

# **State of Alaska FY2023 Governor's Operating Budget**

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

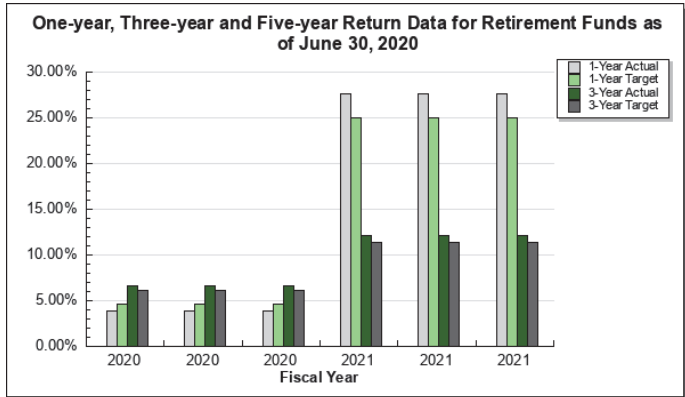
**Component: Alaska Retirement Management Board**

**Contribution to Department's Mission**

The mission of the Alaska Retirement Management Board is to manage the state's retirement and benefit plan funds consistent with prudent investment guidelines and Governmental Accounting Standards Board (GASB) rules.

**Results**

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



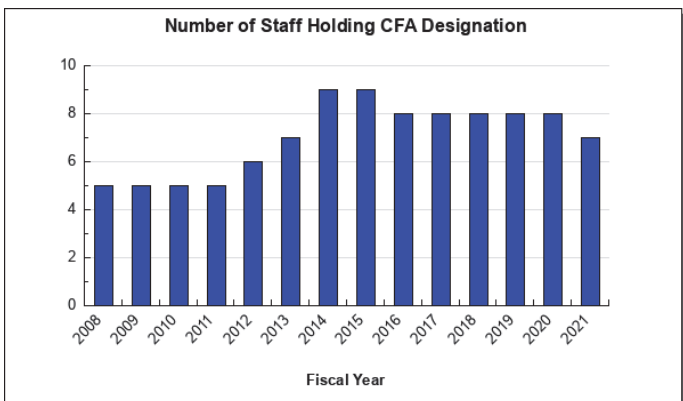
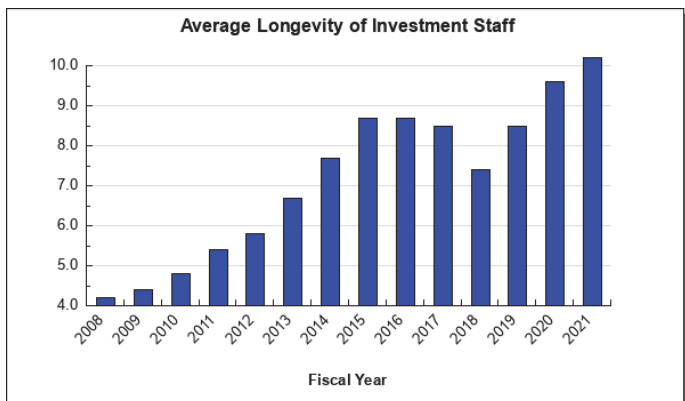
**Core Services**

- 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 2021**

- The Public Employees' Retirement System (PERS) and Teachers' Retirement System (TRS) defined benefit plans exceeded 1-year, 3-year and 5-year benchmark performance. FY2021 plans achieved record returns of 27.6%, resulting in an average of 9.38% during the plans 37-year investment history.
- The excellent FY2021 performance of the plans, well above the current actuarial return target of 7.38%, will result in \$93 million lower annual contributions by the State for FY2023. The state will also pay additional

\$88.8 million less in annual contributions for FY2023 as a result of not paying into overfunded PERS and TRS healthcare plans.

- Internal investments capabilities continued to contribute to the overall decrease in management fees paid to external investment managers and equal or better investment performance. Fees in FY2021 were \$67.1 million compared to \$99.5 million in FY2019.
- Efficiencies in approach and use of technology to capture data, perform analysis and report on investments data resulted in the ability to manage \$8 billion more of assets without additional costs.
- 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.

### **Key Component Challenges**

- Attracting and retaining qualified investment officers and professional support staff as recruiting challenges continue to grow due to the competitive advantage within the industry, including salaries, benefits, and performance compensation.
- 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.
- Preparing for and managing threats of digital disruption and cyberattacks.

### **Significant Changes in Results to be Delivered in FY2023**

No changes in results delivered.

