

**Highlights of Significant Budget Changes
(FY05 to FY18)**

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1	DEPARTMENT OF REVENUE										
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3	FY	Approp	Alloc	Formula/ NonForm	Category	Description	GF	Other	Fed	Total Funds	Notes
4	FY06	Taxation & Treasury	Tax Division			Tobacco Tax Enforcement	778.9			778.9	SB 1001 passed during the FY04 Special Legislative Session and increased the cigarette tax rate from \$1.00 per pack to \$1.60 per pack effective January 1, 2005; with subsequent increases up to \$2.00 per pack on July 1, 2007. Funding was added in the Tax Division to support additional cigarette tax stamp enforcement, which includes six new enforcement and audit positions and contractual costs for services provided by the Department of Public Safety.
5	FY06	Taxation & Treasury	Tax Division			Corporate Audit Program Revitalization	748.6			748.6	Funding for the first year of a five-year plan to increase tax revenues from corporate income tax. Additional funding will allow the Tax Division to: -- hire and train auditor positions; -- engage experts to identify and target strategies and opportunities targeting non-Alaskan corporations; -- coordinate with other state and federal agencies to identify and correct non-filers, abusive tax shelters, and common revenue recovery opportunities; and, -- fill all positions in the Oil and Gas Production tax and fisheries tax enforcement supported by audit staff.
6	FY06	Taxation & Treasury	AK State Pension Investment Board		Market Based Salary Increase	Investment Officer Salary Increases		60.0		60.0	Funding to move investment officers' salaries closer to market.
7	FY06	Taxation & Treasury	AK State Pension Investment Board		Custody & Mgt Fees	Additional authorization to monitor investment compliance and for increased legal and other investment contractual fees		484.9		484.9	
8	FY06	Taxation & Treasury	AK State Pension Investment Board / Alaska Retirement Management Board			Establish Alaska Retirement Management Board (ARMB) to replace the Alaska State Pension Investment Board Ch 9, FSSLA 2005 (SB 141)	590.2			590.2	SB 141 eliminated the Alaska State Pension Investment Board and established the Alaska Retirement Management Board. Additional funding was appropriated based on the fiscal note.
9	FY06	Child Support Services	Child Support Services			Increased funds to pay Department of Administration for services provided by Hearing Officers Ch 163, SLA 2004 (SB 203)	261.1			261.1	SB 203 transferred Hearing Officer positions to the Department of Administration to form the consolidated Office of Administrative Hearings. Additional authorization was added pay for hearing officer's based on actual service provided.
10	FY06	Admin & Support	Commissioner's Office			Identified savings from the consolidation of Hearing Officers in the Department of Administration Ch 163, SLA 2004 (SB 203)	(22.7)	(52.5)	(128.3)	(203.5)	SB 203 transferred Hearing Officer positions to the Department of Administration to form the consolidated Office of Administrative Hearings.
11	FY06	APFC	APFC Operations			Alaska Permanent Fund Corporation (APFC) Operating Increases		423.1		423.1	Additional Salary Increases \$160.0 - to provide salary increases to current staff that have met or exceeded their annual performance goals. Travel, Contractual, Commodities \$263.1 - due diligence travel and contractual increases for various areas of managing the APF.
12	FY07	APFC	APFC Operations			Alaska Permanent Fund Corporation (APFC) Operating Increases		676.9		676.9	2 New PFT Positions \$300.5 - a Senior Investment Officer & Senior Accountant. Travel, Contractual, Commodities and Equipment \$376.4 - due diligence travel, workstation replacement, and contractual increases for various areas of managing the APF. (One-time increment)
13	FY06-FY08	Taxation & Treasury	Treasury Division		Market Based Salary Increase	Investment Officer Salary Increases	119.8	429.4		549.2	Funding to move investment officers' salaries closer to market. FY06 - \$20.0 GF and \$60.0 Other Funds FY07 - \$34.8 GF and \$128.0 Other Funds FY08 - \$65.0 GF and \$241.4 Other Funds

