

State of Alaska
FY2024 Governor's Operating Budget

Department of Revenue
AMBBA Operations
RDU/Component Budget Summary

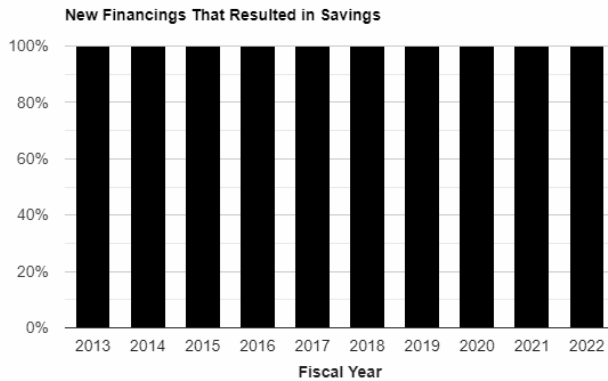
RDU/Component: AMBBA Operations

Contribution to Department's Mission

The mission of the Alaska Municipal Bond Bank is to provide municipalities, joint insurance associations, regional health organizations, the University, and Joint Action Agencies with financing options for capital projects.

Results

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



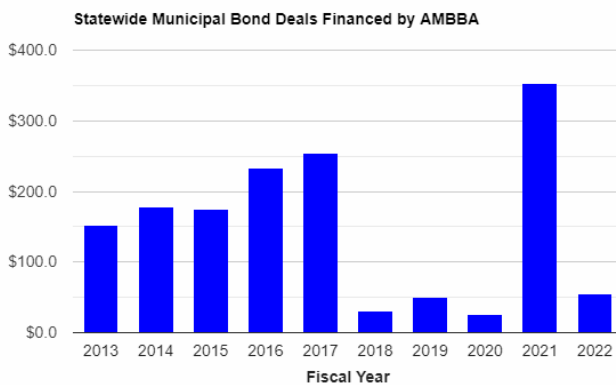
Core Services

- Provide expertise and the lowest cost financing for Alaska's authorized borrowers that either diminish administrative burden of borrower, diminish the cost of borrowing, or both.

Measures by Core Service

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

1. Provide expertise and the lowest cost financing for Alaska's authorized borrowers that either diminish administrative burden of borrower, diminish the cost of borrowing, or both.



Major Component Accomplishments in 2022

- \$3.7 million in estimated savings to Alaskans through lowered borrowing cost and by design.
- Issued approximately \$47.1 million in bonds generating \$54.6 million to fund and refinance Alaskan projects.

- Entered into 5 loan agreements with 4 communities, funding approximately \$47.3 million in new projects, and approximately \$7.3 million to refinance a borrower loan for savings.

Key Component Challenges

- Managing the cost of maintaining required reserve funds. Reserve funds are funded through the use of borrowed funds, equity contributions, and surety policies. Earnings rates on funds in the reserve are used to pay debt service on outstanding borrowed funds, which can lead to draws on equity in low earnings environments.
- The Bond Bank’s credit ratings. As of September 6, 2022, the Bond Bank retains ratings of A+/A/A1 from S&P Global Ratings (S&P), Fitch Ratings (Fitch), and Moody’s Investors Service, Inc. (Moody’s), respectively. The outlook on the S&P rating is positive, and the Moody’s and Fitch ratings outlook is stable. The Bond Bank receives certain credit support from the State of Alaska, with ratings linked to the State’s General Obligation debt rating. On March 21, 2022, S&P revised the State of Alaska’s outlook to positive from stable. At the same time, S&P revised the Bond Bank’s outlook to positive from stable. On April 14, 2022, Fitch revised the State of Alaska’s outlook to stable from negative. At the same time, Fitch revised the Bond Bank’s outlook to stable from negative. The Bond Bank currently actively uses S&P and Moody’s for bond issue ratings, Fitch maintains a rating on the program based on historical use of their services.
- Previously, limited authority to lend to Regional Health Organizations had resulted in financings being conducted outside the program. In certain instances, the statutory administrative limitations in place as of fiscal year 2022 resulted in more administrative cost than the benefit of use that the Bond Bank program provides. See “Significant Changes in Results” below.

