



30th Alaska State Legislature
House Finance Budget Subcommittee
Department of Administration
FY18 Operating Budget

Chair:

Rep. Jason Grenn
Capitol Room 418
465-3892

Members:

Rep. Chris Birch
Capitol Room 112
465-4931

Rep. DeLena Johnson
Capitol Room 405
465-4958

Rep. Gary Knopp
Capitol Room 424
465-2693

Rep. Jonathan Kreiss-Tomkins
Capitol Room 411
465-3732

Rep. Gabrielle LeDoux
Capitol Room 216
465-4998

Rep. Cathy Tilton
Capitol Room 400
465-2199

Rep. Chris Tuck
Capitol Room 204
465-2095

Rep. Adam Wool
Capitol Room 412
465-4976

Committee Aide:

Brooke Ivy
465-6578

**DEPARTMENT OF ADMINISTRATION
FY2018 HOUSE FINANCE BUDGET SUBCOMMITTEE
NARRATIVE REPORT
February 21, 2017**

SUBCOMMITTEE MEETINGS:

The House Finance Budget Subcommittee for the Department of Administration held six meetings with the Department, including one joint overview with the House State Affairs Committee, during the review of the FY2018 budget request.

RECOMMENDATIONS:

The Chair of the House Finance Budget Subcommittee for the Department of Administration submits a recommended operating budget for FY2018 to the House Finance Committee as follows:

Fund Source: (dollars are in thousands)

Unrestricted General Funds (UGF)	\$68,850.0
Designated General Funds (DGF)	\$30,462.3
Other Funds	\$233,166.8
Federal Funds	\$4,122.9
Total	\$336,602.0

The Unrestricted General Fund (UGF) difference from the FY2015 Management Plan to the FY2018 House Subcommittee budget recommendation is a reduction of \$17,180.2, a 20 percent decrease.

From the FY2017 Management Plan, the Subcommittee recommendation reflects a total decrease in Unrestricted General Funds of \$3,104.7, a 4.3 percent reduction.

Positions:

Permanent Full-time	1,142
Permanent Part-time	14
Temporary	26
Total	1,182

Budget Amendments:

The following budget amendment is submitted by the Subcommittee Chair to the House Finance Committee for consideration:

- 1) **Reduce Available UGF for Training and Educational Conferences, <\$12.5> 1004 UGF.** The Department of Administration historically spends an average of \$37.2 in the Services line item of Labor Agreements Miscellaneous Items. This allocation is identified by the Department as funding "training, educational conferences, agency memberships, and employee tuition." While accommodating provisions in certain bargaining unit agreements, these services are not statutorily required, nor are they integral to the Department's mission or efficiency goals. Reducing the FY18 general fund authorization for Services will encourage the Department to operate more efficiently to meet their mission of providing consistent and efficient support services to state agencies.

Statutory Change Proposals:

The following statutory change recommendations are also submitted to the House Finance Committee for consideration:

For Consideration by House State Affairs Committee:

- 1) **Streamline Alaska Public Offices Commission Reporting Statutes.** Since the FY15 Management Plan, the Commission's budget has seen a 42.2% reduction in UGF, resulting in a reduction of six positions (5 PFT, 1 PPT). It has become apparent that streamlining reporting requirements would better ensure the Commission's ability to fulfill its mission and more efficiently serve the Alaskan public.
 - Revise AS 15.13.374(c) to extend the response time for advisory opinion requests from seven days to ten working days.
 - This change would allow the Commission additional time to increase efficiencies by avoiding pulling staff from one time-sensitive project to another, while still fulfilling requests within a reasonable timeframe.
 - Consider amending AS 15.13.030(7), AS 15.13.040(g) and AS 15.13.090(c) and repealing AS 15.13.040(k) to reduce redundancies, inconsistencies and inefficiencies in reporting and filing requirements.
- 2) **Increase Alaska Public Offices Commission Ability to Collect Fees from User Groups.** While the Commission's GF/Program receipt authority has been increased from \$120,000 to \$245,300 proposed, the additional receipts are uncollectable without increasing statutory authority to increase current, or establish new, fees.
 - Add a new subsection in AS 15.13.400 to formally define the term "entity." Add a new subsection within AS 15.13.050 instituting a registration fee for groups, nongroup entities and "entities."
 - This change would define a new class of persons making independent expenditures intended to influence the outcome of elections that do not technically fall within current definitions of "group" or "nongroup entity."
 - Providing this collection authority would generate revenues from the user groups whose activities take the most significant portion of the Commissioner's staff time to track.

