

# **State of Alaska FY2015 Governor's Operating Budget**

## **Department of Revenue APFC Operations RDU/Component Budget Summary**

## RDU/Component: APFC Operations

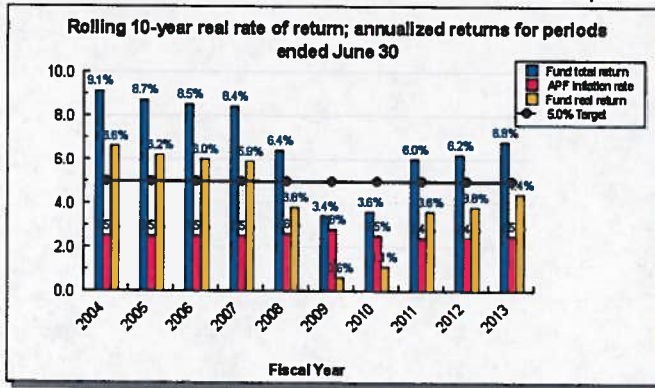
(There is only one component in this RDU. To reduce duplicate information, we did not print a separate RDU section.)

### Contribution to Department's Mission

The mission of the Alaska Permanent Fund Corporation (APFC) is to maximize the value of the Permanent Fund within return objectives.

### Results

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



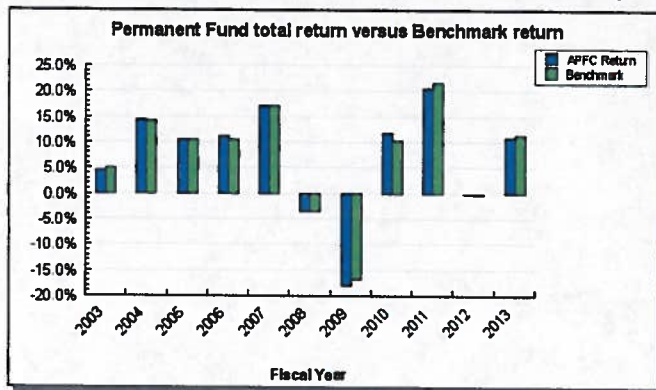
### Core Services

- Achieve the target return within acceptable risk parameters.

### Measures by Core Service

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

#### 1. Achieve the target return within acceptable risk parameters.



### Major Component Accomplishments in 2013

- The Fund's total rate of return for the 10-year period ended June 30, 2013 was 6.8%, slightly under the benchmark return of 7.0%.
- \$604 million was transferred from the Fund for the distribution of the Alaska Permanent Fund Dividend payments to qualified Alaskans.

- The Fund's fiscal year-end market value was \$44.9 billion, up \$4.6 billion from the prior year-end.

### **Key Component Challenges**

- Planning for and managing investment risk, incorporating the capital market assumptions and projected volatility for the Fund.
- Maintaining corporate best practices and necessary due diligence for a growing Fund and asset allocation.
- Obtaining the necessary funding in an unpredictable budget process for the required new staff, consulting work and financial analysis software to prudently manage a growing and diversified \$47 billion Permanent Fund.
- Ensuring that investment policies maintain the balance between the competing mandates of protecting the Fund to benefit future generations and producing income to benefit current generations.
- Attracting and retaining qualified investment officers.
- Educating the general public on the Fund's complex structure and investments.
- Maintaining independent data systems to better compete in global financial markets.

### **Significant Changes in Results to be Delivered in FY2015**

No changes in results delivered.

### **Statutory and Regulatory Authority**

AS 37.13 Alaska Permanent Fund and Corporation  
15 AAC 137.410 - 15 AAC 137.990  
15 AAC 137.610

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**APFC Operations  
Component Financial Summary**

