

DEPARTMENT OF REVENUE
FY19 - Increment Status

Governor's Budget Items Approved as Requested

Item #	Appropriation/Allocation	Description	Amount/Fund Source	FY19 CC Book Comment	GF Dec?	LFD Notes/Questions?	Agency Comments
1	Alaska Permanent Fund Corporation/ APFC Operations	Increased APFC Operations Funding for 10 New Positions, Supporting Costs and Increased Management Fees	\$17,549.7 PF Gross (Other)	The increased funding will provide for ten new Permanent Full-time (PFT) positions comprising \$1.9 million of the \$2.3 million change in Personal Services (the remaining \$362.8 is for merit increases and reducing the vacancy factor). The positions include four Investment Officer/Associates, two Accountants, and four IT/Administrative Support staff. The additional staff will further the effort of bringing more assets in-house for investment management. This policy of internally managing more assets is intended to save the State a considerable amount over the cost of external investment management.	No	Please provide progress on recruitment and filling of the positions.	<p>APFC is grateful for the support received from the Executive and Legislative branches in past years. A robust, healthy Permanent Fund is important to all Alaskans. Adequate funding for staff and associated expenses are necessary to allow the Corporation to fulfill its dual role of protecting the Principal of the Fund for the benefit of all generations of Alaskans and providing a revenue source to help balance the State's budget.</p> <p>APFC has been focused on strategically filling the 10 PFTs that were funded in the FY19 operating budget. The current status of the 10 new position is that 4 have been filled through internal promotions, 4 have been filled with external hires, 1 is currently under active recruitment, and 1 is under evaluation for next steps. Positions created due to promotions are actively being recruited on or have been back filled.</p> <p>Summary of 10 PFTs:</p> <ul style="list-style-type: none"> · 4 promotions: <ul style="list-style-type: none"> o Compliance Officer o Investment Associate – Private Equity and Special Opportunities o IT Support o HR Support · 4 external hires: <ul style="list-style-type: none"> o Investment Associate – Real Assets o Investment Officer – Infrastructure o Administrative Support o Investment Officer – Private Equity and Special Opportunities · 2 remaining <ul style="list-style-type: none"> o Accountant for Private Markets – actively recruiting o IT Business Analyst – under evaluation <p>The APFC Board remains focused on increasing the Fund's allocation to internally managed investments. As of June 30, 2018, 40% of the Fund was managed internally and 60% was managed externally. Bringing more investments in-house benefits the Fund through lower investment costs, greater control over investments within and across allocations, and enhanced investment transparency.</p> <p>During FY18, the Fund returned 2.91% over the passive index benchmark. This translates into an additional \$1.7 billion in earnings generated through staff's strategic investment choices. In the 251 trading days during FY18, the Fund's realized earnings totaled \$6.3 billion, or \$25.2 million per trading day.</p>