

# STATE OF ALASKA

## OFFICE OF THE GOVERNOR

OFFICE OF MANAGEMENT AND BUDGET

SARAH PALIN, GOVERNOR

P.O. BOX 110020  
JUNEAU, ALASKA 99811-0020  
TELEPHONE: (907) 465-4660  
FAX: (907) 465-3008

February 6, 2009

The Honorable Lyman Hoffman  
Co-Chair, Senate Finance Committee  
Alaska State Legislature  
State Capitol, Room 518  
Juneau, AK 99801-1182

The Honorable Bert Stedman  
Co-Chair, Senate Finance Committee  
Alaska State Legislature  
State Capitol, Room 516  
Juneau, AK 99801-1182

The Honorable Mike Hawker  
Co-Chair, House Finance Committee  
Alaska State Legislature  
State Capitol, Room 505  
Juneau, AK 99801-1182

The Honorable Bill Stoltze  
Co-Chair, House Finance Committee  
Alaska State Legislature  
State Capitol, Room 515  
Juneau, AK 99801-1182

Dear Finance Committee Co-Chairs:

During my presentation before the House Finance Committee on January 26, 2009, and the Senate Finance Committee on February 4, 2009, I was asked to provide documents regarding the \$20 million savings target. I have enclosed:

- memorandum of June 26, 2008, with instructions to state agencies;
- follow-up email of July 11, 2008, to state agencies;
- memorandum of October 27, 2008, regarding quarterly reporting;
- the departments' savings plans;
- the departments' second quarter report; and
- a one-page summary as of December 31, 2008

As the Governor stated in her operating budget transmittal letter dated May 23, 2008, she implemented a \$20 million savings target last summer. We asked agencies to see what they could accomplish in savings in FY2009 by managing those things we have control over, finding efficiencies, and implementing changes in business processes and practices that could ultimately result in some savings.

We did not ask agencies to cut services or positions. We encouraged departments to look at all line items for potential savings. We also suggested delaying the filling of vacant positions or reassigning work, if possible, to achieve some savings. Agencies prepared savings plans and have provided quarterly reports on the status of the plans.

Finance Committee Co-Chairs  
February 6, 2009  
Page 2

The Departments of Public Safety and Military and Veterans Affairs were exempted from the savings target although the commissioners are working hard to find efficiencies in their agencies also.

Departments' savings plans and reports vary in the amount of specificity, but all are committed to achieving the savings. We included \$17.5 million in reductions in the FY2009 supplemental bill based on the savings identified through these plans. With five months left in the fiscal year, adjustments may be needed in the savings plans at the component level in order to achieve the target. In order to provide flexibility, we included unallocated reductions in the commissioner's office for the amount of the departments' savings targets with two exceptions - both related to Education: a reduction in the school performance incentive program and a reduction in school debt reimbursement.

Please contact me if you have additional questions.

Sincerely,



Karen J. Rehfeld  
Director

Enclosures

cc: David Teal, Legislative Finance Division  
House and Senate Finance Committee members

# MEMORANDUM

# STATE OF ALASKA

Office of the Governor  
Office of Management and Budget  
PO Box 110020  
Juneau AK 99811-0020  
(907) 465-4660, fax 465-3008

To: Commissioners  
Administrative Services Directors

Date: June 26, 2008

From: Karen J. Rehfeld  
Director

Subject: FY2009 General Fund  
Savings Plans

As you know, the Governor has set a savings target of \$20 million general fund for FY2009. The attached document provides additional information and the savings targets by department to assist you in developing a FY2009 savings plan.

The savings targets were established as 2.9% of each department's estimated general fund personal services. Personal services are the only budget line item that includes fund source data. The estimated general fund personal services amounts came from the FY2009 Governor Amended Final scenario, which will be updated in the FY2009 Management Plan scenario.

Even though the target amounts were based on personal services, the saving plan does not necessarily need to come from personal services. However, since personal services is a large portion of a department's budget, cost savings may be achieved by requiring an internal review process before approving recruitment for vacant positions or by extending the vacancy by a month or more. Departments should also limit the creation of new positions.

As of July 1, OMB approval will be required for the creation of ALL new positions. In addition, OMB approval will be required for all reclassifications resulting in more than a two-range increase. Reclassifications as a result of flex-range positions or if initiated by the Division of Personnel are exempt from OMB approval. Updated personal services revised program procedures will be included in the July 2008 version of the Revised Program Manual. The manual will be available shortly.

I encourage you to review all line items and programs for potential savings. Consider savings in travel costs by using airline miles for ticket purchases, consolidating or reducing the number of trips and/or the number of travelers, and holding more video or teleconference meetings. Every year state agencies lapse funds. It may be helpful to look at FY08 lapse as the fiscal year ends for potential savings ideas.

Your department savings plan with amounts and impacts by component is due to OMB by Friday, August 1. If you have any questions, please contact me or your OMB Analyst. Thank you for your assistance.

Attachment

## **Task: Identify \$20 million in FY2009 General Fund Savings**

### General fund target methodology

Targets established as a percentage of each department's estimated general fund personal services.

Departments are not limited to the personal services line for actually obtaining the required savings.

As of July 1 all new position requests must be submitted to OMB for approval along with reclassification requests that increase more than two ranges. Reclassifications associated with flex-range positions or initiated by the Division of Personnel are exempt from OMB review.

Departments develop savings plan and submit it to OMB by Friday, August 1.

No Washington Monuments!

Encourage departmental review of ALL line items and programs.

Engage department staff.

Savings plan memo to identify the amounts and impacts by component.

Identify the reductions that can be continued in the FY2010 budget.

Chief of Staff and OMB Director review each department's plan and work with department to modify if necessary.

Present summary to Governor for approval.

Departmental plans to be finalized by August 29 and incorporated into FY2009 Management Plan scenario.

Each department will establish general fund expenditure AKSAS restrictions by line item per the approved plan and report quarterly to OMB on progress.

Each department will develop a cost savings plan for FY2010 budget (may be different than that proposed for FY2009) and be prepared to discuss it at their Heads Up meetings in September - October, including whether or not legislation or regulations would be required for implementation.

### **Targets:**

Administration - \$1,100.0

Commerce, Community & Economic Development - \$80.0

Corrections - \$3,910.0

Education & Early Development - \$270.0

Environmental Conservation - \$390.0

Fish & Game - \$940.0

Governor - \$440.0

Health & Social Services - \$4,760.0

Labor & Workforce Development - \$330.0

Law - \$1,030.0

Military & Veterans Affairs - \$160.0

Natural Resources - \$1,300.0

Public Safety - \$2,280.0

Revenue - \$390.0

Transportation & Public Facilities - \$3,220.0

**Total**

**\$20,600.00**

**Rehfeld, Karen J (GOV)**

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**From:** Rehfeld, Karen J (GOV)  
**Sent:** Friday, July 11, 2008 8:43 AM  
**To:** GOV Commissioners; GOV Administrative Directors  
**Cc:** GOV OMB Staff; GOV Special Assistants; Nizich, Michael A (GOV); Goode, Kelly C (GOV)  
**Subject:** \$20 Million Savings Target

Good Morning –

I have received some feedback from legislators who are hearing from their constituents that we are “cutting the FY09 budget” and impacting services.

In response, I explained the governor’s concern about managing the growth in the operating budget and her goal in setting the \$20 million savings target. I let them know that we have asked agencies to see what we may be able to accomplish in savings in FY09 by managing those things we have control over, finding efficiencies, and implementing changes in business processes and practices that could ultimately result in some savings.

We used 2.9% of GF personal services to establish the savings target so that departments would have a number to work toward, but we did not suggest that savings would have to come from personal services. We encourage departments to look at all line items for potential savings.

We typically end up with a GF lapse at the end of the year without imposing any savings targets. We have NOT asked agencies to cut services or positions. We have suggested delaying the filling of vacant positions or reassigning work, if possible, to achieve some savings.

We look forward to hearing your plans – emphasis on plans – in early August. The careful managing of our budget will have positive results in reduced supplemental need or in helping to find areas in the budget that may be trimmed in the future.

Please remind your divisions and programs that it is in everyone’s best interest to be good stewards of public resources and demonstrate our commitment to provide quality service in the most efficient and effective manner. We have very talented and creative state employees who have excellent ideas on how to better serve Alaskans. Juneau’s recent energy conservation efforts are a great example of what is possible.

Thanks for your help in communicating the positive aspects of our savings efforts!

Karen

\*\*\*\*\*

Karen J. Rehfeld, Director  
Office of Management & Budget  
465-3568

[karen.rehfeld@alaska.gov](mailto:karen.rehfeld@alaska.gov)


1/25/2009

# MEMORANDUM

# STATE OF ALASKA

Office of the Governor  
Office of Management and Budget  
PO Box 110020  
Juneau AK 99811-0020  
(907) 465-4660, fax 465-3008

To: Commissioners  
Administrative Services Directors

From:   
Karen J. Rehfeld  
Director

Date: October 27, 2008

Subject: Quarterly Reporting  
on FY2009 General  
Fund Savings Plans

During last month's Heads Up Meetings, we briefly discussed progress to date with the FY2009 Savings Plan in conjunction with potential supplemental needs. In order to keep track of efforts made by each agency toward meeting the savings target, we would like to receive a report on your progress for the first quarter of FY2009.

Please submit a memo that lists the approved components of your plan; the savings amounts assigned to each, if they were specified; your actual or estimated savings as of September 30 for each item identified; and any comments.

This format will be helpful:

Savings Plan	Savings Target	Sept 30 Savings	Comments
Hold 5 PCNs vacant in XYZ Division	\$350.0	\$17.5	On track to achieve this savings target
Reduce travel costs by using accrued miles	\$100.0	\$15.0	Struggling with this savings target. If unable to meet this target, will find other savings in department.
<b>Savings Plan Totals</b>	<b>\$450.0</b>	<b>\$32.5</b>	

If your department is having significant difficulty meeting your savings target, please contact me immediately. Otherwise, please submit your first quarter report to your OMB Analyst by October 31. Please use this format for subsequent quarterly reports (due dates are on the budget calendar).

Thank you for your efforts to control spending and find efficiencies that may result in cost containment and costs savings. The careful managing of our budget will have positive results in reduced supplemental need or in helping to find areas in the budget that may be trimmed in the future.

# STATE OF ALASKA

DEPARTMENT OF ADMINISTRATION

ANNETTE KREITZER, COMMISSIONER

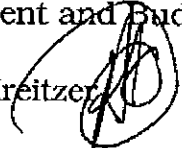
SARAH PALIN, GOVERNOR

P.O. BOX 110200  
JUNEAU, ALASKA 99811-0200  
PHONE: (907) 465-2200  
FAX: (907) 465-2135

## Memorandum

**To:** Karen Rehfeld  
Director, Office of  
Management and Budget

**Date:** July 25, 2008

**From:** Annette Kreitzer 

**Phone:** 907-465-5671

**Subject:** Department of Administration FY2009 GF Savings Plan

We have reviewed the FY2009 operating budget of the Department of Administration (DOA) to determine where reductions can be made to meet the Governor's savings target. I believe reductions for FY2009 can be made which will result in GF savings for FY2009 and which will limit the impact to the services we provide to our customers. My recommendations are as follows:

### **Division of Finance (DOF)**

**(\$300.0) GF**

This reduction will be offset with an increase in unbudgeted CIP receipts. The DOF currently has capital project funding in excess of \$40 million GF for statewide systems replacement. The division plans to use staff resources to work on the project, and expect that staff efforts over the next several fiscal years will be at a level to support charging the project \$300.0 annually.

### **Enterprise Technology Services (ETS)**

**(\$300.0) GF**

ETS received in excess of \$800.0 GF for salary and health insurance cost increases for FY2009 for all units within the division. ETS also has in excess of \$7.0 million of GF in the FY2009 budget for SATS/ALMR operations. I believe we can aggressively manage vacancy and achieve efficiencies in non-personal services costs in all areas of ETS to meet the targeted savings.

### **Department Wide Personal Services Reduction**

**(\$200.0) GF**

I am proposing to spread \$200.0 of GF reduction among all divisions within the department that have GF in their personal services budget. The reduction will be based on each divisions' percentage share of the amount of the total GF received for salary and health insurance increases for FY2009. The reductions

July 25, 2008

will be modest for each division, and I believe with careful management of vacancy we can achieve the savings.

**Retirement & Benefits GF Reduction**

**(\$107.6) GF**

The Division of Retirement & Benefits will see a reduction of GF needed in FY2009 for costs related to the defined contribution retirement plan. This reduction, which was projected in the fiscal note for SB141 (CHAPTER 9 FSSLA 05), and which should have been made in the FY2009 budget, was inadvertently overlooked.

**Year End Lapsing**

**(\$200.0) GF**

For the past several years the DOA has lapsed in excess of \$200.0 of GF each year. I believe it is reasonable to expect that to occur again in FY2009. As we progress through FY2009 we will be looking to identify specifically where this lapse will occur.

The total amount of FY2009 GF savings identified here is \$1,107,600. This exceeds our target amount by \$7,600.

Please let me know if you have questions or need additional information.

cc: Kevin Brooks, Deputy Commissioner, Department of Administration  
Rachael Petro, Deputy Commissioner, Department of Administration  
Division Directors, Department of Administration



# STATE OF ALASKA

DEPARTMENT OF ADMINISTRATION

ANNETTE KREITZER, COMMISSIONER

SARAH PALIN, GOVERNOR

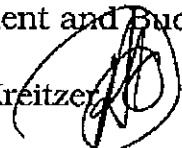
P.O. BOX 110200  
JUNEAU, ALASKA 99811-0200

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July 25, 2008

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cc: Kevin Brooks, Deputy Commissioner, Department of Administration  
Rachael Petro, Deputy Commissioner, Department of Administration  
Division Directors, Department of Administration



STATE OF ALASKA  
DEPARTMENT OF  
**COMMERCE**  
COMMUNITY AND  
ECONOMIC DEVELOPMENT

Office of the Commissioner

Sarah Palin, Governor  
Emil Notti, Commissioner

Date: August 1, 2008

To: Karen Rehfeld, Director  
Office of Management and Budget

From: Emil Notti, Commissioner *Emil Notti*  
Department of Commerce, Community and Economic Development

Subject: FY09 General Fund Savings Plan

The Department of Commerce, Community, and Economic Development has looked at a variety of areas to determine where to achieve the \$80,000 of general funds savings requested by the Governor. After discussions with the directors of the impacted divisions and careful consideration of the options, I am proposing the following general fund cuts:

**The Office of Economic Development (OED): \$60,000.**

Although \$290,000 was added via a fiscal note for the newly created film office, the regulations process and the position approval and recruitment has taken longer than anticipated. As a result, OED will be able to achieve one-time savings of \$60,000 from the FY09 budget. However, the film office will be fully operational fairly soon, and OED will need the full \$290,000 in FY10.

