

State of Alaska FY2020 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.

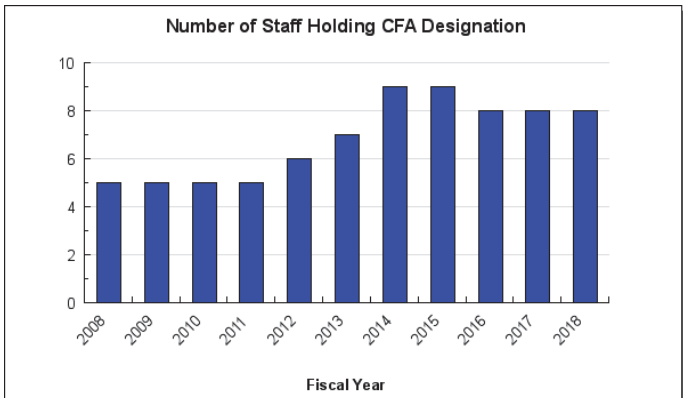
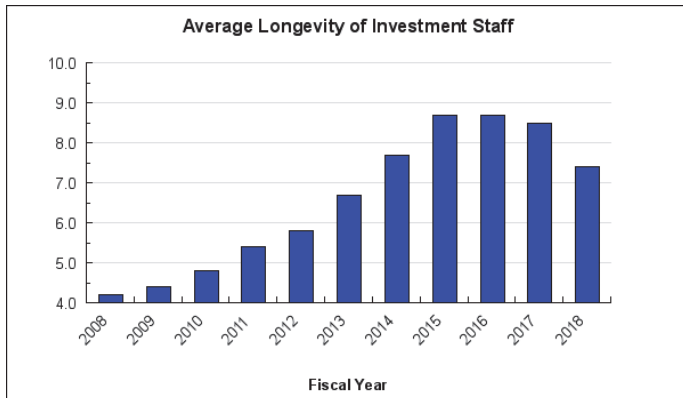
Core Services

- 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 2018

- The Public Employee Retirement System (PERS) and Teacher Retirement System (TRS) defined benefit retirement plans earned annual net returns above their benchmark returns in 2018. The 5-year net returns also exceeded benchmarks.
- Staff created new equity mandates that are being managed in-house, reducing fees paid to external investment managers.

- The Alaska Retirement Management Board continued to improve investment options for defined contribution retirement plan participants.
- Continued to improve asset allocation options for the 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 FY2020

No changes in results delivered.

Statutory and Regulatory Authority

AS 37.10.210-390 Alaska Retirement Management Board

Contact Information
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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

