

State of Alaska FY2024 Governor's Operating Budget

Department of Revenue Alaska Retirement Management Board Component Budget Summary

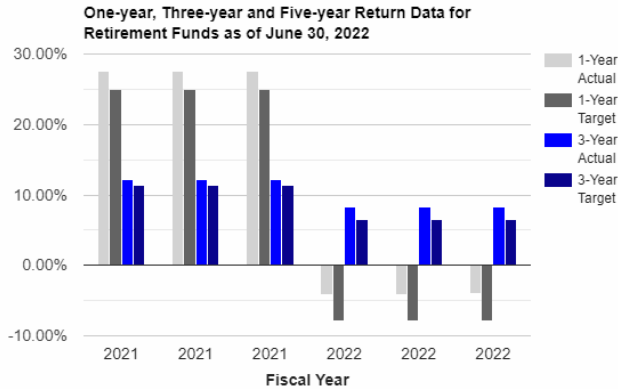
Component: Alaska Retirement Management Board

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>.)



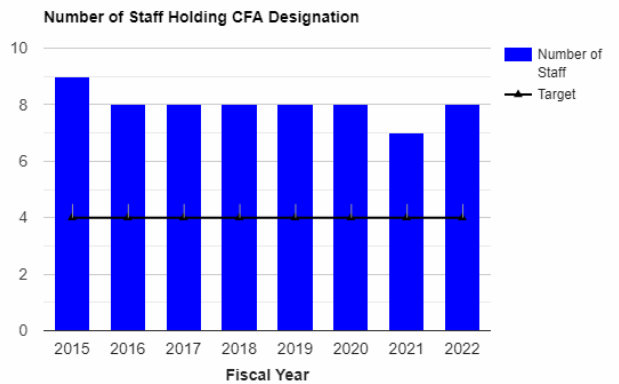
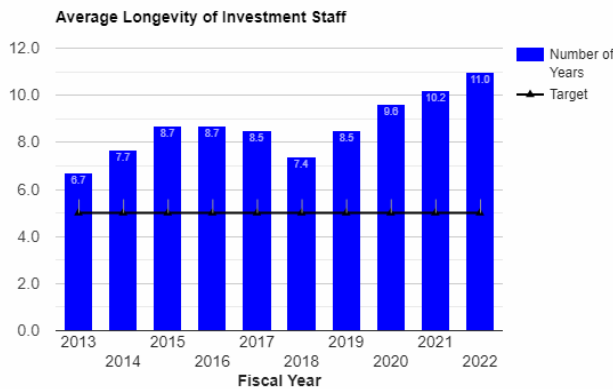
Core Services

- 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 2022

- The Public Employees' Retirement System (PERS) and Teachers' Retirement System (TRS) defined benefit plans' performance was in the top decile when compared to peers and materially exceeded 1-year, 3-year and 5-year benchmark performance resulting in an average return of 9.0% during the plans 38-year investment history. In FY2022, the excess returns resulted in \$1 billion in additional retirement plan funds compared to passive management.

- The state will pay \$79.3 million less in annual contributions for FY2023 due to not paying into overfunded PERS and TRS healthcare plans.
- Internal investment capabilities continued to contribute to the annual \$30 million decrease in management fees paid to external investment managers with equal or better investment performance.
- Efficiencies in approach and the use of technology to capture data, perform analysis and report on investment data contributed to the state's ability to manage its assets without additional cost.
- Continued improvement to the ARMB investment options to improve outcomes and reduce costs for defined contribution retirement plan participants.

Key Component Challenges

- Attracting and retaining qualified investment officers and professional support staff continues to be a challenge due to retirement of key staff and the competitive advantage outside employers have with respect to higher salaries, benefits, and incentive compensation.
- Managing investment risk during times of market volatility.
- Achieving the 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 cyberattack.

Significant Changes in Results to be Delivered in FY2024

No changes in results delivered.

