

**2018 Legislature - Operating Budget  
Transaction Compare - Governor Structure  
Between 19Adj Base and 19GovAdj**

<b>Numbers and Language Differences Agencies: Rev</b>
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**Agency: Department of Revenue**

	Column	Trans Type	Total Expenditure	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants	Misc	PFT	PPT	TMP
<b>Taxation and Treasury</b>													
<b>Treasury Division</b>													
Reduce Authority Due to In House Resources Allocated to Alaska Retirement Management Board	19GovAdj	Dec	-525.9	0.0	0.0	-525.9	0.0	0.0	0.0	0.0	0	0	0
<p>The Treasury Division is responsible for managing the State's treasury and pension funds. The Treasury Division utilizes a cost allocation method to develop budgets and allocate costs equitably among each fund, trust, &amp; client agency. There is a shift in assets under management which has a direct impact on how the Treasury Division allocates their 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 costs and Treasury's costs will decrease from previous years. As a result, Treasury Division is able to reduce their general fund spending level.</p>													
1004 Gen Fund (UGF)			-525.9										
<b>* Allocation Difference *</b>			-525.9	0.0	0.0	-525.9	0.0	0.0	0.0	0.0	0	0	0
<b>Unclaimed Property</b>													
Delete Accounting Technician I (04-8049)	19GovAdj	Dec	-71.0	-71.0	0.0	0.0	0.0	0.0	0.0	0.0	-1	0	0
<p>This reduction in personal services authorization will result in the deletion of 1 position. The Unclaimed Property Program (UCP) manages unclaimed property and reunites it with its owners. The department will work with UCP to mitigate any potential negative effects on services provided.</p>													
<p>Position subject to delete: Full-time Accounting Technician I (04-8049), range 12, located in Juneau</p>													
1005 GF/Prgm (DGF)			-71.0										
<b>* Allocation Difference *</b>			-71.0	-71.0	0.0	0.0	0.0	0.0	0.0	0.0	-1	0	0
<b>** Appropriation Difference **</b>			-596.9	-71.0	0.0	-525.9	0.0	0.0	0.0	0.0	-1	0	0
<b>Child Support Services</b>													
<b>Child Support Services Division</b>													
Reduce Child Support Archiving Allocation	19GovAdj	Dec	-95.0	0.0	0.0	-95.0	0.0	0.0	0.0	0.0	0	0	0
<p>The Child Support Services Division has made efforts to decrease the need for physical archival storage by scanning all incoming documents into the division's proprietary NSTAR database. This has eliminated the need for physical case files. There is still a need for some archiving due to the system back-up tapes that are required to be kept off site.</p>													
1002 Fed Rcpts (Fed)			-62.7										
1003 G/F Match (UGF)			-32.3										
Reduce Child Support Postage Costs	19GovAdj	Dec	-330.0	0.0	0.0	-330.0	0.0	0.0	0.0	0.0	0	0	0
<p>During FY2017, Child Support Services Division (CSSD) made a change to the frequency that the child support statements are printed and mailed out. Previously, statements were sent out quarterly; now they are sent out yearly. Parties are able to see their statements on-line via the CSSD portal at any point during the year. This change has resulted in a large decrease in postage costs.</p>													
1002 Fed Rcpts (Fed)			-217.8										
1003 G/F Match (UGF)			-112.2										
Reduce Child Support Courier Costs	19GovAdj	Dec	-0.7	0.0	0.0	-0.7	0.0	0.0	0.0	0.0	0	0	0

