

Fiscal Note

State of Alaska
2022 Legislative Session

Bill Version: HB 251
Fiscal Note Number: _____
() Publish Date: _____

Identifier: HB251-DOR-APFC-01-31-22
Title: BD OF TRUSTEES OF THE AK PERM. FUND
CORP.
Sponsor: JOSEPHSON
Requester: (H)STA

Department: Department of Revenue
Appropriation: Alaska Permanent Fund Corporation
Allocation: APFC Operations
OMB Component Number: 109

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

| | FY2023 Appropriation Requested | Included in Governor's FY2023 Request | Out-Year Cost Estimates | | | | |
|-------------------------------|--------------------------------------|--|-------------------------|----------------|----------------|----------------|----------------|
| | | | FY 2023 | FY 2024 | FY 2025 | FY 2026 | FY 2027 |
| OPERATING EXPENDITURES | FY 2023 | FY 2023 | FY 2024 | FY 2025 | FY 2026 | FY 2027 | FY 2028 |
| Personal Services | 6.4 | | | | | | |
| Travel | 11.9 | | | | | | |
| Services | | | | | | | |
| Commodities | | | | | | | |
| Capital Outlay | | | | | | | |
| Grants & Benefits | | | | | | | |
| Miscellaneous | | | | | | | |
| Total Operating | 18.3 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

Fund Source (Operating Only)

| | | | | | | | |
|-----------------------|-------------|------------|------------|------------|------------|------------|------------|
| 1105 PF Gross (Other) | 18.3 | | | | | | |
| Total | 18.3 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

Positions

| | | | | | | | |
|-----------|--|--|--|--|--|--|--|
| Full-time | | | | | | | |
| Part-time | | | | | | | |
| Temporary | | | | | | | |

Change in Revenues

| | | | | | | | |
|--------------|------------|------------|------------|------------|------------|------------|------------|
| None | | | | | | | |
| Total | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

Estimated SUPPLEMENTAL (FY2022) cost: 0.0 *(separate supplemental appropriation required)*

Estimated CAPITAL (FY2023) cost: 0.0 *(separate capital appropriation required)*

Does the bill create or modify a new fund or account? no
(Supplemental/Capital/New Fund - discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? no
If yes, by what date are the regulations to be adopted, amended or repealed?

Why this fiscal note differs from previous version/comments:

Initial version.

| | |
|---|---------------------------|
| Prepared By: Sara Race, Director of Business Operations | Phone: (907)500-8501 |
| Division: Alaska Permanent Fund Corporation | Date: 02/01/2022 09:00 AM |
| Approved By: Valerie Mertz, Acting Executive Director | Date: 02/01/22 |
| Agency: Alaska Permanent Fund Corporation | |

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2022 LEGISLATIVE SESSION

BILL NO. HB251

Analysis

The proposed bill will change APFC's Board composition and increase the seat count by one. With the terms outlined in Section 9 (a), there is a potential that as of January 1, 2023, APFC could have an entirely new Board, except for the Commissioner of Revenue. The costs associated with establishing a new Board and adding a member are included in the following:

Honorarium:

Per AS 37.13.090, board members are eligible for "an honorarium of \$400 for each day spent at a meeting of the board or at a meeting of a subcommittee of the board or at a public meeting as a representative of the board."

In FY2023, APFC currently has ten meeting days scheduled. With \$400 per trustee/ per meeting day honorarium, APFC's budget will need to increase from \$24,500 to \$28,500.

Estimated 5 meeting days (Jan 1- June 30) $\$400 \times 2$ new Trustees = $\$800 \times 5$ meeting days = \$4,000 increase.

Travel:

The proposed FY2023 Trustee Travel in the Governor's budget is \$18,000. The average cost for a trustee to travel to a board meeting is \$850.00. Several members are currently located in Anchorage, which eliminates travel costs for meetings that take place in Anchorage. Adding an additional Trustee will increase the travel budget by roughly \$5,950= 7 meetings X \$850.

Trustee Orientation:

Upon appointment, each Trustee will participate in Trustee orientation. These educational sessions allow the members to meet staff and go over topics such as the legal and fiduciary responsibilities of a trustee, board member logistics, the strategic plan, Board Governance, Committee Assignments, etc. These sessions can be attended virtually but are preferred to be in-person.

Travel costs will be equivalent, if not less than those associated with a Board meeting
 7 trustees x $\$850 = \$5,900$.

Honorarium will be 6 public members X $\$400$ per day = $\$2,400$.

Board Meetings:

It is customary for the board to choose locations around the state to host APFC board meetings, giving the public an opportunity to participate in their communities. The FY2023 budget is \$79,100 for hosting seven meetings in the following locations; Juneau, Anchorage, and Kenai. The estimated cost per meeting is approximately \$11,300. Without knowing if these locations will remain the same or if special meetings will be added to the schedule, related expenses are indeterminate.

Honorarium: \$4,000

Travel: \$5,950

Trustee Orientation: \$8,300

Board Meetings: indeterminate

Total: \$18,250

Additional expenses will be built into the FY2024 budget and all future budgets based on actuals.