

State of Alaska Department of Revenue

FY21 Operating Budget Overview
Department of Revenue: Core Divisions
Presentation to the House Finance Committee
Brad Ewing, Administrative Services Director
Mike Barnhill, Acting Commissioner
January 30, 2020: 1:30 PM



THE STATE
of **ALASKA**
GOVERNOR MIKE DUNLEAVY

Dept. of Revenue FY21 Operating Budget: **Mission and Core Programs**

- Mission: To **collect**, **distribute**, and **invest** funds for public purposes
- Core Divisions
 - Tax Division: **Collect**
 - Treasury Division: **Invest**
 - Permanent Fund Dividend Division: **Distribute**
 - Child Support Services Division: **Collect and Distribute**
- Support and Oversight Functions
 - Commissioner's Office
 - Administrative Services Division
 - IT sections in divisions
 - Criminal Investigations Unit

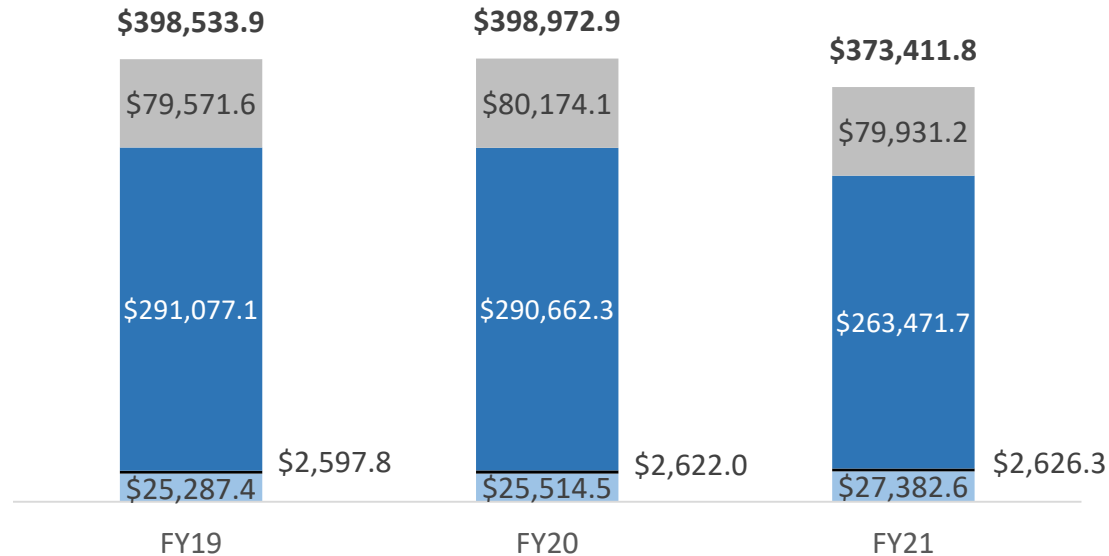
Dept. of Revenue FY21 Operating Budget: Department Overview

- -\$25.1M (-6%) from FY19 to FY21
- -18 positions (-2%) from FY19 to FY21

Dept. of Revenue: FY19-FY21 Budget Comparison

(\$ in thousands)

■ UGF ■ DGF ■ Other ■ Federal



Significant Changes

- Tax: +\$1.65M to fund TRMS in operating budget
- Tax: \$571.6 fund source change (CIP to UGF)
- ARMB: -\$5M for management fees
- APFC: -\$21.1M for management fees

	FY19 Mgmt. Plan	FY20 Mgmt. Plan	FY21 Gov.	FY19 to FY21 Δ	FY19 to FY21 % Δ
Federal	\$79,571.6	\$80,174.1	\$79,931.2	+\$359.6	0%
Other	\$291,077.1	\$290,662.3	\$263,471.7	-\$27,605.4	-9%
DGF	\$2,597.8	\$2,622.0	\$2,626.3	+\$28.5	+1%
UGF	\$25,287.4	\$25,514.5	\$27,382.6	+\$2,095.2	+8%
Total	\$398,533.9	\$398,972.9	\$373,411.8	-\$25,122.1	-6%

(\$ in thousands)

Dept. of Revenue FY21 Operating Budget: Funding Sources

- UGF and DGF represent 8% of DOR’s non-duplicated budget authority
- AHFC, AMHTA, and APFC represent 68% of DOR’s non-duplicated budget authority

DOR Operating	UGF	DGF	GF Subtotal	Other	Federal	Total	PFT	PPT	NP
Formula									
Non-Formula	\$27,382.6	\$2,626.3	\$30,008.9	\$263,471.7	\$79,931.2	\$373,411.8	823	24	17
*Duplicated				\$20,268.0		\$20,268.0			
Non-Duplicated Total	\$27,382.6	\$2,626.3	\$30,008.9	\$243,203.7	\$79,931.2	\$353,143.8			

