

# **ALASKA DEPARTMENT OF ADMINISTRATION**

# **DEPARTMENT OVERVIEW**

Presentation to

**House Finance  
Subcommittee**

**February 6, 2014**

Commissioner Curtis W. Thayer

Deputy Comm. Mike Barnhill

Director Cheri Lowenstein



# ORGANIZATION CHART

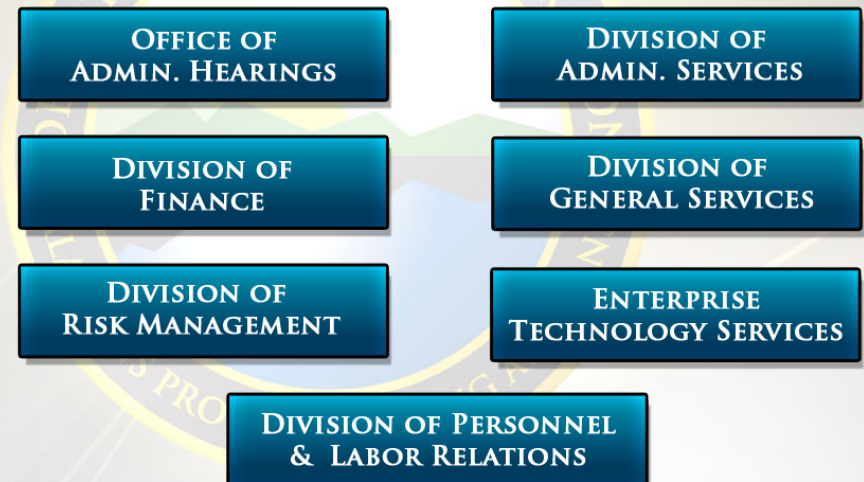
## DEPARTMENT MANAGEMENT



## SERVICES TO THE PUBLIC



## SERVICES TO STATE AGENCIES





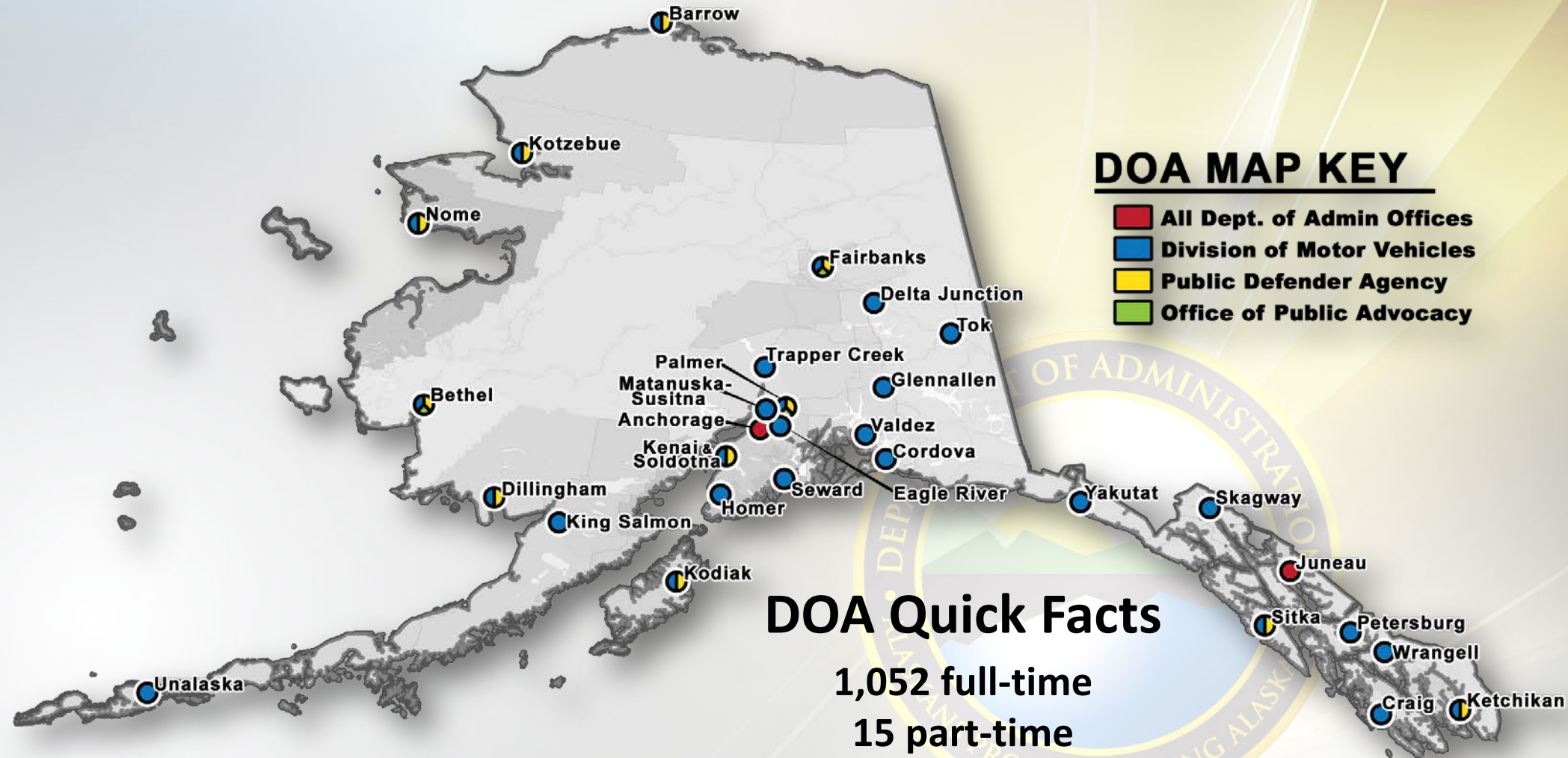
# SERVICE ACROSS ALASKA

## DOA MAP KEY

- All Dept. of Admin Offices
- Division of Motor Vehicles
- Public Defender Agency
- Office of Public Advocacy

