

State of Alaska FY2025 Governor's Operating Budget

Department of Revenue Alaska Retirement Management Board Component Budget Summary

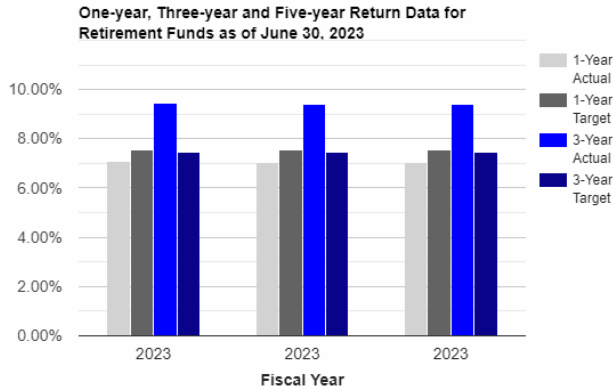
Component: Alaska Retirement Management Board

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>.)



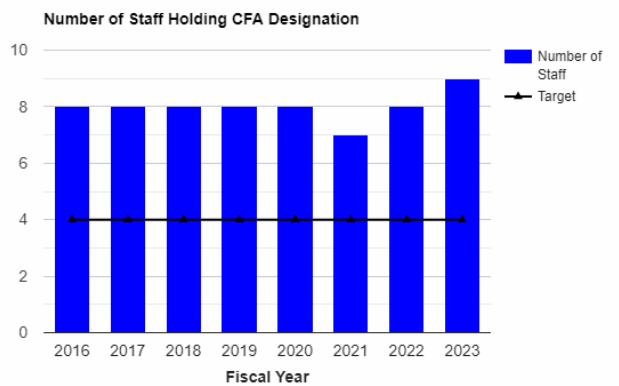
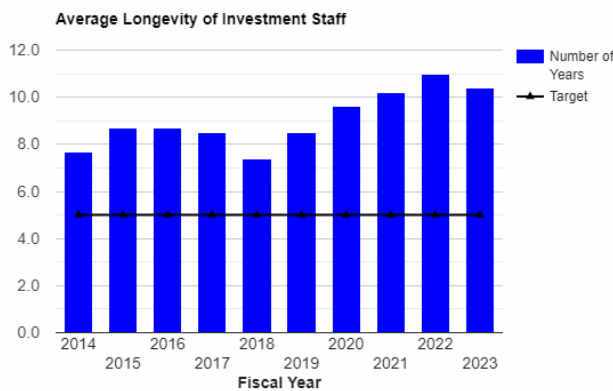
Core Services

- 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 2023

- The Public Employees' Retirement System (PERS) and Teachers' Retirement System (TRS) defined benefit plans' performance was 7.02 percent, resulting in the plans surpassing its two-year, three-year, five-year, and 10-year benchmark performance targets and achieving top quartile performance when compared to peers during these periods. The average return was 8.55 percent during the plan's 39-year investment history.

- Overall, when compared to large fund peers, Alaska Retirement Management Board (ARMB) fees for FY2023 were 38 bps compared with a median of 56 bps for large plans – a difference of over \$50 million per year.
- 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 FY2025

