

Department of Administration
FY25 - Summary of Significant Budget Issues
(\$ thousands)

Item	Appropriation / Allocation	Description	Governor Request	Amount Enacted	Comment
1	Centralized Administrative Services / Office of Administrative Hearings	Replace IA/Receipts with General Funds to Avoid Significant Rate Increases to Clients Due to FY24 Salary Increases	Net Zero \$525.0 Gen Fund (UGF) (\$525.0) I/A Rcpts (Other) FndChg	Net Zero \$262.5 Gen Fund (UGF) (\$262.5) I/A Rcpts (Other) FndChg	<p>The FY24 budget included a 5 percent inflation increase for exempt and partially exempt employees along with an additional 15 percent for attorneys. To avoid passing this along to customer agencies via increased rates, a funding source change replacing Interagency Receipts with general funds was proposed in the FY24 (supplemental) and FY25 budgets.</p> <p>The FY23 billable rate was \$228/hour. With inclusion of the 20 percent salary increase, the rate in FY24 is \$273/hour. The legislature did not approve the FY24 supplemental request and only approved half the amount for FY25 with the intention that the agency will utilize the rate smoothing language appropriation of the operating bill which will allow rates to transition over two years without an immediate spike.</p>
2	Centralized Administrative Services / Finance	Recruitment and Retention Incentives to Payroll Staff to Ensure Accurate and Timely Processing of Payroll	\$650.0 I/A Rcpts (Other) Inc	\$600.0 I/A Rcpts (Other) Inc	<p>Recruitment and retention has been a problem across numerous job classes in the Executive Branch and Letters of Agreement (LOAs) have been used to increase pay, provide bonuses, and in various other ways to incentivize employment.</p> <p>The payroll section in particular has had ongoing vacancy in the range of 35-45 percent. This increment is intended to create an incentive for former payroll employees to return to the section, and to help with recruiting employees from outside state government. Specific incentives have yet to be determined, but as an example in FY23, the Division paid out one-time retention bonuses of \$5,000 to Human Resource Technicians and a recruitment bonus of \$4,000 for the same position class.</p>
3	Centralized Administrative Services / Finance	Add Positions to Support the IRIS (Accounting and Human Resources) System and ALDER (Enterprise Reporting) System	\$413.0 I/A Rcpts (Other) 3 PFT Positions Inc	\$413.0 I/A Rcpts (Other) 3 PFT Positions Inc	<p>IRIS and ALDER are two very complex and integral information systems to the State. IRIS functions as the primary accounting and human resource (IRIS HRM) systems for most State agencies. Likewise, ALDER provides enterprise reporting functions from these systems.</p> <p>This Increment will add two Analyst Programmer positions to support IRIS and ALDER and a Business Analyst position for the HRM team.</p>

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4	Centralized Administrative Services / Finance	Large Screen Monitors for Payroll Section	n/a	\$45.0 Gen Fund (UGF) Inc	The legislature added \$45.0 for large screen monitors to assist the payroll section employees with their need to operate multiple programs simultaneously, with the goal being to increase the timeliness and accuracy of processing the payroll for State employees.
5	Centralized Administrative Services / Finance	Project Manager for Employee Self Service System (ESS) Implementation (FY25-27)	n/a	\$206.5 Gen Fund (UGF) 1 PFT Position IncT	The legislature added a Project Manager in the payroll section to assist other agencies move to electronic payroll in the Employee Self Service System (ESS) in an attempt to reduce the amount of duplicative work and thereby improve payroll efficiency.
6	Centralized Administrative Services / Finance	Additional Resources for Payroll Training Costs	n/a	\$50.0 I/A Rcpts (Other) Inc	The legislature added I/A Receipts funding to improve training for payroll personnel. This is intended to increase the work capacity of existing staff by removing the burden of training new staff and allowing them to focus on payroll processing. I/A Receipts are collected by the division through the IRIS rate chargeback to agencies.
7	Centralized Administrative Services / Finance	Move Payroll Services into the State Office Building	\$180.0 Gen Fund (UGF) IncOTI	\$130.0 Gen Fund (UGF) IncOTI	This One-time Increment will provide transition funding for payroll services to move from the Michael J. Burns building into the State Office Building in Juneau. The lease for the Michael J. Burns Building expires at the end of FY2025, and viable space has been identified in the State Office Building at a reduced cost. The relocation will temporarily increase costs while the Division of Finance pays for both spaces. The Conference Committee for the operating budget reduced the amount by \$50.0.
8	Centralized Administrative Services / Finance	Increased Software Licensing for Payroll Digitization (FY25-27)	n/a	n/a	Vetoed Legislative Addition: The legislature added \$250.0 UGF to assist with the annual software licensing costs for the payroll digitization project. However, the agency has planned to absorb the cost increase through reduced staffing and decreased use of toner and paper.
9	Centralized Administrative Services / Finance	Add Fund Accountant to Assist with Fund Tracking and the Annual Comprehensive Financial Report (ACFR) (FY25-27)	n/a	\$154.1 Gen Fund (UGF) 1 PFT Position IncT	The Division of Finance has stated that their lack of personnel has been a reason the State's Annual Comprehensive Financial Report (ACFR) has been late to publication recently. In addition, they haven't had staff to dedicate to tracking individual funds in the accounting system which has caused difficulty regarding legislative financial inquiries. This Temporary Increment will provide a fund accountant to assist with both issues.