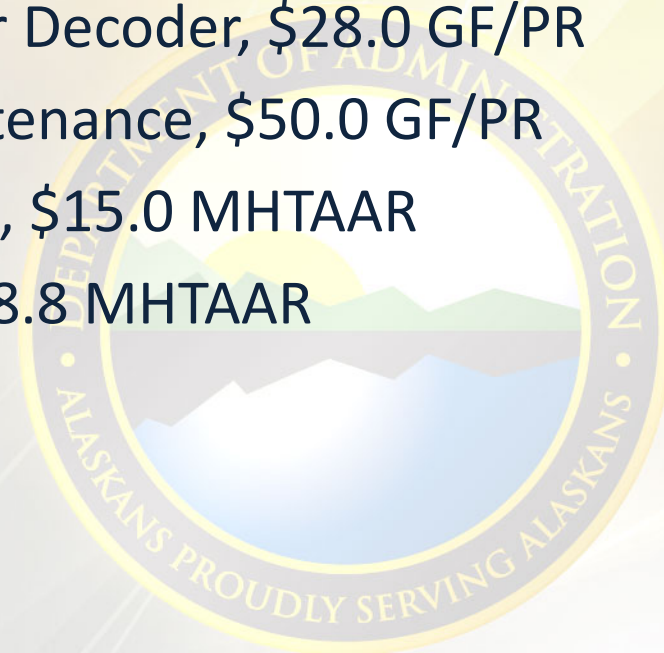
## DOA Quick Facts

1,052 full-time  
15 part-time  
55 non-permanent  
in 31 locations



# OPERATING INCREMENTS

- APOC: Program receipts for lobbyist registration, \$75.2 GF/PR
- AOGCC: Petroleum Measurement Technical Support, \$750.0 AOGCC receipts
- DRB/HPA: Third Party Administrator Contract Costs, \$5.5M DRB Funds
- DGS Facilities: Transfer Nome SOB from DOT, \$201.1 GF
- DMV: Vehicle Identification Number Decoder, \$28.0 GF/PR
- DMV: Knowledge Test System Maintenance, \$50.0 GF/PR
- OPA: Training for Defense Attorneys, \$15.0 MHTAAR
- PDA: Social Services Specialist, \$138.8 MHTAAR



## CAPITAL REQUESTS

- DMV: Replace Outdated information Technology Infrastructure, \$900.0 GF/PR
- DMV: Real Time Driving Records, \$350.0 GF/PR
- ETS: UPS Replacement for Juneau Data Center, \$1,200.0 GF

## DEFERRED MAINTENANCE

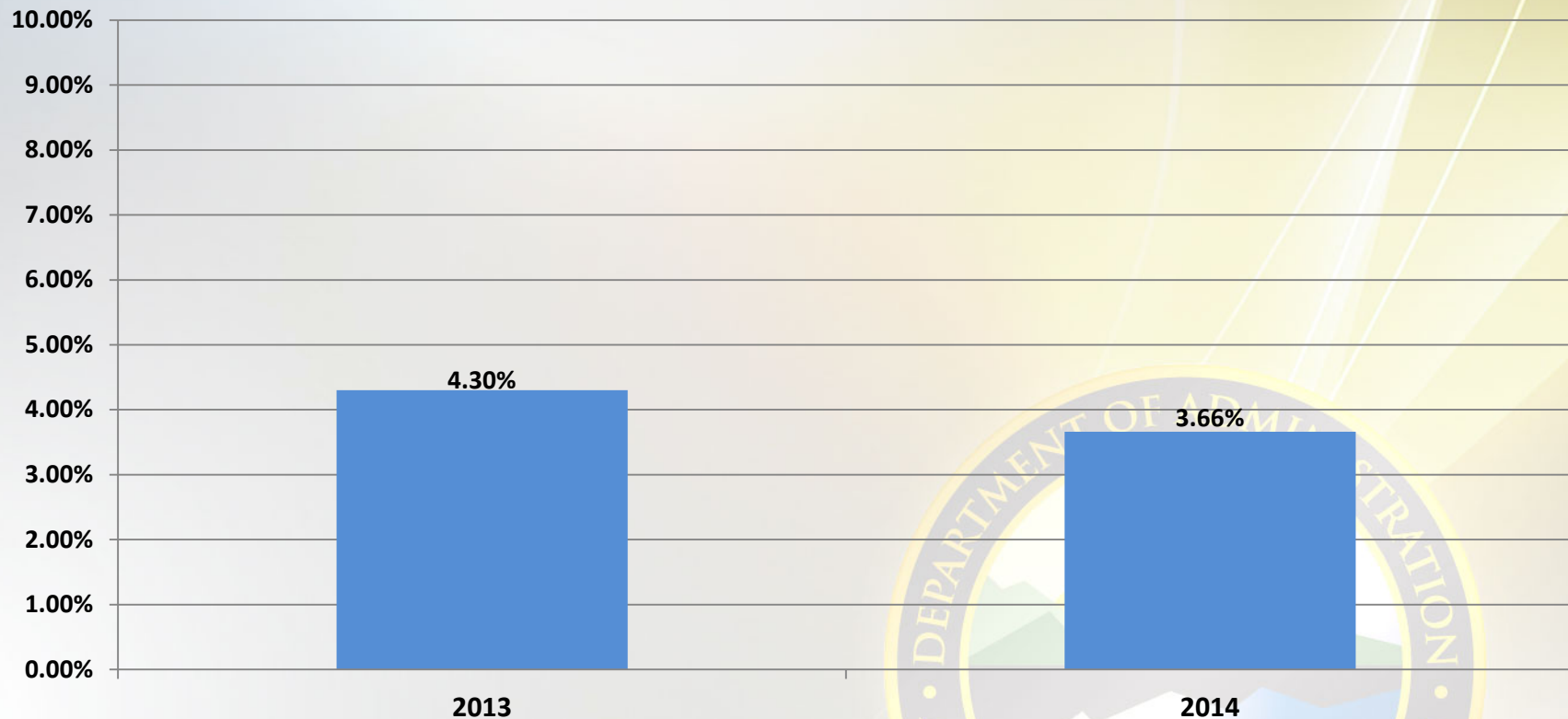
- DGS: Deferred Maintenance Public Building Fund, \$3,250.0 GF, \$3,000.0 other
- DGS: Deferred Maintenance Non-Public Building Fund, \$1,000.0 GF
- ETS: SATS Deferred Maintenance year 5 of 5, \$3,000.0 GF