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

	FY2023 Actuals	FY2024 Enrolled	FY2024 Authorized	FY2024 Management Plan	FY2025 Governor Adjusted Base	FY2025 Governor	FY2024 Management Plan vs FY2025 Governor		
1000 Personal Services	49.5	86.2	86.2	86.2	86.2	86.2	0.0	0.0%	
2000 Travel	102.4	134.1	134.1	214.5	214.5	214.5	0.0	0.0%	
3000 Services	8,232.9	9,864.2	9,864.2	9,783.8	9,879.3	10,244.1	460.3	4.7%	
4000 Commodities	297.9	197.5	197.5	197.5	102.0	102.0	-95.5	-48.4%	
5000 Capital Outlay	11.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0%	
7000 Grants, Benefits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0%	
8000 Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0%	
Totals	8,694.1	10,282.0	10,282.0	10,282.0	10,282.0	10,646.8	364.8	3.5%	
Fund Sources:									
1017 Ben Sys (Other)	4,080.8	4,834.4	4,834.4	4,834.4	4,834.4	5,004.5	170.1	3.5%	
1029 P/E Retire (Other)	2,917.8	3,414.2	3,414.2	3,414.2	3,414.2	3,537.1	122.9	3.6%	
1034 Teach Ret (Other)	1,619.3	1,872.9	1,872.9	1,872.9	1,872.9	1,940.3	67.4	3.6%	
1042 Jud Retire (Other)	59.5	66.9	66.9	66.9	66.9	69.2	2.3	3.4%	
1045 Nat Guard (Other)	16.7	93.6	93.6	93.6	93.6	95.7	2.1	2.2%	
Unrestricted General (UGF)	0.0	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	0.0%	
Other Funds	8,694.1	10,282.0	10,282.0	10,282.0	10,282.0	10,646.8	364.8	3.5%	
Federal Funds	0.0	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	0.0%	
Permanent Part Time	0	0	0	0	0	0	0	0.0%	
Non Permanent	0	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 FY2024 Enrolled To FY2024 Authorized *****												
FY2024 Enrolled	Enrolled	10,282.0	86.2	134.1	9,864.2	197.5	0.0	0.0	0.0	0	0	0
1017 Ben Sys		4,834.4										
1029 P/E Retire		3,414.2										
1034 Teach Ret		1,872.9										
1042 Jud Retire		66.9										
1045 Nat Guard		93.6										
Subtotal		10,282.0	86.2	134.1	9,864.2	197.5	0.0	0.0	0.0	0	0	0
***** Changes From FY2024 Authorized To FY2024 Management Plan *****												
Align Authority for Board of Trustee Meetings and Investment Due Diligence	LIT	0.0	0.0	80.4	-80.4	0.0	0.0	0.0	0.0	0	0	0
Transfer authority from services to travel for anticipated expenditures. Board meetings have returned to in-person settings for the Trustees. Additional Trustee orientation meetings are required as well as recognized public retirement system conferences. The Treasury Division performs investment activities for assets under the responsibility of the Alaska Retirement Management Board (ARMB). Travel is required for investment due diligence. The remaining services authority is sufficient to cover anticipated expenditures.												
Subtotal		10,282.0	86.2	214.5	9,783.8	197.5	0.0	0.0	0.0	0	0	0
***** Changes From FY2024 Management Plan To FY2025 Governor Adjusted Base *****												
Align Authority with Anticipated Expenditures	LIT	0.0	0.0	0.0	95.5	-95.5	0.0	0.0	0.0	0	0	0
Transfer authority from commodities to services to reflect financial data licensing more appropriately as a service rather than a commodity. The remaining commodities authority is sufficient to cover anticipated expenditures.												
Subtotal		10,282.0	86.2	214.5	9,879.3	102.0	0.0	0.0	0.0	0	0	0
***** Changes From FY2025 Governor Adjusted Base To FY2025 Governor *****												
Allocate FY2023 Rate Adjustment	Dec	-21.1	0.0	0.0	-21.1	0.0	0.0	0.0	0.0	0	0	0
1017 Ben Sys		-9.9										
1029 P/E Retire		-7.0										
1034 Teach Ret		-3.8										
1042 Jud Retire		-0.2										
1045 Nat Guard		-0.2										

The Legislature appropriated unallocated rate adjustments at the Office of Management and Budget's (OMB) request for FY2023. The intent of the rate