Statutory and Regulatory Authority

AS 37.10.210-390 Alaska Retirement Management Board

Contact Information
<p>Contact: Eric DeMoulin, Director, Administrative Services Phone: (907) 465-1009 E-mail: eric.demoulin@alaska.gov</p>

Component Detail All Funds
Department of Revenue

Component: Alaska Retirement Management Board (2813)
RDU: Taxation and Treasury (510)

Non-Formula Component

	FY2022 Actuals	FY2023 Conference Committee	FY2023 Authorized	FY2023 Management Plan	FY2024 Governor	FY2023 Management Plan vs FY2024 Governor	
71000 Personal Services	38.4	86.2	86.2	86.2	86.2	0.0	0.0%
72000 Travel	41.8	134.1	134.1	134.1	134.1	0.0	0.0%
73000 Services	7,592.9	10,029.2	10,029.2	9,864.2	9,864.2	0.0	0.0%
74000 Commodities	125.2	32.5	32.5	197.5	197.5	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	7,798.3	10,282.0	10,282.0	10,282.0	10,282.0	0.0	0.0%
Fund Sources:							
1017 Ben Sys (Other)	3,794.5	5,333.4	5,333.4	5,333.4	4,834.4	-499.0	-9.4%
1029 P/E Retire (Other)	2,407.9	3,064.2	3,064.2	3,064.2	3,414.2	350.0	11.4%
1034 Teach Ret (Other)	1,530.1	1,737.9	1,737.9	1,737.9	1,872.9	135.0	7.8%
1042 Jud Retire (Other)	52.8	52.9	52.9	52.9	66.9	14.0	26.5%
1045 Nat Guard (Other)	13.0	93.6	93.6	93.6	93.6	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	7,798.3	10,282.0	10,282.0	10,282.0	10,282.0	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 FY2023 Conference Committee To FY2023 Authorized *****												
FY2023 Conference Committee												
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										
Subtotal		10,282.0	86.2	134.1	10,029.2	32.5	0.0	0.0	0.0	0	0	0
***** Changes From FY2023 Authorized To FY2023 Management Plan *****												
Align Authority with Anticipated Expenditures												
LIT		0.0	0.0	0.0	-165.0	165.0	0.0	0.0	0.0	0	0	0
Transfer authority from services to commodities to better align historical averages and anticipated ongoing activity. Annual investment subscriptions including Bloomberg and S&P indices, Fitch ratings and credit tools, Pitchbook financial data, and Tradeweb markets provide access to valuable data used to make informed investment decisions.												
Subtotal		10,282.0	86.2	134.1	9,864.2	197.5	0.0	0.0	0.0	0	0	0
***** Changes From FY2023 Management Plan To FY2024 Governor *****												
Allocate Investment Fund Authority												
FndChg		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
1017 Ben Sys		-499.0										
1029 P/E Retire		350.0										
1034 Teach Ret		135.0										
1042 Jud Retire		14.0										
Align fund sources based on assets under management.												
Totals		10,282.0	86.2	134.1	9,864.2	197.5	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		FY2022 Actuals	FY2023 Management Plan	FY2024 Governor
2000	Travel		41.8	134.1	134.1
Object Class	Servicing Agency	Explanation	FY2022 Actuals	FY2023 Management Plan	FY2024 Governor
2000 Travel Detail Totals			41.8	134.1	134.1
2000	In-State Employee Travel	Airfare, lodging, surface transportation, reimbursable travel costs, meals and incidentals	22.4	31.2	31.2
2001	In-State Non-Employee Travel	Airfare, lodging, surface transportation, reimbursable travel costs, meals and incidentals	7.1	12.7	12.7
2002	Out of State Employee Travel	Airfare, lodging, surface transportation, reimbursable travel costs, meals and incidentals	12.3	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)