### **Statutory and Regulatory Authority**

AS 37.10.210-390 Alaska Retirement Management Board

| <b>Contact Information</b>  |
|---|
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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

|                                   | FY2021 Actuals | FY2022 Conference Committee | FY2022 Authorized | FY2022 Management Plan | FY2023 Governor | FY2022 Management Plan vs FY2023 Governor |             |
|-----------------------------------|----------------|-----------------------------|-------------------|------------------------|-----------------|---|-------------|
| 71000 Personal Services           | 33.2           | 86.2                        | 86.2              | 86.2                   | 86.2            | 0.0                                       | 0.0%        |
| 72000 Travel                      | 14.6           | 134.1                       | 134.1             | 134.1                  | 134.1           | 0.0                                       | 0.0%        |
| 73000 Services                    | 5,875.5        | 10,029.2                    | 10,029.2          | 10,029.2               | 10,029.2        | 0.0                                       | 0.0%        |
| 74000 Commodities                 | 124.9          | 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>6,048.2</b> | <b>10,282.0</b>             | <b>10,282.0</b>   | <b>10,282.0</b>        | <b>10,282.0</b> | <b>0.0</b>                                | <b>0.0%</b> |
| <b>Fund Sources:</b>              |                |                             |                   |                        |                 |   |             |
| 1017 Ben Sys (Other)              | 2,846.6        | 5,333.4                     | 5,333.4           | 5,333.4                | 5,333.4         | 0.0                                       | 0.0%        |
| 1029 P/E Retire (Other)           | 2,014.8        | 3,064.2                     | 3,064.2           | 3,064.2                | 3,064.2         | 0.0                                       | 0.0%        |
| 1034 Teach Ret (Other)            | 1,141.6        | 1,737.9                     | 1,737.9           | 1,737.9                | 1,737.9         | 0.0                                       | 0.0%        |
| 1042 Jud Retire (Other)           | 37.2           | 52.9                        | 52.9              | 52.9                   | 52.9            | 0.0                                       | 0.0%        |
| 1045 Nat Guard (Other)            | 8.0            | 93.6                        | 93.6              | 93.6                   | 93.6            | 0.0                                       | 0.0%        |
| <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>6,048.2</b> | <b>10,282.0</b>             | <b>10,282.0</b>   | <b>10,282.0</b>        | <b>10,282.0</b> | <b>0.0</b>                                | <b>0.0%</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 FY2022 Conference Committee To FY2022 Authorized ***** |            |                 |                   |              |                 |             |                |                  |               |           |          |          |
| <b>FY2022 Conference Committee</b>  |            |                 |                   |              |                 |             |                |                  |               |           |          |          |
| ConfCom   |            | 10,282.0        | 86.2              | 134.1        | 10,029.2        | 32.5        | 0.0            | 0.0              | 0.0           | 0         | 0        | 0        |
| 1017 Ben Sys  |            | 5,333.4         |                   |              |                 |             |                |                  |               |           |          |          |
| 1029 P/E Retire   |            | 3,064.2         |                   |              |                 |             |                |                  |               |           |          |          |
| 1034 Teach Ret  |            | 1,737.9         |                   |              |                 |             |                |                  |               |           |          |          |
| 1042 Jud Retire   |            | 52.9            |                   |              |                 |             |                |                  |               |           |          |          |
| 1045 Nat Guard  |            | 93.6            |                   |              |                 |             |                |                  |               |           |          |          |
| <b>Subtotal</b>   |            | <b>10,282.0</b> | <b>86.2</b>       | <b>134.1</b> | <b>10,029.2</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 FY2022 Management Plan To FY2023 Governor *****        |            |                 |                   |              |                 |             |                |                  |               |           |          |          |
| <b>Totals</b>   |            | <b>10,282.0</b> | <b>86.2</b>       | <b>134.1</b> | <b>10,029.2</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> |