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	
adjustments is to keep agency's budgets in line with changing statewide core service rates. For FY2023, these consisted of rates charged by the Department of Administration's Division of Personnel, Division of Finance, Office of Information Technology, and Shared Services of Alaska.												
The department is reallocating these rate adjustments to match both how the central rate agency bills the department and how each division within the department pays the rate. This ensures each division has the appropriate budget to pay for rate increases that occurred in FY2023 and reduces excess budget authority.												
Maintain Investment Data Services												
	Inc	150.0	0.0	0.0	150.0	0.0	0.0	0.0	0.0	0	0	0
1017 Ben Sys		69.0										
1029 P/E Retire		51.6										
1034 Teach Ret		28.2										
1042 Jud Retire		1.0										
1045 Nat Guard		0.2										
Costs for investment data services have increased six percent each year for the last four years on average. The Alaska Retirement Management Board requires additional authority to maintain services. Examples of data services include Bloomberg, Moodys Analytics, TradeWeb, and Fitch Solutions.												
FY2023 Exempt 5% COLA for Treasury Division Adjusted Fund Source												
	Inc	235.9	0.0	0.0	235.9	0.0	0.0	0.0	0.0	0	0	0
1017 Ben Sys		111.0										
1029 P/E Retire		78.3										
1034 Teach Ret		43.0										
1042 Jud Retire		1.5										
1045 Nat Guard		2.1										
Cost of Living Adjustments (COLAs) were appropriated in FY2023 to all exempt positions. This included the Treasury Division's Investment Officers. The salary adjustment to the Treasury Division included \$235.9 of interagency receipts that are billed to the Alaska Retirement Management Board. A corresponding authority increase is required to fund the interagency receipt salary adjustment portion.												
Totals		10,646.8	86.2	214.5	10,244.1	102.0	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		FY2023 Actuals	FY2024 Management Plan	FY2025 Governor
2000	Travel		102.4	214.5	214.5
Object Class	Servicing Agency	Explanation	FY2023 Actuals	FY2024 Management Plan	FY2025 Governor
2000 Travel Detail Totals			102.4	214.5	214.5
2000	In-State Employee Travel	Airfare, lodging, surface transportation, reimbursable travel costs, meals and incidentals	36.9	31.8	29.1
2001	In-State Non-Employee Travel	Airfare, lodging, surface transportation, reimbursable travel costs, meals and incidentals	1.7	30.0	30.2
2002	Out of State Employee Travel	Airfare, lodging, surface transportation, reimbursable travel costs, meals and incidentals	59.1	124.0	124.0
2003	Out of State Non-Employee Travel	Airfare, lodging, surface transportation, reimbursable travel costs, meals and incidentals	4.7	28.7	31.2

Line Item Detail (1676)
Department of Revenue
Services

Component: Alaska Retirement Management Board (2813)

Line Number	Line Name		FY2023 Actuals	FY2024 Management Plan	FY2025 Governor
3000	Services		8,232.9	9,783.8	10,244.1
Object Class	Servicing Agency	Explanation	FY2023 Actuals	FY2024 Management Plan	FY2025 Governor
3000 Services Detail Totals			8,232.9	9,783.8	10,244.1
3000	Education Services	Training, educational conferences, agency memberships, tuition, books and fees for work-related courses	45.6	26.0	33.2
3001	Financial Services	Accounting, auditing, and management/consulting services	302.7	360.0	360.0
3002	Legal and Judicial Services	Transcription services	43.1	43.0	43.0
3003	Information Technology	IT training, consulting, software licensing, software maintenance, and IT equipment leases	1,366.6	1,400.0	1,842.0
3004	Telecommunications	Local, long distance, cellular, television, data/network telecommunications equipment charges	4.5	5.0	5.0
3006	Delivery Services	Freight, courier services, and postage	0.8	1.0	1.0
3007	Advertising and Promotions	Legal notices for regulations and public hearings	2.7	3.0	3.0
3008	Utilities	Records and confidential material disposal	0.2	1.0	1.0
3009	Structure/Infrastructure/Land	Infrastructure maintenance and repairs, rentals, and leases	4.6	5.0	5.0
3010	Equipment/Machinery	Office furniture and equipment repairs, maintenance, rentals and leases	76.1	1.0	1.0
3011	Other Services	Professional management and consulting services; printing and	0.2	1.0	1.0