**The Division of Community and Regional Affairs: \$16,000.**

Due to significant staff turnover, DCRA is actively recruiting for a number of positions. The payroll costs of these temporarily vacant positions should be enough to address most of this reduction. Additional cuts will be made by reducing staff travel. This travel reduction will result in a reduced presence at conferences this year, including the Southeast Conference, Alaska Municipal League, and AFN.

Because DCRA's turnover is typically very low, this cut will be difficult to sustain when the positions are filled. If this cut carries into FY10, the delivery of its programs may be negatively impacted.

**Division of Administrative Services: \$4,000.**

Reductions in travel (in numbers of trips and the length of trips) and delaying the purchase of some equipment should enable this division to achieve these savings. These savings are probably sustainable and can be carried into FY10.

P.O. Box 110800, Juneau, Alaska 99811-0800

Telephone: (907) 465-2500 Fax: (907) 465-5442 Text Telephone: (907) 465-5437

Email: [questions@commerce.state.ak.us](mailto:questions@commerce.state.ak.us) Website: <http://www.commerce.state.ak.us/>

# STATE OF ALASKA /


## MEMORANDUM

### DEPARTMENT OF CORRECTIONS

Division of Administrative Services  
P.O. Box 112000  
Juneau, Alaska 99811-2000  
Phone (907) 465-3376 Fax (907) 465-2006

**To:** Karen J. Rehfeld, Director  
Office of Management and Budget  
Governor's Office

**DATE:** July 31, 2008

**From:** Dwayne Peeples   
Deputy Commissioner  
Department of Corrections

**SUBJECT:** DOC FY09 Savings Scenario

The Department of Corrections appreciates the opportunity to provide the requested information on potential general fund savings for FY2009. This was a valuable exercise in looking for inefficiencies and areas where we identify long-term practices that can save general fund dollars in future years.

#### Challenges and Possibilities:

- FY 09 Anticipated Supplemental Requirements: Fuel/energy cost increases for 24/7 facilities. In addition to physical plant increased costs, this also includes increased transport cost and increased commodities—all tied to fuel and energy increased costs.
- FY09 *Knowns*: If population remains static, we will not be in supplemental mode *except for fuel/utilities*, and possibly *medical*. We can draw from Electronic Monitoring (EM) and Out-of-State (OOS)—OOS will generate fewer trips if populations remain static as of 7/31/08 (3696 max cap - 3626 incarcerated = -70).

#### Savings Scenario--\$3,910.0 GF, \$123.0 MHTAAR = \$4,033.0:

- Substance abuse treatment program FY09 increases, \$1,132.8: These services are expansion of treatment services appropriated for ¾ of the fiscal year and are the major part of the department's initiative to reduce recidivism. The expansion for the services have not been implemented and will not result in lay offs or cancelation of contracts. Impact: Elimination of this program expansion will result in increased population growth in future years requiring additional facility construction or purchase of contract beds; adversely impact the program design of the new 1,536 bed prison in the Mat/Su Borough and adversely impact the credibility of the department with the legislature to obtain funding for these programs in future years.
- Freeze Substance Abuse Coordinator and Education Program Coordinator (or the equivalent), \$199.6: the substance abuse position is vacant, this will not result in a layoff situation. The Education Program Coordinator position is expected to become vacant by 10/1/08 and will remain unfilled, duties will be absorbed by existing filled positions.

- 3<sup>rd</sup> year fiscal note funding for Sex Offender Polygraph, \$752.5: 1) the Sex Offender Polygraph program is under performing, however, it has recently shown improvements in our ability to hire qualified polygraphists; and, 2) we propose to restrict the funding for the 2 PFT probation officer positions until the program is performing at full levels. *(NOTE: this does not impact the YKCC (Bethel) program.)*
- Electronic Monitoring (EM) FY08 increase, \$881.1: we have not increased EM by 50 slots as originally proposed. In FY09, adding 40 Community Residential Center (CRC) beds is being proposed which will reduce overcrowding in the Anchorage Correctional Complex and allow the out-of-state placements to remain static.\*
- Freeze SCCC Micro-Tech (or equivalent) and HMCC Food Service Lead, \$148.6: this does not generate lay-offs, these are vacant positions that we believe the duties can be absorbed by existing staff (HMCC) or by institutions sharing a Micro-Tech (WWCC and SCCC).
- Mental Health Services FY09 increase, \$246.0: we have not implemented this increase in services by providing treatment materials; or, fund existing vacant positions that were to be reallocated to mental health to facilitate increased services. Not implementing increased services minimizes the impact versus reducing or eliminating an existing service. This does not create a lay-off situation.
- Increase the vacancy factor from 3.3% to 6.25% for Probation/Parole, \$672.4: while this will increase the caseload for existing PO's, the positions are vacant and this does not create a lay-off situation.

*\*With OMB approval, DOC procured the CRC beds in July 2008, using EM funds*

#### **Conservation and Efficiencies--In Process of Implementation:**

- Energy Conservation Measures: DOC Energy Savings Performance Contracting w/Siemens Financial
  - Savings will not be measurable until project is complete and enough time has lapsed to generate a comparative analysis on energy savings
- Cost Containment Measure: Standardized Menu
  - Nutritionist/Contractor submitted first draft of standardized menu on 7/25/08; review is underway. Until standardized menus are adopted and implemented in the institutions, there is no measurable savings. Standardized menu savings will be linked to standard procurements (below) and may be possible to evaluate savings by the end of FY09.
- Cost Containment Measure: Western States Contracting Alliance (WSCA), standardized procurement
  - SOA/DGS is within a few weeks of signing the final WSCA contracts
  - WSCA allows states to purchase as much or as little at any one time at negotiated bulk flat rates
  - We pay NO freight and shipping costs, exceptions: Bethel, Nome, Fairbanks, Pt. McKenzie

- DOC anticipates primary savings on paper products and cleaning supplies
    - Contract is not in place; no measurable savings as yet
- Fund Source Change: SGF to GF/MH – No direct savings, fund change
  - Working with AMTHA to complete preliminary identification of FY10 funds by early September; and, any amounts remaining will be captured in FY11.
- Liquidated Damage Recovery: Out-of-State (OOS) Contract with Corrections Corporation of America (CCA)
  - In FY08, the department recovered \$275.0 in contract funds for not providing services included in the contract. The department has taken due diligence in controlling the OOS agreement by holding the CCA accountable and to the terms of the contract.
  - In FY09, we anticipate recovering up to \$200.0

If you require additional information, please feel free to contact us.

cc: Joe Schmidt, Commissioner  
 Leslie Houston, Director of Administrative Services  
 April Wilkerson, Budget Chief  
 Steve Hildebrand, OMB Budget Analyst

Department of Corrections  
FY 2009 Operating Summary

Scenario 1

Corrections					
Offender Programs	Freeze Substance Abuse Program Coordinator position (or the equivalent)	(119.8)			(119.8)
Offender Programs	Freeze Education Program Coordinator position \$106.4 annually / hold vacant 3/4 yr (or the equivalent)	(79.8)			(79.8)
SCCC	Freeze Micro Tech position / support maintained by VWCC's & Admn Support (or the equivalent)	(76.3)			(76.3)
HMCC	Freeze Food Service Lead (or the equivalent)	(72.3)			(72.3)
	<b>Sub-Total FY09 Scenario 1 :</b>	<b>(348.2)</b>	<b>0.0</b>	<b>0.0</b>	<b>(348.2)</b>
Statewide Probation	Increase V&T within Probation & Parole to meet GF reductions. FY09 Authorized PS = \$10,786.7 less 6.25% (or \$672.4) = \$10,114.3. This is the equivalent of 8.5 Adult Probation Officer I/II positions statewide.	(672.4)			(672.4)
	<b>FY09 Scenario 1 Total :</b>	<b>(1,020.6)</b>	<b>0.0</b>	<b>0.0</b>	<b>(1,020.6)</b>

## DEC FY 2009 General Fund Savings Report Proposal

Identify General Fund Type (GF, GFPR or GFM)	Program	Savings Amount	Describe Impact
GFPR	Air - Air Non-Point & Mobile Source Program	\$34,980	It is projected at this point that all these receipts will not be realized in FY09.
GF	SPAR – Industry Preparedness and Pipeline Operations	\$208,520	In fiscal year 2008 DEC received an appropriation of \$606,500 and 4 positions for the purpose of pipeline compliance oversight and North Slope flow line integrity. The department has encountered extreme difficulties in the classification and recruitment of these four positions. One position has been filled with the incumbent to begin in August, however, we don't expect to fill the other 3 positions until later this year. This is a one time savings and will not be available in FY10.
GF / GFM / GFPR	All Divisions – Implement agency based travel program	\$126,500	This would eliminate \$56,000 in travel agent fees annually and one position estimated at \$70,500.
GF / GFM / GFPR	Mileage Tickets	\$20,000	Current balance of the DEC mileage account would allow approximately 50 tickets to be purchased. This would be allocated to a variety of programs.

**TOTAL      \$390,000**



## Department of Education & Early Development FY2009 Management Plan Discussion

The Department of Education & Early Development has conducted an internal review of general fund program expenditures to identify potential areas of savings to meet the target provided by the Governor's Office of Management & Budget. While developing a management plan to minimize program impact but still attaining the goal, it is critical to review the overall fund source levels for program operations compared to annual growth and the personal services required for agency operations.

General fund for the Foundation Program, Boarding Home Grants, Youth in Detention, Special Schools, School Performance Incentive Program, Pupil Transportation, Alaska Challenge Youth Academy, Early Learning Coordination (Head Start) and WWAMI were not considered for targeted restrictions. The School Debt Reimbursement expenditures are not included in ABS under the Department of Education & Early Development and were not manually added for this analysis but do have a human resource impact. These totals are included in the analysis of personal services expenditures because of the human resources required to manage and execute these authorized programs.

Based on the program funding levels recorded in ABS under Management Plan scenarios for each given fiscal year with the exception of FY2009 which is still being developed, the overall growth of general fund personal services expenditures remains relatively low as shown below. For FY2009, only 2.13% of the total budget (all fund sources) is allocated to personal services and this represents an annual change of -.04% since FY2004. The sharp decline in the total position count from FY2004 to FY2005 was due to a statewide realignment/integration which transferred programs to more appropriate agencies and also included the elimination of specific programs or reductions through efficiency measures.

	FY2009	FY2008	FY2007	FY2006	FY2005	FY2004
Positions:						
Permanent Full Time	332	331	304	298	294	319
Permanent Part Time	14	15	39	40	37	61
Non Permanent	0	0	0	0	0	1
	346	346	343	338	331	381
Position count change from FY08	0					
Position count change from FY04	-35					
% Change from FY04	-9.19%					
% Personal Services to Total Agency Funds	2.13%	2.05%	2.01%	2.09%	2.01%	2.34%
% Change from FY08	0.08%					
% Change from FY04	-0.21%					
5 year average annual growth	-0.04%					
General Fund % Personal Services to Total Agency Funds	0.67%	0.61%	0.65%	0.68%	0.57%	0.61%
% Change from FY08	0.06%					
% Change from FY04	0.06%					
5 year average annual growth	0.01%					
General Fund Personal Services Comparison to Personal Services Total all fund sources	31.38%	29.74%	32.49%	32.46%	28.41%	26.02%
% Change from FY08	1.64%					
% Change from FY04	5.36%					
5 year average annual growth	1.07%					

The general fund allocated to personal services represents less than 1% of the total agency funding. The general fund allocated to personal services in the DEED budget

## **Department of Education & Early Development FY2009 Management Plan Discussion**

represents less than 1/3 of the total funding allocated specifically for personal services. The average annual growth of general fund personal services compared to overall personal services authorization allocated within DEED budget is only 1.07% as illustrated over the six year period.

In order to mitigate the perception of cutting programs or services connected to other funding sources, DEED did not to include general fund match in the following analysis of positions. This analysis identifies the specific components containing funding for personal services, and the percentage funded with general funds.

<b>Component</b>	<b>Percentage General Fund</b>	<b>Total Position count</b>
<b>Executive Administration</b>	<b>100%</b>	<b>8</b>
<b>Administrative Services</b>	<b>77%</b>	<b>8</b>
<b>Information Services</b>	<b>30%</b>	<b>6</b>
<b>School Finance</b>	<b>58%</b>	<b>13</b>
<b>Student &amp; School Achievement</b>	<b>16%</b>	<b>70</b>
<b>Mt. Edgecumbe</b>	<b>30%</b>	<b>44</b>
<b>Libraries</b>	<b>100%</b>	<b>35</b>
<b>Archives</b>	<b>89%</b>	<b>10</b>
<b>Museums</b>	<b>97%</b>	<b>18</b>

### **Executive Administration**

The Executive Administration component provides oversight and leadership to the agency in support of the mission and vision of the State Board of Education & Early Development. Historically, this component has maintained extremely low staffing levels relative to the responsibilities and duties. For FY2009, this component received general funds through a fiscal note associated with SB 285 which also authorized three new positions for the Statewide System of Support (district intervention). The total position count of eight shown for this component includes these three new positions created specifically for the Statewide System of Support directing state resources to fund activities necessary to fulfill the constitutional mandate clearly defined in the Moore v. State decision. In the review to identify areas where efficiencies can be managed, the Department of Education & Early Development will meet the OMB target in components other than Executive Administration. General funds to support essential staff and State Board of Education & Early Development priorities remain critical to the success of the entire agency in execution of the mission to ensure quality standards-based instruction to improve academic achievement for all students.

### **Administrative Services**

This unit has maintained stable staffing levels and supports the activities of the entire department. With a low turnover rate, the vacancy factor must remain relatively low to accurately reflect the personal services expenditures necessary for this unit. This unit has available funding from interagency receipts collected from various components and has historically been able to return funding to the programs at the end of the fiscal year. This section would be able to restrict \$5.0 general fund in the contractual line item by allocating expenditures to the interagency fund source.

## **Department of Education & Early Development FY2009 Management Plan Discussion**

### **Information Services**

Beginning in FY2007, the Information Services section has seen extremely challenging levels of turnover and difficulties in the recruitment process to keep the section fully staffed with experienced personnel. We anticipate stabilization within this section since two key positions have been filled. On going recruitment issues for Analyst/Programmer positions will continue to exist but restricting funds based on any anticipated vacancies would be detrimental to funding contractors through the ETS Task Order system which has become a critical component to meeting the business requirements of the department while these positions are vacant. This section has seen significant savings related to software expenditures and the enterprise agreement with Microsoft for educational discounts. This section would be able to restrict \$5.0 in the contractual line item in support of the efficiency efforts.