must comply. These appeals consume significant resources in courts--the Supreme Court has hired staff with the sole task of dealing with CINA appeals. They consume roughly half of the budget of the Department of Law's Opinions, Appeals, and Ethics section. They also impact Public Defender agency resources. It may be worth investigating the benefit of instituting a nominal fee to help ensure CINA case appeals that go forward are those that have the greatest chance of success.

OTHER INFORMATION:

The Subcommittee discussed a variety of issues during the meetings. Those not put forward in this report for consideration by the House Finance Committee include, but are not limited to:

- 1) **Modification of Senior Vehicle Registration Exemption.** An amendment proposal was discussed that would have modified the vehicle registration fee exemption for senior citizens 65 years and older, as provided in AS 28.10.411(f). In FY15, this \$100 discount was used for 6,629 vehicles, resulting in lost annual revenues of \$662,900. While a modification to this indirect expenditure may be worth examining, the Subcommittee did not feel it had sufficient information to determine its full impact on Alaska's seniors.

GOVERNOR'S AMENDMENTS:

The subcommittee chair recommends that the House Finance Committee consider approval of the following attached amendments from the Governor:

- 1) Accept Governor's Deletion of Deputy Commissioner (02-1040) No Longer Needed, <\$173.6> 1004 UGF <\$15.5> I/A Receipts
- 2) Accept the Governor's Revised Structure Moving SATS from ETS to Office of Info Tech
- 3) Accept the Governor's Revised Structure Moving ALMR from ETS to Office of Info Tech
- 4) Accept Addition of New Federal Grant to Comply with Commercial Motor Vehicle Safety Act, \$500.0 1002 Federal Receipts

ATTACHED REPORTS:

The House Finance Budget Subcommittee for the Department of Administration adopts the attached reports:

- o Allocation Summary Report (All Funds) – Between FY2018 Governor and House Subcommittee (HSub)
- o Transaction Detail Report – House Structure (HSub Amends), including Governor Amendments

Respectfully submitted,



Representative Jason Grenn, Chair

House Finance Budget Subcommittee for the Department of Administration

**2017 Legislature - Operating Budget
Transaction Detail - House Structure
HSub Amends Column**

Numbers and Language

Agency: Department of Administration

	Trans Type	Total Expenditure	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants	Misc	PFT	PPT	TMP
Centralized Administrative Services												
Office of the Commissioner												
GA 1 2/15	Dec	-189.1	-189.1	0.0	0.0	0.0	0.0	0.0	0.0	-1	0	0
Delete Deputy Commissioner (02-1040) No Longer Needed												
Delete a full-time Deputy Commissioner (02-1040), range 28, located in Juneau, and the position's associated funding. The Commissioner's Office will continue to have one Deputy Commissioner to assist in the oversight of divisions and department initiatives.												
		1004 Gen Fund (UGF)	-173.6									
		1007 I/A Rcpts (Other)	-15.5									
* Allocation Total *		-189.1	-189.1	0.0	0.0	0.0	0.0	0.0	0.0	-1	0	0
Retirement and Benefits												
L H DOA 1	Lang	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
Actuarial costs for bills introduced by the legislature												
Offered by Representative Seaton												
See 30-GH1855J.4, Wallace, 1-31-17.												
This amendment rewords section 9(f) in HB 57, version J, to clarify that the cost of necessary actuarial work done at the request of the legislature will be paid for from the general fund for FY17 and FY18.												
* Allocation Total *		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
Labor Agreements Miscellaneous Items												
H DOA 2	Dec	-12.5	0.0	0.0	-12.5	0.0	0.0	0.0	0.0	0	0	0
Reduce Available UGF for Training and Educational Conferences												
Offered by Representative Grenn												
The Department of Administration historically spends an average of \$37.2 in the Services line item of Labor Agreements Miscellaneous Items. This allocation is identified by the Department of Administration as funding "training, educational conferences, agency memberships, and employee tuition." While accommodating provisions in certain bargaining unit agreements, these services are not statutorily required, nor are they integral to the Department's mission or efficiency goals. Reducing the FY18 general fund authorization for												

