

State of Alaska FY2015 Governor's Operating Budget

Department of Revenue Treasury Division Component Budget Summary

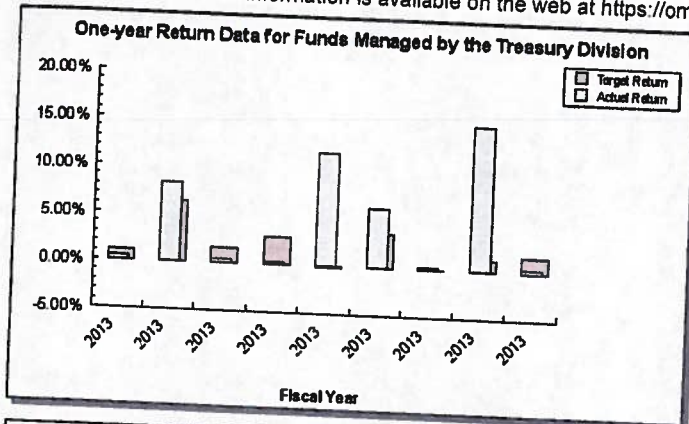
Component: Treasury Division

Contribution to Department's Mission

The mission of the Treasury Division is to manage the state's 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>.)



Target: Yields at which the state issues debt will not exceed 30 basis points of the applicable benchmark.



Core Services

- Manage the investment of state funds
- Maintain the state's credit rating and provide capital financing for state agencies
- Manage unclaimed property and reunite with owners

Measures by Core Service

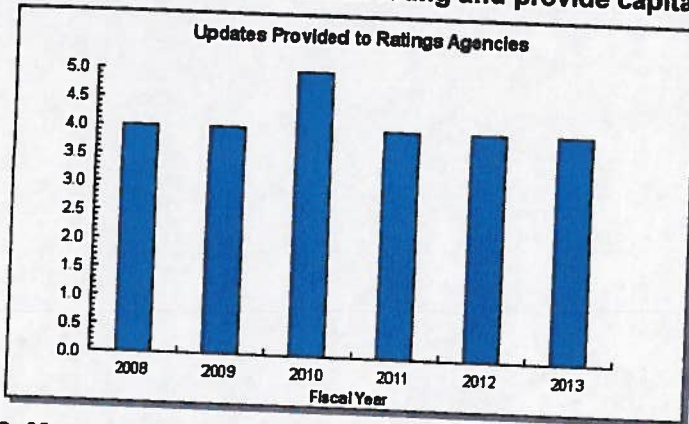
(Additional performance information is available on the web at <https://omb.alaska.gov/results>.)

1. Manage the investment of state funds

Target: Increase average longevity of the investment officers to five years.

Target: At least four investment staff will have their Chartered Financial Analyst (CFA) designation.

2. Maintain the state's credit rating and provide capital financing for state agencies



3. Manage unclaimed property and reunite with owners

Target: Increase the number of first time reporting companies.

Major Component Accomplishments in 2013

- Of the 39 non-retirement funds managed by the Treasury Division, 37 met or exceeded the benchmark returns, including the General Fund and Other Non-segregated Investments (GeFONSI) and Constitutional Budget Reserve Funds.
- The State of Alaska's credit rating was upgraded to AAA, the highest grade, by Fitch Ratings, making it the third AAA rating, along with those of Standard and Poor's (2012) and Moody's Investors Service (2010).
- Began modest investment in equities for the Statutory Budget Reserve Fund.
- Maintained achieved level of knowledge, oversight, and reporting as investments and funds managed became more complex.
- Issued a request for proposals and negotiated contract for the State's bank depository services.

Key Component Challenges

- Managing investment risk in the current low interest rate environment and during market volatility.

- Maintaining the State of Alaska's Triple-A credit ratings with Standard and Poor's, Fitch Ratings, and Moody's Investors Service. Regular communication of state current events to the rating analysts, as well as ensuring analysts' concerns are relayed to state leadership, are key to meeting this challenge.
- Evaluating asset allocation and new investment opportunities.
- Responding to rapid changes and uncertainty in the banking industry, including regulatory issues and reserve requirements.
- State assets managed by Treasury staff, including the GeFONSI and the Constitutional Budget Reserve Fund, totaled \$26.4 billion at June 30, 2013; bringing total assets managed by Treasury to \$48.6 billion, a total which is double that of FY2006. This increase in assets under management, coupled with increasingly complex and growing investment mandates, and lagging growth in the number of Treasury staff has created investment challenges.
- Maintaining contracts for new merchant services.
- Maintaining bank earnings rates adequate to pay for banking fees in the current low interest environment.

Significant Changes in Results to be Delivered in FY2015

No changes in results delivered.