(\$ in thousands)

Fund Type	Funding Source	FY21 Gov.
UGF	1003: General Fund Match	\$7,329.0
	1004: General Fund	\$19,566.4
	1037: General Fund / Mental Health	\$487.2
DGF	1005: General Fund / Program Receipts	\$1,766.5
	1169: PCE Endowment	\$359.8
	1080: Alcohol & Other Drug Abuse Treatment & Prevention Fund	\$500.0
Federal	1002: Federal Receipts	\$77,341.0
	1016: CSSD Federal Incentive Payments	\$1,796.1
	1133: CSSD Administrative Cost Reimbursement	\$794.1

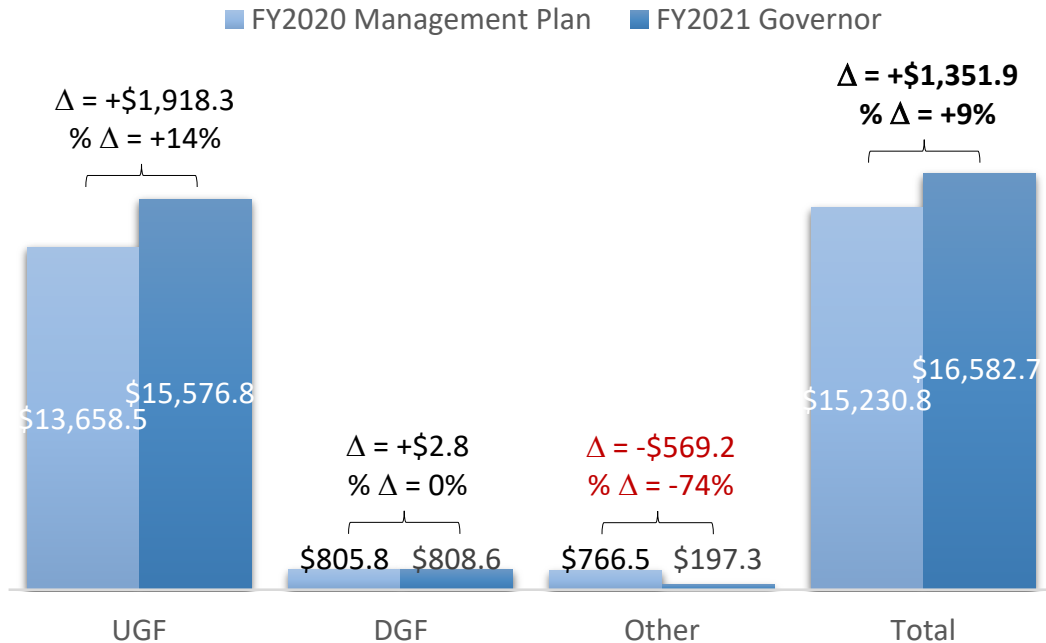
Fund Type	Funding Source	FY21 Gov.
Other	1007: Interagency Receipts (duplicated)	\$9,819.8
	1017: Benefit Systems Receipts	\$26,714.5
	1027: International Airport Revenue Fund	\$38.6
	1029: Public Employees Retirement System Fund	\$19,051.3
	1034: Teachers Retirement System Fund	\$8,775.1
	1042: Judicial Retirement System	\$327.0
	1045: National Guard & Naval Militia Retirement System	\$235.6
	1050: Permanent Fund Dividend Fund (duplicated)	\$7,830.2
	1061: Capital Improvement Project Receipts (duplicated)	\$2,618.0
	1066: Public School Trust Fund	\$274.4
	1094: Mental Health Trust Administration	\$4,215.1
	1103: Alaska Housing Finance Corporation Receipts	\$35,382.8
	1104: Alaska Municipal Bond Bank Receipts	\$904.6
	1105: Alaska Permanent Fund Corporation Receipts	\$147,179.7
	1108: Statutory Designated Program Receipts	\$105.0