**2017 Legislature - Operating Budget
Transaction Detail - House Structure
HSub Amends Column**

Numbers and Language

Agency: Department of Administration

	<u>Trans Type</u>	<u>Total Expenditure</u>	<u>Personal Services</u>	<u>Travel</u>	<u>Services</u>	<u>Commodities</u>	<u>Capital Outlay</u>	<u>Grants</u>	<u>Misc</u>	<u>PFT</u>	<u>PPT</u>	<u>TMP</u>
Centralized Administrative Services (continued)												
Labor Agreements Miscellaneous Items (continued)												
H DOA 2 - Reduce Available UGF for												
Training and Educational Conferences (continued)												
Services will encourage the Department to operate more efficiently to meet their mission of providing consistent and efficient support services to state agencies.												
1004 Gen Fund (UGF)		-12.5										
* Allocation Total *		-12.5	0.0	0.0	-12.5	0.0	0.0	0.0	0.0	0	0	0
** Appropriation Total **		-201.6	-189.1	0.0	-12.5	0.0	0.0	0.0	0.0	-1	0	0
Enterprise Technology Services												
State of Alaska Telecommunications System												
H DOA 3 - Accept the Gov's Revised												
	MisAdj	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
Structure moving SATS from ETS to Office of Info Tech												
Offered by Representative Grenn												
This amendment accepts the Governor's revised structure moving the SATS allocation from the Enterprise Technology Services appropriation to the new Office of Information Technology appropriation.												
* Allocation Total *		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
Alaska Land Mobile Radio												
H DOA 4 - Accept the Gov's Revised												
	MisAdj	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
Structure moving ALMR from ETS to Office of Info Tech												
Offered by Representative Grenn												
This amendment accepts the Governor's revised structure moving the ALMR allocation from the Enterprise Technology Services appropriation to the new Office of Information Technology appropriation.												
* Allocation Total *		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
** Appropriation Total **		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0

**2017 Legislature - Operating Budget
Transaction Detail - House Structure
HSub Amends Column**

Numbers and Language

Agency: Department of Administration

**Motor Vehicles
Motor Vehicles**

Trans Type	Total Expenditure	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants	Misc	PFT	PPT	TMP
------------	-------------------	-------------------	--------	----------	-------------	----------------	--------	------	-----	-----	-----

GA 2 2/15 New Federal Grant to Comply with Commercial Motor Vehicle Safety Act	Inc	500.0	404.0	20.0	56.0	20.0	0.0	0.0	0.0	0	0	2
--	-----	-------	-------	------	------	------	-----	-----	-----	---	---	---

Federal regulations enacted in July 2015 require the Division of Motor Vehicles (DMV) to audit Commercial Driver's License (CDL) examiners and trainers every two years. To meet this new regulation, DMV applied for the competitive Federal Motor Carrier Safety Administration (FMCSA) grant in April 2016 and was awarded a three-year grant totaling \$1,434.6 in September 2016. This amendment provides FY2018 funding based on an FY2017 supplemental item of \$301.5.

Federal authority is needed in order to receive and expend this new federal grant. The DMV's proposed FY2018 budget does not contain any federal receipt authority.

Over the three-year federal grant period, the DMV will develop a program to insure the State of Alaska addresses existing FMCSA program findings of on-site inspections of all third-party testers/examiners, create strategies for correcting the findings, and implement sustainable business practices to maintain federal regulation compliance. This begins with the purchasing of a Commercial Skills Test Information Management System (CSTIMS) to be used to track compliance and progress of the program. This is a yearly software licensing fee of \$36.0 effective in FY2018. Existing staff will make any necessary programming changes or updates and will maintain the database to assure compliance and compatibility with the CDL Information System Modernization program. Additionally, the DMV will hire two nonpermanent positions, an Administrative Assistant II, range 14, located in Anchorage, and a Training Specialist I, range 16, located in Anchorage, for the length of the federal grant responsible for populating the CSTIMS with CDL provider and employee information to track compliance and produce progress reports.