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14	FY08	Taxation & Treasury	Tax Division		Oil & Gas	Implementation of Petroleum Production Tax (PPT)	1,367.8			1,367.8	Funding was appropriated for nine new PFT audit staff - 1 Oil & Gas Specialist; 3 Oil & Gas Revenue Auditor IV; 4 Oil & Gas Revenue Auditor III and 1 Tax Technician. Positions were added to meet additional audit responsibilities inherent to the net profits tax on oil and gas producers.
15	FY08	Taxation & Treasury	Tax Division			Implementation of Cruise Ship Initiative	625.0			625.0	Funding was appropriated for six new PFT excise audit staff - 4 Tax Auditors and 2 Tax Technicians and associated travel, contractual, supplies and equipment to implement the cruise ship excise tax.
16	FY08	Taxation & Treasury	Tax Division		Market Based Salary Increase	Tax Auditor Salary Increases	490.0			490.0	As a result of a Market Based Pay analysis, the salaries for 34 audit positions were increased by two state payroll ranges.
17	FY08	Child Support Services	Child Support Services			Additional authorization for Child Support Enforcement Efforts	1,025.6		132.9	1,158.5	Additional Receipt Supported Services authorization to maximize federal match and additional federal incentive funds authorization to meet anticipated levels of funding.
18	FY08	APFC	APFC Operations			Alaska Permanent Fund Corporation (APFC) Operating Increases		942.9		942.9	Additional Salary Increases \$239.7 - to provide salary increases to current staff that have met or exceeded their annual performance goals. Travel \$41.2 - due diligence and management travel and moving expenses associated with recruitment of investment staff. Contractual \$662.0 - increased legal services, public education program costs, communications, leases and postage/printing.
19	FY09	Taxation & Treasury	Tax Division		Oil & Gas	New Programmer Analyst V for oil and gas production tax database system CH 1, SSSLA 2007 (HB 2001 ACES)	120.9			120.9	Added 1 PFT position
20	FY09	Taxation & Treasury	Treasury Division			Increased In-House Investment Management	126.0	234.0		360.0	Two new exempt PFT investment officer positions in Treasury's portfolio section for fixed-income and equity investments.
21	FY09	Taxation & Treasury	PFD Division			PFD Non-profits Eligibility Ch 41, SLA 2008 (HB 166)		542.5		542.5	Creation of PICK, CLICK, GIVE HB166 required a database containing eligibility for each charitable organization and tracking through appeals phase. Two new PFT positions, a Program Coordinator & PFD Tech II.
22	FY09	Taxation & Treasury	PFD Division			Alaska Resource Rebate Special Session - Administrative Costs for the Alaska Resource Rebate Program	600.0			600.0	
23	FY09	APFC	APFC Operations			Alaska Permanent Fund Corporation (APFC) Operating Increases		583.4		583.4	Additional Salary Increases \$272.3 - to provide salary increases to current staff that have met or exceeded their annual performance goals. Travel \$41.2 - due diligence and management travel and moving expenses associated with recruitment of investment staff. Contractual \$89.0 - to meet increased contractual obligations and changes to existing investment financial network systems, as well as, other increased contractual costs and workstation upgrades. New Attorney position \$180.9 - to provide legal counsel for the APFC.
24	FY10	Taxation & Treasury	Alaska Retirement Management Board			Benefits Systems Receipts to Implement Treasury's federally-approved Cost Allocation Plan		900.0		900.0	Additional authorization was approved for costs allocated to the supplemental annuity plan (SBS) and deferred compensation plan (DCP) under Treasury's federally-approved cost allocation plan which was approved on July 1, 2008.

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25	FY10	Child Support Services	Child Support Services			Funding adjustments for Child Support Enforcement Efforts	(718.1)		718.1	0.0	The following changes were made for Child Support enforcement funding: -- Federal Receipt authorization reduced by \$612.4; -- General fund match increased by \$400.0; -- Federal ARRA Stimulus funding of \$1,330.5 was added to the budget; and, -- Receipt Supported Services authorization was reduced by \$1,118.1 due to declining Temporary Assistance for Needy Families (TANF) receipts. The passage of ARRA supplemented the shortfall in match funding (receipt supported services) by allowing federal incentive funds to be eligible as match.
26	FY09 & FY10	Taxation & Treasury	Tax Division		Oil & Gas	Audit Master positions CH 1, SSSLA 2007 (HB 2001 ACES)	800.0			800.0	The fiscal note for HB 2001 added four exempt PFT Senior Level Audit Master positions with extensive industry oil and gas auditing experience, as well as, contractual funding for audit assistance equal to 3 auditors and travel related to training them. FY09 - The legislature approved \$600.0 of the requested \$800.0 for the four positions, in anticipation of recruitment difficulty. FY10 - The legislature appropriated the remaining \$200.0 to fully fund the four new positions.
27	FY09 & FY10	Taxation & Treasury	Tax Division		Oil & Gas	Contractual Audit Assistance during transition to Audit Masters CH 1, SSSLA 2007 (HB 2001 ACES)	810.0			810.0	The fiscal note for HB 2001 added four exempt Senior Level Audit Master positions with extensive industry oil and gas auditing experience, as well as, contractual funding for audit assistance equal to 3 auditors and travel related to training them. FY09 - The legislature approved \$540.0 of the requested \$1,013.2 as a One-time increment. This was equal to two auditors and 30% of overhead for travel related costs. FY10 - The legislature appropriated \$270.0 as a One-time increment to continue a portion of the funding for contractual audit assistance during the transition to the Audit Masters.
28	FY11	Taxation & Treasury	Tax Division		Oil & Gas	Establish an Alaska Gasline Inducement Act (AGIA) Information Reporting System	250.0			250.0	
29	FY11	Taxation & Treasury	Tax Division		Oil & Gas	Gasline & Production Tax Analysis	400.0			400.0	Funding and two new PFT exempt positions to provide expert level commercial analysis on gas and gasline tax issues.
30	FY11	Taxation & Treasury	Alaska Retirement Management Board			Funding for a New Investment Officer position		220.0		220.0	The addition of a new position enabled the department to reduce external investment manager fees in the ARMB Custody and Mgt Fee allocation. The existing exempt investment officer position will be located in the Treasury Division.
31	FY11	Child Support Services	Child Support Services			Funding adjustments for Child Support Enforcement Efforts	(718.1)		718.1	0.0	Decrement of \$1,544.9 Receipt Supported Services authorization due to declining Temporary Assistance for Needy Families (TANF) receipts. TANF receipts were used to meet the required state match (34% of the federal receipts received for child support enforcement efforts). One-time increment of \$421.1 Federal Receipts - to replace Federal ARRA Stimulus funding that was lapsing and \$826.8 general fund match to replace the declining TANF receipts. One-time increment of \$297.0 of additional Federal ARRA Stimulus funding.
32	FY11	Admin & Support	Natural Gas Commercialization		Oil & Gas	One-time funding for Fiscal Systems Analysis to Support Negotiations of Gasline Fiscal Terms	1,500.0			1,500.0	Funding to cover the cost of outside experts with global experience in the negotiation of fiscal terms with industry from a government perspective. Any negotiation of fiscal terms relative to inducing participation in the AGIA gas line must be benchmarked against other global commercial opportunities and terms.