# ENTERPRISE SUPPORT SERVICES

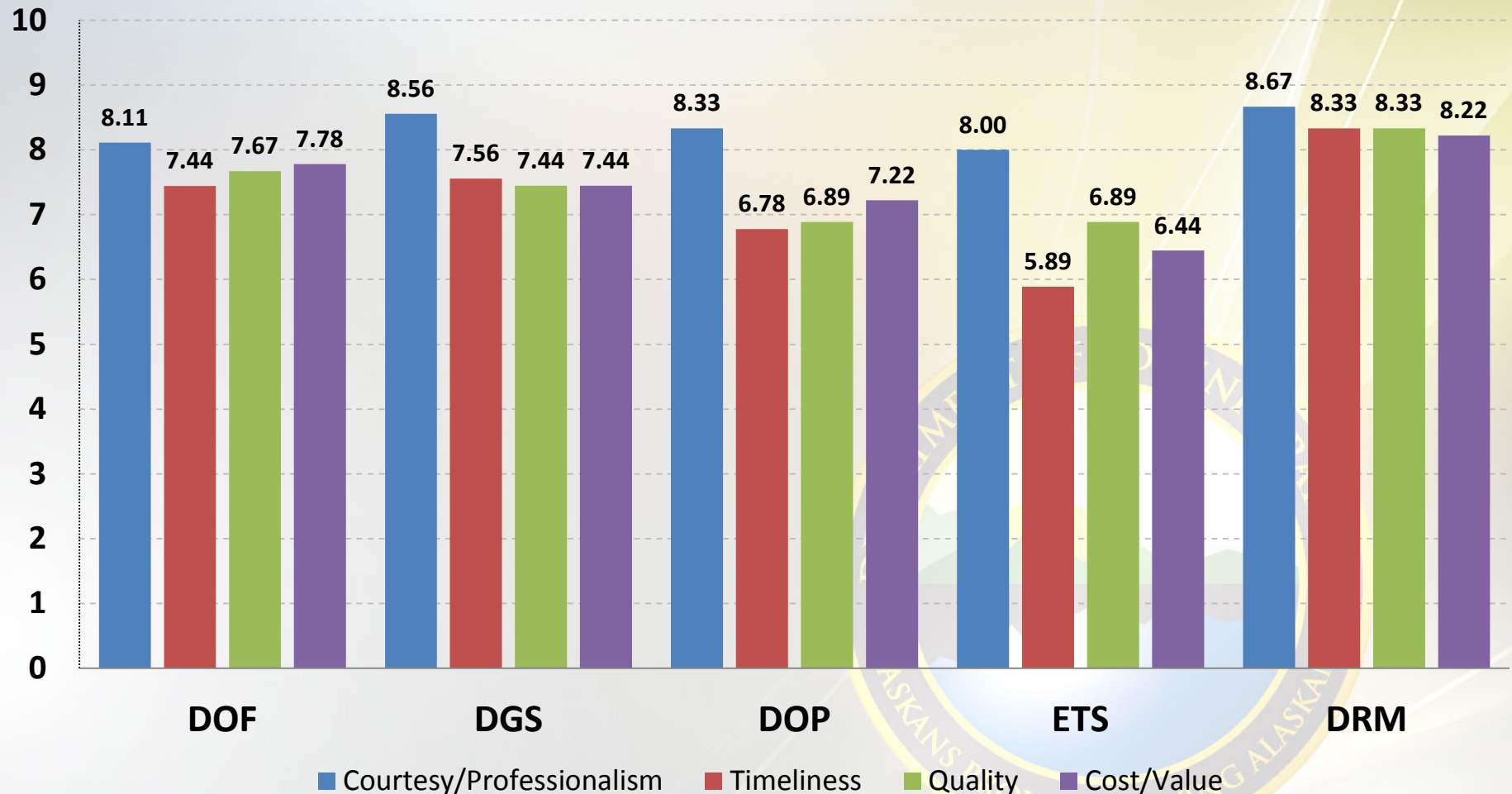
## DOA Five Year Cost Growth Trend



- Our current overall annual increase from FY14 Management Plan to FY15 Governor budget is 1.7%, which should result in continued reduction in cost growth trend

# DEPARTMENT LEVEL RESULTS

Customer service survey results for “Internal Services” agencies:



*Very Satisfied = 10, Very Unsatisfied = 0, results from a September 2013 internal survey*

**DOF – Division of Finance, DGS – Division of General Services, DOP – Division of Personnel,  
ETS – Enterprise Technology Services, DRM – Division of Risk Management**