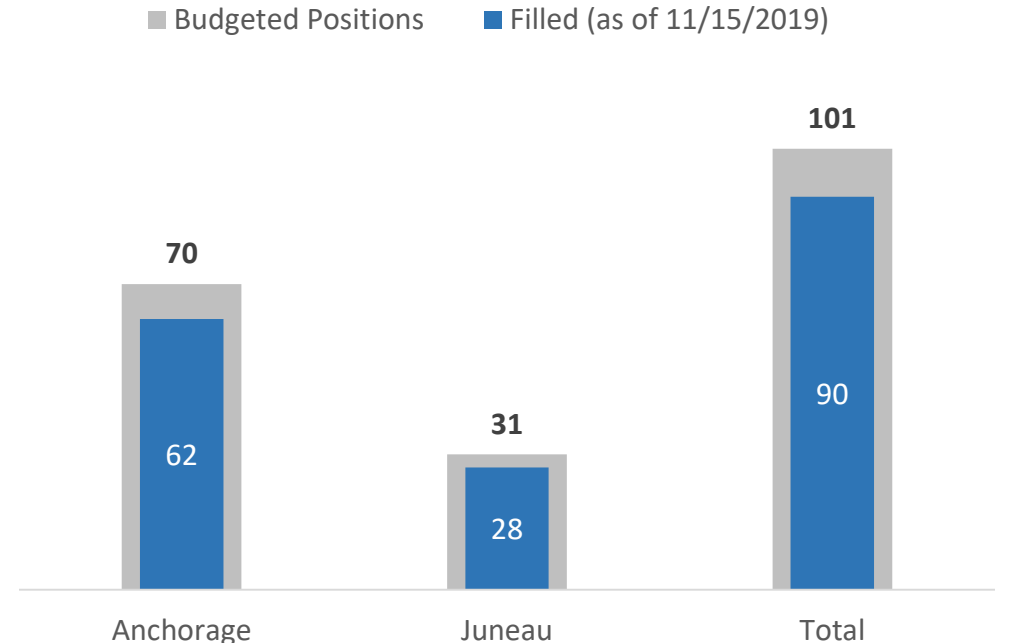
Dept. of Revenue FY21 Operating Budget: Tax Division

- +\$1,351.9 (+9%) and -3 positions (-3%) from FY20 to FY21
- Key budget items: +\$1.65M to fund TRMS in operating budget, \$571.6 fund source change (CIP to UGF)

Tax Division: Fund Source Comparison
(\$ in thousands)



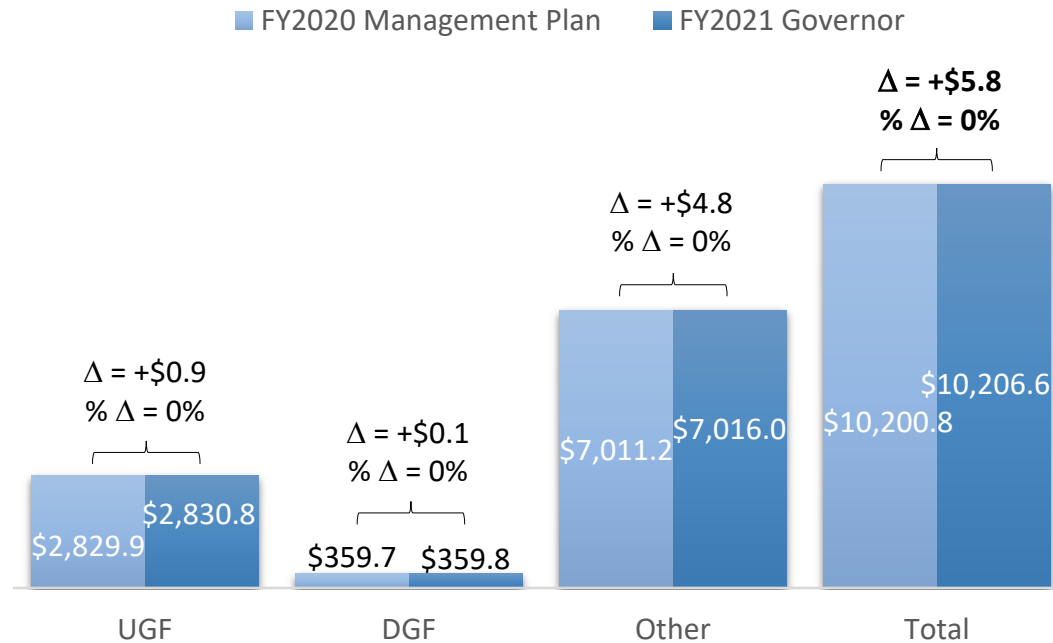
Tax Division: Position Count and Employees
FY21 Gov. Proposed Budget



