

State of Alaska FY2019 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.

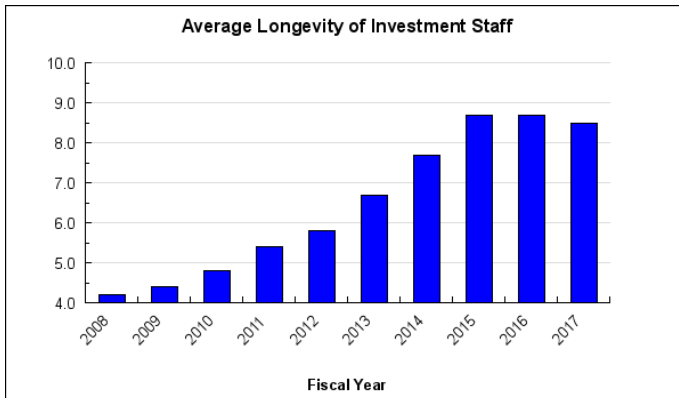
Core Services

- 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.



Major Component Accomplishments in 2017

- The Public Employee Retirement System (PERS) and Teacher Retirement System (TRS) defined benefit retirement plans earned annual returns above their benchmark returns in 2017. The 3 year and 5 year returns also 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 FY2019

No changes in results delivered.

Statutory and Regulatory Authority

AS 37.10.210-390 Alaska Retirement Management Board

| Contact Information |
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| <p>Contact: Dan DeBartolo, Director, Administrative Services Phone: (907) 465-2312 Fax: (907) 465-1685 E-mail: 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

| | FY2017 Actuals | FY2018 Conference Committee | FY2018 Authorized | FY2018 Management Plan | FY2019 Governor | FY2018 Management Plan vs FY2019 Governor | |
|-----------------------------------|----------------|-----------------------------|-------------------|------------------------|-----------------|---|-------------|
| 71000 Personal Services | 46.1 | 86.2 | 86.2 | 86.2 | 86.2 | 0.0 | 0.0% |
| 72000 Travel | 145.7 | 143.7 | 143.7 | 143.7 | 143.7 | 0.0 | 0.0% |
| 73000 Services | 8,484.1 | 9,770.5 | 9,770.5 | 9,770.5 | 9,770.5 | 0.0 | 0.0% |
| 74000 Commodities | 120.5 | 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% |
| Totals | 8,796.4 | 10,032.9 | 10,032.9 | 10,032.9 | 10,032.9 | 0.0 | 0.0% |
| Fund Sources: | | | | | | | |
| 1017Ben Sys (Other) | 4,452.3 | 5,201.8 | 5,201.8 | 5,201.8 | 5,201.8 | 0.0 | 0.0% |
| 1029P/E Retire (Other) | 2,703.4 | 2,991.7 | 2,991.7 | 2,991.7 | 2,991.7 | 0.0 | 0.0% |
| 1034Teach Ret (Other) | 1,585.7 | 1,697.2 | 1,697.2 | 1,697.2 | 1,697.2 | 0.0 | 0.0% |
| 1042Jud Retire (Other) | 43.2 | 51.6 | 51.6 | 51.6 | 51.6 | 0.0 | 0.0% |
| 1045Nat Guard (Other) | 11.8 | 90.6 | 90.6 | 90.6 | 90.6 | 0.0 | 0.0% |
| Unrestricted General (UGF) | 0.0 | 0.0 | 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 | 8,796.4 | 10,032.9 | 10,032.9 | 10,032.9 | 10,032.9 | 0.0 | 0.0% |
| 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 FY2018 Conference Committee To FY2018 Authorized ***** | | | | | | | | | | | | |
| FY2018 Conference Committee | | | | | | | | | | | | |
| ConfCom | | 10,032.9 | 86.2 | 143.7 | 9,770.5 | 32.5 | 0.0 | 0.0 | 0.0 | 0 | 0 | 0 |
| 1017 Ben Sys | | 5,201.8 | | | | | | | | | | |
| 1029 P/E Retire | | 2,991.7 | | | | | | | | | | |
| 1034 Teach Ret | | 1,697.2 | | | | | | | | | | |
| 1042 Jud Retire | | 51.6 | | | | | | | | | | |
| 1045 Nat Guard | | 90.6 | | | | | | | | | | |
| Subtotal | | 10,032.9 | 86.2 | 143.7 | 9,770.5 | 32.5 | 0.0 | 0.0 | 0.0 | 0 | 0 | 0 |
| ***** Changes From FY2018 Management Plan To FY2019 Governor ***** | | | | | | | | | | | | |
| Totals | | 10,032.9 | 86.2 | 143.7 | 9,770.5 | 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)