Line Item Detail (1676)
Department of Revenue
Services

Component: Alaska Retirement Management Board (2813)

Object Class		Servicing Agency	Explanation	FY2023 Actuals	FY2024 Management Plan	FY2025 Governor
3000 Services Detail Totals				8,232.9	9,783.8	10,244.1
			copying services			
3017	Inter-Agency Information Technology Non-Telecommunications	Admin - Department-wide	Office of Information Technology (OIT) core services	102.2	103.0	103.0
3017	Inter-Agency Information Technology Non-Telecommunications	Admin - Department-wide	OIT Licensing (SQL Rates)	4.3	5.0	5.0
3017	Inter-Agency Information Technology Non-Telecommunications	Admin - Department-wide	OIT Server Hosting & Storage	6.9	7.0	7.0
3017	Inter-Agency Information Technology Non-Telecommunications	Admin - Department-wide	OIT Microsoft license passthrough	4.1	4.0	4.0
3018	Inter-Agency Information Technology Telecommunications	Admin - Department-wide	Office of Information Technology (OIT) telecommunications services	10.6	11.0	11.0
3020	Inter-Agency Building Maintenance	Trans - Department-wide	Building maintenance performed by the Division of Facilities Services	4.9	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	1.6	1.6	1.6
3022	Inter-Agency Human Resources	Admin - Department-wide	Human resource and payroll services provided by the Division of Personnel	29.0	30.0	30.0
3023	Inter-Agency Building Leases	Trans - Department-wide	Cost of space in state-owned facilities and private leases	141.6	145.0	145.0
3024	Inter-Agency Legal	Law - Department-wide	ARMB Legal Services	61.8	125.0	100.0
3024	Inter-Agency Legal	Law - Department-wide	ARMB Litigation Legal Services	3.3	112.5	90.0
3024	Inter-Agency Legal	Law - Department-wide	ARMB Outside Legal Counsel	0.0	0.0	10.0
3026	Inter-Agency Insurance	Admin - Department-wide	Risk Management	0.6	1.0	1.0
3027	Inter-Agency Financial	Admin - Department-wide	Division of Finance chargeback for IRIS FIN, HRM, and ALDER	28.8	13.2	4.8
3028	Inter-Agency Americans with Disabilities Act Compliance	Admin - Department-wide	ADA compliance	0.6	0.6	0.6
3029	Inter-Agency Education/Training	Admin - Department-wide	Training provided by state agencies	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	FY2023 Actuals	FY2024 Management Plan	FY2025 Governor	
3000 Services Detail Totals			8,232.9	9,783.8	10,244.1	
		– Shared Services of Alaska and Division of Finance training for procurement and ALDER reporting				
3038	Inter-Agency Management/Consulting	Admin - Department-wide	Investment auditing and consulting services provided by Retirement & Benefits	113.3	98.0	75.0
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	70.4	302.7	302.7
3038	Inter-Agency Management/Consulting	Rev - Commissioner's Office (123)	Support services provided by the Commissioner's Office	37.5	161.5	11.0
3038	Inter-Agency Management/Consulting	Rev - Treasury Division (121)	Staffing provided by the Treasury Division	5,713.2	6,633.3	6,863.8
3038	Inter-Agency Management/Consulting	Admin - Department-wide	Actuarial Services	51.1	180.0	180.0

Line Item Detail (1676)
Department of Revenue
Commodities

Component: Alaska Retirement Management Board (2813)

Line Number	Line Name		FY2023 Actuals	FY2024 Management Plan	FY2025 Governor
4000	Commodities		297.9	197.5	102.0
Object Class	Servicing Agency	Explanation	FY2023 Actuals	FY2024 Management Plan	FY2025 Governor
4000 Commodities Detail Totals			297.9	197.5	102.0
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	296.8	196.5	100.5
4002	Household/Institutional	Institutional supplies	1.1	1.0	1.5

Line Item Detail (1676)
Department of Revenue
Capital Outlay

Component: Alaska Retirement Management Board (2813)