The new federal regulations require the DMV to audit CDL examiners and trainers every two years. There are 90 state and third-party CDL testing facilities

**2017 Legislature - Operating Budget
Transaction Detail - House Structure
HSub Amends Column**

Numbers and Language

Agency: Department of Administration

Motor Vehicles (continued)

Motor Vehicles (continued)

GA 2 2/15 New Federal Grant to Comply with Commercial Motor Vehicle Safety Act (continued)

located throughout Alaska, and approximately 80 percent are located on the road system. The DMV will lease one used vehicle from the state equipment fleet to achieve compliance and facilitate timely on-site inspections at these facilities. On-site inspections will be performed by existing DMV staff.

Currently, the DMV has audited 25 percent of testers using a highly-manual process. This federal grant allows the DMV to develop a lasting, efficient program that will train staff, and track the facilities and trainers' progress. Once the program is implemented, DMV anticipates minimal ongoing costs that will be supported with current resources.

Without this federal grant, the DMV may be unable to adequately address the findings in the CDL program and perform federally-mandated auditing. As such, the division may be cited with a finding for non-compliance.

The following PCNs are added:

Nonpermanent Administrative Assistant II (02-#018), range 14, located in Anchorage

Nonpermanent Training Specialist I (02-#019), range 16, located in Anchorage

	Trans Type	Total Expenditure	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants	Misc	PFT	PPT	TMP
1002 Fed Rcpts (Fed)		500.0										
			404.0	20.0	56.0	20.0	0.0	0.0	0.0	0	0	2
* Allocation Total *		500.0	404.0	20.0	56.0	20.0	0.0	0.0	0.0	0	0	2
** Appropriation Total **		298.4	214.9	20.0	43.5	20.0	0.0	0.0	0.0	-1	0	2
*** Agency Total ***		298.4	214.9	20.0	43.5	20.0	0.0	0.0	0.0	-1	0	2
**** All Agencies Total ****												

Column Definitions

HSub Amends (House Subcom Amendments) - House Finance Subcommittee Amendment Proposals submitted to the House Finance Committee.

Supporting Documents H DOA 1 Page 1 of 1

30-GH1855J.4
Wallace
1/31/17

AMENDMENT

OFFERED IN THE HOUSE

BY REPRESENTATIVE SEATON

TO: CSHB 57(FIN), Draft Version "J"

1 Page 55, lines 12 - 16:

2 Delete all material and insert:

3 "(f) The amount necessary to cover actuarial costs associated with bills introduced by
4 the legislature, estimated to be \$0, is appropriated from the general fund to the Department of
5 Administration for that purpose for the fiscal years ending June 30, 2017, and June 30, 2018."

**2017 Legislature - Operating Budget
Allocation Summary - House Structure**

Numbers and Language

Agency: Department of Administration

Allocation	[1] 18Gov	[2] HSub Rec	[2] - [1] 18Gov to HSub Rec	
Centralized Admin. Services				
Administrative Hearings	2,708.2	2,708.2	0.0	
DOA Leases	1,026.4	1,026.4	0.0	
Office of the Commissioner	1,185.7	996.6	-189.1	-15.9 %
Administrative Services	2,569.8	2,569.8	0.0	
DOA Info Tech Support	0.0	0.0	0.0	
Finance	10,779.3	10,779.3	0.0	
E-Travel	2,861.8	2,861.8	0.0	
Personnel	12,103.6	12,103.6	0.0	
Labor Relations	1,280.3	1,280.3	0.0	
Centralized Human Resources	112.2	112.2	0.0	
Retirement and Benefits	17,988.8	17,988.8	0.0	
Health Plans Administration	24,940.9	24,940.9	0.0	
Labor Agreements Misc Items	50.0	37.5	-12.5	-25.0 %
Appropriation Total	77,607.0	77,405.4	-201.6	-0.3 %
Shared Services of Alaska				
Accounting	6,965.5	6,965.5	0.0	
Business Transformation Office	714.5	714.5	0.0	
Purchasing	2,023.6	2,023.6	0.0	
Print Services	2,588.8	2,588.8	0.0	
Leases	45,844.2	45,844.2	0.0	
Lease Administration	1,298.3	1,298.3	0.0	
Facilities	16,251.7	16,251.7	0.0	
Facilities Administration	1,470.8	1,470.8	0.0	
NPBF Facilities	824.3	824.3	0.0	
Property Management	0.0	0.0	0.0	
Appropriation Total	77,981.7	77,981.7	0.0	