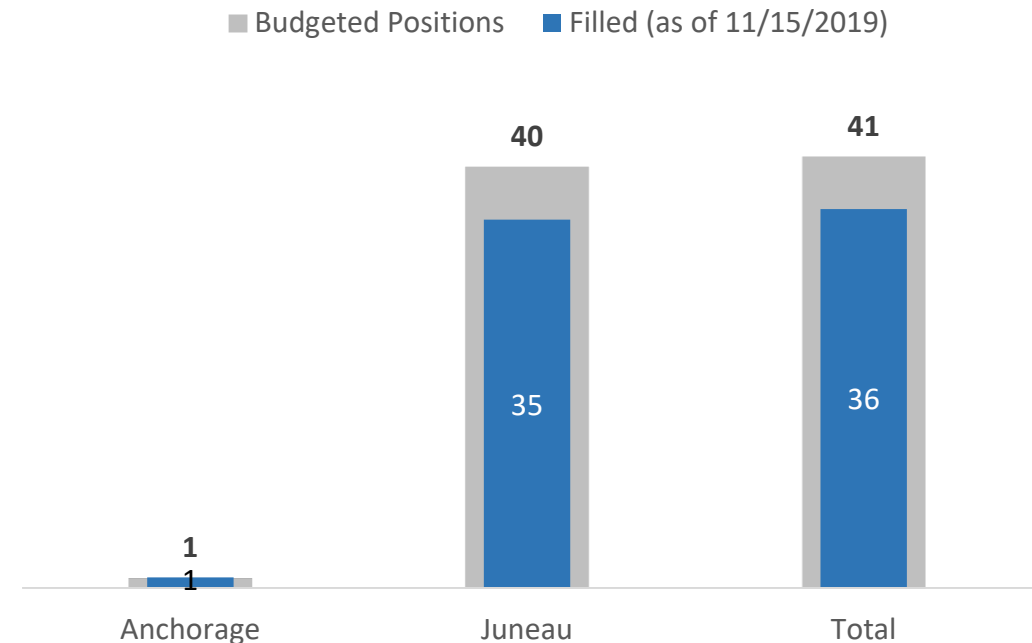
Dept. of Revenue FY21 Operating Budget: Treasury Division

- +\$5.8 (+0%) and no change in position counts from FY20 to FY21
- Org. restructure to create middle office function

Treasury Division: Fund Source Comparison
(\$ in thousands)



Treasury Division: Position Count and Employees
FY21 Gov. Proposed Budget



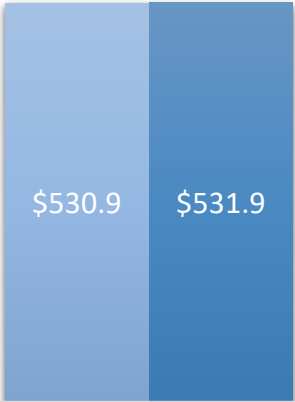
Dept. of Revenue FY21 Operating Budget: **Unclaimed Property**

- +\$1.0 (+0%) and no change in position counts from FY20 to FY21

Unclaimed Property: Fund Source Comparison
(\$ in thousands)

■ FY2020 Management Plan ■ FY2021 Governor

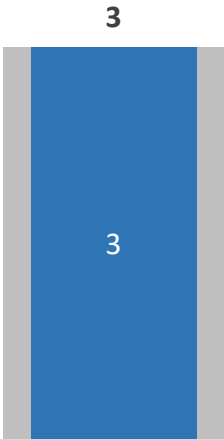
$\Delta = +\$1.0$
 $\% \Delta = 0\%$



DGF

Unclaimed Property: Position Count and Employees
FY21 Gov. Proposed Budget

■ Budgeted Positions ■ Filled (as of 11/15/2019)



Juneau

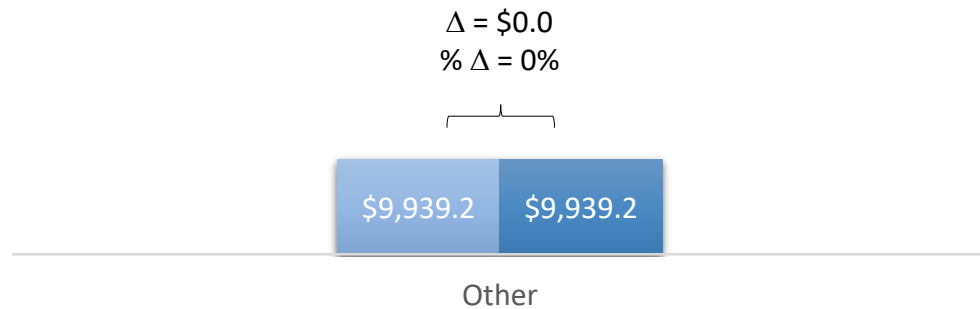


Dept. of Revenue FY21 Operating Budget: Alaska Retirement Management Board

- No proposed changes in the ARMB operations component from FY20 to FY21
- ARMB Custody & Management proposed funding decrease of -\$5,000.0 (-10%) from FY20 to FY21