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33	FY11	MHTA	Long Term Care Ombudsman		Mental Health Trust	One-time funding for Long Term Care Ombudsman Office Investigator	91.5			91.5	Added 1 PFT position
34	FY11	AMBBA	AMBBA Operations			15-year, 1% loan to the City of Galena for utility improvements and debt obligations	2,450.0			2,450.0	One-time funding
35	FY11	AHFC	AHFC Operations			Increase federal receipt authorization for management of public housing and Section 8 properties according to HUD guidelines		17.0	513.0	530.0	
36	FY11	AHFC	AHFC Operations		Oil & Gas	Funding for the In-State Pipeline / Manager / Team Ch 7, SLA 2010 (HB 369)	15,640.6			15,640.6	Initial funding for what became the Alaska Gasline Development Corporation To ensure that an in-state natural gas pipeline place was delivered to the legislature by July 1, 2011, HB 369 established an in-state gasline project coordinator and Joint In-State Gasline Development Team (7 PFT positions). One-time funding was appropriated in the operating budget in FY11 and in the capital budget in the years following.
37	FY11	APFC	APFC Operations			Alaska Permanent Fund Corporation (APFC) Operating Increases		368.0		368.0	IT System Security Services \$80.0 - Network security audit, firewall security upgrades and fixed income trade system enhancements. (One-time increment) Fund Investment Management systems \$117.0 - contractual increases for existing investment information and analytical systems. Risk Management & Analytical Services \$171.0 - new investment risk management information and analytical services to enable internal risk management staff to perform the risk analysis.
38	FY12	Child Support Services	Child Support Services			General Fund Match to replace ARRA Stimulus funding and maintain FY11 budget levels for Child Support Enforcement Efforts	718.1		(718.1)	0.0	An increment of \$1,544.9 GFM was appropriated to replace: --\$421.1 federal ARRA receipts that are no longer available --\$826.8 GFM & \$421.1 Federal Receipt authority from Federal Incentive Payments that are no longer eligible as match (appropriated in FY11 as an One-time increment) and to maintain the FY11 budget level.
39	FY12	Child Support Services	Child Support Services			Additional General Fund Match to meet matching requirements for Child Support Enforcement Efforts	778.7			778.7	The required state match is 34% of the federal receipts received for child support enforcement efforts. \$778.7 general fund match was appropriated in a language section, but included conditional language that would reduce the available general fund match by an equal amount of federal incentive payments if they were deemed eligible to be used as the 34% required match.
40	FY12	MHTA	Long Term Care Ombudsman		Mental Health Trust	Funding to add a Long Term Care Ombudsman Office Investigator position and increase investigations travel to the base	120.0			120.0	The Office of the Long Term Care Ombudsman received One-time funding in FY11 for an Investigator position. This increment adds funding for the position to the base budget, adds one new PFT Investigator position, and travel funding to support investigations outside of Anchorage.
41	FY12- FY13	AHFC	AK Gasline Development Corp		Oil & Gas	CIP receipts for Alaska Gasline Development Corporation Staff and Operating Costs funded by capital projects		3,571.5		3,571.5	Levels of authorization: FY12 - \$1,095.2 FY13 - \$2,476.3
42	FY12	APFC	APFC Operations			Alaska Permanent Fund Corporation (APFC) Operating Increases		267.0		267.0	Additional Salary Increases \$152.0 - to provide salary increases to current staff that have met or exceeded their annual performance goals. Due Diligence \$115.0 - to support travel for new and existing investments, board travel, and fund increased costs for existing auditing, legal and investment performance measurement services.
43	FY13	Child Support Services	Child Support Services			Additional General Fund Match to meet matching requirements for Child Support Enforcement Efforts	265.3			265.3	The required state match is 34% of the federal receipts received for child support enforcement efforts.