**2017 Legislature - Operating Budget
Allocation Summary - House Structure**

Numbers and Language

Agency: Department of Administration

Allocation	[1] 18Gov	[2] HSub Rec	[2] - [1] 18Gov to HSub Rec
Office of Information Tech			
Chief Information Officer	319.3	319.3	0.0
Alaska Division of Info Tech	47,189.8	47,189.8	0.0
Appropriation Total	47,509.1	47,509.1	0.0
Admin State Facilities Rent			
Admin State Facilities Rent	506.2	506.2	0.0
Appropriation Total	506.2	506.2	0.0
Enterprise Technology Services			
SATS	4,462.0	4,462.0	0.0
ALMR	4,353.1	4,353.1	0.0
Appropriation Total	8,815.1	8,815.1	0.0
Information Services Fund			
Information Svcs Fund	55.0	55.0	0.0
Appropriation Total	55.0	55.0	0.0
Public Communications Services			
Public Broadcasting Commission	46.7	46.7	0.0
Public Broadcasting - Radio	2,036.6	2,036.6	0.0
Public Broadcasting - T.V.	633.3	633.3	0.0
Satellite Infrastructure	879.5	879.5	0.0
Appropriation Total	3,596.1	3,596.1	0.0
Risk Management			
Risk Management	40,760.6	40,760.6	0.0
Appropriation Total	40,760.6	40,760.6	0.0

**2017 Legislature - Operating Budget
Allocation Summary - House Structure**

Numbers and Language

Agency: Department of Administration

<u>Allocation</u>	<u>[1] 18Gov</u>	<u>[2] HSub Rec</u>	<u>[2] - [1] 18Gov to HSub Rec</u>	
AK Oil & Gas Conservation Comm				
AK Oil & Gas Conservation Comm	7,753.3	7,753.3	0.0	
Appropriation Total	7,753.3	7,753.3	0.0	
 Legal & Advocacy Services				
Office of Public Advocacy	25,587.8	25,587.8	0.0	
Public Defender Agency	25,979.6	25,979.6	0.0	
Appropriation Total	51,567.4	51,567.4	0.0	
 Violent Crimes Comp Board				
Violent Crimes Comp Board	2,547.6	2,547.6	0.0	
Appropriation Total	2,547.6	2,547.6	0.0	
 Alaska Public Offices Comm				
Alaska Public Offices Comm	1,051.9	1,051.9	0.0	
Appropriation Total	1,051.9	1,051.9	0.0	
 Motor Vehicles				
Motor Vehicles	16,702.6	17,202.6	500.0	3.0 %
Appropriation Total	16,702.6	17,202.6	500.0	3.0 %
 Agency Total	336,453.6	336,752.0	298.4	0.1 %
 Funding Summary				
Unrestricted General (UGF)	69,036.1	68,850.0	-186.1	-0.3 %
Designated General (DGF)	30,462.3	30,462.3	0.0	
Other State Funds (Other)	233,332.3	233,316.8	-15.5	
Federal Receipts (Fed)	3,622.9	4,122.9	500.0	13.8 %

Column Definitions

18Gov (FY18 Governor Request) - Includes FY18 Adjusted Base plus the Governor's operating budget bill requests for increases (increments), decreases (decrements), fund source changes, and language transactions submitted by the Governor on December 15, 2016.

HSub Rec (Subcommittee Recommendations) - House Finance Subcommittee Recommendations to the House Finance Committee.