| Line Number | Line Name | | FY2017 Actuals | FY2018 Management Plan | FY2019 Governor |
|----------------------------------|----------------------------------|--|-----------------------|-------------------------------|------------------------|
| 2000 | Travel | | 145.7 | 143.7 | 143.7 |
| Object Class | Servicing Agency | Explanation | FY2017 Actuals | FY2018 Management Plan | FY2019 Governor |
| 2000 Travel Detail Totals | | | 145.7 | 143.7 | 143.7 |
| 2000 | In-State Employee Travel | Employee instate travel - airfare, lodging, surface transportation, reimbursable travel costs, and meal & incidentals | 33.9 | 40.7 | 40.7 |
| 2001 | In-State Non-Employee Travel | Non-Employee instate travel - airfare, lodging, surface transportation, reimbursable travel costs, and meal & incidentals | 22.7 | 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 | 84.1 | 71.0 | 71.0 |
| 2003 | Out of State Non-Employee Travel | Non-Employee out of state travel - airfare, lodging, surface transportation, reimbursable travel costs, and meal & incidentals | 5.0 | 5.0 | 5.0 |

Line Item Detail (1676)
Department of Revenue
Services

Component: Alaska Retirement Management Board (2813)

| Line Number | Line Name | | FY2017 Actuals | FY2018 Management Plan | FY2019 Governor |
|------------------------------------|-------------------------------|---|-----------------------|-------------------------------|------------------------|
| 3000 | Services | | 8,484.1 | 9,770.5 | 9,770.5 |
| Object Class | Servicing Agency | Explanation | FY2017 Actuals | FY2018 Management Plan | FY2019 Governor |
| 3000 Services Detail Totals | | | 8,484.1 | 9,770.5 | 9,770.5 |
| 3000 | Education Services | Training, conferences, memberships, and employee tuition | 23.0 | 26.0 | 28.0 |
| 3001 | Financial Services | Accounting, auditing, management/consulting services | 1,533.8 | 959.4 | 935.4 |
| 3002 | Legal and Judicial Services | Transcription services | 30.2 | 30.0 | 30.0 |
| 3003 | Information Technology | IT training, consulting, software licensing, software maintenance, and IT equipment leases | 1,256.1 | 1,261.0 | 1,266.0 |
| 3004 | Telecommunications | Local, long distance, cellular and telecommunications equipment charges; data/network; and television | 33.3 | 34.0 | 35.0 |
| 3006 | Delivery Services | Delivery and courier services | 5.7 | 6.0 | 6.0 |
| 3007 | Advertising and Promotions | Advertising of legal notices for regulations and public hearings | 4.1 | 4.0 | 4.5 |
| 3008 | Utilities | Disposal of records and confidential material | 0.1 | 0.2 | 0.2 |
| 3009 | Structure/Infrastructure/Land | Repairs/maintenance of structures or infrastructure | 27.6 | 12.0 | 13.0 |
| 3010 | Equipment/Machinery | Repairs, maintenance, rentals and/or leases of office furniture and equipment | 28.9 | 29.0 | 30.0 |
| 3011 | Other Services | Professional management and consulting services; printing and copying services; and State Travel | 0.8 | 1.0 | 1.0 |