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<b>Child Support Services (continued)</b>													
<b>Child Support Services Division (continued)</b>													
Reduce Child Support Courier Costs (continued)													
Child Support Services Division has closed two out of three satellite offices and requires fewer courier costs to deliver necessary items between locations.													
			1002 Fed Rcpts (Fed)	-0.5									
			1003 G/F Match (UGF)	-0.2									
			<b>* Allocation Difference *</b>	-425.7	0.0	0.0	-425.7	0.0	0.0	0.0	0	0	0
			<b>** Appropriation Difference **</b>	-425.7	0.0	0.0	-425.7	0.0	0.0	0.0	0	0	0
<b>Administration and Support</b>													
<b>Criminal Investigations Unit</b>													
	19GovAdj	Inc	Reestablish Criminal Investigations Unit in Revenue	406.9	250.8	14.0	137.7	4.4	0.0	0.0	0	0	0
In FY2018 Governor, Department of Revenue (DOR) requested the transfer of the Criminal Investigation Unit (CIU) in its entirety to the Department of Public Safety (DPS). CIU did not transfer to DPS and the component needs to be reestablished in DOR. CIU is funded by reimbursable service agreements.													
			1007 I/A Rcpts (Other)	406.9									
			<b>* Allocation Difference *</b>	406.9	250.8	14.0	137.7	4.4	0.0	0.0	0	0	0
			<b>** Appropriation Difference **</b>	406.9	250.8	14.0	137.7	4.4	0.0	0.0	0	0	0
<b>Alaska Mental Health Trust Authority</b>													
<b>Mental Health Trust Operations</b>													
	19GovAdj	OTI	Reverse Mental Health Trust Recommendation	-3,867.4	-2,642.8	-127.0	-1,030.6	-67.0	0.0	0.0	0	0	0
			1094 MHT Admin (Other)	-3,867.4									
	19GovAdj	IncM	Mental Health Trust Continuing - Maintain Trust Authority Administrative Budget	3,867.4	2,642.8	127.0	1,030.6	67.0	0.0	0.0	0	0	0
The Alaska Mental Health Trust Authority (the Trust) administrative budget supports the operation of the Trust office and the Board of Trustees. The Trust Authority is tasked in statute with being trustees of the cash and non-cash assets of the legal trust, making budget recommendations for the Mental Health Budget Bill, partnering with the Department of Health & Social Services to ensure a Comprehensive Mental Health Program Plan, and providing leadership in Trust beneficiary-related issues. The Trust, a state corporation, is administratively housed in the Department of Revenue.													
			1094 MHT Admin (Other)	3,867.4									
			<b>* Allocation Difference *</b>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
<b>Long Term Care Ombudsman Office</b>													
	19GovAdj	Inc	Increased Travel/ Web Based Services Costs for Recruiting and Training Volunteers	31.5	0.0	13.7	17.8	0.0	0.0	0.0	0	0	0
Increment for rising travel costs and rising costs associated with recruiting and training volunteers at the Office of the Long Term Care Ombudsman (LTCO). These costs include an increase in the use of web based services to													

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<b>Alaska Mental Health Trust Authority (continued)</b>													
<b>Long Term Care Ombudsman Office (continued)</b>													
Increased Travel/ Web Based Services Costs for Recruiting and Training Volunteers (continued)													
conduct trainings and meeting with volunteers remotely. The LTCO is a small stand-alone program with only six full-time positions, all of which must be kept filled to meet its statutory mandate.													
			1037 GF/MH (UGF)	31.5									
			<b>* Allocation Difference *</b>	31.5	0.0	13.7	17.8	0.0	0.0	0.0	0	0	0
			<b>** Appropriation Difference **</b>	31.5	0.0	13.7	17.8	0.0	0.0	0.0	0	0	0

**Alaska Permanent Fund Corporation**

**APFC Operations**

	19GovAdj	TrIn	138,769.2	0.0	0.0	138,769.2	0.0	0.0	0.0	0.0	0	0	0
Consolidate APFC Management Fees with APFC Operations													
			1105 PF Gross (Other)	138,769.2									
	19GovAdj	Dec	-151,023.6	-9,600.7	-605.5	-140,640.1	-97.3	-80.0	0.0	0.0	-47	-2	-2
Remove APFC Operations Funding from Numbers Section and Replace with a Language Section Appropriation													
			1105 PF Gross (Other)	-151,023.6									
L	19GovAdj	IncM	151,023.6	9,600.7	605.5	140,640.1	97.3	80.0	0.0	0.0	47	2	2
Add Maintenance Level APFC Operations Funding to the Language Section													
			1105 PF Gross (Other)	151,023.6									
L	19GovAdj	Inc	17,549.7	2,260.5	597.7	14,033.5	338.0	320.0	0.0	0.0	10	0	0
Increased APFC Operations Funding for 10 New Positions, Supporting Costs and Increased Management Fees													