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

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

| Line Number                      | Line Name                        |  | FY2021 Actuals | FY2022 Management Plan | FY2023 Governor |
|----------------------------------|----------------------------------|--|----------------|------------------------|-----------------|
| 2000                             | Travel                           |  | 14.6           | 134.1                  | 134.1           |
| Object Class                     | Servicing Agency                 | Explanation  | FY2021 Actuals | FY2022 Management Plan | FY2023 Governor |
| <b>2000 Travel Detail Totals</b> |                                  |  | <b>14.6</b>    | <b>134.1</b>           | <b>134.1</b>    |
| 2000                             | In-State Employee Travel         | Airfare, lodging, surface transportation, reimbursable travel costs, meals and incidentals | 11.1           | 31.2                   | 31.2            |
| 2001                             | In-State Non-Employee Travel     | Airfare, lodging, surface transportation, reimbursable travel costs, meals and incidentals | 1.6            | 12.7                   | 12.7            |
| 2002                             | Out of State Employee Travel     | Airfare, lodging, surface transportation, reimbursable travel costs, meals and incidentals | 1.9            | 67.5                   | 67.5            |
| 2003                             | Out of State Non-Employee Travel | Airfare, lodging, surface transportation, reimbursable travel costs, meals and incidentals | 0.0            | 22.1                   | 22.1            |
| 2005                             | Moving Costs                     | Employee moving costs  | 0.0            | 0.6                    | 0.6             |

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

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

| <b>Line Number</b>                 | <b>Line Name</b>              |   | <b>FY2021 Actuals</b> | <b>FY2022 Management Plan</b> | <b>FY2023 Governor</b> |
|------------------------------------|-------------------------------|---|-----------------------|-------------------------------|------------------------|
| 3000                               | Services                      |   | 5,875.5               | 10,029.2                      | 10,029.2               |
| <b>Object Class</b>                | <b>Servicing Agency</b>       | <b>Explanation</b>  | <b>FY2021 Actuals</b> | <b>FY2022 Management Plan</b> | <b>FY2023 Governor</b> |
| <b>3000 Services Detail Totals</b> |                               |   | <b>5,875.5</b>        | <b>10,029.2</b>               | <b>10,029.2</b>        |
| 3000                               | Education Services            | Training, educational conferences, agency memberships, tuition, books and fees for work-related courses | 11.5                  | 26.0                          | 26.0                   |
| 3001                               | Financial Services            | Accounting, auditing, and management/consulting services  | 276.7                 | 745.9                         | 745.9                  |
| 3002                               | Legal and Judicial Services   | Transcription services  | 61.0                  | 70.0                          | 70.0                   |
| 3003                               | Information Technology        | IT training, consulting, software licensing, software maintenance, and IT equipment leases              | 1,132.8               | 1,132.8                       | 1,132.8                |
| 3004                               | Telecommunications            | Local, long distance, cellular, television, data/network telecommunications equipment charges           | 10.2                  | 31.0                          | 31.0                   |
| 3006                               | Delivery Services             | Freight, courier services, and postage  | 0.6                   | 3.5                           | 3.5                    |
| 3007                               | Advertising and Promotions    | Legal notices for regulations and public hearings   | 2.2                   | 1.8                           | 1.8                    |
| 3008                               | Utilities                     | Records and confidential material disposal  | 0.0                   | 1.2                           | 1.2                    |
| 3009                               | Structure/Infrastructure/Land | Infrastructure maintenance and repairs, rentals, and leases   | 5.1                   | 11.0                          | 11.0                   |
| 3010                               | Equipment/Machinery           | Office furniture and equipment repairs, maintenance, rentals and leases                                 | 2.4                   | 26.5                          | 26.5                   |
| 3011                               | Other Services                | Professional management and consulting services; printing and   | 0.2                   | 2.2                           | 2.2                    |