# LABOR CONTRACTS





# BARGAINING UNITS (BU)

Contracts That Expire on June 30, 2014		Number of Employees
AVTECTA - Alaska Vocational Technical Teachers Association .....		41
IBU – Inlandboatmen’s Union of the Pacific .....		669
MEBA - Marine Engineers’ Beneficial Association .....		107
MMP - Masters, Mates and Pilots .....		98
PSEA - Public Safety Employees Association .....		509
Contracts That Expire on June 30, 2015		
ACOA - Alaska Correctional Officers Association .....		885
LTC - Public Employees, Local 71 .....		1,797
TEAME – Teachers’ Education Association of Mt. Edgecumbe .....		27
Contracts That Expire on June 30, 2016		
ASEA - Alaska State Employees Association .....		8,931
APEA - Alaska Public Employees Association .....		2,274
CEA - Confidential Employees Association .....		199
Non-Covered - Exempt, Partially Exempt and Excluded.....		1,370

*SOURCE: Bargaining Unit Profiles, collected June 30, 2013*

# AVERAGE YEARLY BASE SALARY FOR FY 13

## Yearly Average Pay\*

<b>AVTECTA</b> - Alaska Vocational Technical Teachers Association .....	\$75,876.24
<b>IBU</b> – Inlandboatmen’s Union of the Pacific .....	\$51,334.92
<b>MEBA</b> - Marine Engineers’ Beneficial Association .....	\$73,228.68
<b>MMP</b> - Masters, Mates and Pilots .....	\$85,077.00
<b>PSEA</b> - Public Safety Employees Association.....	\$84,632.40 (AA), \$70,169.52 (AP)
<b>ACOA</b> - Alaska Correctional Officers Association .....	\$61,716.48
<b>LTC</b> - Public Employees, Local 71 .....	\$54,697.80
<b>TEAME</b> – Teachers’ Education Association of Mt. Edgecumbe .....	\$64,363.20
<b>ASEA</b> - Alaska State Employees Association .....	\$57,087.72
<b>APEA</b> - Alaska Public Employees Association .....	\$82,825.68
<b>CEA</b> - Confidential Employees Association .....	\$58,096.20
<b>Non-Covered</b> – Exempt, Partially Exempt and Excluded .....	\$99,474.48

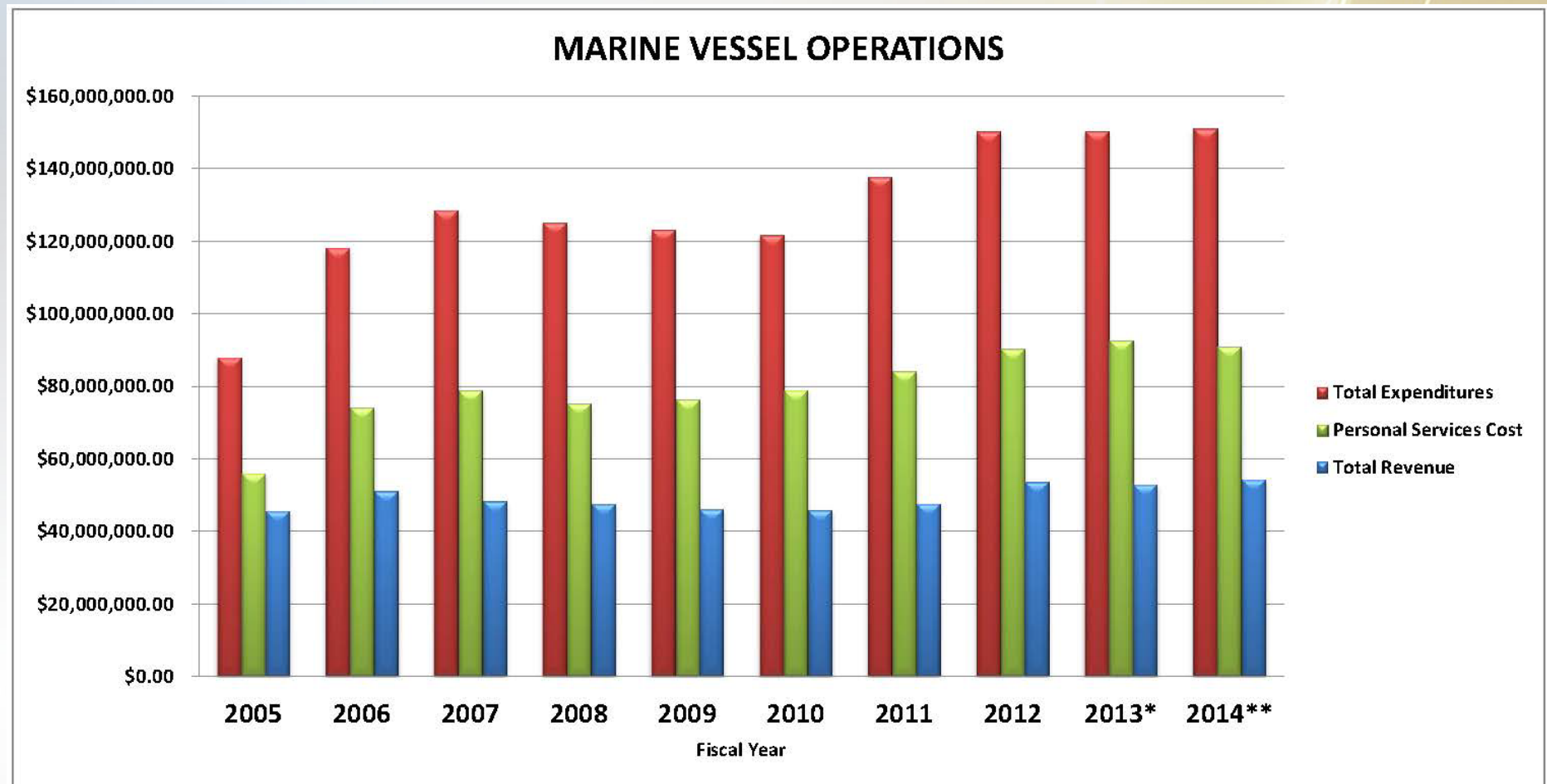
**Average employee benefits percentage is 49%**

\* Includes geographic differential

AA – DPS; AP – DOTPF

SOURCE: Bargaining Unit Profiles, collected June 30, 2013

# EXPENSES VS. REVENUE EXAMPLE



\*FY 2013 revenues and expenditures have not been finalized yet. These figures are estimates based on current data.