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10	Shared Services of Alaska / Office of Procurement and Property Management	Reduce Receipt Authority as a Result of Procurement Positions Being Transferred Back to State Agencies in FY2024	(\$4,556.6) I/A Rcpts (Other) Dec	(\$4,556.6) I/A Rcpts (Other) Dec	<p>In accordance with Administrative Order 304, the Governor's proposed FY24 budget transferred 35 PFT positions from 12 agencies to consolidate and realign non-construction procurement services within DOA. However, as centralization efforts in other areas have been difficult to implement, the legislature in discussions with the administration, reverted the positions (and three additional positions previously transferred) back to agencies in the final FY24 budget.</p> <p>This transaction reduces the receipt authority no longer needed within the allocation.</p>
11	Public Communications Services / Public Broadcasting - Radio	Public Radio Funding to Rural Stations Vital in Emergency Communications	n/a	n/a	<p>Vetoed Legislative Addition: A \$1,200.0 UGF Increment was added by the legislature to provide the Public Broadcasting Radio System in the least populated areas of the state. Public radio stations represent 11 out of the 22 State Emergency Alert System (EAS) Plan's "Local Primary Stations," which are the primary source of EAS information in the regions.</p> <p>Intent Language was also included as follows: It is the intent of the legislature that the Department of Administration allocate the funds to rural public radio stations whose broadcast coverage areas serve 20,000 people or fewer.</p> <p>The Governor has consistently vetoed any funding for public radio during his terms.</p>
12	Office of Information Technology / Various	Multiple Increments for Security and Software Licensing, Cloud Hosting and Bandwidth Upgrades	\$3,004.0 Info Svc (Other) Inc	\$3,004.0 Info Svc (Other) Inc	<p>Multiple Increments were requested and approved in the Office of Information Technology.</p> <p>The IT Strategic Support allocation received: - \$526.0 for Microsoft Security Licensing protection for State servers; and - \$710.0 to maintain a 24/7 security monitoring, logging, and threat detection operational center.</p> <p>The Licensing, Infrastructure and Servers allocation received: - \$1,030.0 for Microsoft annual licensing costs due to ongoing updates and the</p>

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12	Office of Information Technology / Various	Multiple Increments for Security and Software Licensing, Cloud Hosting and Bandwidth Upgrades	\$3,004.0 Info Svc (Other) Inc	\$3,004.0 Info Svc (Other) Inc	(continued) phasing out of legacy systems; - \$575.0 for costs associated with the migration of existing servers and applications to the cloud which is slated for completion in FY24; and - \$163.0 for increased bandwidth costs to State agencies. These costs will be passed on to end users through the shared services rates methodology and these increments will allow additional expenditure from the Information Services Fund where the revenue from shared services rates is collected.
13	Legal and Advocacy Services / Office of Public Advocacy	Federal Grant Related to the Court Appointed Special Advocate (CASA) Program No Longer Available	Net Zero (\$214.0) Fed Rcpts (Fed) \$214.0 Gen Fund (UGF) FndChg	Net Zero (\$214.0) Fed Rcpts (Fed) \$214.0 Gen Fund (UGF) FndChg	The Court Appointed Special Advocate (CASA) program assists Guardian ad Litem (GALs) by assigning a mentor to a child or children in a specific family. They work with that family and directly report to the GAL assigned to the Child in Need of Aid case. CASAs are volunteers from the community who are trained through the CASA program. Historically, federal grant funding has been received to assist with administration of the program, but in FY23 the grant was no longer awarded and future receipt is not expected. This budget action replaces the grant receipts with general funds to continue the program.
14	Legal and Advocacy Services / Office of Public Advocacy	Add Four Permanent Full-time Positions to Address Increased Caseloads - 2 Public Guardians, and 2 Support Staff	\$429.7 Gen Fund (UGF) 4 PFT Positions Inc	\$429.7 Gen Fund (UGF) 4 PFT Positions Inc	Public Guardians provide oversight, support, and representation to wards of the State who are unable to provide for themselves. As of December 6, 2023, the current number of wards, including incoming ones, was approximately 1,700. Current caseloads for Public Guardians in Alaska are 85-100 cases, which is more than double the National Guardianship Association recommendation of 40 per position. This Increment will fund four permanent positions to help decrease the caseload level per Public Guardian. The Governor originally proposed \$411.0 UGF and four temporary positions as a Multiyear (FY24-25) supplemental (in the December 15th budget). Subsequently, the Governor requested a permanent Increment to the FY25 budget adding four PFTs and \$429.7 UGF.

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15	Motor Vehicles / Motor Vehicles	Sec 13(d) HB268 - Abandoned Motor Vehicle Fund to DMV to Reimburse Munis for the Removal of Abandoned Vehicles (FY24-25)	n/a	n/a	Vetoed Legislative Addition (FY24 Supplemental): In the FY24 budget passed during the 2023 session, \$100.0 GF/Prgm (DMV revenue) was appropriated to the Abandoned Motor Vehicle Fund intended to reimburse municipalities for costs associated with remediating abandoned motor vehicles. However, an appropriation from the fund was omitted and the funding was not accessible by the agency. An FY24 supplemental appropriation of \$110.0 was made by the legislature to provide expenditure from the fund for the fiscal years FY24-FY25 (an additional \$10.0 of authority was provided to access a previous balance). This supplemental, however, was vetoed by the governor. Items 15 and 16 are related.
16	Motor Vehicles / Motor Vehicles	Sec 34(h) HB268 - Abandoned Motor Vehicle Fund to DMV to Reimburse Munis for the Removal of Abandoned Vehicles (FY25-26)	n/a	n/a	Vetoed Legislative Addition: In addition to the FY24 supplemental in Item 15, the legislature appropriated another \$110.0 GF/Prgm receipts (DMV revenue) into the Abandoned Motor Vehicle Fund and an FY25-FY26 Multiyear appropriation from the fund to DOA. Both the fund transfer appropriation into the fund, and the expenditure authority for DOA from the fund were vetoed by the Governor. Items 16 and 15 are related.