

Department of Revenue
Summary of Budget Changes
(\$ thousands)

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
1	Taxation and Treasury / Tax Division	Add Funding for Tax Revenue Management System Maintenance and Support Costs	\$2,221.6 Gen Fund (UGF)	<p>The Tax Revenue Management System (TRMS) was developed starting with a \$34.7 million capital project in FY12. The system is fully operational and capital project funds are fully expended. This increment is required to pay ongoing costs to maintain this system.</p> <p>The Governor's budget also includes a reduction of \$571.6 in Capital Improvement Project receipts from that expired capital project.</p> <p>Fiscal Analyst Comment: TRMS has allowed the Tax Division to transition from paper tax returns to a digital system, which will increase audit efficiency and reduce administrative burdens. From FY16 through the FY21 Governor's budget, the Tax Division has eliminated 21 positions for a combined reduction of \$2.4 million (excluding changes to the Economic Research Group).</p>
2	Taxation and Treasury / Tax Division	Consolidate Fish Tax Group into Excise Tax Group and Delete Publications Specialist	(\$346.6) Gen Fund (UGF) (3) PFT Positions	The Governor's budget combines the Fish Tax group into the larger Excise Tax group, eliminating a supervisory position and an auditor position. The budget also deletes a Publications Specialist that is no longer needed due to business process efficiencies.
3	Taxation and Treasury / Alaska Retirement Management Board Custody and Management Fees	Reduce Authority to Reflect Management Fee Savings	Total: (\$5,000.0) (\$151.1) Group Ben (Other) (\$3,224.0) PERS Trust (Other) (\$1,579.4) Teach Ret (Other) (\$40.0) Jud Retire (Other) (\$5.5) Nat Guard (Other)	The Treasury Division has increased internal management of assets, allowing for reduced use of higher-cost external managers.
4	Taxation and Treasury / Permanent Fund Dividend Division	Delete Positions and Authority as a Result of Technology Enhancements	(\$527.6) PFD Fund (Other) (6) PPT Positions	Paper applications for the Permanent Fund Dividend can now be scanned and read by Optical Character Recognition. As a result, six seasonal employees are no longer needed to manually enter information from these applications into computer systems.

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5	Child Support Services / Child Support Services Division	Reduce Funding Due to Anticipated Legal Services Cost Savings	Total: (\$300.0) (\$198.0) Fed Rcpts (Fed) (\$102.0) GF/Match (UGF)	This reduction in legal costs is due to three changes over the past five years: 1. The Child Support Services Division (CSSD) eliminated paper files as well as automated and standardized processes. 2. CSSD attorneys no longer provide services for non-custodial parents who are seeking order modifications for court orders. 3. CSSD no longer pursues contempt orders for not filling out a PFD application as it is not cost-effective unless it is done in combination with other enforcement actions.
6	Alaska Permanent Fund Corporation / APFC Operations	Add Authority for Staff Retention	\$720.7 PF Gross (Other)	The Governor's budget adds funding for retention adjustments to help the Alaska Permanent Fund Corporation (APFC) retain staff to ensure effective in-house investing and oversight of external managers. Fiscal Analyst Comment: APFC received similar increments for staff retention of \$216.0 in the FY17 budget and \$198.0 in the FY14 budget.
7	Alaska Permanent Fund Corporation / APFC Operations	Add Authority for Real Estate Asset Manager	\$257.5 PF Gross (Other) 1 PFT Position	This increment adds a Real Estate Asset Manager and funding to increase internal management of APFC's real estate assets. APFC's Board of Trustees estimates that bringing this position in-house will save \$2.5 million in external advisory fees.
8	Alaska Permanent Fund Corporation / APFC Operations	Reduce Authority Due to Operational Efficiencies	(\$1,097.9) PF Gross (Other)	The Board of Trustees identified budgetary savings in travel, contractual services, and commodities.
9	Alaska Permanent Fund Corporation / APFC Investment Management Fees	Reduce Authority to Reflect Management Fee Savings	(\$21,098.1) PF Gross (Other)	This reduction in management fees is due to the termination of the External Chief Investment Officer (CIO) program. This program was put in place in 2009 to partner with "best in class" institutional asset investment management firms. The aim of the program was to produce superior returns and to provide Trustees and staff the opportunity to work and learn from the external CIOs. The program was ended in 2018 as the Corporation determined that the program no longer met the needs and priorities of APFC given the development of APFC's portfolio and internal management and the evolution of the market environment since the inception of the program.