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

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

| Object Class |   | Servicing Agency        | Explanation   | FY2021 Actuals | FY2022<br>Management Plan | FY2023 Governor |
|--------------|---|-------------------------|---|----------------|---------------------------|-----------------|
|              |   |                         | <b>3000 Services Detail Totals</b>  | <b>5,875.5</b> | <b>10,029.2</b>           | <b>10,029.2</b> |
|              |   |                         | copying services  |                |                           |                 |
| 3017         | Inter-Agency Information Technology<br>Non-Telecommunications | Admin - Department-wide | Office of Information Technology<br>(OIT) core services   | 99.9           | 15.0                      | 15.0            |
| 3017         | Inter-Agency Information Technology<br>Non-Telecommunications | Admin - Department-wide | OIT Licensing (SQL Rates)   | 16.5           | 16.5                      | 16.5            |
| 3017         | Inter-Agency Information Technology<br>Non-Telecommunications | Admin - Department-wide | OIT Server Hosting & Storage  | 19.3           | 19.3                      | 19.3            |
| 3018         | Inter-Agency Information Technology<br>Telecommunications     | Admin - Department-wide | Office of Information Technology<br>(OIT) telecommunications services   | 12.9           | 17.0                      | 17.0            |
| 3020         | Inter-Agency Building Maintenance                             | Trans - Department-wide | Building maintenance performed by<br>the Division of Facilities Services  | 0.0            | 3.0                       | 3.0             |
| 3021         | Inter-Agency Mail   | Admin - Department-wide | Central mailroom services including<br>pickup and delivery of mail, postage,<br>and mailing of state warrants                                 | 1.0            | 1.5                       | 1.5             |
| 3022         | Inter-Agency Human Resources                                  | Admin - Department-wide | Human resource and payroll<br>services provided by the Division of<br>Personnel   | 16.8           | 16.8                      | 16.8            |
| 3023         | Inter-Agency Building Leases                                  | Trans - Department-wide | Cost of space in state-owned<br>facilities and private leases   | 143.1          | 160.0                     | 160.0           |
| 3024         | Inter-Agency Legal  | Law - Department-wide   | ARMB Legal Services   | 46.6           | 125.0                     | 125.0           |
| 3024         | Inter-Agency Legal  | Law - Department-wide   | ARMB Litigation Legal Services  | 9.0            | 112.5                     | 112.5           |
| 3024         | Inter-Agency Legal  | Law - Department-wide   | ARMB Outside Legal Counsel  | 0.2            | 1.0                       | 1.0             |
| 3026         | Inter-Agency Insurance  | Admin - Department-wide | Risk Management   | 1.0            | 1.0                       | 1.0             |
| 3027         | Inter-Agency Financial  | Admin - Department-wide | Division of Finance chargeback for<br>IRIS FIN, HRM, and ALDER  | 18.8           | 35.0                      | 35.0            |
| 3028         | Inter-Agency Americans with<br>Disabilities Act Compliance    | Admin - Department-wide | ADA compliance  | 0.3            | 0.4                       | 0.4             |
| 3029         | Inter-Agency Education/Training                               | Admin - Department-wide | Training provided by state agencies<br>– Shared Services of Alaska<br>and Division of Finance training for<br>procurement and ALDER reporting | 0.0            | 0.4                       | 0.4             |



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

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

| Object Class                       |                                    | Servicing Agency                    | Explanation  | FY2021 Actuals | FY2022<br>Management Plan | FY2023 Governor |
|------------------------------------|------------------------------------|-------------------------------------|--|----------------|---------------------------|-----------------|
| <b>3000 Services Detail Totals</b> |                                    |                                     |  | <b>5,875.5</b> | <b>10,029.2</b>           | <b>10,029.2</b> |
| 3031                               | Inter-Agency Construction          | Trans - Department-wide             | Construction work provided by the Division of Facilities Services  | 0.0            | 1.0                       | 1.0             |
| 3038                               | Inter-Agency Management/Consulting | Admin - Department-wide             | Investment auditing and consulting services provided by Retirement & Benefits  | 101.1          | 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 | 116.7          | 400.0                     | 400.0           |
| 3038                               | Inter-Agency Management/Consulting | Rev - Commissioner's Office (123)   | Support services provided by the Commissioner's Office   | 0.0            | 40.0                      | 40.0            |
| 3038                               | Inter-Agency Management/Consulting | Rev - Treasury Division (121)       | Staffing provided by the Treasury Division   | 3,693.2        | 6,733.9                   | 6,733.9         |
| 3038                               | Inter-Agency Management/Consulting | Admin - Department-wide             | Actuarial Services   | 76.4           | 180.0                     | 180.0           |

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

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

| <b>Line Number</b>                    | <b>Line Name</b>        |  | <b>FY2021 Actuals</b> | <b>FY2022 Management Plan</b> | <b>FY2023 Governor</b> |
|---------------------------------------|-------------------------|--|-----------------------|-------------------------------|------------------------|
| 4000                                  | Commodities             |  | 124.9                 | 32.5                          | 32.5                   |
| <b>Object Class</b>                   | <b>Servicing Agency</b> | <b>Explanation</b>   | <b>FY2021 Actuals</b> | <b>FY2022 Management Plan</b> | <b>FY2023 Governor</b> |
| <b>4000 Commodities Detail Totals</b> |                         |  | <b>124.9</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 | 124.6                 | 31.5                          | 31.5                   |
| 4002                                  | Household/Institutional | Institutional supplies   | 0.3                   | 1.0                           | 1.0                    |