Significant Changes in Results to be Delivered in FY2024

- House Bill 127 (“HB 127”) became effective July 3, 2022, and amended the Act to grant broader authority to the Bond Bank to issue bonds on behalf of the University of Alaska (the “University”) and regional health organizations. HB 127 permits the Bond Bank to issue bonds on behalf of the University for any University purpose, and the maximum authorized amount increased from \$87.5 million to \$500 million. HB 127 increased the maximum amount that a regional health organization is permitted to borrow for a given project from 49% of the project costs to 100% of the project costs, from a maximum authorized amount of \$102.5 million to \$250 million of the cost of a project, and the total lending authority of the Bond Bank for regional health organization bond issuances increased from \$205 million to \$500 million.

Statutory and Regulatory Authority

AS 44.85 Alaska Municipal Bond Bank Authority

Contact Information
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AMBBA Operations Personal Services Information					
Authorized Positions			Personal Services Costs		
	<u>FY2023</u> <u>Management</u> <u>Plan</u>	<u>FY2024</u> <u>Governor</u>			
Full-time	1	1	Annual Salaries		165,493
Part-time	0	0	COLA		1,858
Nonpermanent	0	0	Premium Pay		0
			Annual Benefits		79,897
			<i>Less 3.90% Vacancy Factor</i>		(9,648)
			Lump Sum Premium Pay		0
Totals	1	1	Total Personal Services		237,600

Position Classification Summary					
Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
State Investment Officer	0	0	1	0	1
Totals	0	0	1	0	1

Component Detail All Funds
Department of Revenue

Component: AMBBA Operations (108)
RDU: Alaska Municipal Bond Bank Authority (44)

Non-Formula Component

	FY2022 Actuals	FY2023 Conference Committee	FY2023 Authorized	FY2023 Management Plan	FY2024 Governor	FY2023 Management Plan vs FY2024 Governor	
71000 Personal Services	223.2	228.0	234.7	234.7	237.6	2.9	1.2%
72000 Travel	3.0	14.5	24.5	24.5	24.5	0.0	0.0%
73000 Services	265.2	770.3	1,120.3	1,120.3	1,120.3	0.0	0.0%
74000 Commodities	0.0	3.8	3.8	3.8	3.8	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	491.4	1,016.6	1,383.3	1,383.3	1,386.2	2.9	0.2%
Fund Sources:							
1104 MBB Rcpts (Other)	491.4	911.6	1,278.3	1,278.3	1,281.2	2.9	0.2%
1108 Stat Desig (Other)	0.0	105.0	105.0	105.0	105.0	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	491.4	1,016.6	1,383.3	1,383.3	1,386.2	2.9	0.2%
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Positions:							
Permanent Full Time	1	1	1	1	1	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: AMBBA Operations (108)
RDU: Alaska Municipal Bond Bank Authority (44)