Line Item Detail (1676)
Department of Revenue
Services

Component: Alaska Retirement Management Board (2813)

| Object Class | | Servicing Agency | Explanation | FY2017 Actuals | FY2018 Management Plan | FY2019 Governor |
|------------------------------------|---|-------------------------|---|----------------|---------------------------|-----------------|
| 3000 Services Detail Totals | | | | 8,484.1 | 9,770.5 | 9,770.5 |
| | | | Office fees | | | |
| 3017 | Inter-Agency Information Technology Non-Telecommunications | Admin - Department-wide | ETS chargeback for computer services (including EPR and MICS charges for mainframe usage) | 23.4 | 24.0 | 25.0 |
| 3018 | Inter-Agency Information Technology Telecommunications | Admin - Department-wide | ETS chargeback for telecommunications EPR, phone lines and service requests | 34.1 | 35.0 | 36.0 |
| 3020 | Inter-Agency Building Maintenance | Admin - Department-wide | Building maintenance performed by Division of General Services | 1.5 | 0.5 | 0.6 |
| 3021 | Inter-Agency Mail | Admin - Department-wide | Central mailroom services including pickup and delivery of U.S. mail, postage, mailing of state warrants | 1.7 | 2.0 | 2.0 |
| 3022 | Inter-Agency Human Resources | Admin - Department-wide | Human resource and payroll services provided by the Division of Personnel | 17.6 | 19.0 | 21.0 |
| 3023 | Inter-Agency Building Leases | Admin - Department-wide | Cost of space in state-owned facilities | 106.6 | 108.0 | 110.0 |
| 3024 | Inter-Agency Legal | Law - Department-wide | Outside Legal Counsel Outside legal counsel | 0.1 | 25.0 | 25.0 |
| 3024 | Inter-Agency Legal | Law - Department-wide | Legal Services Legal services provided by the Department of Law | 62.6 | 65.0 | 65.0 |
| 3026 | Inter-Agency Insurance | Admin - Department-wide | Risk Management | 0.6 | 0.7 | 0.8 |
| 3027 | Inter-Agency Financial | Admin - Department-wide | Division of Finance IRIS and AKPAY | 94.4 | 96.0 | 98.0 |
| 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 | 0.0 | 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 |

Line Item Detail (1676)
Department of Revenue
Services

Component: Alaska Retirement Management Board (2813)

| Object Class | | Servicing Agency | Explanation | FY2017 Actuals | FY2018 Management Plan | FY2019 Governor |
|------------------------------------|------------------------------------|-------------------------------------|--|----------------|---------------------------|-----------------|
| 3000 Services Detail Totals | | | | 8,484.1 | 9,770.5 | 9,770.5 |
| 3036 | Inter-Agency Safety | Admin - Department-wide | Parking enforcement at State Office Building located in Juneau | 1.5 | 1.6 | 1.7 |
| 3038 | Inter-Agency Management/Consulting | Admin - Department-wide | Buck Actuarial Services Buck Actuarial Services | 64.0 | 64.0 | 64.0 |
| 3038 | Inter-Agency Management/Consulting | Rev - Administrative Services (125) | Support services provided by the Administrative Services Division, including IT, fiscal, budget, contract management, procurement, and legislative support | 237.2 | 351.1 | 342.0 |
| 3038 | Inter-Agency Management/Consulting | Rev - Commissioner's Office (123) | Support services provided by the Office of the Commissioner | 40.7 | 41.0 | 42.0 |
| 3038 | Inter-Agency Management/Consulting | Rev - Treasury Division (121) | Staffing provided by Treasury Division | 4,779.8 | 6,481.8 | 6,485.5 |
| 3038 | Inter-Agency Management/Consulting | Admin - Department-wide | KPMG Investment Audit & Consulting KPMG investment audit and consulting | 74.7 | 91.7 | 101.3 |

Line Item Detail (1676)
Department of Revenue
Commodities

Component: Alaska Retirement Management Board (2813)

| Line Number | Line Name | | FY2017 Actuals | FY2018 Management Plan | FY2019 Governor |
|---------------------------------------|-------------------------|--|-----------------------|-------------------------------|------------------------|
| 4000 | Commodities | | 120.5 | 32.5 | 32.5 |
| Object Class | Servicing Agency | Explanation | FY2017 Actuals | FY2018 Management Plan | FY2019 Governor |
| 4000 Commodities Detail Totals | | | 120.5 | 32.5 | 32.5 |
| 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 | 115.6 | 31.5 | 31.5 |
| 4002 | Household/Institutional | Institutional supplies | 4.9 | 1.0 | 1.0 |