### **School Finance & Facilities**

The School Finance & Facilities section manages K-12 Foundation program, Pupil Transportation, School Debt Reimbursement, the CIP process, and the audit process. While all of these programs are removed from the operational areas where funding could be restricted for FY2009, the personal services associated with providing the human resources necessary to execute these programs are contained in this section. Within this section, PCN 05-1058, Statistical Technician II, Range 14 with a total cost projected at \$66,519 for FY2009, remains unfilled due to recruitment difficulties. Under the current memo of instruction from OMB regarding job reclassification, this section will seek the approval of an upgrade for this position to accurately reflect the duties required to meet the business needs of this section. DEED anticipates the approval and recruitment process to take several months and can restrict approximately 4 months of the costs associated with the position for a total of \$16.9 to manage a lapse savings for FY2009.

### **Student & School Achievement**

This section manages most of the federal funding for education programs administered through DEED. The majority of the federal receipt authority is located in the grants line item. The general fund in this component is approximately 4.6% of the total funds authorized for this component (FY2009 Management Plan). The largest expenditure of general fund is the contract costs for Data Recognition Corporation to administer the Comprehensive Statewide System of Assessments which includes the High School Graduation Qualifying Examination. A newly funded general fund program for the development of a longitudinal data system is also contained within this component for the first time in FY2009. This program was funded previously with federal receipts from a 3 year grant. During the FY2009 budget cycle, it was anticipated that the federal receipts would expire or be fully expended. We have since received approval for a no-cost grant extension on the period of performance and contractual obligations were moved into the current fiscal year accordingly. Recruiting fully qualified, expert Analyst/Programmers required due to the complexity of this project continues to be an issue. Managing the use of the DOA/ETS Task Order system or other procurement procedures for professional services must be utilized to fill the void while recruitment efforts continue. A projected 6 month vacancy can be managed to allow a restriction of \$36.5 for PCN 05-8723 and 05-8724, Analyst/Programmer II, Range 16 positions. Specific projected costs associated

## **Department of Education & Early Development FY2009 Management Plan Discussion**

with hardware/software maintenance identified for the general fund appropriation can be deferred to FY2010 due to the timing of the maintenance and licensing renewals. General fund in the amount of \$100.0 may be restricted in order to contribute to the managed lapse savings target for FY2009.

### **Mt. Edgecumbe High School**

Mt. Edgecumbe High School has been successful in managing the increasing costs of running the State Boarding School's academic and residential programs with the help of additional funding for fuel costs through various energy relief funding measures. The additional increases in the funding available through the Foundation Program will also contribute substantially to the success of this program. To avoid the appearance of making unnecessary reductions to this program when fuel costs could realistically require some level of supplemental funding and until the energy costs stabilize or begin trending toward a manageable growth, DEED recommends not restricting any general funds associated with this program pre-maturely for FY2009.

### **State Facilities Rent**

This component contains the funding necessary for leased space acquired through General Services and also space associated with the Public Building Fund. DEED received a general fund appropriation to provide off site storage for the State Archives. The Division of General Services is preparing a Request for Proposals (RFP) to acquire existing space or provide a build to suit contract for the necessary square footage. The RFP will be made public at the end of July with an anticipated award date of September. Since the appropriation anticipated the lease costs on an annual basis, \$60.0 may be restricted in order to contribute to the managed lapse savings target for FY2009.

### **Libraries, Archives and Museums**

The Division of Libraries, Archives and Museums (LAM) provides services to the public, the legislature and the executive branch. The (LAM) budget has been impacted by rising costs associated with materials, books, periodicals and online database subscriptions required to provide reference and research services. These costs erode the capacity of this unit to maintain a budget with little or no growth to mitigate the pressure on existing general fund appropriations.

This component has identified several areas that will be restricted without impacting the delivery of services to the public. Through vacancies associated with staff turnover and recruitment efforts, this division will be able to restrict \$11.8 for PCN 05-3080, Librarian I Range 16, and \$24.8 for PCN 05-3508, Micrographics Manager (Archives) Range 17.

By deferring purchases of equipment and museum acquisitions, another \$10.0 will be restricted in the commodities line item.

### **School Performance Incentive Program**

A lapse balance could occur within the School Performance Incentive Program in FY09 but will not be included as part of the DEED reduction analysis since the payments are formula driven based on assessment data and not subject to savings attributable to

**Department of Education & Early Development**  
**FY2009 Management Plan Discussion**

management decisions. In FY 07, the payments totaled approximately \$1.9 million and \$3.86 million lapsed. The FY08 payments are projected to be close to \$1.1 million which will leave a lapse balance of nearly \$2.5 million. If the trend continues, a significant lapse balance may be available in FY09 that could be included as part of the overall OMB savings target. Ideally, the final year of the School Performance Incentive Program will reflect greater improvements in student performance throughout the state.

The proposed general fund managed lapse savings will be restricted as follows:

Component	General Fund Proposed Managed Lapse
Administrative Services Total	5.0
Information Services Total	5.0
School Finance & Facilities	16.9
Student & School Achievement Total	136.5
State Facilities Rent	60.0
Library Operations	16.8
Archives	24.8
Museum Operations	5.0
<b>Total Proposed General Fund Restriction</b>	<b>270.0</b>

# STATE OF ALASKA

## DEPARTMENT OF FISH AND GAME ADMINISTRATIVE SERVICES

SARAH PALIN, GOVERNOR

P.O. BOX 115526  
JUNEAU, AK 99811-5526  
PHONE: (907) 465-6085  
FAX: (907) 465-6078

### MEMORANDUM

TO: Karen Rehfeld, Director  
Office of Management and Budget

THRU:

FROM: Tom Lawson, Director

DATE: August 1, 2008

SUBJECT: FY09 General Fund Savings Plan

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The purpose of this memo is to outline the Department of Fish and Game's (ADF&G) FY09 savings plan as requested by Governor Palin. Per your June 26, 2008 memo, the department's targeted savings goal is \$1.0 million of general fund (GF). ADF&G determined that the most equitable method of allocating the savings target within the department should be based on the percentage of GF in each division.

Following is the proposed ADF&G FY09 savings plan. Savings plans for most divisions are based on extending the vacancies of already vacant positions or leaving positions vacant for a period of time, once the incumbent departs. It must be noted that generally, extended vacancies in divisions are the result of our inability to attract candidates because of non-competitive wages and benefits. Vacant positions put a significant strain on existing staff as the workloads of vacant positions must be absorbed.

#### ***Division of Commercial of Commercial Fisheries -- \$644.2***

The Division of Commercial Fisheries continues to experience recruitment difficulties within each regional, headquarters, and special projects components.

SE Region: The SE Region Fisheries Management component will leave a Fishery Biologist vacant for over 7 months. This position has been vacant and work has been and will continue to be absorbed by other positions. Savings from this position is expected to result in a one-time spending reduction of \$41.9.

Central Region: The Central Region Fisheries Management component will leave 3 positions (Vessel Technician, and 2 Fishery Biologists) vacant for a minimum of three months. Savings from these positions are expected to result in a one-time spending reduction of \$37.7.

**AYK Region:** The AYK Region Fisheries Management component will leave vacant 7 positions (4 Fishery Biologists, Research Analyst, Program Technician, and F&G Regional Supervisor) for a minimum of three months. Savings from these positions are expected to result in a one-time spending reduction of \$94.5.

**Westward Region:** The Westward Region Fisheries Management component will leave vacant 4 positions (4 Fishery Biologists). for a minimum of three months. Savings from these PCNs are expected to result in a one-time spending reduction of \$85.0.

**HQ Fisheries Management:** The Headquarters Fisheries Management component will leave 11 positions (Deputy Director, 2 Analyst Programmers, Database Manager, 2 Biometricians, 3 Fishery Biologists, Fisheries Scientist, and F&G Regional Supervisor) for a minimum of two to three months. Many of the vacant positions within headquarters have been vacant for a while and recent recruitment efforts have failed. It is hoped that a successful applicant pool will be available when these positions are recruited again. In the interim, some staff members have been placed in acting status or others have taken on additional duties. Neither are good long-term solutions. Savings from these positions are expected to result in a one-time spending reduction of \$284.9.

**CF Special Projects:** Every effort will be made to leave positions vacant longer than usual to try and achieve a GF savings of \$100.2.

#### ***Division of Sport Fisheries – \$67.9***

The Division of Sport Fisheries is experiencing ongoing recruitment difficulties in positions throughout the state, particularly at the professional level (biometricians, fishery scientists, fishery biologists). This general fund decrease in personal services could be absorbed in FY09 due to these vacancies, but with ongoing recruitments and a fully staffed division this general fund decrease would be difficult to absorb in future fiscal years.

#### ***Division of Wildlife Conservation – \$123.5***

The Division of Wildlife Conservation will manage this requested spending reduction through the vacancy of its new Wildlife Scientist position. This position is required by the division to oversee the scientific rigors of division research. The position must receive final classification action by the Division of Personnel and complete the recruitment and hiring process. This is expected to require six months of time, achieving a one-time FY09 savings of approximately \$60.0. Additionally, the division continues to experience recruitment difficulties within each region. To achieve the balance of the savings required by this target, the division will extend by one month the vacancy period when positions turnover. If savings by this mechanism do not materialize, the division would have to reduce spending on field research. The division does not anticipate the savings to be sustainable in future years.

#### ***Commissioner's Office – \$13.4***

The Commissioner's Office generally budgets for a zero vacancy factor, but due to turnover with clerical staff, the actual vacancy factor is higher than zero. Historically, the Commissioner's Office has a very tight budget, but in FY09 every effort will be made to manage position costs with a reduced personal services line.

***Division of Administrative Services – \$42.2***

The Division of Administrative Services has recruitment and retention issues in all positions in Juneau where most of the staff are located. The division generally budgets for a 5 percent vacancy factor, but due to turnover of clerical staff and the inability to fill higher level positions, the actual vacancy factor has been higher than 5 percent. This personal services reduction amount is possible in FY09 due to recruitment and retention issues. However, the division will continue to actively recruit for these higher level professional positions and does not expect the savings to be sustainable in future years.

***Boards Support – \$20.6***

The Boards Support Section was able to procure a new contract for printing for FY09 that was less than last year's costs. This contractual services reduction amount is possible due to a one time savings because of the lower bid award to the vendors and the section does not anticipate the savings to be sustainable in future years.

***Division of Subsistence – \$36.2***

For FY09, the Division of Subsistence is projecting to use carry-forward federal indirect receipts savings from the previous year to pay for services normally paid with general fund. The division does not anticipate the savings to be sustainable in future years.

***Division of Habitat – \$52.0***

The Division of Habitat will manage the requested reduction in spending by reducing its contractual services by \$30.0; FY09 lease costs will be less than in FY08 due to the transition from the Department of Natural Resources to ADF&G per Executive Order 114. The division will also reduce commodities by \$22.0; many older computers and office supplies were updated in FY08 so FY09 expenses should be less. This GF decrease will be very difficult to absorb in future fiscal years due to decreases in several of the division's interagency agreements that provide key personal services support.

cc: Denby Lloyd, ADF&G Commissioner  
David Bedford, ADF&G Deputy Commissioner  
ADF&G Division Directors and Boards Executive Directors

20.6 + 30

22.0



**SARAH PALIN**  
Governor



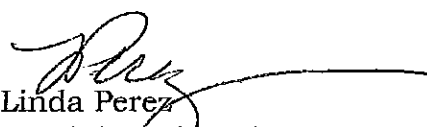
P.O. Box 110001  
Juneau, Alaska 99811-0001  
(907) 465-3500  
Fax (907) 465-3532

**STATE OF ALASKA**  
OFFICE OF THE GOVERNOR  
**JUNEAU**

**MEMORANDUM**

**TO:** Karen Rehfeld, Director  
Office of Management and Budget

**DATE:** August 1, 2008

**FROM:**   
Linda Perez  
Administrative Director  
Office of the Governor

**SUBJECT:** FY 2009 Savings Plan

As requested, the Office of the Governor has identified \$465.0 in potential GF savings in FY 2009. We will create a 'savings plan' management encumbrance for these funds against our FY 2009 Executive Office appropriation.

We will continue to review our accounts throughout the year to identify any additional savings that may be realized in FY2009.

cc: Mike Nizich, Acting Chief of Staff  
Joan Brown, Chief Budget Analyst  
Sara Peacock, Finance Officer

# STATE OF ALASKA

## DEPT. OF HEALTH AND SOCIAL SERVICES

### OFFICE OF THE COMMISSIONER FINANCE AND MANAGEMENT SERVICES

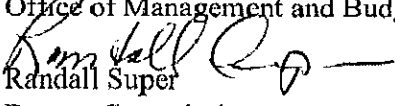
SARAH PALIN, GOVERNOR

P.O. Box 110650  
Juneau, AK 99811-0650  
Phone: (907) 465-3082  
Fax: (907) 465-2499

#### MEMORANDUM

**DATE:** July 31, 2008

**TO:** Karen Rehfeld  
Director  
Office of Management and Budget

**FROM:**   
Randall Super  
Deputy Commissioner

**SUBJECT:** Governor's \$20 million Savings Target

The Department of Health and Social Services will achieve its portion of the Governor's savings target through a range of management and program actions. To most effectively manage achievement the department will establish restrictions on AKSAS limiting each affected division's expenditure authority. However, as the year progresses the department may adjust the allocation of those restrictions to reflect actual activity; but will maintain restrictions totaling the department's \$4,760.0 general fund target.

Summary	GF Amount
Position Management	(500.0)
Senior Benefits Program	(500.0)
Medicaid Client Travel	(437.6)
Administrative Travel	(134.5)
Additional Medicaid	
Reductions	(3,187.9)
<b>Total</b>	<b>(4,760.0)</b>

#### **Position Management - \$500.0 GF**

The department will manage position vacancy and turnover to achieve an additional savings totaling \$500.0 in general funds through a combination of management techniques. Division directors will evaluate the necessity of filling each individual position (new or becoming vacant), may hold positions that become vacant open longer before recruitment, or may lay off positions

determined less essential to achieving the division's mission. This target is allocated between the divisions based on the number of authorized positions in each division divided by the total authorized positions in the Department. The following table displays the Division and the allocation of this portion of the target.