Scenario/Change Record Title	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		NP
										PFT	PPT	
***** Changes From FY2023 Conference Committee To FY2023 Authorized *****												
FY2023 Conference Committee												
	ConfCom	1,016.6	228.0	14.5	770.3	3.8	0.0	0.0	0.0	1	0	0
1104 MBB Rcpts		911.6										
1108 Stat Desig		105.0										
Muni Bond Bank & Railroad Corp: Financing Ch30 SLA2022 (HB127) (Sec2 Ch11 SLA2022 P46 L18 (HB281))												
	FisNot	360.0	0.0	10.0	350.0	0.0	0.0	0.0	0.0	0	0	0
1104 MBB Rcpts		360.0										
<p>This legislation broadens the Alaska Municipal Bond Bank Authority's (Bond Bank) ability to make loans to the University of Alaska and to regional health organizations. The Bond Bank is currently limited to lending to the University for power and heat projects only, and the proposed legislation will expand that authority to any purpose for which the University is otherwise allowed to borrow. The primary objective of the change is to lower the cost of financing for any needed University projects. This also broadens the authority of the Bond Bank to lend to regional health organizations by eliminating the project financing limit of 49 percent, the project funding limit of \$102.5 million, and increasing the total lending authority from \$205 million to \$500 million. Since the authority to lend to regional health organization was created in 2015, the Bond Bank has lent \$144.8 million and produced savings of over \$65.3 million by reducing borrower interest rates.</p> <p>Bond Bank costs were derived by assuming that approximately \$100 million of bonds would be issued per year over the next five years. The Bond Bank anticipates incurring travel costs of up to \$10.0 in FY2023 and FY2024 as program awareness is generated and increases, followed by approximately \$5.0 per year thereafter. Professional services of up to \$350.0 will be incurred in FY2023 through FY2028 as bonds are issued. Costs incurred may include a surety policy, financial advisor, bond counsel, rating agencies, trustee paying agent, and other services.</p>												
FY2023 Exempt 5% COLA												
	SalAdj	6.7	6.7	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
1104 MBB Rcpts		6.7										
FY2023 Exempt 5% COLA: \$6.7												
Subtotal		1,383.3	234.7	24.5	1,120.3	3.8	0.0	0.0	0.0	1	0	0
***** Changes From FY2023 Management Plan To FY2024 Governor *****												
FY2024 Salary and Health Insurance Increases												
	SalAdj	1.8	1.8	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
1104 MBB Rcpts		1.8										
FY2024 Salary and Health Insurance Increases: \$1.8												
FY2024 GGU cost of living increase 2.5%: \$1.8												
FY2024 PERS Rate Adjustment												
	SalAdj	0.5	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0

Change Record Detail - Multiple Scenarios with Descriptions
Department of Revenue

Component: AMBBA Operations (108)

RDU: Alaska Municipal Bond Bank Authority (44)

Scenario/Change Record Title	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		
										PFT	PPT	NP
1104 MBB Rcpts		0.5										
FY2024 PERS rate adjustment to 25.10%: \$0.5												
FY2024 AlaskaCare Health Insurance Increase - Exempt and Partially Exempt												
1104 MBB Rcpts	SalAdj	0.6	0.6	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
FY2024 AlaskaCare health insurance increase for exempt and partially exempt employees from \$1,685 to \$1,793 per member per month: \$0.6												
Totals		1,386.2	237.6	24.5	1,120.3	3.8	0.0	0.0	0.0	1	0	0

Line Item Detail (1676)
Department of Revenue
Travel

Component: AMBBA Operations (108)

Line Number	Line Name		FY2022 Actuals	FY2023 Management Plan	FY2024 Governor
2000	Travel		3.0	24.5	24.5
Object Class	Servicing Agency	Explanation	FY2022 Actuals	FY2023 Management Plan	FY2024 Governor
2000 Travel Detail Totals			3.0	24.5	24.5
2000	In-State Employee Travel	Airfare, lodging, surface transportation, reimbursable travel costs, meals and incidentals	3.0	24.5	24.5

Line Item Detail (1676)
Department of Revenue
Services

Component: AMBBA Operations (108)