Line Number	Line Name		FY2023 Actuals	FY2024 Management Plan	FY2025 Governor
5000	Capital Outlay		11.4	0.0	0.0
Object Class	Servicing Agency	Explanation	FY2023 Actuals	FY2024 Management Plan	FY2025 Governor
5000 Capital Outlay Detail Totals			11.4	0.0	0.0
5004	Equipment	IT Equipment > \$5,000: servers and other network equipment, firewall and remote access equipment, tape backup devices and general office equipment/furniture > \$5,000	11.4	0.0	0.0

Inter-Agency Services (1682)
Department of Revenue

Component: Alaska Retirement Management Board (2813)

	FY2023 Actuals	FY2024 Management Plan	FY2025 Governor
Component Totals	6,385.8	7,937.8	7,948.9
With Department of Administration	353.1	454.8	423.4
With Department of Transportation and Public Facilities	146.5	148.0	148.0
With Department of Law	65.1	237.5	200.0
With Department of Revenue	5,821.1	7,097.5	7,177.5

Object Class	Servicing Agency	Explanation	FY2023 Actuals	FY2024 Management Plan	FY2025 Governor
3017	Inter-Agency Information Technology Non-Telecommunications	Admin - Department-wide Office of Information Technology (OIT) core services	102.2	103.0	103.0
3017	Inter-Agency Information Technology Non-Telecommunications	Admin - Department-wide OIT Licensing (SQL Rates)	4.3	5.0	5.0
3017	Inter-Agency Information Technology Non-Telecommunications	Admin - Department-wide OIT Server Hosting & Storage	6.9	7.0	7.0
3017	Inter-Agency Information Technology Non-Telecommunications	Admin - Department-wide OIT Microsoft license passthrough	4.1	4.0	4.0
3018	Inter-Agency Information Technology Telecommunications	Admin - Department-wide Office of Information Technology (OIT) telecommunications services	10.6	11.0	11.0
3020	Inter-Agency Building Maintenance	Trans - Department-wide Building maintenance performed by the Division of Facilities Services	4.9	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	1.6	1.6	1.6
3022	Inter-Agency Human Resources	Admin - Department-wide Human resource and payroll services provided by the Division of Personnel	29.0	30.0	30.0
3023	Inter-Agency Building Leases	Trans - Department-wide Cost of space in state-owned facilities and private leases	141.6	145.0	145.0
3024	Inter-Agency Legal	Law - Department-wide ARMB Legal Services	61.8	125.0	100.0
3024	Inter-Agency Legal	Law - Department-wide ARMB Litigation Legal Services	3.3	112.5	90.0
3024	Inter-Agency Legal	Law - Department-wide ARMB Outside Legal Counsel	0.0	0.0	10.0

Inter-Agency Services (1682)
Department of Revenue

Component: Alaska Retirement Management Board (2813)

Object Class	Servicing Agency	Explanation	FY2023 Actuals	FY2024 Management Plan	FY2025 Governor	
3026	Inter-Agency Insurance	Admin - Department-wide	Risk Management	0.6	1.0	1.0
3027	Inter-Agency Financial	Admin - Department-wide	Division of Finance chargeback for IRIS FIN, HRM, and ALDER	28.8	13.2	4.8
3028	Inter-Agency Americans with Disabilities Act Compliance	Admin - Department-wide	ADA compliance	0.6	0.6	0.6
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
3038	Inter-Agency Management/Consulting	Admin - Department-wide	Investment auditing and consulting services provided by Retirement & Benefits	113.3	98.0	75.0
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	70.4	302.7	302.7
3038	Inter-Agency Management/Consulting	Rev - Commissioner's Office (123)	Support services provided by the Commissioner's Office	37.5	161.5	11.0
3038	Inter-Agency Management/Consulting	Rev - Treasury Division (121)	Staffing provided by the Treasury Division	5,713.2	6,633.3	6,863.8
3038	Inter-Agency Management/Consulting	Admin - Department-wide	Actuarial Services	51.1	180.0	180.0