Division	PFT	PPT	Non-Perm	Total Positions	% of Total Positions	Target Amount
Alaska Pioneer Homes	557	49	40	646	17.6%	88.0
Behavioral Health	304	15	27	346	9.4%	47.1
Children's Services	475	2	7	484	13.2%	65.9
Health Care Services	91	-	7	98	2.7%	13.4
Juvenile Justice	467	5	18	490	13.4%	66.8
Public Assistance	528	9	-	537	14.6%	73.2
Public Health	519	16	15	550	15.0%	74.9
Senior and Disabilities Services	119	1	3	123	3.4%	16.8
Commissioner's Office/FMS	357	1	17	375	10.2%	51.1
Boards and Commissions	19	-	2	21	0.6%	2.9
Totals	3,436	98	136	3,670		500.0

#### **Senior Benefits Program - \$500.0 GF**

The new Senior Benefits Program helps low-income seniors who are at least 65 years of age remain independent in the community by providing a monthly cash benefit.

During a special session in late June 2007, the Alaska Legislature passed legislation to create a new program to benefit low-income seniors, which followed the sunset and end of the SeniorCare program on June 30. The department successfully transitioned almost 7,000 seniors from the former SeniorCare program to the new Senior Benefits Program, and continues to process applications for individuals newly eligible under the income limits. By FY09, the division expects 11,000 seniors will qualify for assistance under this new program. Individual monthly payments are \$125, \$175 or \$250 depending on the senior's gross annual income. Income limits are tied to the Alaska Federal Poverty Guidelines and will change annually.

The FY09 appropriation for the program includes \$19,662.3 in benefits and \$683.1 for administrative costs. With actual caseload and expenditure data through the end of April, the Department conservatively projects that it will not expend \$500.0 GF of the appropriation by the end of FY09.

**Medicaid Client Travel – \$875.2 (\$437.6 GFM/\$437.6 Fed)**

The divisions will reduce the Medicaid FY09 Travel Authorization by 2%. The 2% reduction target is calculated based on the 5/27/08 MMIS FY08 projected Travel expenditure of \$43,760.3. Division reductions are calculated based on that division's percentage portion of the total Medicaid authorization times the FY08 projected actual travel expenditure multiplied by 2%. This reduction estimate does not include any savings that may result from an internal review of the State Travel Office by the Department of Administration.

**Medicaid Services Transportation**

Estimated FY08 Actuals as of 5/27/08 43,760.3

<b>Division Allocation based on FY08 Exp to Date</b>				<b>Total</b>	<b>GF Portion</b>
DHCS	676,032	57.3%		(501.5)	(250.8)
DBH	168,921	14.3%		(125.3)	(62.7)
OCS	16,146	1.4%		(12.0)	(6.0)
DSDS	318,610	27.0%		(236.4)	(118.2)
<b>Total Services Transportation</b>		100.0%		<b>(875.2)</b>	<b>(437.6)</b>

**Agency Travel – \$134.5 GF**

Each division will reduce the FY09 Travel line allocation within its programs by 2%. This reduction estimate does not include or reflect any savings that may result from an internal review of the State Travel Office by the Department of Administration.

**FY09 DHSS Travel Budget by Appropriation**

Alaska Pioneer Homes	24.3	(0.5)
Behavioral Health	617.0	(12.3)
Children's Services	1,026.7	(20.5)
Adult Preventative Dental Medicaid Services	-	
Health Care Services	179.9	(3.6)
Juvenile Justice	415.8	(8.3)
Public Assistance	666.8	(13.3)
Public Health	2,646.5	(52.9)
Senior and Disabilities Services	304.5	(6.1)
Departmental Support Services	455.9	(9.1)
Boards and Commissions	388.3	(7.8)
Human Services Community Matching Grant	-	
Community Initiative Matching Grants	-	

**Agency Total 6,725.7 (134.5)**

**Additional Medicaid Program - \$3,187.9 GF**

The final portion of the target will be achieved through actions by the Division's within their portions of the Medicaid program to reduce expenditures. The Division's portion of the target will be achieved by allocating the reduction between the divisions based on their portion of the

FY2008 Medicaid expenditures similar to the Medicaid Client Travel above. However, given the sensitivity around children in the custody of the state the small amount (43.6) allocated to the Office of Children's Services has been reallocated to the Division of Health Care Services.

Division of Health Care Services	(1,870.4)
Division of Behavioral Health	(456.5)
Division of Senior & Disability Services	<u>(861.0)</u>
Total	<b>(3,187.9)</b>

cc: William Hogan, Commissioner  
William J. Streur, Deputy Commissioner  
Jay Butler, Chief Medical Officer  
Sherry Hill, Assistant Commissioner  
Wilda Laughlin, Special Assistant  
HSS Division Directors  
HSS Administrative Managers

**Brown, Joan A (GOV)**

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**From:** Bell, Guy B (DOL)  
**Sent:** Thursday, July 31, 2008 10:46 AM  
**To:** Towne, Barbara L (GOV); Brown, Joan A (GOV); Rehfeld, Karen J (GOV)  
**Cc:** Helms, Michael E (DOL); Bishop, Clark C (DOL); Stone, David (DOL); Endicott, William D (DOL); Keith, Brynn (DOL); Hegg, Paul S (DOL); Mitchell, Grey R (DOL); Lisankie, Paul F (DOL); Geldhof, Corine S (DOL); Nelson, Thomas W (DOL); Esposito, Fred W (DOL); Walsh, Cheryl A (DOL)  
**Subject:** FY 09 GF Lapse Projection.xls  
**Attachments:** FY 09 GF Lapse Projection.xls

I have enclosed our general plan to reach the general fund savings target. We hope to achieve the target by managing travel and personal services costs. Specific actions include the following:

1. Data Processing Section will delay the hiring of a position to implement Chapter 92, SLA 08. This position is critical to our achieving the security requirements contemplated in Chapter 92, but given that we have just completed the classification process and given the hiring timeline, we feel we can achieve the proposed level of savings.
2. Various components have had some difficulty recruiting and while we continue to actively pursue qualified candidates for critical positions, we believe the extended vacancy in some areas will enable us to manage toward a general fund lapse.
3. Other components are identified for modest general fund savings that we think are achievable through prudent management.

If circumstances arise in specific components that require adjustments we will keep you apprised.

Guy

Department of Labor and Workforce Development  
FY 09 General Fund Lapse Projection

Component	Total GF	GF Red.	Notes
Commissioner's Office	\$ 658.5	\$ 4.4	Travel Management
Management Services	\$ 184.6	\$ 12.0	Vacancy Management
Data Processing	\$ 426.7	\$ 25.0	Delay hire of position to implement Ch. 92, SLA 08.
Labor Market Information	\$ 1,242.2	\$ 8.0	Vacancy Management
Workers' Compensation	\$ 3.3	\$ 3.3	Restrict GF and manage cost of travel, contractual, personal services.
Second Injury Fund	\$ 0.2	\$ 0.2	Restrict GF and manage cost of travel, contractual, personal services.
Wage and Hour	\$ 1,588.8	\$ 40.0	Delay maint. of new Certified Payroll System-system development is still underway
Mechanical Inspection	\$ 1.3	\$ 1.3	Restrict GF and manage cost of travel, contractual, personal services.
Employment & Training	\$ 1,312.8	\$ 128.0	Adjust funding distribution for Tok/Glenallen PCN's/delay hiring some PCN's
Unemployment Insurance	\$ 942.4	\$ 42.0	Vacancy Management
Business Services	\$ 2,323.8	\$ 5.0	Vacancy Management
AVTEC	\$ 4,783.2	\$ 5.0	Vacancy Management
VR Administration	\$ 3.9	\$ 3.9	Restrict GF and manage cost of travel, contractual, personal services.
VR Client Services	\$ 3,897.3	\$ 50.0	Vacancy Management
Disability Determination Unit	\$ 1.9	\$ 1.9	Restrict GF and manage cost of travel, contractual, personal services.
		\$ 330.0	


# MEMORANDUM

# STATE OF ALASKA

Department of Law

To: Karen J. Rehfeld, Director  
Office of Management and Budget

Date: July 31, 2008

From: Talis Colberg, Attorney General  
Department of Law 

Subject: FY2009 General Fund  
Savings Plans

## CONFIDENTIAL: DELIBERATIVE PROCESS PRIVILEGE

OMB has requested the Department of Law propose a savings plan for FY2009 that will generate \$1,030,000 in general fund cost savings. We have identified the following areas where general funds can be saved.

RDU	Component	Description	FY2009 General Fund Savings	Potential Carryover to FY2010
Civil	Commercial and Fair Business	Move \$200,000 in existing unused SDPR authority from Labor and State Affairs to Commercial and Fair Business and expended additional consumer protection program receipts instead of general funds	\$200,000	\$200,000
Civil	Human Services	Lapse the majority of the \$500,000 Curyung multi-year supplemental. The case appears to be settling and the Dept had minimal costs during FY08. NOTE: If the status of the settlement suddenly changes we could have to revisit this item.	\$475,000	
Criminal	2 <sup>nd</sup> Judicial	Fund Barrow Victim Witness Paralegal with federal earmark money from July 2008 – September 2009 (new PCN approved in FY09 budget)	\$106,200	\$26,550
Criminal	OSPA	Recruitment time will result in estimated start dates of the new Attorney and LOM of Sept 1, 2008 (2 mos x \$35,000/month)	\$75,000	
Criminal	4 <sup>th</sup> Judicial	The current lease will renew in November 2008 at a lower rate as the cost of amortizing leasehold improvements drop off.	\$78,000	\$78,000



All	Various	Slow down PC replacement cycle (currently 3 years)	\$95,800	\$37,500
		Total	\$1,030,000	\$342,050

Approximately 33% of the FY2009 savings will carry forward into FY2010. Following is a discussion of other constraints facing the Department as it moves into the FY2010 budget planning process.

#### Civil Division Billing Methodology:

Over \$29 million of the Civil Division's costs are captured for accounting purposes in a cost allocation pool. From there these costs are billed out to the Division's clients based upon actual attorney and paralegal hours worked on cases times a uniform billing rate. "Clients" are either RSA's with other agencies or the Division's own general fund. Reduction in charges to any RSA or to general funds can happen one of two ways – either the billing rate is reduced (which affects all clients) or fewer hours are billed (which affects only the client being billed to).

*Reduce hourly billing rate:* First, the hourly billing rate can be reduced by cutting actual costs in the pool. On average, 51% of our professionals' time is billed to the Division's general funds. Every dollar saved in the pool by the direct reduction of costs only equates to 51 cents in savings to general fund cases – the other 49% benefit is passed along to other agencies when time is billed to them. Or stated differently, to reduce billings to the Division's general funds by \$1 a total of \$1.96 in costs must be cut from the pool. This equitable sharing of costs across all matters the attorneys work on makes the exercise of finding general fund specific savings extra burdensome for the department.

*Reduce the number of hours billed:* The second way to reduce charges to the general fund would be to reduce hours worked on matters funded from the Division's general fund. A quarter of the Division's general fund is used to cover work on human services and child protection – areas that do not readily lend themselves to simply not performing the work as a way of reducing the dollars billed. Another 30% of the Division's general funds are spent on oil and gas related matters. Because the nature of this work requires the department to engage expensive outside counsel and continues to be an area of heavy investment by the State, the Division has sought supplementals and increments for the last few years. For all intents and purposes attempts to save money in this area will simply result in a subsequent supplemental.

The remaining 45% of the Division's general fund billings are primarily in the areas of Labor and State Affairs, Opinions and Appeals and Statehood Defense. These billings include matters such as representation of the State in significant civil appellate matters (approximately 100 active cases at any time) before the Alaska Supreme Court, Ninth Circuit and U.S. Supreme Court; legal matters relating to Indian law, native sovereignty, federal subsistence, land into trust, Tongass National Forest, ANSCA, RS 2477, ANILCA access rights; ownership of navigable waters; involvement in ethics, elections, personnel and employment litigation; and advice for the State acting as an employer as well as legal advice when requested by the Offices of the Governor and Lt. Governor.

#### Lease Expirations:

Our lease in Anchorage is expiring and the Division of General Services has estimated the increase to market rate with the signing of a new lease will result in an additional \$1.5 million in rent per year. As a result, in FY 2010 roughly \$510,000 in general funds will be required for the Criminal Division as well as \$485,000 in additional interagency authority and \$505,000 in general funds for the Civil Division. The Civil Division's share will be charged through the pool and is likely to require us to raise our billing rates approximately \$2.00/hour.

Our Bethel and Kenai offices are currently functioning seriously below the state's space standards. We are currently investigating the availability of additional space and determining the actual expected increase in costs.

#### Personnel Services:

*HB417:* The passage of HB417 was accompanied by a fiscal note that did not include the effect to the Department of Law of dozens of attorneys suddenly receiving pay increments years in advance of when longevity increases would have happened (or as in the case of those at M step resulted in pay increments to those who would otherwise have never seen another increase other than COLA). The costs to us in FY2009 alone will be \$235,000.

During the FY2007 budget process, the Civil Division's Statehood Defense general funds were cut and replaced with carry forward reappropriated funds. As we stated at the time, we believe the reappropriated funds will cover the reduced general funds through FY2009 but we will need to seek replacement general funds in FY2010.

#### Federal Funds:

The Criminal Division received two multi-million dollar earmarks in 2004 to fund expanded work in the areas of rural prosecution and domestic violence and sexual assault. These funds expire in FY2009 and FY2010. We are anticipating carry-over funds and are proceeding with requests to extend with the appropriate federal agency but the exact impact to our FY2010 budget is still undetermined.

Karen, we look forward to our meetings with you and the Chief of Staff in August to further discuss these items.

# MEMORANDUM

## State of Alaska

Department of Military & Veterans Affairs  
Division of Administrative Services

TO: Lena Simmons  
Budget Analyst  
Office of Management and Budget

DATE: August 4, 2008

FROM: Susan Colligan  
Director

SUBJECT: FY09 Cost Savings  
Plan

The Department of Military and Veterans Affairs has followed Governor Palin's direction during her administration regarding budget expectations. DMVA has met or exceeded the expectations of no O&M Supplemental in SFY08 and a "No Growth" budget for SFY09. At this time we have not been able to identify any additional savings that would not impact the effectiveness of our programs and our mission.

As you know DMVA is responsible for the Army and Air National Guard military force, the State Defense Force, Alaska Military Youth Academy, Homeland Security and Emergency Management, and the Naval Militia, being fully prepared to protect Alaska from any threat, disaster, or emergency at all times. This can only be accomplished with adequate resources of military and civilian personnel and support costs to maintain the necessary infrastructure in preparation and response to any threat, disaster, or emergency. As a department with the responsibility of the military forces for protection, preparedness, and recovery, it is important to ensure that we do not jeopardize our ability to respond to our mission by reducing necessary resources with cost savings measures.

We are willing to look at our budget over time and identify any additional savings that might be available.

We look forward to discussing this information with you. Please contact me at 428-6881 if you have any questions.