Line Number	Line Name		FY2022 Actuals	FY2023 Management Plan	FY2024 Governor
3000	Services		265.2	1,120.3	1,120.3
Object Class	Servicing Agency	Explanation	FY2022 Actuals	FY2023 Management Plan	FY2024 Governor
3000 Services Detail Totals			265.2	1,120.3	1,120.3
3000	Education Services	Training, educational conferences, agency memberships, tuition, books and fees for work-related courses	0.4	10.0	10.0
3001	Financial Services	Accounting, auditing, and management/consulting services	238.2	873.3	873.3
3003	Information Technology	IT training, consulting, software licensing, software maintenance, and IT equipment leases	0.0	1.0	1.0
3004	Telecommunications	Local, long distance, cellular, television, data/network telecommunications equipment charges	1.0	8.2	8.2
3006	Delivery Services	Freight, courier services, and postage	0.0	0.8	0.8
3007	Advertising and Promotions	Legal notices for regulations and public hearings	0.0	4.8	4.8
3009	Structure/Infrastructure/Land	Infrastructure maintenance and repairs, rentals, and leases	0.1	0.0	0.0
3010	Equipment/Machinery	Office furniture and equipment repairs, maintenance, rentals and leases	0.0	0.5	0.5
3011	Other Services	Professional management and consulting services; printing and copying services	1.5	2.0	2.0
3017	Inter-Agency Information Technology Non-Telecommunications	Admin - Department-wide Office of Information Technology (OIT) core services	2.7	4.0	4.0

Line Item Detail (1676)
Department of Revenue
Services

Component: AMBBA Operations (108)

Object Class		Servicing Agency	Explanation	FY2022 Actuals	FY2023 Management Plan	FY2024 Governor
3000 Services Detail Totals				265.2	1,120.3	1,120.3
3018	Inter-Agency Information Technology Telecommunications	Admin - Department-wide	Office of Information Technology (OIT) telecommunications services	0.3	1.0	1.0
3021	Inter-Agency Mail	Admin - Department-wide	Central mailroom services including pickup and delivery of mail, postage, and mailing of state warrants	0.7	0.7	0.7
3022	Inter-Agency Human Resources	Admin - Department-wide	Human resource and payroll services provided by the Division of Personnel	1.3	0.6	0.6
3023	Inter-Agency Building Leases	Trans - Department-wide	Cost of space in state-owned facilities and private leases	15.5	4.7	4.7
3024	Inter-Agency Legal	Law - Department-wide	Legal services provided by the Department of Law	0.0	200.0	200.0
3026	Inter-Agency Insurance	Admin - Department-wide	Risk Management	0.1	0.5	0.5
3027	Inter-Agency Financial	Admin - Department-wide	Division of Finance chargeback for IRIS FIN, HRM, and ALDER	0.3	1.0	1.0
3028	Inter-Agency Americans with Disabilities Act Compliance	Admin - Department-wide	ADA compliance	0.1	0.5	0.5
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	3.0	6.0	6.0
3038	Inter-Agency Management/Consulting	Rev - Commissioner's Office (123)	Support services provided by the Commissioner's Office	0.0	0.7	0.7

Line Item Detail (1676)
Department of Revenue
Commodities

Component: AMBBA Operations (108)

Line Number	Line Name		FY2022 Actuals	FY2023 Management Plan	FY2024 Governor
4000	Commodities		0.0	3.8	3.8
Object Class	Servicing Agency	Explanation	FY2022 Actuals	FY2023 Management Plan	FY2024 Governor
4000 Commodities Detail Totals			0.0	3.8	3.8
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	0.0	3.8	3.8

Revenue Detail (1681)
Department of Revenue

Component: AMBBA Operations (108)

Revenue Type (OMB Fund Code) Revenue Source	Component	Comment	FY2022 Actuals	FY2023 Management Plan	FY2024 Governor
5104 MBB Rcpts (1104 MBB Rcpts)			491.4	1,278.3	1,289.3
5419 Alaska Municipal Bond Bank Receipts		Municipal bond bank receipts	491.4	1,278.3	1,289.3
5108 Stat Desig (1108 Stat Desig)			0.0	105.0	105.0
5205 Statutory Dsgntd Prgrm Rcpts Development - Charges for Svcs		Regional health organization bond proceeds	0.0	105.0	105.0

Inter-Agency Services (1682)
Department of Revenue

Component: AMBBA Operations (108)