	FY2018 Actuals	FY2019 Conference Committee	FY2019 Authorized	FY2019 Management Plan	FY2020 Governor	FY2019 Management Plan vs FY2020 Governor	
71000 Personal Services	56.0	86.2	86.2	86.2	86.2	0.0	0.0%
72000 Travel	187.4	143.7	143.7	143.7	143.7	0.0	0.0%
73000 Services	8,466.0	9,770.5	9,770.5	9,770.5	10,443.2	672.7	6.9%
74000 Commodities	181.8	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	8,891.2	10,032.9	10,032.9	10,032.9	10,705.6	672.7	6.7%
Fund Sources:							
1017 Ben Sys (Other)	4,407.7	5,201.8	5,201.8	5,201.8	5,528.2	326.4	6.3%
1029 P/E Retire (Other)	2,801.2	2,991.7	2,991.7	2,991.7	3,207.5	215.8	7.2%
1034 Teach Ret (Other)	1,624.4	1,697.2	1,697.2	1,697.2	1,823.5	126.3	7.4%
1042 Jud Retire (Other)	46.8	51.6	51.6	51.6	53.7	2.1	4.1%
1045 Nat Guard (Other)	11.1	90.6	90.6	90.6	92.7	2.1	2.3%
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	8,891.2	10,032.9	10,032.9	10,032.9	10,705.6	672.7	6.7%
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 FY2019 Conference Committee To FY2019 Authorized *****												
FY2019 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 FY2019 Management Plan To FY2020 Governor *****												
Treasury Support Position Paid by Alaska Retirement Management Board with Reimbursable Services Agreement												
	Inc	140.0	0.0	0.0	140.0	0.0	0.0	0.0	0.0	0	0	0
1017 Ben Sys		68.4										
1029 P/E Retire		44.2										
1034 Teach Ret		26.5										
1042 Jud Retire		0.7										
1045 Nat Guard		0.2										
Alaska Retirement Management Board increase for a new position that is supported through a reimbursable services agreement with the Treasury Division.												
Treasury Investment Officer Salaries Paid by Alaska Retirement Management Board with Reimbursable Services Agreement												
	Inc	155.2	0.0	0.0	155.2	0.0	0.0	0.0	0.0	0	0	0
1017 Ben Sys		75.8										
1029 P/E Retire		49.0										
1034 Teach Ret		29.4										
1042 Jud Retire		0.8										
1045 Nat Guard		0.2										
Alaska Retirement Management Board salary increases that are supported through a reimbursable services agreement with the Treasury Division for moving State Investment Officer salaries to market.												
Treasury Exempt Salary Plan Paid by Alaska Retirement Management Board with Reimbursable Services Agreement												
	Inc	127.5	0.0	0.0	127.5	0.0	0.0	0.0	0.0	0	0	0
1017 Ben Sys		62.2										
1029 P/E Retire		40.2										
1034 Teach Ret		24.1										
1042 Jud Retire		0.6										
1045 Nat Guard		0.4										

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
Alaska Retirement Management Board exempt salary plan supported through a reimbursable services agreement with the Treasury Division.												
This increment would allow the Treasury Division to implement an exempt salary plan and allow Treasury to attract and retain State Investment Officers by narrowing the difference between state salaries and current salaries available in the employment market both inside and outside of Juneau.												
The state invests in internal and external training to ensure these employees are competent in their accounting, investment and analytical responsibilities. This investment is lost when employees take this experience and move on to more lucrative employment opportunities. Financial results are published and monitored closely in world financial centers. State Investment Officers achieving the best results will attract the attention of potential employers. By offering salaries comparable to the market, the state is in a better position to retain investment staff.												
Equity Analytical Tool	Inc	250.0	0.0	0.0	250.0	0.0	0.0	0.0	0.0	0	0	0
1017 Ben Sys		120.0										
1029 P/E Retire		82.4										
1034 Teach Ret		46.3										
1045 Nat Guard		1.3										
The Treasury Division is responsible for managing the State's treasury and pension funds. For the FY2019 budget, Treasury took a decrement of \$525,900 that should have been a funding source change to the Alaska Retirement Management Board (ARMB) component in anticipation of increases to in-house management support services costs.												
This increment will allow the Alaska Retirement Management Board to purchase Equity Analytic Software to support the internal management of equity. If this increment is not provided, a shift back to external managers would be required, resulting in additional management fees.												
Totals		10,705.6	86.2	143.7	10,443.2	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		FY2018 Actuals	FY2019 Management Plan
2000	Travel		187.4	143.7
Object Class	Servicing Agency	Explanation	FY2018 Actuals	FY2019 Management Plan
2000 Travel Detail Totals			187.4	143.7
2000	In-State Employee Travel	Employee instate travel - airfare, lodging, surface transportation, reimbursable travel costs, and meal & incidentals	51.1	40.7
2001	In-State Non-Employee Travel	Non-Employee instate travel - airfare, lodging, surface transportation, reimbursable travel costs, and meal & incidentals	6.3	27.0
2002	Out of State Employee Travel	Employee out of state travel - airfare, lodging, surface transportation, reimbursable travel costs, and meal & incidentals	99.8	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	12.4	5.0
2005	Moving Costs	Move costs	17.8	0.0