# MEMORANDUM

## State of Alaska

Department of Military & Veterans Affairs  
Division of Administrative Services

TO: Lena Simmons  
Budget Analyst  
Office of Management & Budget

DATE: August 19, 2008

FROM: Susan Colligan  
Director 

SUBJECT: FY09 Savings Plan

Per your request of August 13, I am providing additional information on how this department has continued to hold the line in the operating budget. As we stated before, the Department of Military and Veterans Affairs has followed Governor Palin's direction during her administration regarding budget expectations.

In FY2008, the department contributed to the Governor's target reduction request by: discontinuing the JROTC program which resulted in a \$40.0 general fund reduction; reduced general funds related to publication distribution by \$25.0; cost savings of approximately \$215.0 in general funds through efficiencies in facility maintenance costs; and deleted a net of nine permanent full-time positions department-wide resulting in a reduction of approximately \$233.0 in general funds.

The Department submitted a no new growth FY2009 budget as requested by the Governor. It is our understanding that DMVA was the only department to follow the Governor's direction of no new growth. The department also adhered to the Governor's direction of no position increases in the budget.

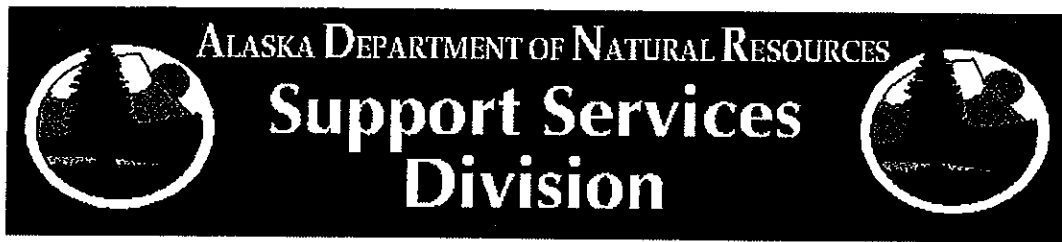
Additionally, the department proposed efficiencies through consolidation of Information Technology Services and Procurement. This consolidation will allow for better management and support of these functions across the entire department. Although no specific savings has been identified with these consolidations, efficiencies will allow for maintaining required staffing levels to provide the department-wide support in a more accountable and efficient manner.

Another important thing to consider with DMVA's budget is that while DMVA has not asked for new funding per the Governor's direction, other departments have. As a result the base funding level to find "savings" is much tighter for DMVA than other agencies that have seen increased funding requests under this Administration.

With those points made, DMVA is committed to help the Palin Administration meet the goal of reducing spending, but cannot identify specific dollar savings at this time. However, the department will monitor use of overtime, travel, and contracting costs where possible without impairing its ability to meet its mission and requirements of the Federal/State Cooperative Agreement.

If you have any further questions, please contact me at 428-6881.

cc: John Cramer, Deputy Commissioner  
Laura Baker, Deputy Director, DAS  
Teri Clark, Budget Analyst



400 Willoughby, Suite 500

PO Box 111010

Juneau, AK 99811-1010

TO: Karen J. Rehfeld, Director  
Office of Management and Budget

FROM: Leta Simons, Director  
Support Services Division

THRU: Tom Irwin, Commissioner

DATE: July 18, 2008

RE: FY09 General Fund Savings Plan

The Department of Natural Resources has developed a FY2009 savings plan as requested by the Office of Management and Budget in the memo dated June 26, 2008. The targeted savings for DNR is \$1.24 million, approximately 1% of our operating budget for FY09.

#### **FY09 SAVINGS PLAN**

DNR will realize cost savings for FY09 by restricting transfers from the Personal Services line item, thereby allowing excess funds due to vacancies to lapse rather than be transferred for use in other line items. Savings estimates by component are detailed on the attached spreadsheet. Actual savings may differ from this initial plan. We will monitor the variance between budgeted and actual Personal Services expenditures quarterly, and recommend adjustments as needed.

#### **IMPACT**

For all components, the impact will be the same. Funds that were previously available to purchase office furniture and equipment, pay down DNR's leave balance, conduct special events such as the AGIA forum, pay for unexpected buildout and move expenses, purchase software and other technology resources that became available, cover increases in the cost of facilities and commodities, and otherwise cover a variety of unexpected and under-budgeted expenses will not be available in FY09. A tighter budget with reduced margin for error will likely result in an increase in the amount of time spent on budget management and a decrease in time devoted to program management and service delivery.

**DNR FY09 Cost Savings Plan**  
**Details by Component**

	Component	Line Item	Planned Savings
423	Commissioner's Office	Personal Services	-
424	Administrative Services	Personal Services	48,400
427	Information Resource Management	Personal Services	-
439	Oil & Gas Development	Personal Services	465,500
2847	Petroleum Systems Integrity Office	Personal Services	129,700
1191	Pipeline Coordinator	Personal Services	2,200
2680	Alaska Coastal and Ocean Management	Personal Services	75,000
2733	Large Project Permitting	Personal Services	-
2460	Claims, Permits & Leases	Personal Services	184,300
2456	Land Sales & Municipal Entitlements	Personal Services	-
2459	Title Acquisition & Defense	Personal Services	105,300
916	Water Development	Personal Services	49,000
2440	Director's Office/Mining, Land & Water	Personal Services	-
435	Forest Management & Development	Personal Services	16,700
2132	Non-Emergency Hazard Mitigation Projects	Personal Services	-
1031	Geological Development	Personal Services	24,800
802	Recorder's Office/Uniform Commercial Code	Personal Services	-
455	Agricultural Development	Personal Services	-
2204	North Latitude Plant Material Center	Personal Services	41,100
2235	Agriculture Revolving Loan Program Admin	Personal Services	-
2633	Conservation and Development Board	Personal Services	16,600
2441	Public Services Office	Personal Services	-
1199	Trustee Council Projects	Personal Services	-
1650	Interdepartmental Information Technology Chargeback	Personal Services	-
1635	Mental Health Trust Lands Administration	Personal Services	-
2225	Citizen's Advisory Commission on Federal Areas	Personal Services	19,800
2226	RS 2477/Navigability Assertions and Litigation Support	Personal Services	-
2705	Fire Suppression Preparedness	Personal Services	20,800
451	State Historic Preservation Program	Personal Services	-
452	Parks Management	Personal Services	33,700
2136	Parks & Recreation Access	Personal Services	7,100
			<u>1,240,000</u>



**STATE OF ALASKA**  
**Department of Public Safety**  
**MEMORANDUM**



**To:** Karen Rehfeld, Director  
Office of Management & Budget

**Date:** February 4, 2009

**Telephone:** 907-465-5488

**From:** Dan Spencer, Director  
Administrative Services

**Subject:** FY09 Savings  
Target

The Department of Public Safety has examined our budget and business practices to consider the means by which we might achieve the Governor's targeted general fund savings of \$2,280,000 for this department. Obviously, we will do our best to make efficient use of state resources and where possible we will make processes more efficient, so long as those efficiencies do not come with an unacceptable cost in effectiveness nor cause a significant drop in services we provide unless we have discussed that with the Governor's Office.

So far as it is practical and prudent we may reduce staff assigned to special events, curtail some lower priority enforcement activity, and take other measures that will not significantly reduce services. We will also work to implement technological improvements funded in the FY09 capital budget; this will not provide operating budget savings in FY09, but it will help us provide better service in a cost effective manner. We have already planned measures such as targeted use of airline miles to hold down increasing travel costs for recruiting and training.

However, unless we immediately reduce services significantly, I do not expect the department to lapse this amount of general funds. My assessment of our fiscal situation is that the department will need a multi-million dollar FY09 supplemental appropriation if we intend to continue to provide the same level of services in FY09 as we did in FY08. Our efforts to save money may reduce the amount of supplemental appropriations required, but will not eliminate the need.

As you know, the Governor requested more than \$4 million in supplemental appropriations for the department in FY08. The legislature did not fully fund that request and the Alaska State Trooper RDU was forced to reduce services to save more than \$900,000 in the last two months of FY08. In recognition of the FY08 supplemental needs, the Governor's amended FY09 budget included an increase of about \$3.4 million just to ensure a continuation level of service. That amount was reduced by more than \$1.3 million. Additionally, the legislature inadvertently failed to appropriate more than \$650,000 for the Anchorage prisoner transportation agreement even though we are providing those services, so that will need to be requested as supplemental funding. And finally, rising inflation for all facets of operations, not just for fuel, will almost certainly drive our cost of operations even higher.

The managers and staff of the department are serious about being good stewards of public funds and accomplishing our mission in a cost effective manner. Unfortunately, we cannot at this time tell you that we have any realistic expectation of lapsing enough general funds to meet the savings goal established for the department.

As always, I would be happy to answer any questions you may have.

**State of Alaska**  
Department of Revenue  
*Administrative Services Division*



**SARAH PALIN, GOVERNOR**  
333 Willoughby Avenue, 11<sup>th</sup> Floor  
P.O. Box 110400  
Juneau, Alaska 99811-0405  
Phone: (907) 465-2300  
Fax: (907) 465-2394

## MEMORANDUM

**To:** Karen Rehfeld  
Director  
Office of Management & Budget

**Date:** August 1, 2008

**From:** Jerry Burnett *JB*  
Director  
Administrative Services Division

**Phone:** 465-2312

**Subject:** FY2009 GF Savings Plan

In response to the Governor's request that departments collectively meet a savings target of \$20 million general fund for FY2009, the Department of Revenue proposes the following savings plan to meet its target of \$390.0.

General funds in the Department of Revenue exist primarily in the Tax Division, which accounts for over 81% of the department's general fund budget. The Treasury Division has about 9%, and the Commissioner's Office and Administrative Services have 1.4% each. The remaining general fund is spread in small amounts amongst minimally funded agencies such as the Long-term Care Ombudsman.

The operating budgets for Treasury, the Commissioner's Office and Administrative Services each contain a mix of funding sources that are based on cost allocation plans and indirect cost recovery. The general fund in these budgets serves to supplement the receipt-based allocation methods that are used, reduces the amount that must be charged back to GF-funded programs, and provides funding for costs that aren't otherwise allocable. For example, Treasury allocates the cost of managing the investments of the state's general fund to the GF in their budget; this cost isn't allocable to other funds being invested by Treasury. With the increase in the state's general fund accounts, Treasury may actually require an increase of GF in their budget in order to maintain proper cost allocation. Removing general funds from these three components is not recommended, due to the effect on other funds and other components cited above.

In order to meet the general fund reduction target, the department must look to the Tax Division. The largest cost in the Tax Division's budget is personal services, which accounts for 78% of its overall funding. Because this division has had high vacancy rates of up to 20% in recent years, much effort has gone into the recruitment and retention of tax auditors and other staff critical to meeting the division's mission of collecting revenues for use by state government. Currently we have managed to reduce the vacancy to near 12% which is the lowest level in several years, but the Tax Division continues to have turnover and it will require aggressive recruitment to maintain that level.



August 1, 2008

Page 2

To achieve savings of \$390.0, the equivalent of four tax auditor positions would need to be left vacant for one year. This is in addition to the positions which will be held vacant to meet the budgeted vacancy factor of approximately 10%. The actual positions held vacant will be determined by the division based on workload priorities. The division will supplement personal services savings by reducing travel whenever possible.

During the 2008 legislative session the Tax Division requested funding for four audit master positions that were established as part of the ACES legislation passed during the special session in 2007. This request was short-funded by the legislature in the amount of \$200.0 with the expressed intent that the Tax Division would be able to ask for supplemental funding in FY2009 if the positions are filled. The Tax Division's general fund increment request to implement ACES was further reduced by an additional \$473.2 from the FY2009 Governor's Amended budget. When combined with the \$390.0, the division will receive a total general fund reduction in their current year budget of \$1,063.2.

To minimize the impact of this reduction on the Tax Division, the Department of Revenue intends to closely review all line items and programs for potential savings as part of the management plan budget exercise and will continue to work with OMB to achieve the Governor's savings goals.

cc: Pat Galvin, Commissioner  
Marcia Davis, Deputy Commissioner  
Brian Andrews, Deputy Commissioner

# MEMORANDUM

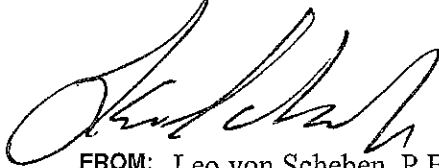
## State of Alaska

Department of Transportation & Public Facilities  
Office of the Commissioner

TO: Karen Rehfeld, Director  
Office of Management and Budget

DATE: August 4, 2008

TELEPHONE NO: 465-3901  
TEXT TELEPHONE: 465-3652  
FAX NUMBER: 586-8365



FROM: Leo von Scheben, P.E., L.S., M.B.A.  
Commissioner

SUBJECT: FY09 Operating  
Savings

This is in response to your memo of June 26, 2008, requesting our department savings plan for FY09. Over the years the department has been faced with maintaining services at fairly flat funding levels and staff have implemented many cost efficiencies as a result. For example, DOT&PF has warehouses in Juneau, Anchorage, Fairbanks and Ketchikan that allow the purchase of supplies in quantity at lower prices and then distribute and charge those supplies as they are needed. I am including a list of program efficiencies that are either currently being implemented or plan to be implemented in the future.

### Alaska Marine Highways

- Starting Oct. 1, 2008, the Alaska Marine Highway System will commence the use of "Force Account" work. Force account work allows the use of the State's own workforce, when the costs are determined to be less than with a bid contract. A labor-cost comparison indicates that as much as \$599.0 could be saved by using vessel engineering staff as opposed to outside manufacturer's labor.
- During the last overhaul of the M/V Aurora, an electronic voyage power management system was installed. This system controls the vessel's power and speed settings to effect fuel consumption savings. With the setting of the departure point, arrival point and time-to-destination, the system controls the engines, via the most efficient means, bringing the vessel to its destination – taking into account all the external forces the vessel may encounter. The Aurora is seeing a fuel savings of over 12% as a result of this computerized control system. This new system cost \$250.0 to install through a federal project and is projecting a fuel costs savings of \$378.0 this year (based on fuel at \$4.00/gallon). AMHS plans to install this system aboard 9 vessels as they rotate through their federal overhaul projects.

### Highways and Aviation

- Implementation of "pave and trade" road projects where state owned facilities are improved to local government standards and then turned over to the local governments for ownership and responsibility for maintenance. Such has taken place in Petersburg, Juneau, Wrangell, Haines, Wasilla, Palmer and Anchorage. Estimated annual savings is \$109.5.
- Reimbursing employees for use of personal aircraft to reduce commercial travel costs for maintaining outlying rural airports. Estimated annual savings is \$8.0.
- Reducing overtime. Estimated annual savings is \$500.8.

