



THE STATE
of **ALASKA**
GOVERNOR MIKE DUNLEAVY

Department of Administration

PAULA VRANA, COMMISSIONER

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March 17, 2025

The Honorable Calvin Schrage
Chair, House Administration Finance Subcommittee
Alaska State Capitol, Room 410
Juneau, Alaska 99801

Dear Chair Schrage:

During the Division of Retirement and Benefits Overview presentation to the House Administration Finance Subcommittee on February 4, 2025, we agreed to follow-up with some information we did not have on hand at the time. The questions from the committee members and the follow-up responses are below.

What is the price tag for LOA incentives and overtime?

Incentive	\$ 2,014,248.38
Hazard	\$ 787,151.44
OT for FLSA Exempt	\$ 1,216,294.45
Total	\$ 4,017,694.27

Are Labor Relations typically found in Departments of Law in other states?

We don't have the specific information you seek. We do know that states have their labor relations (LR) units in a variety of organizational structures. For examples, Illinois' LR unit is in its Department of Central Management Services; in Ohio, LR is in its Office of Collective Bargaining within the Department of Administrative Services; and in Washington, its State Office of Financial Management oversees labor relations.

What is the department's (or Governor's) reasoning for moving Labor Relations to Law?

This was done through the Governor's AO 356 which can be found at this link:

<https://gov.alaska.gov/admin-orders/administrative-order-no-356/>

Aligning this important labor relations function with the State agency responsible for drafting, interpreting, and negotiating legal instruments will improve the functioning of the State's labor relations work by:

- Providing direct legal assistance and oversight to the State's labor relations team.

- Allowing for the legal review and analysis of contract terms and proposals during the negotiation process.
- Providing enhanced resources for review and response to grievances, arbitrations, and questions of contract interpretation.
- Facilitating the scaling of legal resources more easily for work that can ebb and flow.

The Division of Personnel will continue to process Letters of Dispute resolution associated with employee disciplinary matters and other functions that closely align with the Division's statutory and regulatory authority.

Where is the funding coming from for the six on-call accounting support positions?

The Labor Relations component transferred \$805.6 in UGF to the Department of Law and \$175.8 to the Office of the Governor in the FY2026 Governor's budget. The February 4 presentation table only reflected the Division of Personnel component, showing a net positive change of \$218.5. When combined with the Labor Relations transfers, the overall cumulative change results in a net reduction. Please see below updated table to reflect both Personnel and Labor Relations.

Personnel & Labor Relations					
Fund Group	FY2024 Actual	FY2025 Management Plan (MP)	FY2026 Governor	FY2025 MP to FY2026 Gov	% Change
UGF	1,979.7	2,132.1	1,017.3	(1,114.8)	-52.3%
DGF	0.0	0.0	0.0	0.0	0.0%
Other	10,322.9	11,853.9	12,059.6	205.7	1.7%
FED	0.0	0.0	0.0	0.0	0.0%
Total	12,302.6	13,986.0	13,076.9	(909.1)	-6.5%

Please provide the department's legislative priorities from last year. How do your KPIs and current legislative priorities align with the budget?

The department is currently tracking KPIs in support of our primary initiatives for DOA.

Division of Finance, Payroll services. The KPIs tracking for success:

- Recruitments and resignations: Looking at turnover rates, length of service and employee production.
 - o Employee production: Timesheets completed per payroll, portal tickets completed (NOPP), and employee actions completed. (evaluations, appointments, promotions, demotions, etc.)
- Total Tickets resolved per month (NOPP Portal)
- Total tickets received per month (NOPP Portal)
- Tickets resolved per week (NOPP Portal)
- Responsibility center (Cause of issue)
- Pay period timesheets completed
- Pay period supplemental runs (payroll processed outside of initial payroll batch process system job)
- Total employees not paid by contractual payday (missing appointment information, such as W2 doesn't allow for payment, etc.)

Division of Retirement and Benefits (DRB), Retirement processing:

- Total requests per month
- Receipt to completion processing time
- Average processing time per request

Shared Services of Alaska, Transaction processing:

- Tickets by department
- Receipt to completion processing time, payables and travel
- Return to department: Incomplete requests, needing more information
- Target processing time, per department.
- Department response time on items returned
- Total transactions processed to transactions corrected (Error rate)

What are your mechanisms for keeping health insurance cost low?

1. Employee Plan uses Optum's Premium formulary.
2. Employee plan requires use of Optum Specialty Pharmacy.
3. AlaskaCare plans have quantity limits, Utilization Management, and Prior Authorizations.
4. The AlaskaCare employee plan utilizes a Variable Copay Card solution.
5. The employee plan has an Orphan Drug program in place.
6. The employee plan incentivizes the use of Home Delivery by sharing cost savings with members in the form of reduced copays. (Saves approximately two percent)
7. The AlaskaCare plans audit our Pharmacy Benefit Managers annually to ensure that Optum meets the pricing guarantees in our contract.
8. Annually audit rebates to ensure that 100 percent of all drug rebates are passed back to the plan.