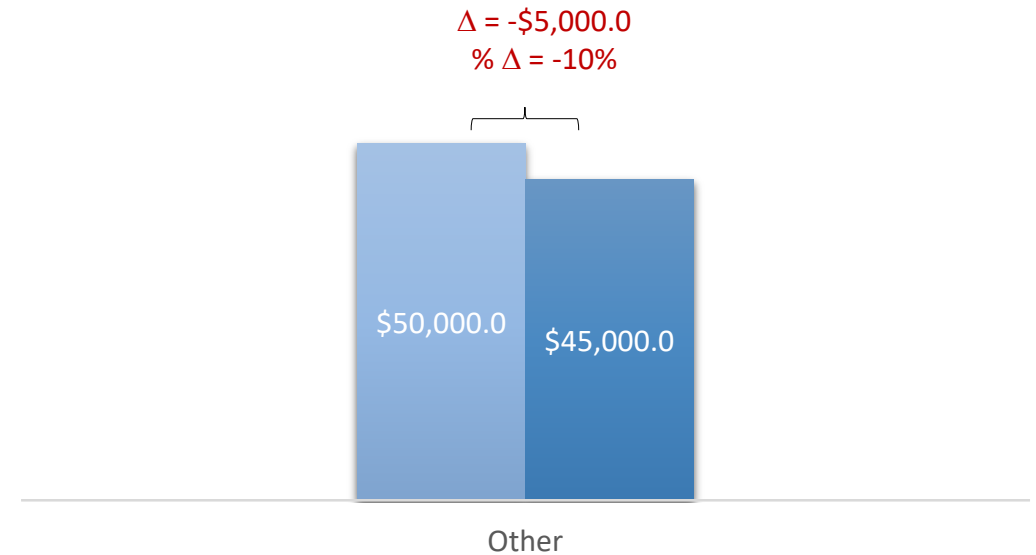
ARMB: Fund Source Comparison
(\$ in thousands)

■ FY2020 Management Plan ■ FY2021 Governor



ARMB Custody & Mgmt. Fees: Fund Source Comparison
(\$ in thousands)

■ FY2020 Management Plan ■ FY2021 Governor



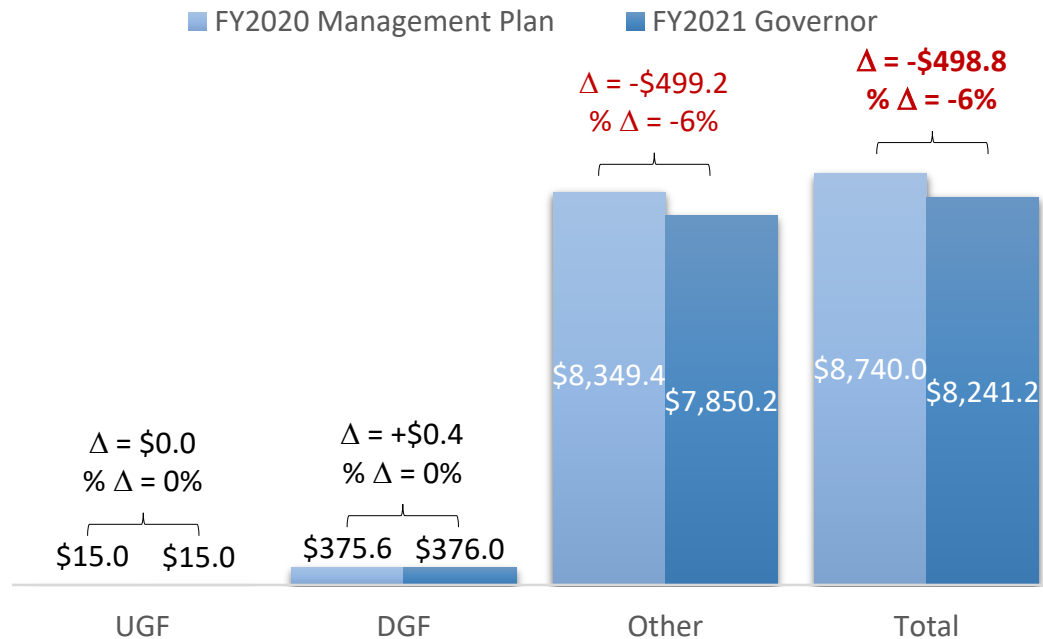
Total Costs of Investment Management (excl. carried interest): **Internal & External**

Program	FY19	FY20 (est.)	FY21 (est.)
Alaska Permanent Fund Corp. (APFC)	52 bps	57 bps	59 bps
Alaska Retirement Management Board (ARMB)	51 bps	42 bps	41 bps
Treasury	4 bps	4 bps	4 bps

