

# FISCAL NOTE

**STATE OF ALASKA**  
**2012 LEGISLATIVE SESSION**

Bill Version	<u>CSSB 178(STA)</u>
Fiscal Note Number	<u>1</u>
(S) Publish Date	<u>3/16/12</u>

Identifier (file name) <u>SB178-DOR-TRS-2-22-12</u>	Dept. Affected <u>Revenue</u>
Title <u>Alaska Operating Endowment Fund</u>	Appropriation <u>Treasury And Taxation</u>
Sponsor <u>(S) Finance</u>	Allocation <u>Treasury Division</u>
Requester <u>(S) STA</u>	OMB Component Number <u>121</u>

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	FY13 Appropriation Requested	Included in Governor's FY13 Request	Out-Year Cost Estimates					
			FY13	FY14	FY15	FY16	FY17	FY18
<b>OPERATING EXPENDITURES</b>								
Personal Services	1,155.0		1,415.0	1,700.0	1,765.0	1,820.0	1,880.0	
Travel								
Services	1,995.0		2,450.0	2,935.0	3,045.0	3,150.0	3,245.0	
Commodities								
Capital Outlay								
Grants, Benefits								
Miscellaneous								
<b>TOTAL OPERATING</b>	<b>3,150.0</b>	<b>0.0</b>	<b>3,865.0</b>	<b>4,635.0</b>	<b>4,810.0</b>	<b>4,970.0</b>	<b>5,125.0</b>	

<b>FUND SOURCE</b>		(Thousands of Dollars)						
1002	Federal Receipts							
1003	GF Match							
1004	GF							
1005	GF/Prgm (DGF)							
1037	GF/MH (UGF)							
1178	temp code (UGF)	3,150.0	0.0	3,865.0	4,635.0	4,810.0	4,970.0	5,125.0
<b>TOTAL</b>		<b>3,150.0</b>	<b>0.0</b>	<b>3,865.0</b>	<b>4,635.0</b>	<b>4,810.0</b>	<b>4,970.0</b>	<b>5,125.0</b>

<b>POSITIONS</b>							
Full-time							
Part-time							
Temporary							

<b>CHANGE IN REVENUES</b>							
---------------------------	--	--	--	--	--	--	--

**Estimated SUPPLEMENTAL (FY12) operating costs** \_\_\_\_\_ (separate supplemental appropriation required)  
*(discuss reasons and fund source(s) in analysis section)*

**Estimated CAPITAL (FY13) costs** \_\_\_\_\_ (separate capital appropriation required)  
*(discuss reasons and fund source(s) in analysis section)*

**Why this fiscal note differs from previous version (if initial version, please note as such)**

**Initial fiscal note.**

Prepared by	<u>Pamela Leary, Comptroller</u>
Division	<u>Treasury Division</u>
Approved by	<u>Angela Rodell</u>
	<u>Deputy Commissioner</u>

Phone <u>465-2350</u>
Date/Time <u>2/22/12 3:00 PM</u>
Date <u>2/22/2012</u>

**FISCAL NOTE #1**

**STATE OF ALASKA  
2012 LEGISLATIVE SESSION**

**BILL NO. CSSB 178(STA)**

**Analysis**

The bill provides for the Alaska Operating Endowment Fund to be managed by the Commissioner of Revenue. This fiscal note assumes a fund balance of \$15 billion in order to estimate costs. It is anticipated that the balance of \$15 billion in the fund will be achieved by moving \$5.3 billion in investments from the Constitutional Budget Reserve Main Fund, \$5.1 billion in investments from the CBRF Sub Account Fund, \$2.6 billion in investments from the Statutory Budget Reserve Fund and an estimated \$2 billion in FY2012 revenue surplus. The operating expenditures include the costs associated with investment management fees, audit, accounting and custody fees and other costs incurred by Treasury to manage the funds based on the fund moving towards an asset allocation of 41% fixed income, 27% domestic equity, and 32% international equity. It is anticipated that the investments moved from other funds will be transitioned to the new asset allocation in such a manner as to minimize losses.

Note that this fiscal note includes all costs associated with managing this fund which is assumed to be sourced from the fund itself. However, the incremental budget request by Treasury would only be for the additional services needed to manage the new fund. Personal services costs would not be a budget increase request as it relates to finite internal costs that are spread amongst all funds managed by Treasury.