

**State of Alaska
FY2021 Governor's Operating Budget**

**Department of Revenue
Alaska Retirement Management Board
Component Budget Summary**

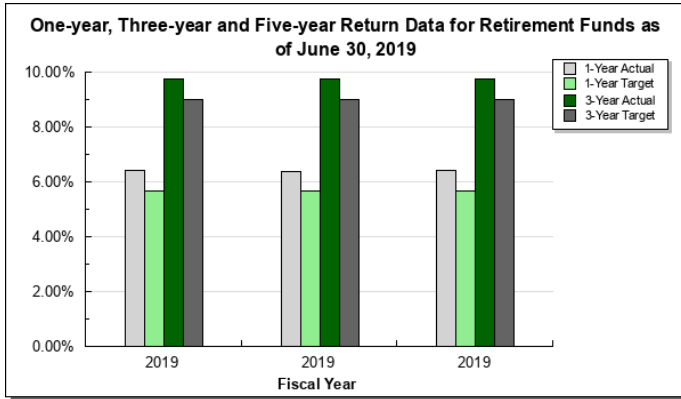
Component: Alaska Retirement Management Board

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>.)



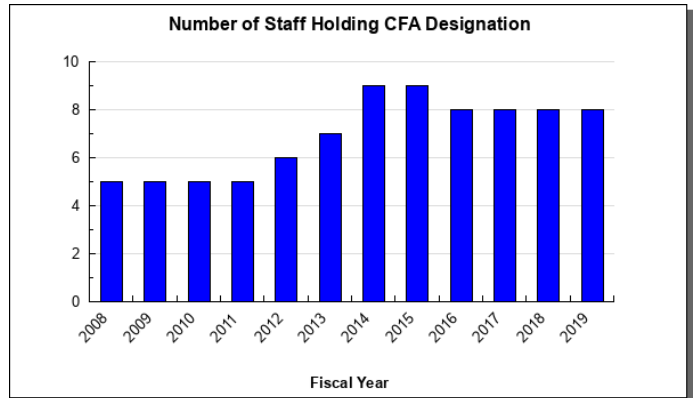
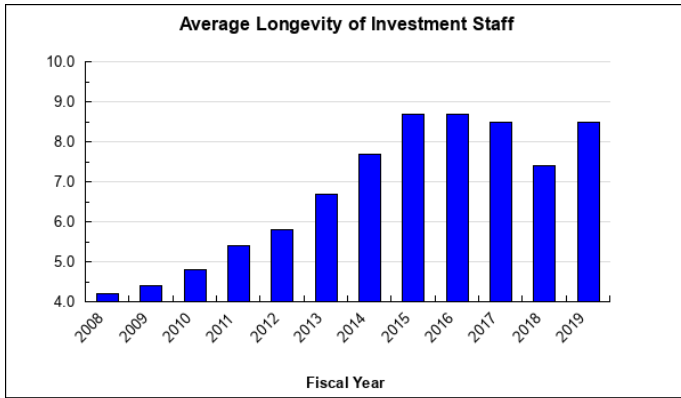
Core Services

- 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 2019

- Earned annual net returns above the Public Employees' Retirement System (PERS) and Teachers' Retirement System (TRS) defined benefit retirement plan benchmark returns in 2019. The 5-year net returns also exceeded benchmarks.
- Decreased the Alaska Retirement Management Board (ARMB) investment management fees by \$9.16 million to \$99.5 million from FY2017 to FY2019.

- Simplified the external management structure, resulting in the decrease of one investment officer in FY2020.
- Changed new equity mandates to be managed in-house, contributing to the overall decrease in management fees paid to external investment managers.
- Used technology to capture data, perform analysis and report on investment data of alternative assets, resulting in the decrease of one investment officer in FY2020.
- Continued to improve ARMB investment options for defined contribution retirement plan participants.
- Aligned the portfolio return objective with the time horizon of liabilities as part of the developing the target asset allocations for the plans.
- Simplified the investment manager structure and redefined the role of alternative investments in the target asset allocations of the 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.