\*\*FY 2014 data is estimated based on the FY 2014 Authorized Budget.



# PER CAPITA TRANSPORTATION COST

The AMHS is more costly to the DOT&PF than other systems within the agency. Each borough or census area in the state benefits from one or more of the three major transportation systems. The chart below reflects a cost per capita, per DOT&PF system:

System	Number of Primary Users	Net Cost to State	Cost Per Capita
Highways	674,012	\$28,545,600.00	\$42.00
Rural Aviation	206,480	\$42,944,300.00	\$166.00
AMHS (Ferries)	107,525	\$118,812,900.00	\$1,105.00
All Systems	732,298	\$181,642,200.00	\$248.00



# **MONETARY TERMS**

Examples of monetary terms found in State collective bargaining agreements

## **Cost of living differential (COLD)**

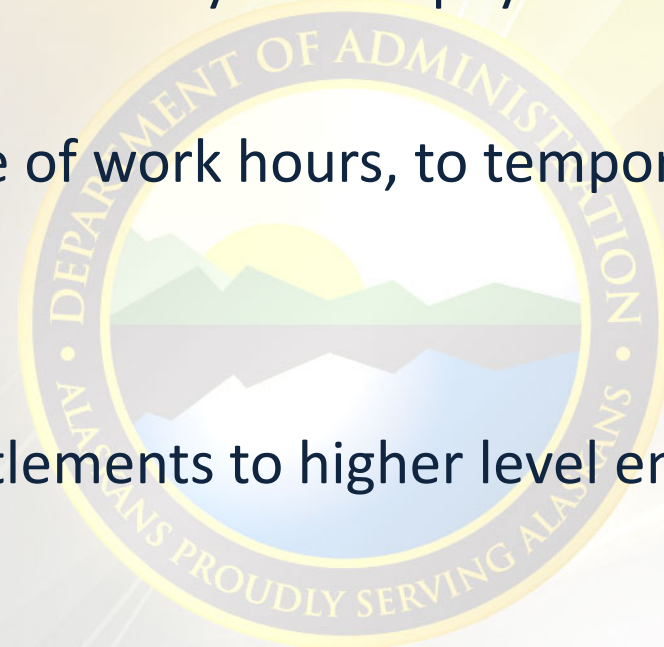
- Collective bargaining agreements, in accordance with AS 23.40.210, require a cost of living differential (COLD) for AMHS vessel employees residing in Alaska. Employees either receive a lump sum payment each pay period or it is built into their hourly rate of pay.

## **Travel pay**

- Pay for time spent traveling, outside of work hours, to temporary work assignments

## **Nonwatch pay**

- Paid in lieu of certain overtime entitlements to higher level employees



# **MONETARY TERMS\***

## **Estimated 1% Increases**

- **Inlandboatman's Union of the Pacific:**
  - FY 2015 would be \$499,800
  - Cumulative total over 3 years would be \$5,023,100
- **Marine Engineers' Beneficial Assoc.:**
  - FY 2015 would be \$156,400
  - Cumulative total over 3 years would be \$1,572,100
- **Masters, Mates & Pilots:**
  - FY 2015 would be \$166,300
  - Cumulative total over 3 years would be \$1,671,500

## **Cost of Living Differential (COLD) Payments\*\***

- **Inlandboatman's Union of the Pacific:**
  - Paid as part of hourly rate.
  - The hourly rate is increased by \$4.06 to \$5.14 per hour for employees whose primary place of abode is within Alaska.
- **Marine Engineers' Beneficial Assoc.:**
  - FY 2011 is \$1,048,432.37
  - FY 2012 is \$1,042,448.05
- **Masters, Mates & Pilots:**
  - FY 2011 is \$1,088,572.15
  - FY 2012 is \$1,069,276.37

*\* all calculations include benefits based on a percent of pay*

*\*\* does not reflect vacancy or turnover*



# MONETARY TERMS

Understanding cost of living allowance (COLA) increases over time...

Year	CPI Increase	MMP/MEBA	IBU	PSEA
2004	2.6%	7.0%	7.0%	0.0%**
2005	3.1%	6.0%	6.0%	3.0%
2006	3.2%	6.0%	6.0%	3.0%
2007	2.2%	3.0%	0.0%	3.0%
2008	4.6%	\$2,381 Lump Sum	\$2,137 Lump Sum	5.0%
2009	1.2%	5.0%	5.0%	3.0%
2010	1.8%	4.0%	4.0%	3.0%
2011	3.2%	0.0%	2.0%	2.0%
2012	2.1%	0.0%	2.0%	2.0%
2013	Unknown	0.0%	1.0%	1.0%
<b>TOTAL</b>	<b>24%</b>	<b>31% + \$2,381</b>	<b>33% + \$2,137</b>	<b>25%</b>

\*\* (contract was not ratified, interest arbitration award was not retroactive)

# TOP THREE EARNERS

## TOP THREE EARNERS FOR THE PUBLIC SAFETY AND MARINE UNITS

MMP	Regular Pay	Premium Pay	Other Pay	Total
Master 1	\$120,588.34	\$45,395.73	\$2,304.64	\$168,288.71
Master 2	\$111,179.90	\$54,632.78	\$2,304.64	\$168,117.32
Master 3	\$130,107.14	\$29,702.81	\$7,081.64	\$166,891.59