Line Item Detail (1676)
Department of Revenue
Services

Component: Alaska Retirement Management Board (2813)

Line Number	Line Name		FY2018 Actuals	FY2019 Management Plan
3000	Services		8,466.0	9,770.5
Object Class	Servicing Agency	Explanation	FY2018 Actuals	FY2019 Management Plan
3000 Services Detail Totals			8,466.0	9,770.5
3000	Education Services	Training, conferences, memberships, and employee tuition	28.7	26.0
3001	Financial Services	Accounting, auditing, management/consulting services	917.2	959.4
3002	Legal and Judicial Services	Transcription services	31.9	30.0
3003	Information Technology	IT training, consulting, software licensing, software maintenance, and IT equipment leases	1,301.1	1,261.0
3004	Telecommunications	Local, long distance, cellular and telecommunications equipment charges; data/network; and television	30.5	34.0
3006	Delivery Services	Delivery and courier services	3.2	6.0
3007	Advertising and Promotions	Advertising of legal notices for regulations and public hearings	1.7	4.0
3008	Utilities	Disposal of records and confidential material	1.1	0.2
3009	Structure/Infrastructure/Land	Repairs/maintenance of structures or infrastructure	139.1	12.0
3010	Equipment/Machinery	Repairs, maintenance, rentals and/or leases of office furniture and equipment	31.1	29.0
3011	Other Services	Professional management and consulting services; printing and copying services; and State Travel	2.2	1.0

Line Item Detail (1676)
Department of Revenue
Services

Component: Alaska Retirement Management Board (2813)

Object Class		Servicing Agency	Explanation	FY2018 Actuals	FY2019 Management Plan
			3000 Services Detail Totals	8,466.0	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)	24.0	24.0
3018	Inter-Agency Information Technology Telecommunications	Admin - Department-wide	ETS chargeback for telecommunications EPR, phone lines and service requests	42.0	35.0
3020	Inter-Agency Building Maintenance	Admin - Department-wide	Building maintenance performed by Division of General Services	3.0	0.5
3021	Inter-Agency Mail	Admin - Department-wide	Central mailroom services including pickup and delivery of U.S. mail, postage, mailing of state warrants	1.5	2.0
3022	Inter-Agency Human Resources	Admin - Department-wide	Human resource and payroll services provided by the Division of Personnel	20.4	19.0
3023	Inter-Agency Building Leases	Admin - Department-wide	Cost of space in state-owned facilities	0.0	108.0
3024	Inter-Agency Legal	Law - Department-wide	Legal services provided by the Department of Law	0.6	25.0
3024	Inter-Agency Legal	Law - Department-wide	Legal services provided by the Department of Law	83.1	65.0
3026	Inter-Agency Insurance	Admin - Department-wide	Risk Management	0.9	0.7
3027	Inter-Agency Financial	Admin - Department-wide	Division of Finance IRIS and AKPAY	31.9	96.0
3028	Inter-Agency Americans with Disabilities Act Compliance	Admin - Department-wide	ADA compliance	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	0.4	0.4
3031	Inter-Agency Construction	Admin - Department-wide	Construction work provided by Division of General Services	0.0	1.0

Line Item Detail (1676)
Department of Revenue
Services

Component: Alaska Retirement Management Board (2813)

Object Class		Servicing Agency	Explanation	FY2018 Actuals	FY2019 Management Plan
3000 Services Detail Totals			8,466.0	9,770.5	
3036	Inter-Agency Safety	Admin - Department-wide	Parking enforcement at State Office Building located in Juneau	0.0	1.6
3038	Inter-Agency Management/Consulting			323.5	0.0
3038	Inter-Agency Management/Consulting	Admin - Department-wide	Actuarial consulting	91.7	64.0
3038	Inter-Agency Management/Consulting	Rev - Administrative Services (125)	Support provided by the Administrative Services Division	285.6	351.1
3038	Inter-Agency Management/Consulting	Rev - Commissioner's Office (123)	Support services provided by the Commissioner's Office	38.4	41.0
3038	Inter-Agency Management/Consulting	Rev - Treasury Division (121)	Staffing provided by the Treasury Division	5,031.1	6,481.8
3038	Inter-Agency Management/Consulting	Admin - Department-wide	Investment auditing and consulting services provided by Retirement & Benefits	0.0	91.7