Significant Changes in Results to be Delivered in FY2021

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

	FY2019 Actuals	FY2020 Conference Committee	FY2020 Authorized	FY2020 Management Plan	FY2021 Governor	FY2020 Management Plan vs FY2021 Governor	
71000 Personal Services	74.1	86.2	86.2	86.2	86.2	0.0	0.0%
72000 Travel	134.2	50.0	50.0	50.0	134.1	84.1	168.2%
73000 Services	8,454.9	9,770.5	9,770.5	9,770.5	9,686.4	-84.1	-0.9%
74000 Commodities	155.8	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	8,819.0	9,939.2	9,939.2	9,939.2	9,939.2	0.0	0.0%
Fund Sources:							
1017 Ben Sys (Other)	4,345.3	5,155.6	5,155.6	5,155.6	5,155.6	0.0	0.0%
1029 P/E Retire (Other)	2,807.1	2,962.0	2,962.0	2,962.0	2,962.0	0.0	0.0%
1034 Teach Ret (Other)	1,607.5	1,680.0	1,680.0	1,680.0	1,680.0	0.0	0.0%
1042 Jud Retire (Other)	47.8	51.1	51.1	51.1	51.1	0.0	0.0%
1045 Nat Guard (Other)	11.3	90.5	90.5	90.5	90.5	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	8,819.0	9,939.2	9,939.2	9,939.2	9,939.2	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 FY2020 Conference Committee To FY2020 Authorized *****												
FY2020 Conference Committee												
ConfCom		9,939.2	86.2	50.0	9,770.5	32.5	0.0	0.0	0.0	0	0	0
1017 Ben Sys		5,155.6										
1029 P/E Retire		2,962.0										
1034 Teach Ret		1,680.0										
1042 Jud Retire		51.1										
1045 Nat Guard		90.5										
Subtotal		9,939.2	86.2	50.0	9,770.5	32.5	0.0	0.0	0.0	0	0	0
***** Changes From FY2020 Management Plan To FY2021 Governor *****												
Align Authority with Anticipated Expenditures												
LIT		0.0	0.0	84.1	-84.1	0.0	0.0	0.0	0.0	0	0	0
Transfer from services to cover anticipated travel costs. The remaining services is sufficient to cover anticipated expenditures.												
Totals		9,939.2	86.2	134.1	9,686.4	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		FY2019 Actuals	FY2020 Management Plan	FY2021 Governor
2000	Travel		134.2	50.0	134.1
Object Class	Servicing Agency	Explanation	FY2019 Actuals	FY2020 Management Plan	FY2021 Governor
2000 Travel Detail Totals			134.2	50.0	134.1
2000	In-State Employee Travel	Employee instate travel - airfare, lodging, surface transportation, reimbursable travel costs, and meal & incidentals	31.2	4.5	31.2
2001	In-State Non-Employee Travel	Non-Employee instate travel - airfare, lodging, surface transportation, reimbursable travel costs, and meal & incidentals	12.7	22.0	12.7
2002	Out of State Employee Travel	Employee out of state travel - airfare, lodging, surface transportation, reimbursable travel costs, and meal & incidentals	67.5	23.5	67.5
2003	Out of State Non-Employee Travel	Non-Employee out of state travel - airfare, lodging, surface transportation, reimbursable travel costs, and meal & incidentals	22.1	0.0	22.1
2005	Moving Costs	Move costs	0.6	0.0	0.6
2006	Other Travel Costs		0.1	0.0	0.0

Line Item Detail (1676)
Department of Revenue
Services

Component: Alaska Retirement Management Board (2813)

Line Number	Line Name		FY2019 Actuals	FY2020 Management Plan	FY2021 Governor
3000	Services		8,454.9	9,770.5	9,686.4
Object Class	Servicing Agency	Explanation	FY2019 Actuals	FY2020 Management Plan	FY2021 Governor
3000 Services Detail Totals			8,454.9	9,770.5	9,686.4
3000	Education Services	Training, conferences, memberships, and employee tuition	21.9	26.0	26.0
3001	Financial Services	Accounting, auditing, management/consulting services	227.5	830.0	745.9
3002	Legal and Judicial Services	Transcription services	26.3	32.0	32.0
3003	Information Technology	IT training, consulting, software licensing, software maintenance, and IT equipment leases	1,154.4	1,096.7	1,096.7
3004	Telecommunications	Local, long distance, cellular and telecommunications equipment charges; data/network; and television	30.3	31.0	31.0
3006	Delivery Services	Delivery and courier services	3.4	3.5	3.5
3007	Advertising and Promotions	Advertising of legal notices for regulations and public hearings	2.8	1.8	1.8
3008	Utilities	Disposal of records and confidential material	1.4	1.2	1.2
3009	Structure/Infrastructure/Land	Repairs/maintenance of structures or infrastructure	9.2	11.0	11.0
3010	Equipment/Machinery	Repairs, maintenance, rentals and/or leases of office furniture and equipment	17.8	31.1	26.5
3011	Other Services	Professional management and consulting services; and printing and copying services	0.7	2.2	2.2