MEBA	Regular Pay	Premium Pay	Other Pay	Total
Chief Engineer	\$143,637.22	\$17,853.70	\$22,429.40	\$183,920.32
Chief Engineer	\$149,127.64	\$16,270.15	\$10,085.08	\$175,482.87
First Assistant	\$101,701.15	\$39,858.12	\$19,858.14	\$161,417.41

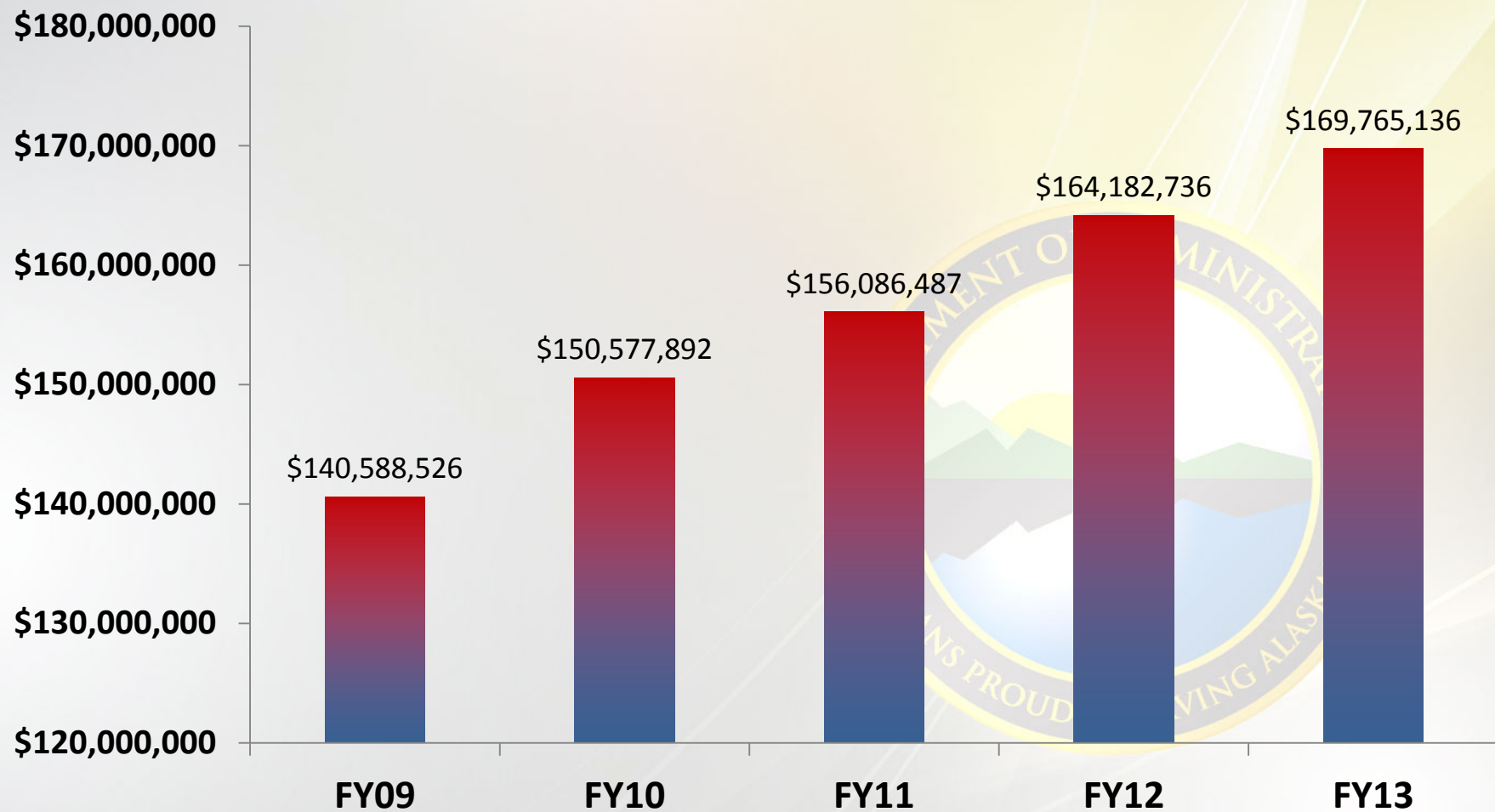
IBU	Regular Pay	Premium Pay	Other Pay	Total
PSWIC	\$74,455.05	\$34,928.34	\$13,039.60	\$138,608.89
Able Seaman	\$80,700.31	\$34,286.68	\$2,756.76	\$117,743.75
A/B Bosn	\$68,342.79	\$28,767.04	\$19,653.96	\$116,763.79

PSEA	Regular Pay	Premium Pay	Other Pay	Total
Trooper	\$191,971.97	\$7,105.08	\$3,756.00	\$202,833.05
Sergeant	\$153,067.98	\$46,733.56	\$756.00	\$200,557.54
Sergeant	\$137,283.50	\$54,776.52	\$3,756.00	\$195,816.02