Line Item Detail (1676)
Department of Revenue
Commodities

Component: Alaska Retirement Management Board (2813)

Line Number	Line Name		FY2018 Actuals	FY2019 Management Plan
4000	Commodities		181.8	32.5
Object Class	Servicing Agency	Explanation	FY2018 Actuals	FY2019 Management Plan
4000 Commodities Detail Totals			181.8	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	162.3	31.5
4002	Household/Institutional	Institutional supplies	19.5	1.0

Inter-Agency Services (1682)
Department of Revenue

Component: Alaska Retirement Management Board (2813)

				FY2018 Actuals	FY2019 Management Plan
Component Totals				5,654.7	7,407.9
With Department of Administration				215.9	444.0
With Department of Law				83.7	90.0
With Department of Revenue				5,355.1	6,873.9
Object Class	Servicing Agency	Explanation	FY2018 Actuals	FY2019 Management Plan	
3017	Inter-Agency Information Technology Non-Telecommunications	Admin - Department-wide ETS chargeback for computer services (including EPR and MICS charges for mainframe usage)	24.0	24.0	
3018	Inter-Agency Information Technology Telecommunications	Admin - Department-wide ETS chargeback for telecommunications EPR, phone lines and service requests	42.0	35.0	
3020	Inter-Agency Building Maintenance	Admin - Department-wide Building maintenance performed by Division of General Services	3.0	0.5	
3021	Inter-Agency Mail	Admin - Department-wide Central mailroom services including pickup and delivery of U.S. mail, postage, mailing of state warrants	1.5	2.0	
3022	Inter-Agency Human Resources	Admin - Department-wide Human resource and payroll services provided by the Division of Personnel	20.4	19.0	
3023	Inter-Agency Building Leases	Admin - Department-wide Cost of space in state-owned facilities	0.0	108.0	
3024	Inter-Agency Legal	Law - Department-wide Legal services provided by the Department of Law	0.6	25.0	
3024	Inter-Agency Legal	Law - Department-wide Legal services provided by the Department of Law	83.1	65.0	
3026	Inter-Agency Insurance	Admin - Department-wide Risk Management	0.9	0.7	
3027	Inter-Agency Financial	Admin - Department-wide Division of Finance IRIS and AKPAY	31.9	96.0	
3028	Inter-Agency Americans with Disabilities Act Compliance	Admin - Department-wide ADA compliance	0.1	0.1	
3029	Inter-Agency Education/Training	Admin - Department-wide Training provided by state agencies – Division of General Services	0.4	0.4	

Inter-Agency Services (1682)
Department of Revenue

Component: Alaska Retirement Management Board (2813)

Object Class		Servicing Agency	Explanation	FY2018 Actuals	FY2019 Management Plan
			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
3036	Inter-Agency Safety	Admin - Department-wide	Parking enforcement at State Office Building located in Juneau	0.0	1.6
3038	Inter-Agency Management/Consulting	Admin - Department-wide	Actuarial consulting	91.7	64.0
3038	Inter-Agency Management/Consulting	Rev - Administrative Services (125)	Support provided by the Administrative Services Division	285.6	351.1
3038	Inter-Agency Management/Consulting	Rev - Commissioner's Office (123)	Support services provided by the Commissioner's Office	38.4	41.0
3038	Inter-Agency Management/Consulting	Rev - Treasury Division (121)	Staffing provided by the Treasury Division	5,031.1	6,481.8
3038	Inter-Agency Management/Consulting	Admin - Department-wide	Investment auditing and consulting services provided by Retirement & Benefits	0.0	91.7