Line Item Detail (1676)
Department of Revenue
Services

Component: Alaska Retirement Management Board (2813)

Object Class	Servicing Agency	Explanation	FY2019 Actuals	FY2020 Management Plan	FY2021 Governor
3000 Services Detail Totals			8,454.9	9,770.5	9,686.4
3017	Inter-Agency Information Technology Non-Telecommunications	Admin - Department-wide OIT Core Services (includes Adobe Pro and Microsoft 365 as well as services previously provided under the Telecommunications and Computer Services EPR)	90.7	99.0	99.0
3017	Inter-Agency Information Technology Non-Telecommunications	Admin - Department-wide OIT Licensing (SQL Rates)	6.2	7.0	7.0
3017	Inter-Agency Information Technology Non-Telecommunications	Admin - Department-wide OIT Server Hosting & Storage	11.4	12.0	12.0
3018	Inter-Agency Information Technology Telecommunications	Admin - Department-wide OIT Telecommunications (CISCO device config, deployment, maintenance, and replacements)	13.3	17.0	17.0
3020	Inter-Agency Building Maintenance	Admin - Department-wide Building maintenance performed by Division of General Services	0.0	3.0	3.0
3021	Inter-Agency Mail	Admin - Department-wide Central mailroom services including pickup and delivery of U.S. mail, postage, mailing of state warrants	1.6	1.5	1.5
3022	Inter-Agency Human Resources	Admin - Department-wide Human resource and payroll services provided by the Division of Personnel	22.3	20.0	20.0
3023	Inter-Agency Building Leases	Admin - Department-wide Cost of space in state-owned facilities	146.8	160.0	160.0
3024	Inter-Agency Legal	Law - Department-wide ARMB Legal Services	131.5	105.0	105.0
3024	Inter-Agency Legal	Law - Department-wide ARMB Outside Legal Counsel	0.9	40.0	40.0
3026	Inter-Agency Insurance	Admin - Department-wide Risk Management	0.9	0.9	0.9
3027	Inter-Agency Financial	Admin - Department-wide Division of Finance Chargeback for IRIS FIN, HRM, and ALDER	32.5	35.0	35.0
3028	Inter-Agency Americans with Disabilities Act Compliance	Admin - Department-wide ADA compliance	0.2	0.1	0.1
3029	Inter-Agency Education/Training	Admin - Department-wide Training provided by state agencies – Division of General Services	0.6	0.4	0.4

Line Item Detail (1676)
Department of Revenue
Services

Component: Alaska Retirement Management Board (2813)

Object Class		Servicing Agency	Explanation	FY2019 Actuals	FY2020 Management Plan	FY2021 Governor
			3000 Services Detail Totals	8,454.9	9,770.5	9,686.4
			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
3038	Inter-Agency Management/Consulting	Admin - Department-wide	Investment auditing and consulting services provided by Retirement & Benefits	95.8	98.0	98.0
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	207.5	400.0	400.0
3038	Inter-Agency Management/Consulting	Rev - Commissioner's Office (123)	Support services provided by the Commissioner's Office	37.4	40.0	40.0
3038	Inter-Agency Management/Consulting	Rev - Treasury Division (121)	Staffing provided by the Treasury Division	6,049.4	6,534.1	6,538.7
3038	Inter-Agency Management/Consulting	Admin - Department-wide	Actuarial Services	110.2	130.0	130.0

Line Item Detail (1676)
Department of Revenue
Commodities

Component: Alaska Retirement Management Board (2813)