PSWIC - Passage Service Worker In Charge

# GROWING LEAVE LIABILITY

## Total Leave Liability





# LEAVE LIABILITY EXAMPLE - TOP TEN

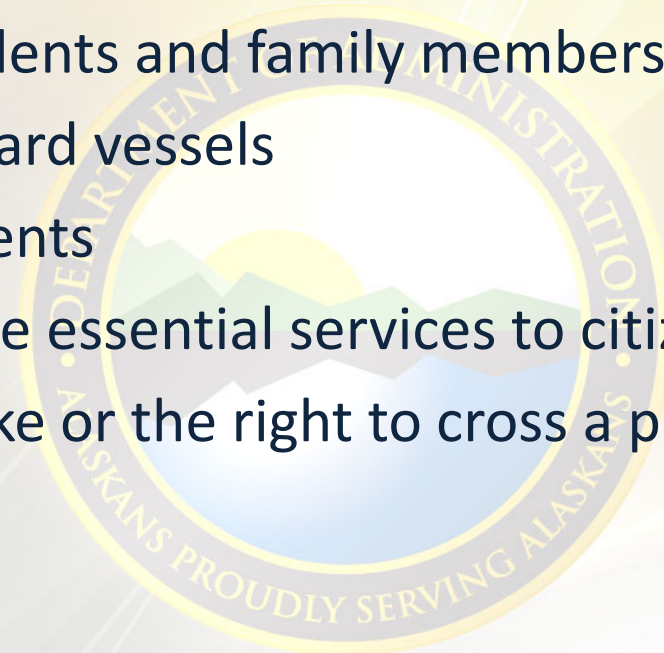
Personal Leave Balance	Annualized Hourly Rate	Value of Leave Accrued*	Bargaining Unit
3810.56	\$63.22	\$240,903.60	Supervisory
3170.57	\$75.46	\$239,251.21	Public Safety
3363.58	\$63.98	\$215,201.85	Supervisory
3183.61	\$60.49	\$192,576.57	Supervisory
3938.50	\$45.56	\$179,438.06	Supervisory
3159.65	\$54.44	\$172,011.35	General Government
4469.96	\$31.80	\$142,144.73	Confidential
3141.19	\$40.04	\$125,773.25	Correctional Officers
3130.20	\$26.17	\$81,917.33	General Government
3185.66	\$24.74	\$78,813.23	General Government
<b>TOTAL</b>	<b>34,553.48</b>	<b>\$1,668,031.18</b>	

\*Excludes Benefits

# BARGAINING PRIORITIES AND CONCERNS

## Marine Units

- Fiscally prudent cost of living increases/decreases
- Provide increased operational flexibility
- Address conflict of interest on board vessels between Masters and fellow union members
- Eliminate pass privileges for dependents and family members
- Limit or eliminate cash draws on board vessels
- Obtain voluntary, balanced agreements
- If a strike occurs, continue to provide essential services to citizens
- Clarify limitation on the right to strike or the right to cross a picket line



## BARGAINING PRIORITIES AND CONCERNS

### Public Safety Employees Association (PSEA)

- Fiscally prudent cost of living increases
- Reducing the cost of longevity steps (i.e. pay increments)
- Reducing the legacy costs of leave liability
- Provide increased operational flexibility
- Obtain a voluntary, balanced agreement or prevail in interest arbitration if agreement cannot be reached