At the start of FY18, the Alaska Permanent Fund Corporation had more than \$59.7 billion in assets under management. As of September 30, 2017 assets had grown to more than \$61.5 billion. The rate of return for FY17 was 12.57%. The key to APFC's success has been the deliberate implementation of a strategy by the APFC Board of Trustees that began more than 10 years ago. This strategy was to create an optimal mix of internal and external management capabilities that recognized our opportunities and resources. Over the past three years, APFC active engagement and management of the Fund has generated an additional \$4.4 billion in value over the passive benchmark.

As the APFC continues to strategically bring investment management in-house, it is apparent that the division between resources directly supporting investment functions versus general operations is harder to determine. As a result, the Board's FY2019 budget merges what were formerly two allocations into a single allocation within the appropriation for the Corporation, and places it within the language section of the budget bill.

Merging the allocations consolidates resources to support the Board's current investment strategy. This allows for a holistic approach for strategic and resource planning, creating a more nimble and flexible structure from which to operate as the APFC competes with public and private sector peers in the investment markets.

The FY2019 budget includes ten new positions in investment and support roles to allow for continued growth in internally managed investments. The budget includes personal services costs for these positions, and related travel, technology, and other costs of in-house personnel. As a result, the budget for external management fees in

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<b>Alaska Permanent Fund Corporation (continued)</b>													
<b>APFC Operations (continued)</b>													
Increased APFC Operations Funding for 10 New Positions, Supporting Costs and Increased Management Fees (continued)													
FY2019 was lowered to reflect the assets that will be managed internally.													
It is important to note that the Board of Trustees has always been transparent regarding how the appropriations to the APFC have been budgeted and spent. The budget is approved and discussed in open, public meetings, and budget materials and reports are included in public board meeting packets. Members of the public can find detailed information about the Corporation's budget, investment strategy and performance at apfc.org. Moving to the language section of the budget bill will provide the Board with necessary flexibility to better manage the APFC's resources, but will not lessen the transparency of its expenditures.													
1105 PF Gross (Other) 17,549.7													
<b>* Allocation Difference *</b>			<b>156,318.9</b>	2,260.5	597.7	152,802.7	338.0	320.0	0.0	0.0	10	0	0
<b>APFC Investment Management Fees</b>													
Consolidate APFC Management Fees with APFC Operations													
19GovAdj TrOut -138,769.2 0.0 0.0 -138,769.2 0.0 0.0 0.0 0.0 0.0 0 0 0													
<b>* Allocation Difference *</b>			<b>-138,769.2</b>	0.0	0.0	-138,769.2	0.0	0.0	0.0	0.0	0	0	0
<b>** Appropriation Difference **</b>			<b>17,549.7</b>	2,260.5	597.7	14,033.5	338.0	320.0	0.0	0.0	10	0	0
<b>*** Agency Difference ***</b>			<b>16,965.5</b>	2,440.3	625.4	13,237.4	342.4	320.0	0.0	0.0	9	0	0
<b>**** All Agencies Difference ****</b>			<b>16,965.5</b>	2,440.3	625.4	13,237.4	342.4	320.0	0.0	0.0	9	0	0

## Column Definitions

**19Adj Base (FY19 Adjusted Base)** - FY18 Management Plan less one-time items, plus FY19 adjustments for position counts, funding transfers, line item transfers, temporary increments (IncT) from prior years, and additions for statewide items (risk management and most salary and benefit increases). The Adjusted Base is the "first cut" of the FY19 budget; it is the base to which the Governor's and the Legislature's increments, decrements, and fund changes are added.

**19GovAdj (FY19 Governor w/LFD Adjust)** - FY19 Governor's Request with LFD Adjustments for proposed legislation and budget actions that require a supermajority vote.