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44	FY13	Gas Development Authority	ANGDA Operations		Oil & Gas	Eliminate the Alaska Natural Gas Development Authority	(326.7)	(110.0)		(436.7)	ANGDA was set up by a voter initiative in 2002. Since then, other state entities have taken the lead in acquiring and conditioning North Slope natural gas and constructing a pipeline to transport the gas. As recommended by Legislative Audit, the legislature deleted all funding and (3) PFT positions in ANGDA to ensure activities are not duplicated.
45	FY13	AHFC	AHFC Operations			Federal Housing Program Expense Increases			812.6	812.6	Increase federal funding levels for the Multi-family Section 8 New Construction and Conventional Low Rent programs.
46	FY08 & FY13	AHFC	AHFC Operations			Fund Source Change - HUD funding conversion		6,497.3	(6,497.3)	0.0	In FY08, The US Department of Housing and Urban Development (HUD) converted Public Housing Authorities to a Project-based Asset Management (AMP) format. AHFC's Central Office Cost Center is considered it's own AMP and any fee received from another AMP is recorded as corporate receipts, not federal receipts. AHFC is not replacing HUD funding it is simply accounting for it differently. In FY13, there was an additional adjustment to the original conversion done in FY08.
47	FY13	APFC	APFC Operations			Alaska Permanent Fund Corporation (APFC) Operating Increases		710.0		710.0	Additional Salary Increases \$185.0 - to provide salary increases to current staff that have met or exceeded their annual performance goals. In-House Investment \$295.0 - Brings direct investment of the APF's international fixed income portfolio to be managed in-house. (1 PFT Investment Officer & 1 PFT Accountant) Co-Investment Position \$230.0 - The APFC currently has programs to invest in private equity and absolute return funds, but they rely exclusively on costly external management firms. One of the features APFC includes in manager contracts in these two asset classes is "co-investment rights." These rights allow the APFC to invest more money in a particular investment. (1 PFT Investment Officer)
48	FY14	Taxation & Treasury	Tax Division			Executive Director position for the Film Office	70.0			70.0	Department originally requested \$148.0 in the Gov Request 1 PFT position
49	FY14	Taxation & Treasury	Tax Division			Funding for two Film Office positions transferred from DCCED to DOR	198.0			198.0	Ch 51, SLA 12 (SB 23) directed DCCED to transfer existing positions in the Film Office to the DOR. Two positions were transferred from DCCED to DOR in the FY14 Adj Base. However, because SB 23 also established a new film production promotion program in DCCED, the dept retained the funding for the two positions in the FY14 Governor's requested budget. The legislature added \$198.0 UGF within the Tax Division to fund the two positions that were transferred.
50	FY14	Taxation & Treasury	Tax Division			Establish an Audit Master position and an Oil & Gas Revenue Auditor position	279.0			279.0	Department originally requested \$372.0 in the Gov Request 2 PFT positions
51	FY14	AHFC	AHFC Operations			Increase Corporate Receipt Authority for AHFC's New Mortgage Marketing Plan		680.0			Additional receipt authority to support a new marketing effort within AHFC. The money will support a new Turnkey program, tentatively approved by AHFC's board of directors, that will offer closing cost assistance at an attractive interest rate for Alaskans with credit scores of 620 or greater.
52	FY14	AHFC	AK Gasline Development Corp		Oil & Gas	Alaska Gasline Development Corporation (AGDC) was transferred from DOR to DCCED with the passage of CH 11, SLA 13 (HB 4)				0.0	Transfer of AGDC to DCCED
53	FY14	APFC	APFC Operations			Alaska Permanent Fund Corporation (APFC) Operating Increases		328.0		328.0	Additional Salary Increases \$198.0 - to provide salary increases to current staff that have met or exceeded their annual performance goals. Professional Services & Contractual Costs \$130.0 -increased costs in the fees charged for auditing, performance measurement, manager searches, and financial networks.