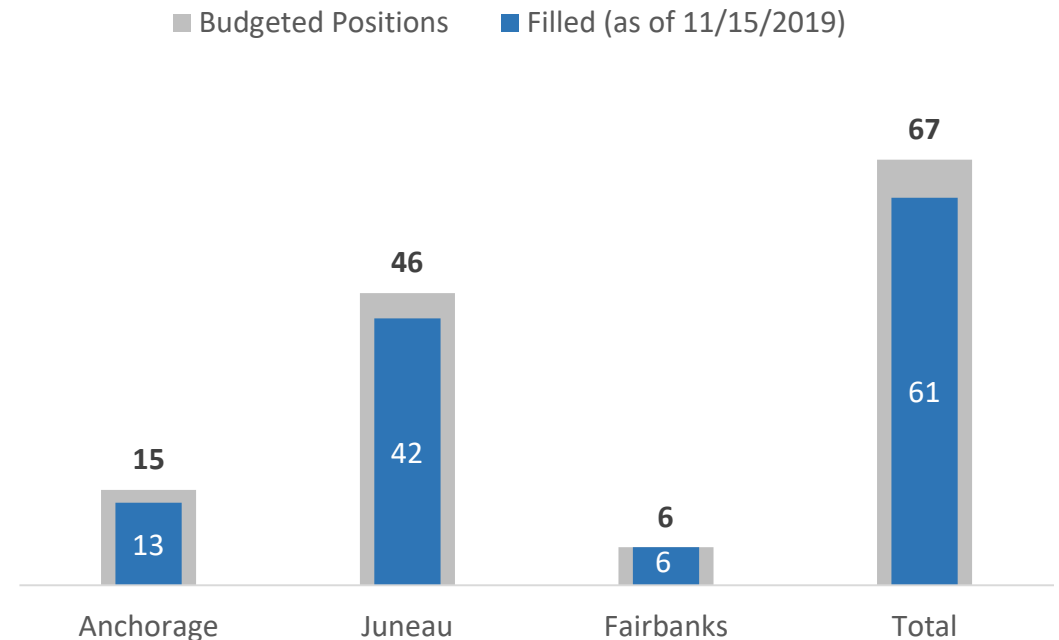
Dept. of Revenue FY21 Operating Budget: Permanent Fund Dividend Division

- -\$498.8 (-6%) and -6 positions from FY20 to FY21
- Continue to reduce services costs and shift towards online applications

PFD Division: Fund Source Comparison
(\$ in thousands)



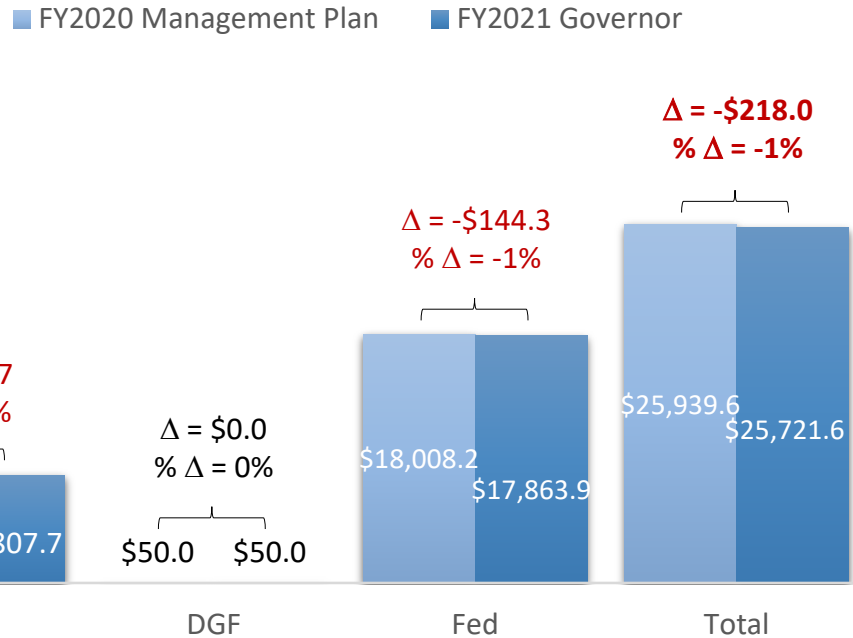
PFD Division: Position Count and Employees
FY21 Gov. Proposed Budget