*"Providing for the safe movement of people and goods and the delivery of state services."*

- Installation of magnetic cards and readers at bulk fuel tanks at maintenance stations to monitor fuel consumption and theft protection. There is no estimate of savings at this time.
- Increased heavy equipment size to accomplish more highway snow/ice removal work, with same labor hours. Estimated annual savings is \$300.0.
- Acquired modern, secure/dedicated frequency FM-band radios, both vehicle-mounted and hand-held, to provide much better communication and field execution efficiency with available personnel. Estimated annual savings is \$100.0.
- Deployed RWIS (Road Weather Information system) to have remote cameras and thermo-sensors to dispatch crews more timely and efficiently. Estimated annual savings is \$25.0.
- Now post all seasonal weight restriction notices on Public Notice website, thus informing many more users without answering phone calls or paying for newspaper notices. Estimated annual savings is \$25.0.
- Applying dust control products on roads and airports as well as winter road icing practices has helped us decrease overall maintenance cost by retaining fines, and reducing frequency of surface maintenance. Estimated annual savings has been \$400.0.
- Established a statewide training program for Equipment Operators. Adequately training operators provides for efficiencies in work and repair of equipment. This has reduced the cost of preventable accidents by reducing damage to state equipment. We have seen a 40% reduction in equipment damage which is about \$150.0 cost savings per year. Savings could also result from less damage to other items such as overhead doors and airport lighting. These can range from \$20.0 to \$50.0 per incident.
- Installation of LED lights in all traffic signals in the Anchorage District. Estimated annual savings is \$350.0.

### Facilities

- Participated in the Energy Performance Contract for three of our large energy consuming facilities: Aviation Avenue Building, Department of Public Safety Headquarters, and Anchorage Annex Building. Cost savings are used to pay for upgrades to facilities. Once upgrades are paid for, all savings are available for reallocation or cover rising cost of utilities. Annual savings is \$63.5 which covers the cost of the Siemens contract. These improvements include:
  - a. Installing new energy efficient lighting
  - b. Add motion light sensors
  - c. Install Direct Digital Controls for HVAC fans to shut down in the evening
- Reducing heating fuel for remote snow removal equipment buildings. Installation of low temperature "fixed" thermostats at our SREBs. Our contractor maintained airports were using too much fuel relative to contracted work activities. We installed tamper proof thermostats set at 45 degrees in the SREBs. This effort, in conjunction with aggressive control of available funding allowed NR SREB heat to come in on-budget vs. over-budget in prior years. Estimated annual savings is \$65.0.
- Installed Variable Frequency Drive Fan motors in the Boney Court Facility saving over \$25.0 annually in electric costs.
- Retrofitted lighting at the Anchorage Boney Court Building with new energy efficient T8 lighting saving an average of \$3.0 per month or about \$36.0 annually in electric costs. Transition to T-8 florescent has improved our electrical efficiency in upgraded buildings by 10% over the past ten years. There is an initiative in progress to retrofit our Tok, Tazlina, and Valdez buildings to even more efficient T-5 technology lamps. Occupancy sensors

reduce lighting costs and have been retrofitted in many of our buildings. All new buildings incorporate them. Northern Region estimated annual savings is \$100.0.

- Installed high efficiency boilers in the Department of Public Safety Headquarters, Anchorage Boney Court and Kodiak Griffin facilities saving approximately 20% in gas consumption. Estimated annual savings is \$27.2.
- Replaced roofs on Anchorage Building Maintenance Building and on the Ninilchik, Kalsin Bay and Chulitna Maintenance Stations with energy efficient roof systems reducing heating oil consumption by 20% and 15%. Estimated annual savings is \$6.5.
- Installed insulated thermo pane windows at the Bethel Combined Facility reducing heating fuel consumption by 10%. Installed insulated thermo pane windows at the Juneau, 7-Mi facility. Estimated annual savings is \$1.2.
- There are ongoing energy projects to retrofit many of the older existing facilities with upgraded high efficiency lighting. Estimated savings could be 25% of lighting costs.
- Altered heating and cooling set-points in many facilities to 68 degrees for heating and 72 degrees for cooling. The impact of this measure has not been determined at this time.
- Smart building technology. New construction and some retrofitted buildings have Direct Digital Control systems that improve fuel and electric efficiency while improving the comfort level of occupants. This technology enables remote monitoring and control of the buildings which drastically cuts employee time/travel to them. In addition, system alarms and trending identifies failing components before they fail, reducing overall repair cost. Estimated annual savings is \$100.0.
- Alternative schedules for Roving Crew. The 7on/7off schedule reduces “windshield time” and increases productivity. The crew works remote jobs and stays onsite for their shift, eliminating commute time and overall cost. The LOA pays them long term per diem vs. the higher cost short term. This has enabled completion of projects that would otherwise be too costly to consider. Estimated annual savings is \$40.0.
- Dispatching personnel by trade. This major organizational change greatly improved efficiency. Previously Facilities personnel were each assigned buildings. Some buildings needed more attention than others which caused inefficiencies. Now personnel are dispatched centrally by trade. If the building needs plumbing work, a plumber is dispatched. If there is an electrical problem, an electrician is sent. The respective district foremen dispatch staff for optimum use of available staff. Estimated annual savings is \$30.0.
- Northern Region mandated many of the LTC employees to achieve a Journey level in a second trade. Many jobs can be completed by a single employee as a result. We have been able to defer staffing increases as a result. Estimated annual savings is \$160.0.
- Locking fuel tanks. While we have found no lock stops a determined thief, locks installed on our fuel tanks have reduced fuel theft. With the rising fuel cost, this is going to be more of a problem than ever. Estimated annual savings is \$50.0.
- Installation of “heat recovery” systems at our diesel generator powered facilities. These systems recover wasted heat from the diesel’s cooling system. Instead of using a typical radiator, we route the coolant through a heat exchanger and use it as heat in our buildings. These systems reduce station heating fuel consumption by up to 40% depending on the size of the shop. Estimated annual savings is \$200.0.
- Use of thermographic cameras. These cameras allow us to “see” where our heat loss is. We have used camera data to make decisions on door and window replacement, weather stripping, and insulation projects. This is new technology we began using in FY08. No

savings data is available, but it is very obvious it can be a big heating (and cooling) cost saver. Estimated annual savings is \$40.0.

- Right tools for the job. To cover all buildings situated throughout Northern Region with only 40 maintenance technicians, having the right tool for the job is critical. Investment in tools has improved job efficiency by reducing necessary manpower and “gofer” trips to rent or buy the proper tool. Estimated annual savings is \$60.0.
- Computerized Maintenance Management System. We have implemented a system that streamlines administration of the workforce documentation. Face to face communications are reduced by inputting data remotely that is reviewed and approved by management. The system called the Buildings Interface includes all aspects of building management. Workers check the computer to view assigned jobs, record data including time, parts, materials, actions taken and status. The system maintains a searchable database of completed, in progress, and scheduled work. Workers do not have to wait in line to receive their jobs for the day or week. They know in advance and plan accordingly. Since all workers log on daily, it serves as a bulletin board for group communications. Estimated annual savings is \$120.0.
- Conversion to oil fired hydronic heat. All Peger Road complex buildings were built with electric heat. We have converted most buildings to hydronic heat and realized a 15% energy cost savings. With the rising cost of fuel oil however, this savings may be eroded. Estimated annual savings is \$100.0.

#### **Measurement Standards and Commercial Vehicle Enforcement (MSCVE)**

- Movement of MSCVE to Virtual Servers (VMWare) which will realize a savings of \$14.4 in 2009 in server costs alone, and will have additional savings throughout the subsequent years. Virtualization essentially lets one computer do the job of multiple computers by sharing the resources of a single computer across multiple environments. Virtual servers and virtual desktops will allow MSCVE to host multiple operating systems and multiple applications locally and in remote locations, freeing MSCVE from physical and geographical limitations. The Information Services section of Administrative Services Division is looking at this for possible efficiencies in other areas of the department.
- MSCVE purchased a 100/500 gallon prover to be placed in Dutch Harbor this past year. To move the prover to various locations as needed during the testing of fuel meter devices, MSCVE acquired an X-class extended cab pick-up truck. This will allow MSCVE to no longer ship a truck and prover to Dutch Harbor for the annual inspections. This will result in a cost savings of \$3.0 or more each subsequent year.
- MSCVE will be moving toward the automation of the load analysis impact on bridge structures for overweight permits. This automation should increase the efficiency of the Commercial Vehicle Customer Service Center in the number of permits issued by 12%. This increase in efficiency will reduce overtime needed to process permits as well as increase the revenue received. It will also eliminate any potential errors of these impact calculations, protecting public infrastructure.
- Measurement Standards is often requested by a company to go to a site for a special inspection or for a re-inspection of devices. The companies agree to pay for all costs associated with the trip using our Device Inspection Request form. In FY08, MSCVE increased RSS by \$30.0 and in FY09 an additional \$5.0 to offset the expenditure to travel to these locations. Prior to this increase in RSS, these expenditures were funded by GF/GOR and caused a shortfall in the travel budget every year, affecting regularly scheduled trips to inspect devices to assure market place confidence and equitable trade.

*“Providing for the safe movement of people and goods and the delivery of state services.”*

**Construction**

- Eliminated the Construction/M&O Director at a position savings of \$153.0.

**Transportation Management and Security**

- Keep the Integrated Vegetation Management Coordinator position vacant an additional three (3) months (\$11.8). Delaying the filling of this position will impact the department's ability to address our longstanding brush control issues and the new challenge of noxious weeds infesting our right of ways.

**Contracts and Appeals**

- The Engineer/Architect II position will be reclassified to a Procurement Specialist position. Since the Design/Build program is up and going, an engineering position is no longer needed. Anticipated savings is expected to be \$32.0.

**Administrative Services**

- The following vacant positions will be kept open longer resulting in a savings of \$41.6: Accountant III, Administrative Clerk III, and Procurement Specialist II.

**Program Development**

- Keep two more positions vacant resulting in savings of \$5.5. Leaving these positions vacant could interfere with meeting Federal requirements set by Federal Highways Administration (FHWA). Our solution is to cross train existing staff to cover the FHWA required duties of the vacant positions.

**Statewide Design and Engineering Services**

- The Division will not complete as many bridge inspections during FY09 as originally anticipated. Those inspections will be delayed until FY10. This will provide an estimated savings of \$20.0.

**Department-wide initiatives**

- Implemented an electronic procurement system throughout most of the department (still training vessel crew on this program). This is an on-line stock request program that has increased processing efficiencies for purchase and receipt of orders. It has reduced the amount of redundant data entry and has allowed in at least one office to convert a clerical position to an additional procurement position.
- Partially implemented an electronic time sheet program that reduces the amount of data entry and thus errors associated with payroll processing and AKSAS charges to projects.
- Travel is more scrutinized by the regions especially travel that is not specific to a project. Estimated annual savings is \$5.5. Mileage is being used where ever possible – the department's most recent mileage balance is 355,000 which is pretty low for the size of this agency.
- Converted computer replacement schedules to 4 years as opposed to 3 years. Estimated annual savings is \$60.3.
- Software purchases (i.e., Adobe) are not made for all computers which reduces the number of software licenses in use and renewed each year. Estimated annual savings is \$22.8.
- Equipment is being sent in for repair instead of replacement.

- Implement more sharing of copiers, scanners and plotters between the different sections within the regions. Estimated annual savings is \$32.0.
- The use of cellular phones by each section is monitored closely and reviewed each year to identify areas where costs can be reduced by eliminating phones and changing calling plans. Estimated annual savings is \$4.7.
- Eliminated the agreement with a local courier service to pick up recycling and instead use warehouse staff during their frequent trips between the Juneau offices to deliver recycling to the recycling center. Estimated annual savings is \$1.0.

As you can see, we are dedicated to providing state services in as efficient manner as possible. The past several years have shown that DOT&PF has little to no general fund lapse balances. We have also needed supplemental funding to cover the cost increases associated with fuel, utility and contractual services. I expect that we will be seeking supplemental funding again this year for the same reasons. If further costs savings are required of this agency, then service reductions would be necessary. I am hesitant to offer reductions in Marine Highway service, reduced maintenance on roads, airports and public buildings, or elimination of any positions. I would appreciate your feedback on the items we are presenting to you. If I can be of further assistance, please do not hesitate to call.

cc: Jim Beedle, Deputy Commissioner of Marine Operations  
Christine Klein, Deputy Commissioner of Aviation  
Frank Richards, Deputy Commissioner of Highways & Public Facilities  
Nancy Slagle, Director, Division of Administrative Services

# MEMORANDUM

## STATE OF ALASKA

*Department of Administration  
Office of the Commissioner*

**To:** Karen Rehfeld  
Director  
Office of Management & Budget

**Date:** January 14, 2009

**Phone:** 465-2200

**From:** Annette Kreitzer  
Commissioner



**Subject:** Quarterly Reporting on  
FY2009 GF Savings Plan

The approved components of the Department of Administration FY2009 GF Savings Plan and second quarter estimates are as follows:

Savings Plan	Savings Target	Est. Jan. 15 Savings	Comments
Division of Finance GF Reduction	\$300.0	\$300.0	Savings will be Achieved.
ETS GF Reduction	\$300.0	Unknown	We continue to be challenged with this target.
Department Personal Services Reduction	\$200.0	\$75.0 - \$200.0	Many divisions should be able to achieve.
R&B Reduction	\$107.6	\$107.6	Savings is achieved.
Year End Lapsing	\$200.0	Unknown	It is too early to estimate amounts. Some of these savings may be difficult to achieve.

Please let me know if you need additional information.