Statutory and Regulatory Authority

AS 14.40.400	University of Alaska, Community Colleges, and Alaska Aerospace Development Corporation - Fund for Money from Sale or Lease of Land Granted By Act of Congress
AS 18.26	Alaska Medical Facility Authority
AS 18.56.110	Alaska Housing Finance Corporation - Bonds and Notes
AS 37.10	Public Finance – Public Funds
AS 37.15	Public Finance – Bonding
AS 37.10.220	Duties of the Alaska Retirement Management Board
AS 43.05.150	Administration of Revenue Laws - Collection of Money
AS 43.05.170	Payment of Warrants
AS 43.05.180	Accounting for State Funds
AS 44.25.020	Department of Revenue – Duties of Department

Contact Information

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Treasury Division Component Financial Summary

All dollars shown in thousands

	FY2013 Actuals	FY2014 Management Plan	FY2015 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	5,666.8	6,126.4	6,147.5
72000 Travel	63.8	55.6	40.6
73000 Services	3,385.9	4,306.1	3,880.1
74000 Commodities	92.0	39.8	39.8
75000 Capital Outlay	0.0	15.1	15.1
77000 Grants, Benefits	0.0	0.0	0.0
78000 Miscellaneous	0.0	350.0	0.0
Expenditure Totals	9,208.5	10,893.0	10,123.1
Funding Sources:			
1004 General Fund Receipts	4,866.5	5,945.4	5,578.9
1007 Interagency Receipts	3,898.4	3,920.7	3,931.8
1017 Benefits Systems Receipts	71.4	84.5	84.5
1027 International Airport Revenue Fund	22.4	34.2	34.3
1046 Student Revolving Loan Fund	2.4	55.0	55.0
1066 Public School Fund	108.9	110.9	111.1
1163 Certificates of Participation	0.0	415.0	0.0
1169 PCE Endowment Fund	238.5	327.3	327.5
Funding Totals	9,208.5	10,893.0	10,123.1

Estimated Revenue Collections

Description	Master Revenue Account	FY2013 Actuals	FY2014 Management Plan	FY2015 Governor
Unrestricted Revenues				
None.		0.0	0.0	0.0
Unrestricted Total		0.0	0.0	0.0
Restricted Revenues				
Interagency Receipts	51015	3,898.4	3,920.7	3,931.8
Restricted Total		3,898.4	3,920.7	3,931.8
Total Estimated Revenues		3,898.4	3,920.7	3,931.8

**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>
FY2014 Management Plan	5,945.4	438.2	4,509.4	0.0	10,893.0
Adjustments which will continue current level of service:					
-Reverse Alaska State Employees Association One-Time Payment Sec22f Ch14 SLA2013 (HB65) and Sec12 Ch15 SLA2013 (HB66)	-4.3	-0.2	-7.3	0.0	-11.8
-Reverse Alaska Native Medical Center Housing Ch63 SLA2013 (SB88) (Ch14 SLA2013 Sec2 P47 L15) (HB65)	-350.0	0.0	-415.0	0.0	-765.0
-FY2015 Salary Increases	22.8	1.0	30.5	0.0	54.3
-FY2015 Health Insurance and Working Reserve Rate Reductions	-9.0	-0.4	-12.0	0.0	-21.4
Proposed budget decreases:					
-Reduction in Contractual Services	-26.0	0.0	0.0	0.0	-26.0
FY2015 Governor	5,578.9	438.6	4,105.6	0.0	10,123.1

Treasury Division Personal Services Information

Authorized Positions			Personal Services Costs	
	FY2014 Management Plan	FY2015 Governor		
Full-time	40	40	Annual Salaries	4,371,504
Part-time	0	0	COLA	57,167
Nonpermanent	0	0	Premium Pay	0
			Annual Benefits	2,095,966
			Less 5.78% Vacancy Factor	(377,137)
			Lump Sum Premium Pay	0
Totals	40	40	Total Personal Services	6,147,500

Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Accountant III	0	0	2	0	2
Accountant IV	0	0	5	0	5
Accounting Tech III	0	0	4	0	4
Administrative Assistant I	0	0	2	0	2
Administrative Assistant II	0	0	1	0	1
Administrative Officer II	0	0	1	0	1
Assistant Investment Officer	0	0	4	0	4
Data Processing Mgr I	0	0	1	0	1
Dep Commissioner	0	0	1	0	1
Micro/Network Spec I	0	0	1	0	1
Operations Res Anl I	0	0	1	0	1
State Comptroller	0	0	1	0	1
State Investment Officer I	0	0	2	0	2
State Investment Officer II	0	0	9	0	9
State Investment Officer III	0	0	4	0	4
State Investment Officer IV	0	0	1	0	1
Totals	0	0	40	0	40