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54	FY14	MHTA	Long Term Care Ombudsman		Mental Health Trust	Funding to add an Assistant Ombudsman position	107.4			107.4	An existing Trust Resource Manager in Department of Natural Resources Trust Land Office was identified internally to be transferred and reclassified to The Alaska Mental Health Trust Authority.
55	FY15	Dept Wide				Delete long-term positions with funding	(332.9)			(332.9)	(4) PFT positions (1) PPT position (1) Temp position
56	FY15	Dept Wide				Unspecified reductions in expenditure levels	(441.5)			(441.5)	\$32.0 reduction in the Tax Division \$26.0 reduction in the Treasury Division \$250.0 reduction in the ARMB \$93.5 reduction in Child Support Services \$15.0 reduction in Commissioner's Office \$25.0 reduction in Admin Services
57	FY15	Dept Wide				Unallocated Travel Reduction	(16.7)			(16.7)	
58	FY15	Taxation & Treasury	PFD Division			Pick.Click.Give Program - Fund Source Change	0.0			0.0	(\$66.9) Unrestricted General Funds \$66.9 General Fund Program Receipts (GFPR) The division collects sufficient fees (GFPR) and may utilize a carryforward balance from a \$250 fee collected on each applicant participating in the program.
59	FY06- FY15	Taxation & Treasury	Treasury Division		Custody & Mgt Fees	Constitutional Budget Reserve Fund Management Fees	3,100.0			3,100.0	Level of authorization each fiscal year: FY06 - \$167.0 FY07 - \$185.4 FY08 - \$1,065.7 (Includes \$820.0 supplemental) FY09 - \$4,080.0 FY10 - \$1,673.0 FY11 - \$2,060.0 FY12 - \$2,592.4 FY13 - \$2,992.0 FY14 - \$3,100.0 FY15 - no change
60	FY13- FY15	Taxation & Treasury	Treasury Division		Custody & Mgt Fees	Power Cost Equalization Endowment Fund Investment Management	160.4			160.4	Cost of managing the fund increased due to \$400 million deposit on June 30, 2011.
61	FY15	Taxation & Treasury	Tax Division			Evaluation of Indirect Expenditures; Tax Credits CH 61, SLA 2014 (HB 306)	400.0			400.0	Fiscal note funding to publish a report providing detailed analysis on every indirect expenditure in the state by 7/1/2014 and continue publishing bi-annually. 1 PFT & 3 Temp positions
62	FY15	Taxation & Treasury	Tax Division		Oil & Gas	Gas Pipeline; AGDC; Oil & Gas Production Tax CH 14, SLA 2014 (SB 138)	750.0			750.0	Fiscal note funding --\$500.0 to amend the existing contract for reconfiguration of the Tax Revenue Management System (TRMS) due to tax law changes --\$250.0 to work with Law on drafting regulations to implement SB 138

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63	FY06- FY16	Taxation & Treasury	State Pension Custody & Mgt Fees / ARMB Custody & Mgt Fees		Custody & Mgt Fees	Increased investment management costs due to increased market values		39,298.6		39,298.6	Changes in the level of authorization: --Increase from FY05 to FY06 \$9.0 million (includes a \$3.5 million supplemental) --Increase from FY06 to FY07 \$6.7 million --Increase from FY07 to FY08 \$5.7 million (includes a \$1.3 million reduction for the termination of an external investment manager and transferring assets back to the Treasury Division for management.) --No change from FY08 to FY09 --Decrease from FY09 to FY10 \$9.4 million (includes a negative supplemental of \$850.0 to replace an external investment manager with a new Investment Officer position.) --Decrease from FY10 to FY11 \$850.0 (to replace an external investment manager with a new Investment Officer position.) --No significant changes from FY11 through FY13. --Increase from FY13 to FY14 \$9.9 million --No change from FY14 to FY15 --Increase from FY15 to FY16 \$18.2 million --Decrease from FY17 to FY18 \$12.1 million
64	FY15	Admin & Support	Natural Gas Commercialization		Oil & Gas	Gas Pipeline; AGDC; Oil & Gas Production Tax CH 14, SLA 2014 (SB 138)		2,500.0		2,500.0	Fiscal note funding to provide a report on the range of financing options for state acquisition of an ownership interest and participation in a North Slope natural gas project.
65	FY11- FY15	Admin & Support	Natural Gas Commercialization		Oil & Gas	Audit of Alaska Gasline Inducement Act Reimbursement Fund	125.0			125.0	Per AS 43.90.400, the department is required to conduct periodic audits of disbursements from the AGIA reimbursement fund. Funding was added to cover the cost of an outside audit firm to perform the required audits. FY11 - \$50.0 (One-time Increment) FY12 - \$125.0 FY15 - \$125.0 changed to One-time Increment
66	FY15	MHTA	MHTA Operations		Mental Health Trust	Fetal Alcohol Spectrum Disorders (FASD) Medial Campaign	500.0			500.0	
67	FY11- FY15	AHFC	AHFC Operations			Funding for Federal Housing Assistance Payments under the Section 8 Program			33,000.0	33,000.0	Historically this funding was inadvertently excluded from the budget. FY11 was the first year it was included. Levels of authorization: FY11 - \$36 million FY12 - \$32 million FY14 - \$33 million For FY15 forward these federal receipts are included in the base budget and not itemized out.