Inter-Agency Services (1682)
Department of Revenue

Component: Alaska Retirement Management Board (2813)

| | | | | FY2017 Actuals | FY2018 Management Plan | FY2019 Governor |
|-----------------------------------|---|---|-----------------------|-----------------------------------|---------------------------|-----------------|
| Component Totals | | | | 5,540.5 | 7,407.9 | 7,421.4 |
| With Department of Administration | | | | 420.1 | 444.0 | 461.9 |
| With Department of Law | | | | 62.7 | 90.0 | 90.0 |
| With Department of Revenue | | | | 5,057.7 | 6,873.9 | 6,869.5 |
| Object Class | Servicing Agency | Explanation | FY2017 Actuals | FY2018 Management Plan | FY2019 Governor | |
| 3017 | Inter-Agency Information Technology Non-Telecommunications | Admin - Department-wide ETS chargeback for computer services (including EPR and MICS charges for mainframe usage) | 23.4 | 24.0 | 25.0 | |
| 3018 | Inter-Agency Information Technology Telecommunications | Admin - Department-wide ETS chargeback for telecommunications EPR, phone lines and service requests | 34.1 | 35.0 | 36.0 | |
| 3020 | Inter-Agency Building Maintenance | Admin - Department-wide Building maintenance performed by Division of General Services | 1.5 | 0.5 | 0.6 | |
| 3021 | Inter-Agency Mail | Admin - Department-wide Central mailroom services including pickup and delivery of U.S. mail, postage, mailing of state warrants | 1.7 | 2.0 | 2.0 | |
| 3022 | Inter-Agency Human Resources | Admin - Department-wide Human resource and payroll services provided by the Division of Personnel | 17.6 | 19.0 | 21.0 | |
| 3023 | Inter-Agency Building Leases | Admin - Department-wide Cost of space in state-owned facilities | 106.6 | 108.0 | 110.0 | |
| 3024 | Inter-Agency Legal | Law - Department-wide Outside Legal Counsel Outside legal counsel | 0.1 | 25.0 | 25.0 | |
| 3024 | Inter-Agency Legal | Law - Department-wide Legal Services Legal services provided by the Department of Law | 62.6 | 65.0 | 65.0 | |
| 3026 | Inter-Agency Insurance | Admin - Department-wide Risk Management | 0.6 | 0.7 | 0.8 | |
| 3027 | Inter-Agency Financial | Admin - Department-wide Division of Finance IRIS and AKPAY | 94.4 | 96.0 | 98.0 | |
| 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 | 0.0 | 0.4 | 0.4 | |

Inter-Agency Services (1682)
Department of Revenue

Component: Alaska Retirement Management Board (2813)

| Object Class | | Servicing Agency | Explanation | FY2017 Actuals | FY2018 Management Plan | FY2019 Governor |
|--------------|------------------------------------|-------------------------------------|--|----------------|---------------------------|-----------------|
| | | | – Division of General Services and Division of Finance training for 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 | 1.6 | 1.7 |
| 3038 | Inter-Agency Management/Consulting | Admin - Department-wide | Buck Actuarial Services Buck Actuarial Services | 64.0 | 64.0 | 64.0 |
| 3038 | Inter-Agency Management/Consulting | Rev - Administrative Services (125) | Support services provided by the Administrative Services Division, including IT, fiscal, budget, contract management, procurement, and legislative support | 237.2 | 351.1 | 342.0 |
| 3038 | Inter-Agency Management/Consulting | Rev - Commissioner's Office (123) | Support services provided by the Office of the Commissioner | 40.7 | 41.0 | 42.0 |
| 3038 | Inter-Agency Management/Consulting | Rev - Treasury Division (121) | Staffing provided by Treasury Division | 4,779.8 | 6,481.8 | 6,485.5 |
| 3038 | Inter-Agency Management/Consulting | Admin - Department-wide | KPMG Investment Audit & Consulting KPMG investment audit and consulting | 74.7 | 91.7 | 101.3 |