*All dollars shown in thousands*

	<b>FY2013 Actuals</b>	<b>FY2014 Management Plan</b>	<b>FY2015 Governor</b>
<b>Non-Formula Program:</b>			
<b>Component Expenditures:</b>			
71000 Personal Services	6,219.1	7,265.3	7,302.0
72000 Travel	333.6	430.0	430.0
73000 Services	3,996.6	4,319.9	4,319.9
74000 Commodities	62.3	100.0	100.0
75000 Capital Outlay	119.0	80.0	80.0
77000 Grants, Benefits	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
<b>Expenditure Totals</b>	<b>10,730.6</b>	<b>12,195.2</b>	<b>12,231.9</b>
<b>Funding Sources:</b>			
1105 Alaska Permanent Fund Corporation Receipts	10,730.6	12,195.2	12,231.9
<b>Funding Totals</b>	<b>10,730.6</b>	<b>12,195.2</b>	<b>12,231.9</b>

**Estimated Revenue Collections**

<b>Description</b>	<b>Master Revenue Account</b>	<b>FY2013 Actuals</b>	<b>FY2014 Management Plan</b>	<b>FY2015 Governor</b>
<b>Unrestricted Revenues</b>				
None.		0.0	0.0	0.0
<b>Unrestricted Total</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Restricted Revenues</b>				
Permanent Fund Earnings Reserve Account	51373	10,730.6	12,195.2	12,231.9
<b>Restricted Total</b>		<b>10,730.6</b>	<b>12,195.2</b>	<b>12,231.9</b>
<b>Total Estimated Revenues</b>		<b>10,730.6</b>	<b>12,195.2</b>	<b>12,231.9</b>

**Summary of Component Budget Changes  
From FY2014 Management Plan to FY2015 Governor**

*All dollars shown in thousands*

	<u>Unrestricted Gen (UGF)</u>	<u>Designated Gen (DGF)</u>	<u>Other Funds</u>	<u>Federal Funds</u>	<u>Total Funds</u>
<b>FY2014 Management Plan</b>	<b>0.0</b>	<b>0.0</b>	<b>12,195.2</b>	<b>0.0</b>	<b>12,195.2</b>
<b>Adjustments which will continue current level of service:</b>					
-Reverse Alaska State Employees Association One-Time Payment Sec22f Ch14 SLA2013 (HB65) and Sec12 Ch15 SLA2013 (HB66)	0.0	0.0	-1.0	0.0	-1.0
-FY2015 Salary Increases	0.0	0.0	64.9	0.0	64.9
-FY2015 Health Insurance and Working Reserve Rate Reductions	0.0	0.0	-27.2	0.0	-27.2
<b>FY2015 Governor</b>	<b>0.0</b>	<b>0.0</b>	<b>12,231.9</b>	<b>0.0</b>	<b>12,231.9</b>

**APFC Operations  
Personal Services Information**

Authorized Positions			Personal Services Costs	
	<u>FY2014</u> <u>Management</u> <u>Plan</u>	<u>FY2015</u> <u>Governor</u>		
Full-time	38	38	Annual Salaries	5,212,451
Part-time	0	0	COLA	67,492
Nonpermanent	2	2	Premium Pay	0
			Annual Benefits	2,290,476
			Less 3.98% Vacancy Factor	(301,459)
			Lump Sum Premium Pay	5,500
			Board Honoraria	27,540
<b>Totals</b>	<b>40</b>	<b>40</b>	<b>Total Personal Services</b>	<b>7,302,000</b>

**Position Classification Summary**

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Accountant	0	0	7	0	7
Administrative Assistant	0	0	1	0	1
Administrative Officer	0	0	2	0	2
Administrative Specialist	0	0	5	0	5
Chief Financial Officer	0	0	1	0	1
Chief Investment Officer	0	0	1	0	1
Controller	0	0	1	0	1
Dir of Information Technology	0	0	1	0	1
Director of Communications-PFC	0	0	1	0	1
Executive Director, PFC	0	0	1	0	1
General Counsel	0	0	1	0	1
Information Systems Technician	0	0	1	0	1
Information Technology Spec	0	0	2	0	2
Intern	0	0	2	0	2
Investment Associate	0	0	3	0	3
Investment Officer	0	0	10	0	10
<b>Totals</b>	<b>0</b>	<b>0</b>	<b>40</b>	<b>0</b>	<b>40</b>

**Component Board Summary**

Board Description	Member Count	Pay Per Day	Budgeted Days	Additional Pay	Total Cost
Permanent Fund Corporation	4	400.00	16	0.00	27,540.48
<b>Total</b>					<b>27,540.48</b>