Line Number	Line Name		FY2019 Actuals	FY2020 Management Plan	FY2021 Governor
4000	Commodities		155.8	32.5	32.5
Object Class	Servicing Agency	Explanation	FY2019 Actuals	FY2020 Management Plan	FY2021 Governor
4000 Commodities Detail Totals			155.8	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	142.4	31.5	31.5
4002	Household/Institutional	Institutional supplies	13.4	1.0	1.0

Revenue Detail (1681)
Department of Revenue

Component: Alaska Retirement Management Board (2813)

Revenue Type (OMB Fund Code) Revenue Source	Component	Comment	FY2019 Actuals	FY2020 Management Plan	FY2021 Governor
6029 P/E Retire (1029 P/E Retire)			1.4	0.0	0.0
6407 Public Employees Retirement System - PY Reimbrsmnt Recovery			1.4	0.0	0.0

Inter-Agency Services (1682)
Department of Revenue

Component: Alaska Retirement Management Board (2813)

	FY2019 Actuals	FY2020 Management Plan	FY2021 Governor
Component Totals	6,959.2	7,704.0	7,708.6
With Department of Administration	532.5	584.9	584.9
With Department of Law	132.4	145.0	145.0
With Department of Revenue	6,294.3	6,974.1	6,978.7

Object Class	Servicing Agency	Explanation	FY2019 Actuals	FY2020 Management Plan	FY2021 Governor
3017	Inter-Agency Information Technology Non-Telecommunications	Admin - Department-wide OIT Core Services (includes Adobe Pro and Microsoft 365 as well as services previously provided under the Telecommunications and Computer Services EPR)	90.7	99.0	99.0
3017	Inter-Agency Information Technology Non-Telecommunications	Admin - Department-wide OIT Licensing (SQL Rates)	6.2	7.0	7.0
3017	Inter-Agency Information Technology Non-Telecommunications	Admin - Department-wide OIT Server Hosting & Storage	11.4	12.0	12.0
3018	Inter-Agency Information Technology Telecommunications	Admin - Department-wide OIT Telecommunications (CISCO device config, deployment, maintenance, and replacements)	13.3	17.0	17.0
3020	Inter-Agency Building Maintenance	Admin - Department-wide Building maintenance performed by Division of General Services	0.0	3.0	3.0
3021	Inter-Agency Mail	Admin - Department-wide Central mailroom services including pickup and delivery of U.S. mail, postage, mailing of state warrants	1.6	1.5	1.5
3022	Inter-Agency Human Resources	Admin - Department-wide Human resource and payroll services provided by the Division of Personnel	22.3	20.0	20.0
3023	Inter-Agency Building Leases	Admin - Department-wide Cost of space in state-owned facilities	146.8	160.0	160.0
3024	Inter-Agency Legal	Law - Department-wide ARMB Legal Services	131.5	105.0	105.0
3024	Inter-Agency Legal	Law - Department-wide ARMB Outside Legal Counsel	0.9	40.0	40.0
3026	Inter-Agency Insurance	Admin - Department-wide Risk Management	0.9	0.9	0.9
3027	Inter-Agency Financial	Admin - Department-wide Division of Finance Chargeback for	32.5	35.0	35.0

Inter-Agency Services (1682)
Department of Revenue

Component: Alaska Retirement Management Board (2813)

Object Class		Servicing Agency	Explanation	FY2019 Actuals	FY2020 Management Plan	FY2021 Governor
			IRIS FIN, HRM, and ALDER			
3028	Inter-Agency Americans with Disabilities Act Compliance	Admin - Department-wide	ADA compliance	0.2	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	0.6	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
3038	Inter-Agency Management/Consulting	Admin - Department-wide	Investment auditing and consulting services provided by Retirement & Benefits	95.8	98.0	98.0
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	207.5	400.0	400.0
3038	Inter-Agency Management/Consulting	Rev - Commissioner's Office (123)	Support services provided by the Commissioner's Office	37.4	40.0	40.0
3038	Inter-Agency Management/Consulting	Rev - Treasury Division (121)	Staffing provided by the Treasury Division	6,049.4	6,534.1	6,538.7
3038	Inter-Agency Management/Consulting	Admin - Department-wide	Actuarial Services	110.2	130.0	130.0