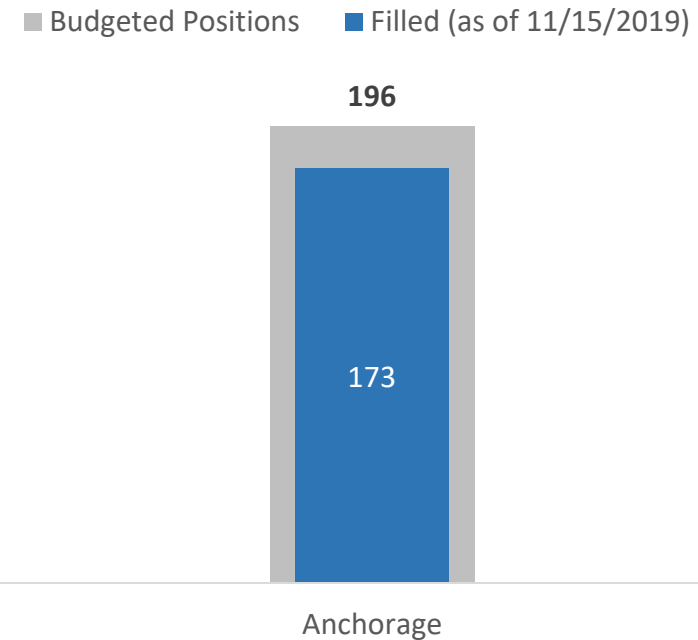
Dept. of Revenue FY21 Operating Budget: Child Support Services Division

- -\$218.0 (-1%) and no change in position count from FY20 to FY21
- Continue to reduce services costs

CSSD: Fund Source Comparison
(\$ in thousands)



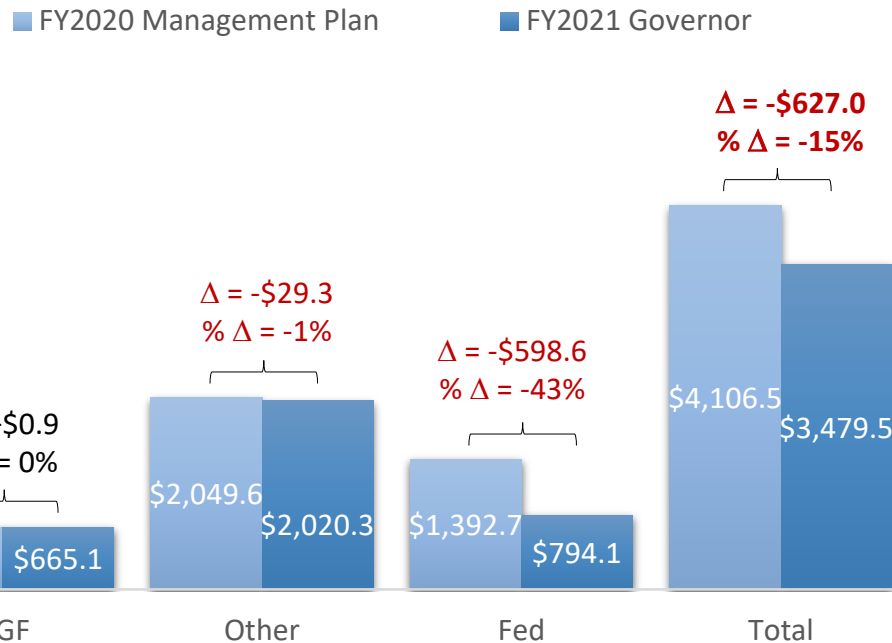
CSSD: Position Count and Employees
FY2021 Gov. Proposed Budget



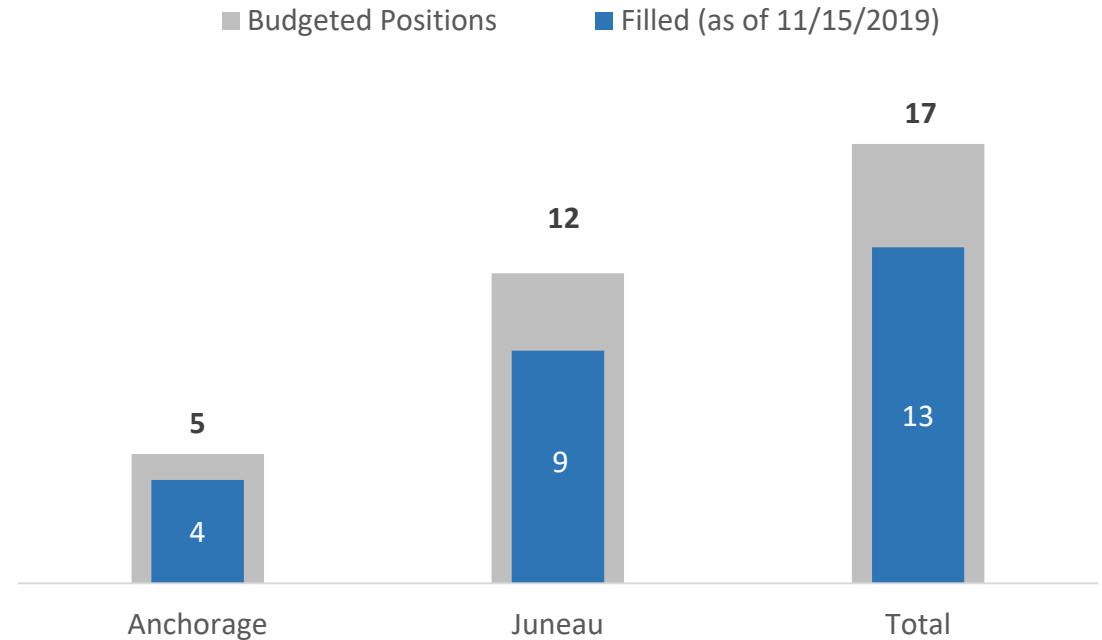
Dept. of Revenue FY21 Operating Budget: Administration and Support