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

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

|  | FY2021 Actuals | FY2022<br>Management Plan | FY2023 Governor |
|--|----------------|---------------------------|-----------------|
| <b>Component Totals</b>                                | <b>4,372.8</b> | <b>7,977.3</b>            | <b>7,977.3</b>  |
| With Department of Administration                      | 364.0          | 400.9                     | 400.9           |
| With Department of<br>Transportation/Public Facilities | 143.1          | 164.0                     | 164.0           |
| With Department of Law                                 | 55.8           | 238.5                     | 238.5           |
| With Department of Revenue                             | 3,809.9        | 7,173.9                   | 7,173.9         |

| Object Class | Servicing Agency  | Explanation  | FY2021 Actuals | FY2022<br>Management Plan | FY2023 Governor |
|--------------|---|--|----------------|---------------------------|-----------------|
| 3017         | Inter-Agency Information Technology<br>Non-Telecommunications | Admin - Department-wide<br>Office of Information Technology<br>(OIT) core services   | 99.9           | 15.0                      | 15.0            |
| 3017         | Inter-Agency Information Technology<br>Non-Telecommunications | Admin - Department-wide<br>OIT Licensing (SQL Rates)   | 16.5           | 16.5                      | 16.5            |
| 3017         | Inter-Agency Information Technology<br>Non-Telecommunications | Admin - Department-wide<br>OIT Server Hosting & Storage  | 19.3           | 19.3                      | 19.3            |
| 3018         | Inter-Agency Information Technology<br>Telecommunications     | Admin - Department-wide<br>Office of Information Technology<br>(OIT) telecommunications services   | 12.9           | 17.0                      | 17.0            |
| 3020         | Inter-Agency Building Maintenance                             | Trans - Department-wide<br>Building maintenance performed by<br>the Division of Facilities Services                                      | 0.0            | 3.0                       | 3.0             |
| 3021         | Inter-Agency Mail   | Admin - Department-wide<br>Central mailroom services including<br>pickup and delivery of mail, postage,<br>and mailing of state warrants | 1.0            | 1.5                       | 1.5             |
| 3022         | Inter-Agency Human Resources                                  | Admin - Department-wide<br>Human resource and payroll<br>services provided by the Division of<br>Personnel                               | 16.8           | 16.8                      | 16.8            |
| 3023         | Inter-Agency Building Leases                                  | Trans - Department-wide<br>Cost of space in state-owned<br>facilities and private leases   | 143.1          | 160.0                     | 160.0           |
| 3024         | Inter-Agency Legal  | Law - Department-wide<br>ARMB Legal Services   | 46.6           | 125.0                     | 125.0           |
| 3024         | Inter-Agency Legal  | Law - Department-wide<br>ARMB Litigation Legal Services  | 9.0            | 112.5                     | 112.5           |
| 3024         | Inter-Agency Legal  | Law - Department-wide<br>ARMB Outside Legal Counsel  | 0.2            | 1.0                       | 1.0             |
| 3026         | Inter-Agency Insurance  | Admin - Department-wide<br>Risk Management   | 1.0            | 1.0                       | 1.0             |
| 3027         | Inter-Agency Financial  | Admin - Department-wide<br>Division of Finance chargeback for  | 18.8           | 35.0                      | 35.0            |

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

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

| Object Class |   | Servicing Agency                    | Explanation  | FY2021 Actuals | FY2022<br>Management Plan | FY2023 Governor |
|--------------|---|-------------------------------------|--|----------------|---------------------------|-----------------|
|              |   |                                     | IRIS FIN, HRM, and ALDER   |                |                           |                 |
| 3028         | Inter-Agency Americans with Disabilities Act Compliance | Admin - Department-wide             | ADA compliance   | 0.3            | 0.4                       | 0.4             |
| 3029         | Inter-Agency Education/Training                         | Admin - Department-wide             | Training provided by state agencies – Shared Services of Alaska and Division of Finance training for procurement and ALDER reporting                       | 0.0            | 0.4                       | 0.4             |
| 3031         | Inter-Agency Construction                               | Trans - Department-wide             | Construction work provided by the Division of Facilities Services  | 0.0            | 1.0                       | 1.0             |
| 3038         | Inter-Agency Management/Consulting                      | Admin - Department-wide             | Investment auditing and consulting services provided by Retirement & Benefits  | 101.1          | 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 | 116.7          | 400.0                     | 400.0           |
| 3038         | Inter-Agency Management/Consulting                      | Rev - Commissioner's Office (123)   | Support services provided by the Commissioner's Office   | 0.0            | 40.0                      | 40.0            |
| 3038         | Inter-Agency Management/Consulting                      | Rev - Treasury Division (121)       | Staffing provided by the Treasury Division   | 3,693.2        | 6,733.9                   | 6,733.9         |
| 3038         | Inter-Agency Management/Consulting                      | Admin - Department-wide             | Actuarial Services   | 76.4           | 180.0                     | 180.0           |