Line Number	Line Name		FY2022 Actuals	FY2023 Management Plan	FY2024 Governor
3000	Services		7,592.9	9,864.2	9,864.2
Object Class	Servicing Agency	Explanation	FY2022 Actuals	FY2023 Management Plan	FY2024 Governor
3000 Services Detail Totals			7,592.9	9,864.2	9,864.2
3000	Education Services	Training, educational conferences, agency memberships, tuition, books and fees for work-related courses	25.2	26.0	26.0
3001	Financial Services	Accounting, auditing, and management/consulting services	398.6	770.0	770.0
3002	Legal and Judicial Services	Transcription services	41.0	70.0	70.0
3003	Information Technology	IT training, consulting, software licensing, software maintenance, and IT equipment leases	975.9	1,273.6	1,190.1
3004	Telecommunications	Local, long distance, cellular, television, data/network telecommunications equipment charges	4.6	31.0	31.0
3006	Delivery Services	Freight, courier services, and postage	0.5	3.5	3.5
3007	Advertising and Promotions	Legal notices for regulations and public hearings	1.7	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	6.3	11.0	11.0
3010	Equipment/Machinery	Office furniture and equipment repairs, maintenance, rentals and leases	1.0	26.5	26.5
3011	Other Services	Professional management and consulting services; printing and	0.4	2.2	2.2

Line Item Detail (1676)
Department of Revenue
Services

Component: Alaska Retirement Management Board (2813)

Object Class		Servicing Agency	Explanation	FY2022 Actuals	FY2023 Management Plan	FY2024 Governor
3000 Services Detail Totals				7,592.9	9,864.2	9,864.2
			copying services			
3017	Inter-Agency Information Technology Non-Telecommunications	Admin - Department-wide	Office of Information Technology (OIT) core services	81.3	15.0	99.5
3017	Inter-Agency Information Technology Non-Telecommunications	Admin - Department-wide	OIT Licensing (SQL Rates)	6.1	16.5	16.5
3017	Inter-Agency Information Technology Non-Telecommunications	Admin - Department-wide	OIT Server Hosting & Storage	10.8	19.3	19.3
3018	Inter-Agency Information Technology Telecommunications	Admin - Department-wide	Office of Information Technology (OIT) telecommunications services	10.2	17.0	17.0
3020	Inter-Agency Building Maintenance	Trans - Department-wide	Building maintenance performed by the Division of Facilities Services	0.0	3.0	3.0
3021	Inter-Agency Mail	Admin - Department-wide	Central mailroom services including pickup and delivery of mail, postage, and mailing of state warrants	1.0	1.5	1.5
3022	Inter-Agency Human Resources	Admin - Department-wide	Human resource and payroll services provided by the Division of Personnel	15.8	16.8	16.8
3023	Inter-Agency Building Leases	Trans - Department-wide	Cost of space in state-owned facilities and private leases	137.4	160.0	160.0
3024	Inter-Agency Legal	Law - Department-wide	ARMB Legal Services	51.6	125.0	125.0
3024	Inter-Agency Legal	Law - Department-wide	ARMB Litigation Legal Services	6.9	112.5	112.5
3024	Inter-Agency Legal	Law - Department-wide	ARMB Outside Legal Counsel	0.1	1.0	0.0
3026	Inter-Agency Insurance	Admin - Department-wide	Risk Management	0.9	1.0	1.0
3027	Inter-Agency Financial	Admin - Department-wide	Division of Finance chargeback for IRIS FIN, HRM, and ALDER	12.2	15.3	15.3
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	0.5	0.4	0.4

Line Item Detail (1676)
Department of Revenue
Services

Component: Alaska Retirement Management Board (2813)

Object Class		Servicing Agency	Explanation	FY2022 Actuals	FY2023 Management Plan	FY2024 Governor
3000 Services Detail Totals				7,592.9	9,864.2	9,864.2
3038	Inter-Agency Management/Consulting	Admin - Department-wide	Investment auditing and consulting services provided by Retirement & Benefits	60.6	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	100.0	118.5	118.5
3038	Inter-Agency Management/Consulting	Rev - Commissioner's Office (123)	Support services provided by the Commissioner's Office	13.0	12.3	12.3
3038	Inter-Agency Management/Consulting	Rev - Treasury Division (121)	Staffing provided by the Treasury Division	5,500.0	6,733.9	6,733.9
3038	Inter-Agency Management/Consulting	Admin - Department-wide	Actuarial Services	129.0	180.0	180.0