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68	FY06- FY17	APFC Custody & Mgt Fees	APFC Custody & Mgt Fees		Custody & Mgt Fees	Custody and Management Fees for the Alaska Permanent Fund		147,775.0		147,775.0	Changes in the level of authorization: --Increase from FY05 to FY06 \$13 million (includes a \$5 million FY06 supplemental) --Increase from FY06 to FY07 \$13.5 million --Increase from FY07 to FY08 \$16.6 million (includes a \$6 million FY08 supplemental) --Increase from FY08 to FY09 \$18.6 million --Decrease from FY09 to FY10 (\$10.0) million --Increase from FY10 to FY11 \$12.3 million (includes a \$18.5 million FY11 supplemental) --Increase from FY11 to FY12 \$19.1 million --Increase from FY12 to FY13 \$11.3 million [with the addition of in-house management and a co-investment position, the legislature reduced the Custody and Management Fees appropriation by \$1.6 million in FY13 (from \$108.2 million to \$106.6 million). The reduction was based on identified potential savings by the APFC.] --Increase from FY13 to FY14 \$8.2 million --Increase from FY14 to FY15 \$23.8 million --Increase from FY15 to FY16 \$9.2 million --Decrease from FY16 to FY17 \$3.2 million --Decrease from FY17 to FY18 \$9.4 million
69	FY16	Taxation & Treasury	Tax Division			Delete Petroleum Policy and Commercial Analyst; Delete Film Tax Credit Staff; Delete Six Positions Expected to have the Least Impact on Agency Operations (10) PFTs (1) TEMP	(1,259.8)			(1,259.8)	The Governor proposed deletion of eleven positions and associated funding in the Tax Division budget. Seven of the eleven were vacant. The non-vacant positions were the Commercial Analyst, and the three positions in the Film Tax Credit Office. Vacant positions include a Revenue Auditor Supervisor I, Tax Auditor III, and an Accounting Technician III. The Film Tax Credit positions were proposed to be removed by the Governor forcing the program to be shut down. The Legislature complied and in addition, passed SB 39 deleting the program from statute. These changes are expected to result in a savings of approximately \$20 million in tax credit payments.
70	FY16	Taxation & Treasury	Treasury Division and ARMB			Add Funding for Two Investment Officer Positions 2 PFTs		300.0		300.0	Two new investment officer positions were requested to decrease external management fees on assets managed by the Alaska Retirement Management Board. Once the positions are fully trained and implemented, the estimated savings as a result of bringing services in-house is \$1.2 million - funding for the positions (\$300.0 I/A Receipts) will come from the retirement accounts managed by the Alaska Retirement Management Board.
71	FY16	Taxation & Treasury	Treasury Division			Eliminate External CBR Management Fees as Sub-account Assets have been moved to Fixed Income Investments	(850.0)			(850.0)	External management fees were proposed to be reduced by \$250.0 as a result of less projected assets under management (as a result of using the CBR to fill the projected FY16 fiscal deficit). This action was accepted by the legislature. In addition, the remainder of the external management fees were removed by the legislature as a result of DOR moving all remaining assets from equities into fixed income assets (which are managed by Treasury in-house). This was done to protect the CBR assets in anticipation of their need in the relatively short-term.

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72	FY16	Child Support Services	Child Support Services			Various Reductions	(607.2)			(607.2)	Several decrements totaling \$607.2 were included in the Governor's budget and approved by the legislature. They include reductions to close the Juneau and Wasilla offices, reducing a Reimbursable Services Agreement (RSA) with the Department of Law and more general unspecified reductions.
73	FY16	APFC	APFC Operations			Various Increments 4 PFTs		1,040.3		1,040.3	Funding for two new senior investment officers (\$245.0 each) for continued expansion of the real estate portfolio and special opportunity/alternative investments portfolio. The new positions will allow for lower level staff to maintain the existing portfolio while the senior positions will be able to concentrate more time on new opportunities. Likewise, an Investment Analyst position was approved for the Private Markets portfolio managed internally by APFC. This position, coupled with a new accountant position (together totaling \$289.7), will allow for further expansion of internally managed private market investments which is estimated to save APFC \$900.0 in external management fees per year. Additionally, the budget was increased \$148.1 for travel costs associated with investment due diligence, and \$112.5 for trading system technology modifications.
74	FY16	Taxation & Treasury	Tax Division			Delete Data Processing Manager III and Analyst Programmer III (2) PFTs	(295.5)			(295.5)	The legislature reduced two positions that were deemed expendable as a result of department-wide IT consolidation. One DP Manager was deemed redundant and duties of an Analyst Programmer will need to be absorbed by other staff.
75	FY16	Taxation & Treasury	Treasury Division and Agency Unallocated Reduction			Personal Services Reduction/ Agency Unallocated Reduction	(237.0)			(237.0)	DOR received two broad unspecified reductions; one to the Treasury Division's personal services (\$87.0) and one as an agency unallocated reduction (\$150.0). The agency took the entire \$237.0 hit to the Treasury Division as the only other UGF supported division (Tax) had already taken significant reductions.
76	FY16	Executive Branch-Wide Unallocated Reduction	Executive branch-wide unallocated reduction of \$29.8 million UGF			DOR Portion \$532.2	(532.2)			(532.2)	DOR allocated the reduction to the Treasury Division. At the end of FY15, there was a shift in assets under management which had a direct impact on how the Treasury Division will allocate their FY16 expenses (based on their federally approved cost allocation plan). With more funds managed by the Alaska Retirement Management Board (ARMB), ARMB will incur a higher percentage of the costs and Treasury's costs will go down from previous years. As a result, the Treasury Division will be able to reduce their general fund spending level in FY16.
77	FY16	AHFC	AHFC Operations			Cost Control and Operational Efficiencies		(1,028.6)		(1,028.6)	In an effort to contain costs throughout the budget, the legislature asked AHFC to present a 3% and 8% reduction scenario. The 3% scenario was implemented. The expected impacts as a result include: Deletion of three PFTs (including the Director of Construction); lowering the steps of several PCNs; and reclassifying several positions for a total reduction to the Personal Services Line of \$771.4. The Construction Division has been reorganized to a Facility Management Group and the director position is no longer necessary.