C: Kevin Brooks, Deputy Commissioner  
Rachael Petro, Deputy Commissioner  
DOA Directors



**DCCED 2nd Qtr Savings Plan**  
**31-Dec-08**

Component	Savings Plan	Savings Target	1st Qtr Savings	2nd Qtr Savings	Total Savings	Comments
Administrative Services	Cut travel and delay equipment purchases	4.0	1.0	1.0	2.0	Director is not traveling to Anchorage as often (\$2.0 savings)  The savings plan is on track.
Community and Regional Affairs	Cut travel & leave positions vacant	16.0	16.0	0.0	16.0	Although it appears that DCRA has met its target (and absolutely plans to meet this target), given the challenges communities now face, DCRA must absorb the following:  --\$10.1 for the FY09 contractual increases.  --Costs associated with the Ketchikan Gateway Borough lawsuit (DCRA was going to request this in the supplemental bill)  The savings plan is on track.
Office of Economic Development	Savings occurred due to delay in hiring two Film Office positions	60.0	42.5	17.5	60.0	A delay in hiring two film positions (\$150.0 appropriated for the positions) has allowed OED to meet its goal. However, achieving additional savings will be difficult for the following reasons:  --The two film positions have been hired. --Travel costs for two film positions will be incurred. --OED must absorb another \$1.8 due to contractual salary agreements  The savings plan is on track.
<b>Savings Plan Totals:</b>		<b>80.0</b>	<b>59.5</b>	<b>18.5</b>	<b>78.0</b>	

# STATE OF ALASKA


## MEMORANDUM

### DEPARTMENT OF CORRECTIONS

Division of Administrative Services  
P.O. Box 112000  
Juneau, Alaska 99811-2000  
Phone (907) 465-3339 Fax (907) 465-3315

**TO:** Karen Rehfeld, Director  
Office of Management and Budget  
Office of the Governor

**DATE:** January 15, 2009

**FROM:** Leslie Houston, Director   
Division of Administrative Services

**PHONE:** 465-3339  
**SUBJECT:** FY2009 2nd Quarter General Fund  
Savings Plans

The falling price of oil is certainly a mixed-blessing. For the Department of Corrections (DOC), this has alleviated our fears as we anticipated a large fuel cost-related supplemental. The 38% surcharges on our foodstuffs has dropped to less than 4%; our shipping costs have dropped; and most of all, our energy costs in all facilities with the exception of Anvil Mountain (Nome) and Yukon-Kuskokwim (Bethel) have dropped and stabilized. Barring the price of oil rising sharply, we believe we are secure with our level of fuel/energy funding for FY2009.

Following is the updated DOC FY2009 2nd Quarter General Fund savings and efficiencies status report:

- **Savings Plan, \$672.4:** Statewide Probation/Parole V&T— we will meet this savings.
- **Energy Conservation Measures:** We are resubmitting the DOT Energy Savings Plan and DOC Analysis. This is the same document that was submitted with the 1<sup>st</sup> Qtr Savings Update. Please let us know if you have questions and we can coordinate a teleconference to include Facilities/Project Manager, Charlie Finch.
- **Cost Containment Measures**
  - **Western States Contracting Alliance (WSCA) Standardized Procurement:** this is a multi-state buying consortium contract facilitated by DGS. The first vendor Waxie was found by the DOC to be unresponsive, and in some cases, charging more for products than competing vendors that are not included in the WSCA contract. The second vendor Coastwide (aka Corporate Express) is no improvement. We have determined WSCA purchasing is not cost effective for all of our facilities. The four institutions located in the Anchorage Bowl may eventually realize savings when DGS can secure a reliable vendor, however, the other eight institutions will no longer attempt to participate in the WSCA purchasing process because the products offered are more costly.

The DOC agreed to be a pilot agency for this contract based on the savings we would gain. To date, we have no measurable savings from this contract. We will continue attempting to participate through the 3<sup>rd</sup> quarter of FY2009, if no improvements are made we will be seeking alternate forms of procurement that are both reliable and cost-effective.

o **Standardized Menu:** We are on target to implement the standardized menu by February 1, 2009. The savings are unknown, we should be able to evaluate savings by the end of FY2009.

o **Out-of-State Liquidated Damage Recovery, \$429.0:** On October 20, 2008, DOC received a check from the out-of-state contract vendor Corrections Corporation of America (CCA) in the amount of \$429.0. These funds are being applied to prior fiscal years 2007 and 2008—there is no savings in FY2009.

If you require additional information, please feel free to contact me directly.

Attachment: Energy Savings Plan

Cc: Joe Schmidt, Commissioner  
Dwayne Peebles, Deputy Commissioner  
April Wilkerson, Budget Chief

## State of Alaska, DOT&PF - Energy Performance Contracting Phase II - DOC Statewide Facilities

### Project Goals

A - The primary goal of this program is to reduce energy consumption by investing in high efficiency electrical and mechanical equipment with a highly favorable return on investment (ROI).

B - Our secondary goal was to utilize the savings generated by the high ROI systems, such as lighting, heat reclaim units, etc. and invest those savings in systems with longer payback periods. We specifically looked at systems that were not being funded via our 6-year capital improvement program due to higher priority items (emergency repairs, etc.) displacing them.

C - Our Tertiary goal was to install systems that could reduce the workload on our staff and allow their efforts to be directed on planned maintenance and less on emergency response on antiquated equipment failures.

### Project Financial Data

Financed Amount	\$ 9,010,700	Annual Interest Rate	4.3%
Rebates & Down payments	\$ -	Finance Period	15 years
Escrow Interest Earnings (17 Months)	\$ 201,428	Finance Payments / Year	12 Year
Total Project Cost to ADOC	\$ 9,010,700	Interest Payments (Total)	\$ 4,547,038
Annual Utility Savings	\$ 913,329	Energy Escalation	3.5%
Annual Operating Savings	\$ 5,152	Operational Escalation	2.0%
Monthly Lease Payment	\$ 75,109	Number of Lease Payments	198
ROI	15 years	Buy-Out option after Month 25	\$ 9,560,760
Construction Period	18 months	Construction Completion Date	2/28/2009
Energy/Utility Savings (over 15 years)	\$ 13,699,933	ESCO (Siemens) cost	\$ 7,339,895
Operational Savings (over 15 years)	\$ 77,284	SLS (Sylvania Lighting Services Corp.)	\$ 1,670,805
Total Savings	\$ 13,777,217	Total Contract Services	\$ 9,010,700
Maximum Loan term	16.5 Years	Final Scheduled Payment	2/1/2024

**Facility Improvement Measures (FIM's)**

Lighting Upgrades	FIM # 1.00	New or renovated lighting fixtures
- Lighting Controls	FIM # 1.01	New lighting controls
Water Conservation	FIM # 2.00	Flow control on toilets, shower & laundries
Electrical Motors	FIM # 3.00	Replace with new high efficiency motors
- Variable Frequency Drive Applications	FIM # 3.01	Replace constant speed motors with VFD's
Building Automation System	FIM # 4.00	Replace antiquated and or missing HVAC controls
- Vending Misers	FIM # 4.01	Occupancy Sensor controls
Mechanical Retrofits	FIM # 5.00	
- Heat Recovery	FIM # 5.01	Repair or replace Heat Recovery systems
- Valve Insulation	FIM # 5.02	Provide and install piping and valve insulation
- Burner Replacement	FIM # 5.03	Replace antiquated fuel burning equipment
- Air Handler Conversions	FIM # 5.04	Convert Constant Volume to Variable Air Volume Fan Conversions...
- Return Air Conversions	FIM # 5.05	Convert 100% make up air systems to balanced return air systems

# MEMORANDUM

State of Alaska  
Department of Education  
& Early Development

To: Karen J. Rehfeld  
Director  
Office of Management & Budget

Date: January 15, 2009

Phone: 465-2875

FAX: 465-3452

File: OMBQuarterly

From: Mark E. Lewis *ML*  
Administrative Services Director

Subject: Quarterly Reporting FY2009

The Department of Education & Early Development has reviewed our targeted general fund savings for the second quarter of FY2009.

Savings Plan	Savings Target	January 15 Savings	Comments
Administrative- Information Services contractual line items	\$10.0	\$5.0	On track to achieve this savings target
School Finance & Facilities personal services vacancy	\$16.9	\$16.9	On track to achieve this savings target
Student & School Achievement personal services vacancy	\$36.5	\$36.5	On track to achieve this savings target
Student & School Achievement contractual line items	\$100.0	\$50.0	On track - IT infrastructure issues may require use of this funding. Other departmental balances will be identified to meet this target.
State Facilities Rent	\$60.0	\$30.0	Funding identified is tied to occupancy date of the new leased facility and build out requirements. EED is tracking progress.
Library, Archives & Museums	\$46.6	\$23.3	On track to achieve savings.
<b>Savings Plan Totals</b>	<b>\$270.0</b>	<b>\$161.7</b>	

# FY 2009 General Fund Savings Quarterly Report

## December 31, 2008

<b>Savings Plan</b>	<b>Savings Target</b>	<b>Dec 31 Savings</b>	<b>Savings Amount</b>
Uncollectible GFPR	\$34,980	\$17,490	On track to achieve this savings target.
In fiscal year 2008 DEC received an appropriation of \$606,500 and 4 positions for the purpose of pipeline compliance oversight and North Slope flow line integrity. The department has encountered extreme difficulties in the classification and recruitment of these four positions. One position has been filled with the incumbent to begin in August, however, we don't expect to fill the other 3 positions until later this year. This is a one time savings and will not be available in FY10.	\$208,520	\$0.00	The return of the GF from the Contaminated Sites component to the Industry Preparedness and Pipeline Operations (IPP) did not occur. Since the vacant positions are in the IPP component the funding source realizing this savings is now Oil/Hazardous Response funding (1052) not GF as originally appropriated.  We are continuing to review current spending levels to identify areas in which we may be able to cut back on our GF spending.
This would eliminate \$56,000 in travel agent fees annually and one position estimated at \$70,500.	\$126,500	\$0.00	The managed travel process is still in place so no savings have been realized this quarter. Savings not realized this quarter total \$50,377.
Current balance of the DEC mileage account would allow approximately 50 tickets to be purchased. This would be allocated to a variety of programs.	\$20,000	\$2,087	On track to achieve this savings target. Update of mileage use procedure is completed and mileage usage is on the rise.
<b>Savings Plan Totals</b>	<b>\$390,000</b>	<b>\$19,577</b>	

Department of Fish and Game FY09 General Fund Savings Plan As of December 31, 2008							
Savings Plan Item	Division	Savings Target	1st Quarter savings	2nd quarter savings	Cumulative savings	Comment (update)	
SE Region - leave positions vacant for 3 months	Comm Fish	41.9	20.0	11.9	31.9	PCN expected to remain vacant for about 7 mm. The target amount may not be met if estimated service step increases of 10.0 are unfunded.	
Central Region - leave positions vacant for 3 months	Comm Fish	37.7	37.7	(12.4)	25.3	PCNs have remained vacant for the required 3 mm but the target amount may not be met if estimated service step increases of 12.4 are unfunded.	
AYK Region - leave positions vacant for 3 months	Comm Fish	94.5	94.5	(6.7)	87.8	PCNs have remained vacant for the required 3 mm but the target amount may not be met if estimated service step increases of 6.7 are unfunded.	
WWV Region - leave positions vacant for 3 months	Comm Fish	85.0	85.0	100.0	185.0	PCNs have remained vacant for the required 3 mm. The region has identified additional savings due a cancelled project and the availability of other funding sources.	
HQ Fisheries Mgmt - leave positions vacant for 3 months	Comm Fish	284.9	284.9	(100.0)	184.9	While PCNs have remained vacant for the required 3 mm the target amount is not expected to be met due miscellaneous expenditures and if estimated service step increases of 16.6 are unfunded. However, the Westward region has identified additional savings that cover this components savings target.	
CF Special Projects - leave positions vacant for 3 months	Comm Fish	100.2	25.0	25.1	50.1	PCNs have remained vacant for the required 3 mm. The region is on track to meet its savings objective.	



Department of Fish and Game FY09 General Fund Savings Plan As of December 31, 2008						
Savings Plan Item	Division	Savings Target	1st Quarter savings	2nd quarter savings	Cumulative savings	Comment (update)
Realize savings due to ongoing recruitment difficulties	Sport Fish	67.9	14.8	15.5	30.3	The target amount may not be met if estimated service step increases of 37.6 are unfunded.
Wildlife Scientist position - hold vacant for 6 months.	Wildlife Cons	60.0	30.4	29.6	60.0	Held vacant for 6 months. On-Target
Division vacancies - hold open for an additional month	Wildlife Cons	63.5	18.3	33.5	51.8	On-target
Reduction in personal services line	Comm office	13.4	4.0	-	4.0	Due to unanticipated moving expenses for two newly appointed staff members, the personal services savings from the deputy commissioner position vacancy is no longer available. The 1st quarter GF savings amount is still valid.
Reduction in personal services line	Admin Services	42.2	10.0	-	10.0	The division has had to absorb some unanticipated Information Technology costs. In addition, the target amount may not be met if estimated service step increases of 7.0 are unfunded.
Reduction in printing/lower bid award.	Boards	20.6	20.6	-	20.6	The target has been met. The Boards Support Section was able to procure a new contract for printing for FY09 that was less than last year's costs. This contractual services reduction has allowed for a savings of approximately 20 percent for each legal notice and call for proposals mail out. We are currently working on a multi-year bid for the printing of proposal books.

Department of Fish and Game FY09 General Fund Savings Plan As of December 31, 2008						
Savings Plan Item	Division	Savings Target	1st Quarter savings	2nd quarter savings	Cumulative savings	Comment (update)
Division of Subsistence	Subsistence	36.2	9.1	-	9.1	The division is not on track to realize the target savings especially if estimated service step increases of 6.5 are unfunded.
Reduce Contractual Services	Habitat	30.0	6.0	-	6.0	The Habitat Division has been unable to meet its projected second quarter GF savings plan due the transition from DNR to ADF&G and the associated move costs as well as other contractual and personnel costs. Specifically, line 300 and line 400 funds where we had anticipated savings, will need to be shifted to line 100 to cover a potential shortfall.
Reduce Commodities	Habitat	22.0	5.0	-	5.0	The Habitat Division has been unable to meet its projected second quarter GF savings plan due the transition from DNR to ADF&G and the associated move costs as well as other contractual and personnel costs. Specifically, line 300 and line 400 funds where we had anticipated savings, will need to be shifted to line 100 to cover a potential shortfall.
	<b>Total</b>	<b>1,000.0</b>	<b>665.3</b>	<b>96.5</b>	<b>761.8</b>	

# STATE OF ALASKA

DEPT. OF HEALTH AND SOCIAL SERVICES

OFFICE OF THE COMMISSIONER

SARAH PALIN, GOVERNOR

P.O. Box 110650  
Juneau, AK 99811-0650  
Phone: (907) 465-3030  
Fax: (907) 465-3068

## MEMORANDUM

OFFICE OF  
MANAGEMENT & BUDGET

DATE: December 30, 2008

JAN 03 2009

TO: Karen Rehfeld  
Director  
Office of Management and Budget

FROM: Alison M. Elgee  
Assistant Commissioner

SUBJECT: FY2009 General Fund Savings Plan

In response to the Governor's FY2009 General Fund Savings Plan, the Department of Health and Social Services fully restricted the \$4.7 million general funds allotted as its share. The restrictions will remain in place throughout the year and the impacted entities are monitoring their expenditures to ensure the general funds will not be needed.

