	Admin - Department-wide Division of Finance IRIS and AKPAY	39.4	16.0	16.0
3028	Inter-Agency Americans with Disabilities Act Compliance	Admin - Department-wide ADA compliance	0.0	0.1	0.1
3029	Inter-Agency Education/Training	Admin - Department-wide Training provided by state agencies – Division of General Services and Division of Finance training for procurement and ALDER reporting	0.2	0.4	0.4
3031	Inter-Agency Construction	Admin - Department-wide Construction work provided by Division of General Services	0.0	1.0	1.0
3036	Inter-Agency Safety	Admin - Department-wide Parking enforcement at State Office Building located in Juneau	1.5	1.2	1.2
3038	Inter-Agency Management/Consulting	Rev - Treasury Division (121) ARMB PS RSA ARMB PS RSA	3,766.9	5,963.2	5,883.6

**Line Item Detail (1676)**  
**Department of Revenue**  
**Services**

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

Object Class		Servicing Agency	Explanation	FY2016 Actuals	FY2017 Management Plan	FY2018 Governor
			<b>3000 Services Detail Totals</b>	<b>6,730.1</b>	<b>8,983.1</b>	<b>9,331.6</b>
			Staffing provided by Treasury Division			
3038	Inter-Agency Management/Consulting	Rev - Commissioner's Office (123)	Support services provided by the Commissioner's Office	39.8	81.6	69.5
3038	Inter-Agency Management/Consulting	Admin - Department-wide	Actuarial consulting	111.6	100.0	100.0
3038	Inter-Agency Management/Consulting	Admin - Department-wide	Investment auditing and consulting services provided by Retirement & Benefits	93.8	98.0	98.0
3038	Inter-Agency Management/Consulting	Rev - Administrative Services (125)	Support services provided by the Administrative Services Division including fiscal, budget, IT, and procurement	119.6	0.0	0.0

**Line Item Detail (1676)**  
**Department of Revenue**  
**Commodities**

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

<b>Line Number</b>	<b>Line Name</b>		<b>FY2016 Actuals</b>	<b>FY2017 Management Plan</b>	<b>FY2018 Governor</b>
4000	Commodities		68.1	32.5	32.5
<b>Object Class</b>	<b>Servicing Agency</b>	<b>Explanation</b>	<b>FY2016 Actuals</b>	<b>FY2017 Management Plan</b>	<b>FY2018 Governor</b>
<b>4000 Commodities Detail Totals</b>			<b>68.1</b>	<b>32.5</b>	<b>32.5</b>
4000	Business	Business supplies including book 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	48.6	31.5	31.5
4002	Household/Institutional	Institutional supplies	19.5	1.0	1.0

**Inter-Agency Services (1682)**  
**Department of Revenue**

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

				FY2016 Actuals	FY2017 Management Plan	FY2018 Governor
<b>Component Totals</b>				<b>4,446.9</b>	<b>6,597.2</b>	<b>6,505.5</b>
With Department of Administration				439.4	362.4	362.4
With Department of Law				81.2	190.0	190.0
With Department of Revenue				3,926.3	6,044.8	5,953.1
<b>Object Class</b>	<b>Servicing Agency</b>	<b>Explanation</b>	<b>FY2016 Actuals</b>	<b>FY2017 Management Plan</b>	<b>FY2018 Governor</b>	
3017	Inter-Agency Information Technology Non-Telecommunications	Admin - Department-wide	ETS chargeback for computer services (including EPR, MICS charges for mainframe usage, and VPN	17.4	12.4	12.4
3018	Inter-Agency Information Technology Telecommunications	Admin - Department-wide	ETS chargeback for telecommunications EPR, phone lines and service requests	37.5	28.2	28.2
3020	Inter-Agency Building Maintenance	Admin - Department-wide	Building maintenance performed by Division of General Services	0.3	0.3	0.3
3021	Inter-Agency Mail	Admin - Department-wide	Central mailroom services including pickup and delivery of U.S. mail, postage, mailing of state warrants	5.0	3.0	3.0
3022	Inter-Agency Human Resources	Admin - Department-wide	Human resource and payroll services provided by the Division of Personnel	16.3	11.5	11.5
3023	Inter-Agency Building Leases	Admin - Department-wide	Cost of space in state-owned facilities	115.9	90.0	90.0
3024	Inter-Agency Legal	Law - Department-wide	Legal services provided by the Department of Law	81.2	190.0	190.0
3026	Inter-Agency Insurance	Admin - Department-wide	Risk Management	0.5	0.3	0.3
3027	Inter-Agency Financial	Admin - Department-wide	Division of Finance IRIS and AKPAY	39.4	16.0	16.0
3028	Inter-Agency Americans with Disabilities Act Compliance	Admin - Department-wide	ADA compliance	0.0	0.1	0.1
3029	Inter-Agency Education/Training	Admin - Department-wide	Training provided by state agencies – Division of General Services and Division of Finance training for	0.2	0.4	0.4

**Inter-Agency Services (1682)**  
**Department of Revenue**

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

<b>Object Class</b>	<b>Servicing Agency</b>	<b>Explanation</b>	<b>FY2016 Actuals</b>	<b>FY2017 Management Plan</b>	<b>FY2018 Governor</b>
		procurement and ALDER reporting			
3031 Inter-Agency Construction	Admin - Department-wide	Construction work provided by Division of General Services	0.0	1.0	1.0
3036 Inter-Agency Safety	Admin - Department-wide	Parking enforcement at State Office Building located in Juneau	1.5	1.2	1.2
3038 Inter-Agency Management/Consulting	Rev - Treasury Division (121)	ARMB PS RSA ARMB PS RSA Staffing provided by Treasury Division	3,766.9	5,963.2	5,883.6
3038 Inter-Agency Management/Consulting	Rev - Commissioner's Office (123)	Support services provided by the Commissioner's Office	39.8	81.6	69.5
3038 Inter-Agency Management/Consulting	Admin - Department-wide	Actuarial consulting	111.6	100.0	100.0
3038 Inter-Agency Management/Consulting	Admin - Department-wide	Investment auditing and consulting services provided by Retirement & Benefits	93.8	98.0	98.0
3038 Inter-Agency Management/Consulting	Rev - Administrative Services (125)	Support services provided by the Administrative Services Division including fiscal, budget, IT, and procurement	119.6	0.0	0.0