9. Annual Market Checks – compare the contracted pricing Optum is providing the AlaskaCare plans with other clients in the market to ensure we are getting optimal drug pricing.
10. We are administering a retiree plan Employer Group Waiver Plan (EGWP- aka “Medicare Prescription Drug Plan” aka Medicare Part “D”) that is bringing in more than \$100 million annually in subsidies from Medicare.

Number of employees who have long-standing telework agreements, their position, and their salary.

While the Executive Branch does not track this specific detailed information, enclosed is a summary of teleworking by department as of November 2024. Each department sets its own rules for telework that are specific and appropriate to that department’s mission and to the individual employee’s job duties. The vast majority are “hybrid” agreements where the person works both in-office and teleworks on other days.

Why are case times for Office of Public Advocacy (OPA) cases taking longer than previously?

In FY2013, the number of wards was approximately 1,400 and steadily increased into FY2020 outstripping the agencies resources and causing attrition of the most experienced public guardians. It takes two years to train and certify a public guardian, and five years for a guardian to begin to master the many complicated facets of the job. Since FY2020, the approximate number of wards for the public guardian section has remained high at around 1,700. The department anticipates exceeding 1,700 wards into FY2026.

The agency has managed to gain traction and retain and train additional certified guardians within the last two years. However, there are a multitude of factors that increase the difficulty of a case. Alaska suffers from a shortage of providers, housing, treatment options, etc. This leaves the public guardians (PGs) scrambling to obtain resources for their wards in an increasingly resource poor environment. The number of wards per certified guardian remains well above the National Guardianship Association recommended maximum of 40 wards per certified public guardian.

The agency currently has 21 certified guardians - which is more than the agency has had in several years. Previously the agency had been stalled at around 17 certified guardians due to rolling attrition. OPA has another six guardians that are scheduled to take their certification within the next few months which should bring the number of certified guardians to 27. While this is extremely good news, the situation is fragile as the vast majority of the PG section has less than five years’ experience. OPA has seven experienced PGs that are able to train new incoming PGs. They are who manufactures new certified guardians for the State of Alaska. Due to their

caseloads, OPA has been bottle-necked regarding how many new PGs can be trained and onboarded at a given time. Within the next month OPA will have 12 guardians with more than five years' experience. There is no hiring pool for certified public guardians. They must be trained from the ground up.

The agency is beginning to see an uptick in the number of senility/Alzheimer's based appointments. Alaska's 65+ population, currently 110,490, is projected to peak at 134,849 by 2035 and then experience another round of growth as millennials age out of the workforce. Alaska currently has the fewest skilled nursing beds per capita in the U.S., and lacks specialty facilities for Alzheimer's care, geriatric psychiatric services, and chemical dependency treatment. Similar gaps exist for intermediate care, assisted living, home health, hospice, and behavioral health services.

In the Alaska Supreme Court case S-18821 ITMO of the Protection of H.T., the Court ruled that OPA has no ability to refuse a guardianship appointment. Thus, unlike other states, the public guardian has no ability to pause case assignments to bring resources to bear. This means it's imperative that the executive and legislative branches act proactively to resource the public guardian section. Other states employ strict case caps (between 20-40 per guardian) or have a statutory framework that limits guardianship appointments and employs different procedures when a PG section is at capacity. This means Alaska is uniquely vulnerable to having the public guardian section collapse. Whether there are 30 certified public guardians or one, the court can continue to appoint OPA in guardianship cases due to how the guardianship statutes have been interpreted.

Alaska may be the only state that houses a stand-alone public guardian section in a legal advocacy agency. Most often the public guardian is housed with the court system, a DHSS-like entity, or an office of elder affairs that restricts adult guardianship to older individuals. Alaska appears to be an extreme outlier both in terms of raw ward numbers and per capita numbers for a public guardian section. For example, Oregon (<https://www.oltco.org/programs/opg-about-us.html>) has a comparable total ward need for its public guardian section. Yet it has six times the people Alaska has. It is likely that the public guardian section in Alaska is the largest per capita public guardian program in the nation. The Illinois Office of the State Guardian (<https://gac.illinois.gov/osg.html>), is the largest public guardian agency of its kind in the United States serving nearly 5,300 adult disabled wards. However, Illinois has approximately 12.6 million people.

A guardianship appointment typically lasts for the duration of someone's natural life. An Alaskan may age out of the juvenile system and be under guardianship until they are 80. Thus, a guardianship case is not limited in scope or duration like a criminal or civil case. It involves every decision of consequence, need, and problem that arises in the life of an adult human being.

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In short, the OPA public guardian section faces unique challenges in meeting the needs of its wards and must act as proactively as possible given the challenges ahead.

Does the Juneau DMV provide the driver test service, and do they charge? If not, why? Because of lack of resources or employees?

Yes, our Juneau office does offer skills testing. A non-commercial skills test is \$15.00 and a commercial skills test is \$25.00. These tests are by appointment only and can be scheduled by visiting our website at <https://online.dmv.alaska.gov/starii/index.aspx> or visiting the office in person.

Please let us know if the committee has any additional questions.

Sincerely,

A handwritten signature in blue ink that reads "Paula Vrana". The signature is written in a cursive, flowing style.

Paula Vrana
Commissioner

Enclosures

cc: Forrest Wolfe, Legislative Liaison, DOA
Jordan Shilling, Director, Governor's Legislative Office