**Highlights of Significant Budget Changes
(FY05 to FY18)**

	A	B	C	D	E	F	G	H	I	J	K
1	DEPARTMENT OF REVENUE										
2											
3	FY	Approp	Alloc	Formula/ NonForm	Category	Description	GF	Other	Fed	Total Funds	Notes
78	FY17	Various Appropriations	Various Allocations			Reduce Personal Services Authorization; Furlough; and Additional Positions Deleted (17) PFTs	(1,165.5)			(1,165.5)	Included in the Tax, Treasury, Child Support Services (CSSD), Commissioner's Office, and Administrative Services allocations are decrements reducing personal services, eliminating positions and implementing furloughs (for exempt and partially exempt positions). A total of seventeen positions are deleted – seven in the Tax Division, three in the Treasury Division, six in CSSD, and one in Administrative Services. The UGF reduction in CSSD is also a match for federal receipts. Commensurate reductions of \$499.8 in federal receipts are included in the decrements for CSSD.
79	FY17	Admin & Support	Commissioner's Office			Commissioner's Office Funding Reduction (2) PFTs	(100.0)			(100.0)	A reduction to the Commissioner's Office will result in the elimination of a Program Manager (that is currently vacant, but has served multiple roles over the years) and an Executive Secretary position. This reduction was a Governor Veto.
80	FY17	Admin & Support	State Facility Rent				(342.0)			(342.0)	The State Facilities Rent allocation provided an amount of general funds for DOR facilities rent that will now be absorbed within other receipts of the agency. This cut effectively allows some reduction to other non-GF allocations within the budget by making them absorb additional costs related to their facilities rent. This reduction was a Governor Veto.
81	FY17	Taxation & Treasury	Tax Division			Cash Logistics for Marijuana Tax Payments IncOTI	50.0			50.0	Taxpayers are expected to experience difficulties in obtaining banking services due to the fact that the federal government still considers marijuana to be an illegal substance. From experiences in other states (including Colorado), the Tax Division expects to receive up to 60% of all tax payments in cash. To handle these payments, the Division will be building a secure cash room. This \$50.0 is for the initial build out and improvements to existing security cameras and cash counting machines. Moving forward, there is an expected regular expense for the transportation of cash, and the arming of security guards. Revenue will likely need an ongoing increment from marijuana receipts to offset cash collection administration.
82	FY17	Taxation & Treasury	Treasury Division			Add Investment Officers and Support Position 3 PFTs	1.3	710.2		711.5	This increment provides funding primarily via inter-agency receipts paid from the pension funds managed by the Alaska Retirement Management Board (ARMB) and invested by the Treasury Division. There is a commensurate increment in the ARM Board for the I/A Receipts (\$709.5). The additional staff will include two new State Investment Officers (with base salaries of \$218.5 each) and one new Accountant (with a base salary of \$82.0).

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(FY05 to FY18)**

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83	FY17	Taxation & Treasury	Treasury Division			Move Investment Officer Salaries to Market	1.2	146.4		147.6	<p>The Governor's budget request included increments for Treasury Division staff salaries that, on average, amounted to increases of approximately 17%. The request implied that, to be able to attract and retain investment officers, the increases would apply to Investment Officer positions only. Likewise, a similar increment was included in the budget for the Alaska Permanent Fund Corporation (APFC) for their professional investment staff, but at a much lower (3.9%) level of increase.</p> <p>Upon legislative review, several non-investment officer positions would have received the salary increase in the Governor's request. The Legislature removed those positions from the calculation and then reduced the increase to be commensurate with the 3.9% increase in the APFC budget.</p>
84	FY17	Taxation & Treasury	Permanent Fund Dividend Division			Utilize 7% Coordination Fees Collected Under Pick Click Give	232.8			232.8	<p>Chapter 106, SLA 2014 (HB 75), added a provision to the Pick, Click, Give Program allowing 7% of each donation to be withheld for administrative costs of the program. Previously all marketing and outreach costs of the program were paid by the Rasmussen Foundation. However, this statutory change was intended to enable the program to be self-supporting and this increment will be utilized to pay for the costs previously paid by Rasmussen.</p> <p>The funding source is GF/Program Receipts (DGF).</p>
85	FY17	Child Support Services	Child Support Services			Shift Federally Mandated Fee to Custodial Parents	(100.0)			(100.0)	<p>Federal Code of Regulations 302.33(e) mandates that an annual \$25 fee be imposed on custodial parents after the collection of the first \$500 in each federal fiscal year. Currently, Child Support Services Division (CSSD) pays this \$25 fee on behalf of the custodial parents. CSSD will now program their information system to charge the \$25 fee directly to the custodial parent.</p>
86	FY17	Child Support Services	Child Support Services			Child Support Specialist Reduction in Personnel (16) PFTs	(412.5)		(800.8)	(1,213.3)	<p>CSSD had 91 Child Support Specialist I positions of which approximately 15-20 have been vacant the last couple of budget cycles. This was accounted for in the vacancy factor, however, with the difficulty of filling these positions and needing to reduce the budget, 16 of them were deleted and both their state and federal funding cut. Because these positions were vacant, there will be minimal impact to operations due to the reductions.</p> <p>This reduction was a Governor Veto.</p>
87	FY17	Child Support Services	Child Support Services			Child Support Administrative Support Funding (2) PFTs	(100.0)			(100.0)	<p>In addition to the cut to the Child Support Specialist positions, an additional reduction was made to the administrative functions of CSSD to be made at the discretion of the director.</p> <p>This reduction was a Governor Veto.</p>

