

**Department of Revenue
FY22 - Mid-Year Status Report**

Item #	Approp/ Allocation	Description	Amount / Fund Source	Comment	LFD Questions / Comments	Agency Comments
1	Taxation and Treasury / Tax Division	Add Two Corporate Income Tax Auditor Positions (Vetoed)	n/a	The legislature added \$221.0 UGF and two Corporate Income Tax Auditor positions, with the expectation that revenue from additional auditing capacity would exceed the cost of the positions. The funding and positions were vetoed by the Governor.	Does the agency maintain that additional auditors remain unnecessary in FY23?	The Division's current focus is filling outstanding vacancies in hard-to-fill auditor positions. When we approach full employment, we can reassess the viability to add additional staff resources.
2	Child Support Services / Child Support Services Division	New Carryforward Language for GF/Program Receipts	n/a	<p>The FY22 budget includes language to carryforward unexpended balances from Temporary Assistance to Needy Families and the Alaska Interest program. Receiving child support payments can reduce the amount of other public benefits a recipient is eligible for. When the Child Support Services Division (CSSD) flags instances of over-provision of benefits, the federal government shares part of the savings with CSSD.</p> <p>Prior to FY22, these program receipts lapsed into the general fund. Under the new language, the program receipts will be temporarily used to help fund the FY21 supplemental capital project for a new case management system. Once the capital project is finished, the program receipts will be expended in the operating budget.</p>	How much money has the state retained by identifying instances of over-provision of benefits during the TANF transfer process? How do the FY22-to-date savings compare to the same months in FY21?	When the state pays out benefits to a family, CSSD opens a case for collection to the parent or guardian who is not in the household. These funds are considered reimbursement funds. Previously this was put in the GF. Comparisons: FY21 July - November: Total - \$3,598,657.91, (Retained: \$1,576,212.16, Sent to Feds: \$2,022,445.75) FY22 July-November Total: \$3,228,178.48 (Retained: \$1,413,942.16, Sent to Feds: \$1,814,236.32)

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3	Administration and Support / Commissioner's Office	GA 170 Departmentwide Risk Management	\$194.4 Gen Fund (UGF)	This increment funds a contract for an information technology (IT) security expert to provide guidance on security measures. This guidance will supplement existing IT security support provided by the Department of Administration. The Treasury Division, which has \$50 billion of invested assets, will be the first priority, though the intention is for the new security expert to eventually provide guidance to all divisions within the department. The department anticipates the contract lasting three to four years, which allows time to implement long-term security measures.	Please provide the hire date for the Chief Risk Officer position. Has the increment been used for any other expenses?	The Department completed initial scoping work with a contractor, Vertex11, however, we became aware of a security and IT expert wishing to join the Department as an employee rather than a contractor. The Chief Risk Officer started on October 6th.

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4	Alaska Housing Finance Corporation / AHFC Operations	Sec. 53(g) HB 69, GA 172 COVID-19 Federal Housing and Homeless Stimulus (FY22-FY23)	\$164,568.1 COVID Fed (Fed) MultiYr	<p>Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (CRRSAA)</p> <p>CRRSAA includes funding to states for rental assistance, with 90% to be used for current and arrears rent, utility payments, and other pandemic-related housing. Assistance can be provided for up to 12 months and with an additional three months of assistance if needed to ensure housing stability."</p> <p>Of the \$200,000.0 allocated to Alaska, the Municipality of Anchorage received \$35,431.9 and the Alaska Housing Finance Corporation (AHFC) received \$164,568.1.</p> <p>Funds expire December 21, 2021 (FY22) but, upon the discretion of the U.S. Department of the Treasury, could be extended through September 30, 2022 (FY23). Since these funds may not expire until FY23, the transaction provides a two-year authorization.</p>	<p>Has the Treasury extended the expiration date? How much of the funds have been distributed? What is the geographic breakdown of the assistance provided?</p>	<p>On March 26, 2021, Treasury extended the expiration date to September 30, 2022. As of November 30, 2021, a total of \$123,782,770 has been distributed. The geographic breakdown for assistance is State-wide.</p>

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5	Alaska Permanent Fund Corporation / APFC Investment Management Fees	Investment Management Fees and Supporting Investment Systems	\$63,638.5 PF Gross (Other)	<p>The Governor initially requested \$1,364.5 for updating investment systems and \$2,924.3 for management fee increases. Separately identified savings of \$450.3 due to investment due diligence, and \$200.0 in custody fees reduced the overall increment to \$3,638.5.</p> <p>On May 4th, the Governor submitted an amended request of \$60,000.0 in additional management fees.</p> <p>The increased management fees are primarily due to the total Permanent Fund FY22 beginning balance being significantly higher than was forecasted at the time of the Governor's budget release. More total money under management leads to more total fees. A \$50,000.0 supplemental was also added to the FY21 budget, due to higher than expected returns.</p>	What is the status of the investment system update?	The corporation procured a system that will integrate with our current risk system and provide critical analytics for portfolio management. Together the new and existing systems will provide a single platform for risk analytics and asset management, improving the data capabilities for private assets and eliminating manual processes. With the broader alternatives market and APFC's alternative portfolios continuing to expand and evolve, having a single data source is critical. The complete implementation will take three to four quarters. The first implementation phase loads information for over 700 investments, and the second phase is dedicated to historical data. Phase one began in early October.

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6	Various	SB 55, Ch. 9, SLA 2021 Employer Contributions to PERS	\$1,125.4 Gen Fund (UGF)	SB 55 removes the 22% cap on payroll contributions to the Public Employee Retirement System (PERS) for the State of Alaska as a PERS employer. The budgetary impact of this legislation is reflected as a shift from the direct appropriation to PERS, which is typically funded with UGF, to agency payroll, where the cost can be spread across all fund sources. This shift results in a UGF increase to Agency Operations of \$72,871.7, and a UGF decrease to Statewide Items of \$95,794.5, for a net statewide UGF savings of \$22,922.8. Specifically, the UGF impact to the Department of Revenue is \$1,125.4 spread across multiple allocations.	The out-years of the SB55 fiscal note identify other fund sources to replace this UGF. Are those fund sources realizable going forward?	The analysis completed had future years also in consideration. The funding sources identified as unrealizable are expected to continue to be unrealizable unless there are additional revenue streams identified and implemented in our restricted fund sources. There are no expected increases in our restricted revenue sources in future years.