

ALASKA STATE LEGISLATURE

SENATE FINANCE COMMITTEE

Department of Revenue
Operating Budget Sub-Committee



Senator Bert Stedman, Chair
Senator Lyman Hoffman
Senator Lesil McGuire

Official Business

State Capitol, Room 516
Juneau, AK 99801-1182
Phone: (907) 465-3873
Fax: (907) 465-3922

FY10 OPERATING BUDGET RECOMMENDATIONS

March 19th, 2009

The Senate Finance Budget Subcommittee for the Department of Revenue submits the following FY10 Operating Budget Recommendations to the Senate Finance Committee:

Fund Source	09 Adj Base	Gov Amd	Sen Sub	Difference
General Funds	\$ 17,118.5	\$ 20,414.8	\$ 18,164.1	\$(2,250.7)
Federal Funds	\$ 37,926.1	\$ 39,588.3	\$ 39,611.0	\$ 22.7
Other Funds	\$207,072.3	\$189,797.8	\$191,562.7	\$ 1,764.9
Total	\$262,116.9	\$249,800.9	\$249,337.8	\$(463.1)

Positions	09 Adj Base	Gov Amd	Sen Sub	Difference
PFT	867	867	866	-1
PPT	41	41	41	0
Temp	17	17	17	0
Total	925	925	924	-1

The Subcommittee held three meetings with the Department and took the following actions:

Budget Action

TAX DIVISION

- Approved a \$50k fund source change from Capital Improvement Project Receipts to GF to prepare the statutorily required annual Alaska Salmon Price Report.
- Approved a one-time increment of \$270,000 GF for contract audit assistance. The Governor's request was for \$540,000.

- Approved a \$200,000 GF increment to fund the fourth master auditor position that was authorized during the 2007 ACES legislation.

TREASURY DIVISION

- Approved \$81,700 in fund source changes necessary to comply with changes made by the Alaska Retirement Management Board to the structure of the Retiree Health Care Trust Fund. The old "Retiree Health Care" designation is being replaced with the broader designation of "Benefit System Receipts".
- Approved \$420,000 in fund source changes necessary to bring the Treasury Division's cost allocation plan into compliance.
- Approved a \$152,000 GF increment to recover Treasury management costs that under the new cost allocation plan, can't be allocated to unbudgeted RSAs in FY2010.

ALASKA RETIREMENT MANAGEMENT BOARD (ARMB)

- Approved \$113,000 in fund source changes necessary to comply with changes made by the Alaska Retirement Management Board to the structure of the Retiree Health Care Trust Fund. The old "Retiree Health Care" designation is being replaced with the broader designation of Benefit System Receipts.
- Approved \$74,600 in fund source changes necessary to bring the Treasury Division's cost allocation plan into compliance.
- Approved a \$249,500 increment of Group Health Life & Benefit Receipts to fund increased measurement and consulting costs associated with the addition of 15 new investment options within the Supplemental Annuity, Deferred Compensation and Defined Contribution plans.
- Approved a \$900,000 increment of Group Health Life & Benefit Receipts to cover increased Treasury management costs associated with the Supplemental Annuity and the Deferred Compensation Plan.
- Approved a \$150,000 one-time increment of retirement trust funds to engage a contractor to audit the Board's performance consultant, Callan Associates.

ARMB CUSTODY AND MANAGEMENT FEES

- Approved an \$8.547 mill decrement of retirement trust funds to reflect lower investment manager fees due to the decline in the retirement portfolio's market value.

PERMANENT FUND DIVIDEND DIVISION

- Approved a \$101,000 increment of Permanent Fund Dividend funds to cover cost increases associated with an increased number of applicants and public inquires.

CHILD SUPPORT SERVICES DIVISION

- Denied a \$1.9 million fund source change from Receipt Supported Services to GF to increase state matching funds. The Department testified that they wouldn't need this change after all due to relief that was anticipated in the federal stimulus bill - the American Recovery and Reinvestment Act (ARRA).

ADMINISTRATIVE & SUPPORT

- Denied \$22,700 in fund source changes from CSSD receipts to General Funds related to unrealizable salary adjustments in the Commissioner's Office and the Administrative Services group.
- Accepted the House recommendation to delete the special assistant to the commissioner position. (\$46.4 GF/\$72.6 Inter Agency Receipts)

MENTAL HEALTH TRUST OPERATIONS

- Approved \$2.65 mill in Mental Health Trust Receipts to fund the Board of Trustees approved FY2010 operating plan. This is a \$150,400 increase over the FY09 management plan.

LONG TERM CARE OMBUDSMAN'S OFFICE

- Denied an \$11,600 fund source change from Inter-Agency Receipts to GF related to unrealizable salary adjustments.

ALASKA HOUSING FINANCE OPERATIONS

- Approved a \$674,300 fund source change from Corporation Receipts to Federal Receipts in order to maximize available federal Dept of Housing & Urban Development funding.
- Approved a \$959,700 increment in Fed Receipts to cover increased utility costs from rate increases.
- Approved a \$254,400 increment (\$50.9 Fed/\$80.5 CIP/\$123.0 AHFC Receipts) for costs associated with increased business activity.

ALASKA PERMANENT FUND CORP OPERATIONS

- Denied a \$74,100 increment in Perm Fund Corp Receipts for increased travel.

APFC CUSTODY AND MANGEMENT FEES

- Approved a \$10.0 mill decrement in Perm Fund Corp Receipts to reflect lower investment manager fees due to the decline in the retirement portfolio's market value.

ATTACHMENTS:

Report 1 - Agency Totals - Senate Structure

Report 2 - Allocation Summary - Senate Structure

Report 3 - Allocation Summary - Senate Structure (GF Only)

Report 4 - Transaction Compare - Gov Amend & Senate Subcommittee

Report 5 - Transaction Compare - House & Senate Subcommittee

Report 6 - Transaction Compare - Adjusted Base & Senate Subcommittee

Report 7 - Wordage



Senator Lesil McGuire



Senator Lyman Hoffman



Senator Bert Stedman - Chairman