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88	FY17	APFC	APFC Operations			Staff Retention Funding		216.0		216.0	is an increment for \$216.0 which, according to the agency, is intended to provide the corporation with the additional resources necessary to retain their professional staff. APFC is exempt from the State Personnel Act and the board is responsible for implementing a salary management program that meets the needs of the corporation. A similar increment of \$290.0 was requested, but denied in the FY16 budget. The funding source is Permanent Fund Gross Receipts (Other).
89	FY17	APFC	APFC Operations			New Permanent Fund Corporation Positions 6 PFTs		1,030.0		1,030.0	APFC has two increments totaling just over \$1 million for six new positions – two Senior Investment Officers, three Investment Analysts and one IT Specialist. One of the analyst positions, for \$145.0, would expand the Special Opportunities and Alternative Investments Program. A similar senior level position for this program was requested and approved in the FY16 budget. An increment for \$885.0 would fund the other five positions (like the Treasury Division) to bring management of additional assets “in-house.” The potential savings of this Quantitative Equities Program is projected at \$3.2 million and a decrement of that amount is included in the budget for APFC Investment Management Fees. The funding source is Permanent Fund Gross Receipts (Other).
90	FY17	AHFC	AHFC Operations			Reduce Services such as Conference Registrations, Membership Dues; Training, Advertising and Promos; In-State Travel; Out of State Travel; and Office Supplies, Workshop Materials and Overhead		(835.8)		(835.8)	The legislature reduced AHFC's operating budget by \$835.8 (to equal a level near the FY15 actuals). Reductions occurred for the following items: Conference Registrations, Membership Dues, and Training - (\$420.5); Advertising and Promos - (\$100.0); In-State Travel - (\$135.9); Out of State Travel - (\$137.7); and Office Supplies, Workshop Materials and Overhead - (\$41.7)
91	FY18	Taxation & Treasury	Tax Division			Delete Revenue Appeals Officer (1) PFT	(169.5)			(169.5)	Decrement of a Revenue Appeals Officer and \$169.5 of associated funding. Although previous budget reductions had not impacted the appeals group, given recent turnover, a decision was made to delete a position and spread associated duties within the group.
92	FY18	Taxation & Treasury	Tax Division			Add Corporate Income Tax Auditors 2 PFTs	184.5			184.5	After testimony by the agency, the legislature increased the corporate income tax auditing staff to capture additional revenue that is currently foregone due to the lack of staff resources. Currently, the tax system is identifying audit leads that the division lacks staff time to investigate. It is estimated that \$500,000 of new revenue per auditor will be generated.
93	FY18	Taxation & Treasury	Treasury Division			Cost Allocation Plan Adjustments	(348.5)	348.5		0.0	The continuing reduction in the amount of general fund assets under management by the Treasury Division (e.g. – General Fund, CBR) and an increase in retirement fund balances is causing continuing reallocation of fund management costs from the general fund to retirement funds. The Treasury Division's budget includes a fund source change of \$348.5 UGF to \$348.5 I/A Receipts (paid from an increment of \$348.5 of various retirement funds in the Alaska Retirement Management Board (ARMB) budget).

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94	FY18	Taxation & Treasury	Treasury Division			Add State Investment Officers 2 PFTs		438.9		438.9	While there is not a direct dollar for dollar comparison to the savings available based on adding investment officers, Treasury believes that adding two investment staff could save up to \$15 million annually in management fees.
95	FY18	Child Support Services	Child Support Services			Shift Federally Mandated Fee to Custodial Parents	(100.0)			(100.0)	After collection of \$500 by the Child Support Services Division (CSSD) for a custodial parent, a federally mandated \$25 fee is imposed on that parent. This fee had historically been paid to the federal government by CSSD. Beginning with partial implementation in the FY17 budget, the fee was passed along to the custodial parent for payment and \$100.0 UGF was reduced from the CSSD budget. At full implementation, another \$100.0 UGF was reduced from the budget as more fees shift to custodial parents.
96	FY18	MHTA	MHTA Operations			Restore Funding to MH Trust Requested Level for FASD Campaign		150.0		150.0	This increment will allow the Alaska Mental Health Trust Authority to provide funding for the Institute for Circumpolar Health Studies to continue to develop, implement and evaluate Fetal Alcohol Spectrum Disorder (FASD) prevention strategies and to continue the FASD media campaign. Each child diagnosed with FASD is projected to cost the State of Alaska \$850,000 to \$4.2 million from age 0-18. This funding was removed in the Governor's budget, but added back by the Legislature.