Line Item Detail (1676)
Department of Revenue
Commodities

Component: Alaska Retirement Management Board (2813)

Line Number	Line Name		FY2022 Actuals	FY2023 Management Plan	FY2024 Governor
4000	Commodities		125.2	197.5	197.5
Object Class	Servicing Agency	Explanation	FY2022 Actuals	FY2023 Management Plan	FY2024 Governor
4000 Commodities Detail Totals			125.2	197.5	197.5
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	124.4	196.5	196.5
4002	Household/Institutional	Institutional supplies	0.8	1.0	1.0

Inter-Agency Services (1682)
Department of Revenue

Component: Alaska Retirement Management Board (2813)

	FY2022 Actuals	FY2023 Management Plan	FY2024 Governor
Component Totals	6,137.7	7,647.4	7,730.9
With Department of Administration	328.7	381.2	465.7
With Department of Transportation/Public Facilities	137.4	163.0	163.0
With Department of Law	58.6	238.5	237.5
With Department of Revenue	5,613.0	6,864.7	6,864.7

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	81.3	15.0	99.5
3017	Inter-Agency Information Technology Non-Telecommunications	Admin - Department-wide OIT Licensing (SQL Rates)	6.1	16.5	16.5
3017	Inter-Agency Information Technology Non-Telecommunications	Admin - Department-wide OIT Server Hosting & Storage	10.8	19.3	19.3
3018	Inter-Agency Information Technology Telecommunications	Admin - Department-wide Office of Information Technology (OIT) telecommunications services	10.2	17.0	17.0
3020	Inter-Agency Building Maintenance	Trans - Department-wide Building maintenance performed by the Division of Facilities Services	0.0	3.0	3.0
3021	Inter-Agency Mail	Admin - Department-wide Central mailroom services including pickup and delivery of mail, postage, and mailing of state warrants	1.0	1.5	1.5
3022	Inter-Agency Human Resources	Admin - Department-wide Human resource and payroll services provided by the Division of Personnel	15.8	16.8	16.8
3023	Inter-Agency Building Leases	Trans - Department-wide Cost of space in state-owned facilities and private leases	137.4	160.0	160.0
3024	Inter-Agency Legal	Law - Department-wide ARMB Legal Services	51.6	125.0	125.0
3024	Inter-Agency Legal	Law - Department-wide ARMB Litigation Legal Services	6.9	112.5	112.5
3024	Inter-Agency Legal	Law - Department-wide ARMB Outside Legal Counsel	0.1	1.0	0.0
3026	Inter-Agency Insurance	Admin - Department-wide Risk Management	0.9	1.0	1.0
3027	Inter-Agency Financial	Admin - Department-wide Division of Finance chargeback for	12.2	15.3	15.3

Inter-Agency Services (1682)
Department of Revenue

Component: Alaska Retirement Management Board (2813)

Object Class		Servicing Agency	Explanation	FY2022 Actuals	FY2023 Management Plan	FY2024 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	0.5	0.4	0.4
3038	Inter-Agency Management/Consulting	Admin - Department-wide	Investment auditing and consulting services provided by Retirement & Benefits	60.6	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	100.0	118.5	118.5
3038	Inter-Agency Management/Consulting	Rev - Commissioner's Office (123)	Support services provided by the Commissioner's Office	13.0	12.3	12.3
3038	Inter-Agency Management/Consulting	Rev - Treasury Division (121)	Staffing provided by the Treasury Division	5,500.0	6,733.9	6,733.9
3038	Inter-Agency Management/Consulting	Admin - Department-wide	Actuarial Services	129.0	180.0	180.0