Savings Plan	Savings Target	Dec 31 Savings	Comments
Position Management	<\$500.0>	<\$250.0>	On track
Senior Benefits Program	<\$500.0>	<\$250.0>	On track
Medicaid Client Travel	<\$437.6>	<\$218.8>	On track
Administrative Travel	<\$134.5>	<\$67.2>	On track
Additional Medicaid Reductions	<\$3,187.9>	<\$1,594.0>	On track
Savings Plan Totals	<\$4,760.0>	<\$2,380.0>	

If you have additional questions regarding this issue, please contact me at 465-1630.

cc: Patrick Hefley, Deputy Commissioner  
Bill Streur, Deputy Commissioner  
Kate Bowns, Acting Budget Manager

FY09 General Fund Lapse Projections  
Department of Labor and Workforce Development  
01-12-09

Savings Plan	Savings Target	Dec 31 Savings	Comments
Commissioner: Travel Savings	\$ 4.4	\$ 2.2	On track to achieve this savings target
Management Services Vacancy Management	\$ 12.0	\$ 6.0	On track to achieve this savings target
Data Processing Hiring Delay	\$ 25.0	\$ 25.0	Met target— position now filled.
Labor Market Info: Vacancy Management	\$ 8.0	\$ 4.0	Met target.
Workers' Comp: Restrict GF	\$ 3.3	\$ 3.3	Met target.
Second Injury Fund: Restrict GF	\$ 0.2	\$ 0.2	Met target.
Wage and Hour: Certified Payroll System Maintenance	\$ 40.0	\$ 20.0	On track to achieve this savings target
Mechanical Inspection: Restrict GF	\$ 1.3	\$ 0.7	On track to achieve this savings target
Employment & Training: Personal Services	\$ 128.0	\$ 64.0	On track to achieve this savings target
Unemployment Insurance: Vacancy Management	\$ 42.0	\$ 21.0	On track to achieve this savings target
Business Services: Vacancy Management	\$ 5.0	\$ 5.0	Met target.
AVTEC: Vacancy Management	\$ 5.0	\$ 2.5	On track to achieve this savings target
DVR: Hold 2 PCNs vacant Client Services Component	\$ 50.0	\$ 50.0	Met target
DVR: Reduce travel costs by using accrued miles. VR Administration & Disability Determinations Unit	\$ 5.8	\$ 5.8	Met target
<b>Savings Plan Totals</b>	<b>\$ 330.0</b>	<b>\$ 209.7</b>	

# MEMORANDUM

State of Alaska  
Department of Law  
Division of Administrative Services  
Phone (907) 465-3672 Fax (907) 465-5419

To: Mike Crabb, Budget Analyst  
Office of Management & Budget  
Office of the Governor

Date: January 15, 2009

From: Dave Blaisdell, Director  
Administrative Services Division  
Department of Law

Telephone: 465-3673  
Subject: 2<sup>nd</sup> Quarterly Report  
FY2009 Savings Plan

As requested, this memorandum is intended to report on the Department of Law's progress during the second quarter of FY2009 toward meeting the Savings Plan goal of \$1,030,000 set out in Attorney General Colberg's July 31, 2008 memo to Karen Rehfeld.

Savings Plan	Savings Target	Dec 31 Savings	Comments
Move \$200K in unused SDPR to offset GF expenditures on consumer protection matters.	\$200.0	\$0.0	Savings will not be realized until final quarter of FY09 when these adjustments are customarily made.
Lapse majority of \$500K Curyung Supplemental.	\$475.0	\$245.2	Expenditures against this approp have totaled only \$4,830 through the second quarter. Savings goal appears to be on target.
Fund Barrow VW Paralegal from federal earmark.	\$106.2	\$34.9	Position was not filled until mid-August and vacated in mid-November. It is currently only 50% allocated to federal earmark funds. If filled in January savings may only reach \$58K
Delay filling new OSPA attorney and LOM until after first quarter.	\$75.0	\$75.0	Savings target fully achieved.
Fairbanks DA office lease reduction after November 2008.	\$78.0	\$78.0	Savings target fully achieved.
Slow PC hardware replacement cycle.	\$95.8	\$0.0	Savings will not be realized until final quarter of FY09 when these purchases are customarily made.
<b>Savings Plan Totals:</b>	<b>\$1,030.0</b>	<b>\$433.1</b>	

As with last quarter, although the total savings through December may not appear at first glance to be "on-target" I would note that for several of the items originally listed the actual savings were not anticipated until specific payments or adjustments were made. In two cases those payments or adjustments would not customarily occur until the last quarter of the fiscal year. In the case of the Barrow victim/witness paralegal it was previously reported that we could not fund the position 100%

from the federal earmark funds originally cited; however, the position has been vacant for three of the last six months so some additional savings have been realized through vacancy as well as federal funding.

If you have any questions or would like to discuss any of these matters in greater detail, please don't hesitate to call.

# MEMORANDUM

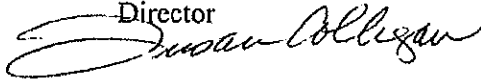
## State of Alaska

Department of Military & Veterans Affairs  
Division of Administrative Services

TO: Lena Simmons  
Budget Analyst  
Office of Management and Budget

DATE: January 15, 2009

FROM: Susan Colligan  
Director



SUBJECT: FY09 Cost Savings  
Second Quarter Update

I am responding to OMB's request for a second quarter update on FY09 cost savings for the Department of Military and Veterans' Affairs.

As you know in August 2008 DMVA provided you with information on how the department has continued to hold the line on the operating budget. In addition to holding the line on the budget, DMVA submitted cost savings in FY08 (budget reductions) and consolidated department core services to achieve efficiencies.

In the Governor's FY10 budget, the department has again, held the line on the budget with no major changes to the base funding level. As a result of the recent budget reductions and holding the line on the budget, the base funding level to find "savings" is much tighter for DMVA than other agencies that have seen increased funding requests under this Administration.

The department is continuing to monitor overtime, travel (we have been using up unused tickets and will be using mileage as a means to reduce costs), and contracting costs but at this time cannot identify specific dollar savings due to the loss in buying power of our base budget to maintain services without impairing our ability to meet our mission and the requirements of the Federal/State Cooperative Agreement.

If you have any further questions, please contact me at 428-6881.

cc: John Cramer, Deputy Commissioner  
Laura Baker, Deputy Director, DAS  
Teri Clark, Budget Analyst, DAS

Department of Natural Resources  
FY09 Cost Savings Plan  
Second Quarter Report, for the Period Ending 12/31/2008

	Component	Line Item	Planned Savings	Savings due to Vacancies 7/1/2008 - 9/30/2008	Savings due to Vacancies 7/1/2008 - 12/31/2008
423	Commissioner's Office	Personal Services	-	13,375	42,600
424	Administrative Services	Personal Services	48,400	-	49,500
427	Information Resource Management	Personal Services	-	2,887	14,300
439	Oil & Gas Development	Personal Services	465,500	250,720	321,500
2847	Petroleum Systems Integrity Office	Personal Services	129,700	38,703	78,400
1191	Pipeline Coordinator	Personal Services	2,200	10,136	18,000
2680	Alaska Coastal and Ocean Management	Personal Services	75,000		
2733	Large Project Permitting	Personal Services	-		
2460	Claims, Permits & Leases	Personal Services	184,300	11,172	8,000
2456	Land Sales & Municipal Entitlements	Personal Services	-		
2459	Title Acquisition & Defense	Personal Services	105,300	26,610	29,900
916	Water Development	Personal Services	49,000	2,070	12,700
2440	Director's Office/Mining, Land & Water	Personal Services	-		
435	Forest Management & Development	Personal Services	16,700		
2132	Non-Emergency Hazard Mitigation Projects	Personal Services	-		
1031	Geological Development	Personal Services	24,800	71,355	101,400
802	Recorder's Office/Uniform Commercial Code	Personal Services	-		
455	Agricultural Development	Personal Services	-		
2204	North Latitude Plant Material Center	Personal Services	41,100	11,595	14,100
2235	Agriculture Revolving Loan Program Admin	Personal Services	-		
2633	Conservation and Development Board	Personal Services	16,600	5,191	15,100
2441	Public Services Office	Personal Services	-		
1199	Trustee Council Projects	Personal Services	-		
1650	Interdepartmental Information Technology Chargeback	Personal Services	-	16,055	28,500
1635	Mental Health Trust Lands Administration	Personal Services	-		
2225	Citizen's Advisory Commission on Federal Areas	Personal Services	19,800	8,547	15,500
2226	RS 2477/Navigability Assertions and Litigation Support	Personal Services	-		
2705	Fire Suppression Preparedness	Personal Services	20,800	95,148	
451	State Historic Preservation Program	Personal Services	-		
452	Parks Management	Personal Services	33,700	101,030	149,900
2136	Parks & Recreation Access	Personal Services	7,100	2,351	4,000
			<u>1,240,000</u>	<u>666,945</u>	<u>903,400</u>

1st quarter notes

DNR will restrict the Personal Services line items in the above components for a total realized cost savings of \$666,945 as of 9/30/2008. This amount represents a little more than half of the FY09 cost savings goal amount of \$1.24 million for our agency. Since payroll adjustments are not made quarterly, subsequent adjustments may cause a change in the amount or the source. However, we do expect to meet the target goal by the end of the fiscal year.

2nd quarter notes

DNR will restrict transfers from Personal Services line items in the above components for a total realized cost savings of \$903,400 as of 12/31/2008. This amount represents 75% of the FY09 cost savings goal amount of \$1.24 million for our agency. We expect to meet the target goal by the end of the fiscal year.



# State of Alaska

Department of Revenue  
Administrative Services Division



**SARAH PALIN, GOVERNOR**

333 Willoughby Avenue, 11<sup>th</sup> Floor

P.O. Box 110400

Juneau, Alaska 99811-0405

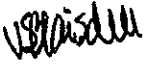
Phone: (907) 465-2300

Fax: (907) 465-2394

## MEMORANDUM

**To:** Karen Rehfeld  
Director  
Office of Management & Budget

**Date:** January 15, 2009

**From:** Ginger Blaisdell   
Director  
Administrative Services Division

**Phone:** 465-2312

**Subject:** FY2009 GF Savings Plan  
Second Quarter Report

In response to the Governor's request that departments collectively meet a savings target of \$20 million general fund for FY2009, the Department of Revenue proposed holding three positions vacant in the Tax Division to meet its savings plan target of (\$390.0).

During the first quarter of FY2009, unexpected vacancies and delays in filling newly created positions resulted in sufficient savings in the personal services line to allow the Tax Division to fill these positions for the balance of FY2009 and still meet the target. The \$390.0 GF has been restricted in the personal services line of the Tax Division budget.

Savings Plan	Savings Target	December 31 Savings	Comments
Hold three positions vacant in Tax Division for FY2009	\$390.0	\$390.0	Savings goal achieved
<b>Savings Plan Totals</b>	<b>\$390.0</b>	<b>\$390.0</b>	

# MEMORANDUM State of Alaska

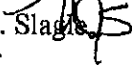
## Department of Transportation & Public Facilities Administrative Services Division

TO: Karen Rehfeld, Director  
Office of Management and Budget

DATE: January 19, 2009

TELEPHONE NO: 465-3911

FAX NO: 465-3124

FROM: Nancy J. Slagter   
Director

SUBJECT: 2nd Quarter Report  
FY2009 GF Savings

This in response to your October 27, 2008 memo requesting the status of achieving cost savings this year. The following is the information you requested for DOT&PF:

Savings Plan	Savings Target	December 31 Savings	Comments
AMHS use of force account	599.0	-	Authorization restricted. Savings should begin during 3 <sup>rd</sup> quarter.
AMHS - fuel management system	378.0	189.0	Authorization restricted. On track to achieve savings target.
MSCVE - virtual servers	14.4	14.4	Authorization restricted. Savings has already been realized for FY09.
MSCVE - prover transport	3.0	3.0	Authorization restricted. Savings has already been realized for FY09.
MSCVE-automation of load analysis	7.7	3.0	Authorization restricted. Overtime reduction has been reflected in FY09 Mgmt Plan. On track to achieve savings target.
MSCVE-travel for re-inspection services (third-party billing)	5.0	2.9	Authorization restricted. Billing for special inspections directly to customer. On track to achieve savings target.
TM&S - Integrated Vegetation	11.8	11.8	Authorization restricted. Position held vacant.
Contracts & Appeals - reclass	32.0	32.0	Authorization restricted. Position held vacant.
Admin Svcs - positions	41.6	22.7	Authorization restricted. Positions held vacant.
Prog Dev -position vacancies	5.5	5.5	Authorization restricted. Positions vacant.

SD&ES - bridge inspections	20.0	-	Authorization restricted. On track to achieve savings target.
Dept wide - travel	5.5	-	Savings will be realized by year-end.
Dept wide - computer replace	60.3	-	Savings will be realized by year-end.
Dept wide - software purchases	22.8	-	Savings will be realized by year-end.
Dept wide - shared equipment	32.0	-	Savings will be realized by year-end.
Dept wide - cell phones	4.7	-	Savings will be realized by year-end.
Admin Svcs - courier svcs	1.0	-	On target - the contract has been cancelled
Total	1,244.3	284.3	

Please let me know if you require any further information.

## December 31, 2008 Savings Target Update

Department	Original Savings Target	Savings as of Dec. 31, 2008	Supplemental Bill Budget Reduction Comments
Administration	1,100.0	607.6	1,100.0 Savings target is a challenge.
Commerce, Community, and Economic Dev.	80.0	78.0	80.0 On track to meet target.
Corrections	3,910.0	672.4	750.0 Original savings target reduced.
Education & Early Development	270.0	2,461.7	2,570.0 On track to meet original target. Increased savings of \$2,300.0 comes from the School Performance Incentive Program
Environmental Conservation	390.0	19.6	390.0 Savings target is a challenge.
Fish & Game	1,000.0	761.8	1,000.0 More or less on track to meet target.
Governor	440.0	465.0	465.0 On track to meet target.
Health & Social Services	4,760.0	2,380.0	4,760.0 On track to meet target.
Labor & Workforce Development	330.0	209.7	330.0 On track to meet target.
Law	1,030.0	433.1	980.0 More or less on track to meet target.
Military & Veterans Affairs	160.0	0.0	0.0 Held harmless from savings target.
Natural Resources	1,240.0	903.4	1,240.0 On track to meet target.
Public Safety	2,280.0	0.0	0.0 Held harmless from savings target.
Revenue	390.0	390.0	390.0 Savings target has been achieved.
Transportation	3,220.0	284.3	1,500.0 Original savings target reduced.
Debt		2,015.8	2015.8 Savings due to reduced school debt reimbursement need.
	<b>20,600.0</b>	<b>11,682.4</b>	<b>17,570.8</b>