- -\$627.0 (-15%) and no change in position count from FY20 to FY21

Admin and Support: Fund Source Comparison
(\$ in thousands)



Admin and Support: Position Count and Employees
FY21 Governor Proposed Budget



Dept. of Revenue FY21 Operating Budget: Changes from FY21 Adjusted Base

	Appropriation/RDU	Component	Description	Transaction	\$ (Thousands)	Funding	PCNs
1	Taxation and Treasury	Tax Division	Add funding for Tax Revenue Management System (TRMS) maintenance and support costs	Increment	+\$2,221.6	1004 Gen Fund (UGF)	-
2	Taxation and Treasury	Tax Division	Eliminate CIP receipts from fully expended TRMS project	Decrement	-\$571.6	1061 CIP Rcpts (Other)	-
3	Taxation and Treasury	Tax Division	Consolidate Fish Tax Group into Excise Tax Group	Decrement	-\$255.6	1004 Gen Fund (UGF)	-2 PFT
4	Taxation and Treasury	Tax Division	Delete Publications Specialist II and funding to realize efficiencies	Decrement	-\$91.0	1004 Gen Fund (UGF)	-1 PFT
5	Taxation and Treasury	Alaska Ret. Mgmt. Board Custody and Mgmt. Fees	Reduce authority to reflect management fee savings	Decrement	-\$5,000.0	1017 Group Ben (Other) 1029 PERS Trust (Other) 1034 Teach Ret (Other) 1042 Jud Retire (Other) 1045 Nat Guard (Other)	-
6	Taxation and Treasury	Permanent Fund Dividend Division	Delete position and authority as a result of technology enhancements	Decrement	-\$527.6	1050 PFD Fund (Other)	-6 PPT
7	Child Support Services	Child Support Services Division	Reduce funding due to anticipated legal services cost savings	Decrement	-\$300.0	1002 Fed Rcpts (Fed) 1003 GF/Match (UGF)	-
8	Administration and Support	Commissioner's Office	Reduce authority to align with anticipated expenditures	Decrement	-\$250.0	1133 CSSD Admin (Fed)	-
9	Administration and Support	Administrative Services	Reduce authority to align with anticipated expenditures	Decrement	-\$350.0	1133 CSSD Admin (Fed)	-
10	Administration and Support	Criminal Investigations Unit	Reduce authority to align with anticipated expenditures	Decrement	-\$31.5	1007 I/A Rcpts (Other)	-



Dept. of Revenue FY21 Operating Budget: Changes from FY21 Adjusted Base

	Appropriation/RDU	Component	Description	Transaction	\$ (Thousands)	Funding	PCNs
11	Alaska Housing Finance Corporation	AHFC Operations	Add authority for receipt of Housing and Urban Development Mainstream Voucher Assistance	Increment	+\$500.0	1002 Federal (Fed)	-
12	Alaska Permanent Fund Corporation	APFC Operations	Staff Retention	Increment	+\$720.7	1105 PF Gross (Other)	-
13	Alaska Permanent Fund Corporation	APFC Operations	Real Estate Asset Manager	Increment	+\$257.5	1105 PF Gross (Other)	+1 PFT
14	Alaska Permanent Fund Corporation	APFC Operations	Reduce authority due to operational efficiencies	Decrement	-\$1,097.9	1105 PF Gross (Other)	-
15	Alaska Permanent Fund Corporation	APFC Investment Management Fees	Management fee savings	Decrement	-\$21,098.1	1105 PF Gross (Other)	-

Dept. of Revenue FY21 Operating Budget: [Change Summary \(excl. corporations\)](#)

- Efficiency gains in Tax, PFD, and Child Support Services Divisions results in reductions of -\$1,174.2 | -3 PFT, -6 PPT
 - Tax -\$346.6 UGF | -3 PFT
 - PFD Division -\$527.6 Other | -6 PPT
 - Child Support Services -\$102.0 GF Match, -\$198.0 Fed
- ARMB Custody & Management Fees reduction of -\$5,000.0 Other
- Reducing uncollectable authority in Admin and Support results in reductions of -\$631.5
- Tax Revenue Management System (TRMS) maintenance and support \$2,221.6 UGF, -\$571.6 CIP

Thank You

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