

2020 SESSION OPERATING BUDGET AMENDMENT PROPOSAL

OFFERED IN: The House Finance Subcommittee

TO: HB 205

OFFERED BY: Rep. Story

DEPARTMENT: Revenue

APPROPRIATION: Alaska Permanent Fund Corporation

ALLOCATION: APFC Operations

ADD: Insert \$2,763,500 PF Gross, funding source 1105, personal services line item

EXPLANATION: This amendment funds the Alaska Permanent Fund Corporation's (APFC) thoughtfully considered incentive compensation plan. To meet the APFC vision of delivering outstanding returns for the benefit of all current and future generations of Alaskans, Alaska must attract world class talent with competitive compensation packages.

The APFC incentive compensation plan began with a review in 2017, and led to a 2019 budget request of \$2,763,000 which was not included in the Governor's proposed FY21 budget.

Under the APFC plan, annual awards to eligible staff are contingent on the Fund exceeding its short and long term policy benchmarks, net of fees, defined by policies adopted by the APFC Board, with weights varying by responsibilities.

In the FY21 budget, the Permanent Fund Corporation realized savings of \$21 million in reduced management fees. As the Corporation brings management functions in-house and builds expertise within its internal management staff, it is all the more important to ensure APFC has the tools to recruit and retain top tier talent.

To deliver on the Fund's purpose – providing renewable financial resources for all generations of Alaska - it is imperative APFC have the tools to do its job exceedingly well.