				FY2022 Actuals	FY2023 Management Plan	FY2024 Governor
Component Totals				24.0	219.7	219.7
With Department of Administration				5.5	8.3	8.3
With Department of Transportation/Public Facilities				15.5	4.7	4.7
With Department of Law				0.0	200.0	200.0
With Department of Revenue				3.0	6.7	6.7
Object Class	Servicing Agency	Explanation		FY2022 Actuals	FY2023 Management Plan	FY2024 Governor
3017	Inter-Agency Information Technology Non-Telecommunications	Admin - Department-wide Office of Information Technology (OIT) core services		2.7	4.0	4.0
3018	Inter-Agency Information Technology Telecommunications	Admin - Department-wide Office of Information Technology (OIT) telecommunications services		0.3	1.0	1.0
3021	Inter-Agency Mail	Admin - Department-wide Central mailroom services including pickup and delivery of mail, postage, and mailing of state warrants		0.7	0.7	0.7
3022	Inter-Agency Human Resources	Admin - Department-wide Human resource and payroll services provided by the Division of Personnel		1.3	0.6	0.6
3023	Inter-Agency Building Leases	Trans - Department-wide Cost of space in state-owned facilities and private leases		15.5	4.7	4.7
3024	Inter-Agency Legal	Law - Department-wide Legal services provided by the Department of Law		0.0	200.0	200.0
3026	Inter-Agency Insurance	Admin - Department-wide Risk Management		0.1	0.5	0.5
3027	Inter-Agency Financial	Admin - Department-wide Division of Finance chargeback for IRIS FIN, HRM, and ALDER		0.3	1.0	1.0
3028	Inter-Agency Americans with Disabilities Act Compliance	Admin - Department-wide ADA compliance		0.1	0.5	0.5
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		3.0	6.0	6.0
3038	Inter-Agency	Rev - Commissioner's Office (123) Support services provided by the		0.0	0.7	0.7

Inter-Agency Services (1682)
Department of Revenue

Component: AMBBA Operations (108)

Object Class	Servicing Agency	Explanation	FY2022 Actuals	FY2023 Management Plan	FY2024 Governor
Management/Consulting		Commissioner's Office			

Personal Services Expenditure Detail
Department of Revenue

Scenario: FY2024 Governor (19867)
Component: AMBBA Operations (108)
RDU: Alaska Municipal Bond Bank Authority (44)

PCN	Job Class Title	Time Status	Retire Code	Barg Unit	Location	Salary Sched	Range / Step	Comp Months	Split / Count	Annual Salaries	COLA	Premium Pay	Annual Benefits	Total Costs	UGF Amount
04-5022	Operations Research Analyst	FT	A	GP	Juneau	205	21L	6.0	*	54,181	1,858	0	29,649	85,688	0
04-5025	State Investment Officer	FT	A	XE	Juneau	99	22	6.0	**	111,312	0	0	50,248	161,560	0
													Total Salary Costs:	165,493	
													Total COLA:	1,858	
													Total Premium Pay:	0	
													Total Benefits:	79,897	
													Total Pre-Vacancy:	247,248	
													Minus Vacancy Adjustment of 3.90%:	(9,648)	
													Total Post-Vacancy:	237,600	
													Plus Lump Sum Premium Pay:	0	
													Personal Services Line 100:	237,600	
Total Component Months:		12.0													

PCN Funding Sources:	Pre-Vacancy	Post-Vacancy	Percent
1104 Alaska Municipal Bond Bank Receipts	247,248	237,600	100.00%
Total PCN Funding:	247,248	237,600	100.00%

Note: If a position is split, an asterisk (*) will appear in the Split/Count column. If the split position is also counted in the component, two asterisks (**) will appear in this column. [No valid job title] appearing in the Job Class Title indicates that the PCN has an invalid class code or invalid range for the class code effective date of this scenario.

Department of Revenue
AMBBA Operations (108)
RDU: Alaska Municipal Bond Bank Authority (44)
FY2024 Governor's Budget
Position Totals: 1 PFT

State Investment Officer
04-5025
R22 / EX Juneau

Operations Research Analyst
04-5022
R21 / CL Juneau

*Split PCN counted in the
Treasury Division*