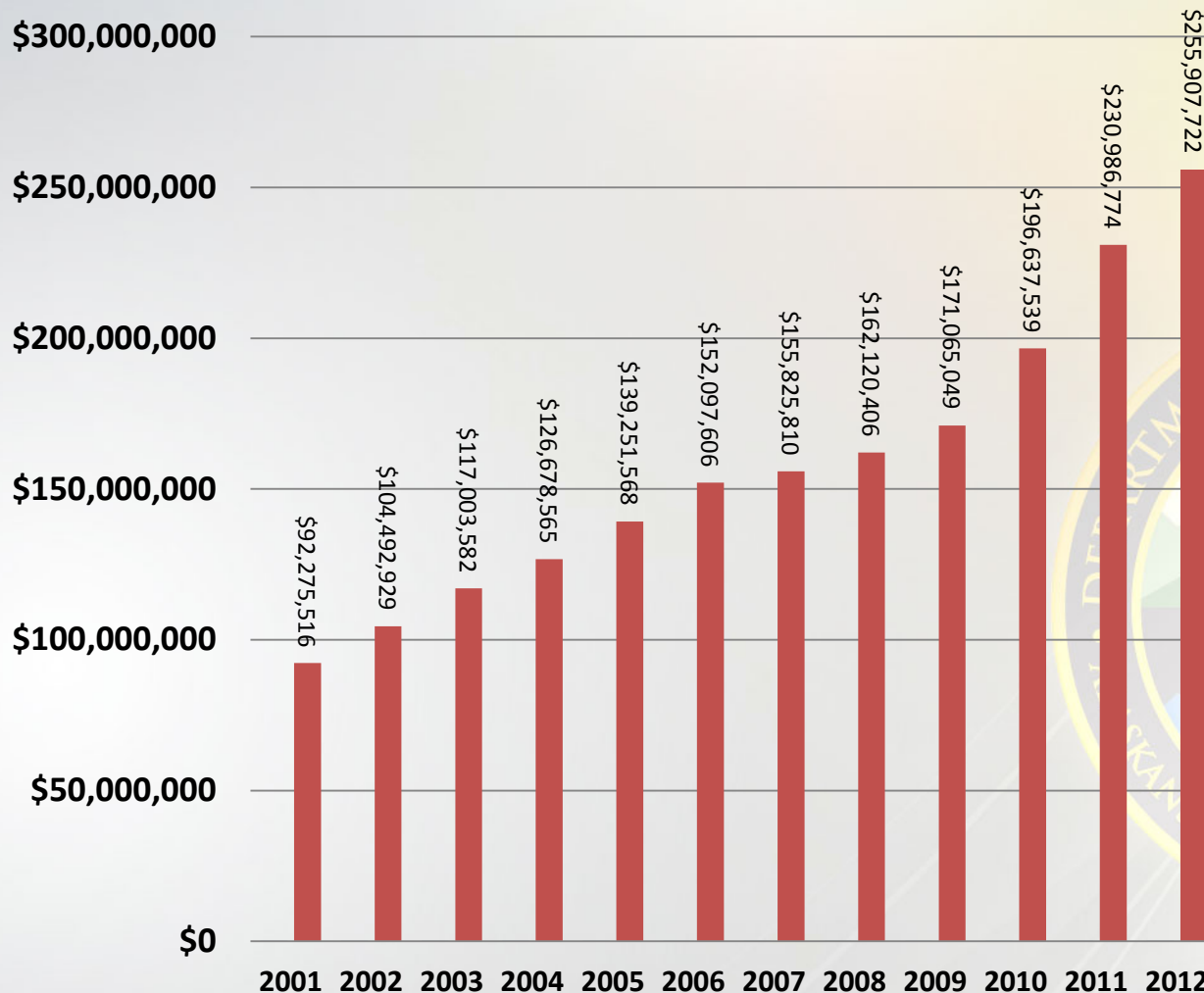
## **FOCUS ON COST AVOIDANCE**

- **Health Care Spend – reduce the rate of growth**
- **Reduction of Unfunded Liability – lower future costs**
- **Utilization of Space – better use our space**
- **Procurement Savings – lower costs for what we already buy**
- **IRIS - Updated Core Statewide Administrative Systems**
- **One Card Rebates – higher rebates for purchases**



# BENEFITS

## State of Alaska Contributions to Active Employee Health Plans



### Contributions to:

Group Health and Life Benefits Fund (AlaskaCare)

ASEA Health Trust

LTC 51 Health Trust

PSEA (3<sup>rd</sup> party insurance)

MMP Health Trust

ASCEA and TEAME (terminated in 2010)

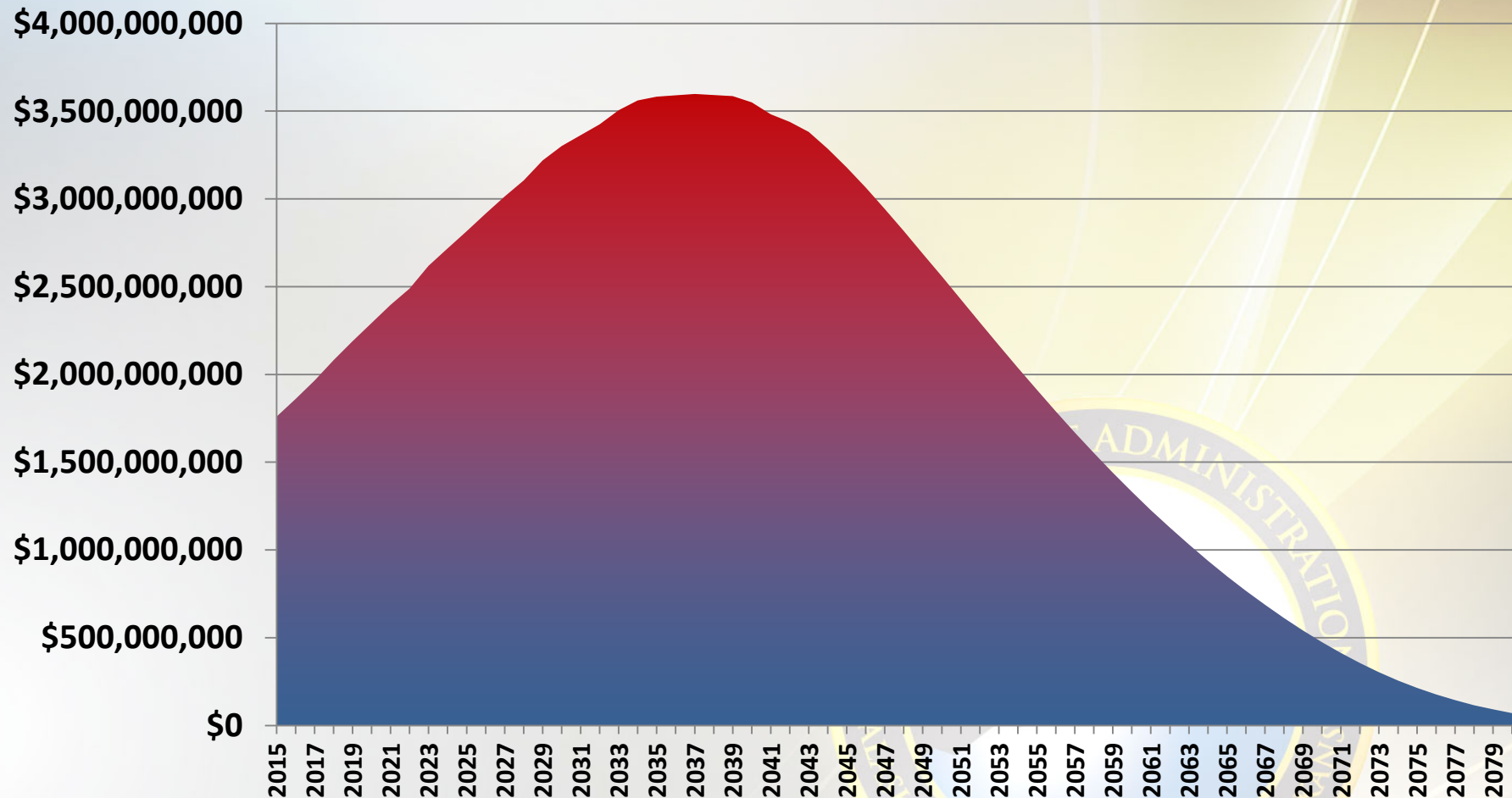
## NEW TPA – AETNA AND MODA



- AlaskaCare -- 84,000 covered lives (active + retiree)
- FY13 claim costs: \$600mm
- RFP split into 4 major components awarded 3 to Aetna and one to Moda
- New networks: estimated savings of \$50mm/yr
- Introduction of a dental network
- Revising and updating plan booklets
- Use of data warehouse to inform plan decisions
- Single point of contact concierge team
- **Goal:** high quality health care at sustainable and reasonable cost



# BENEFITS: PERS/TRS



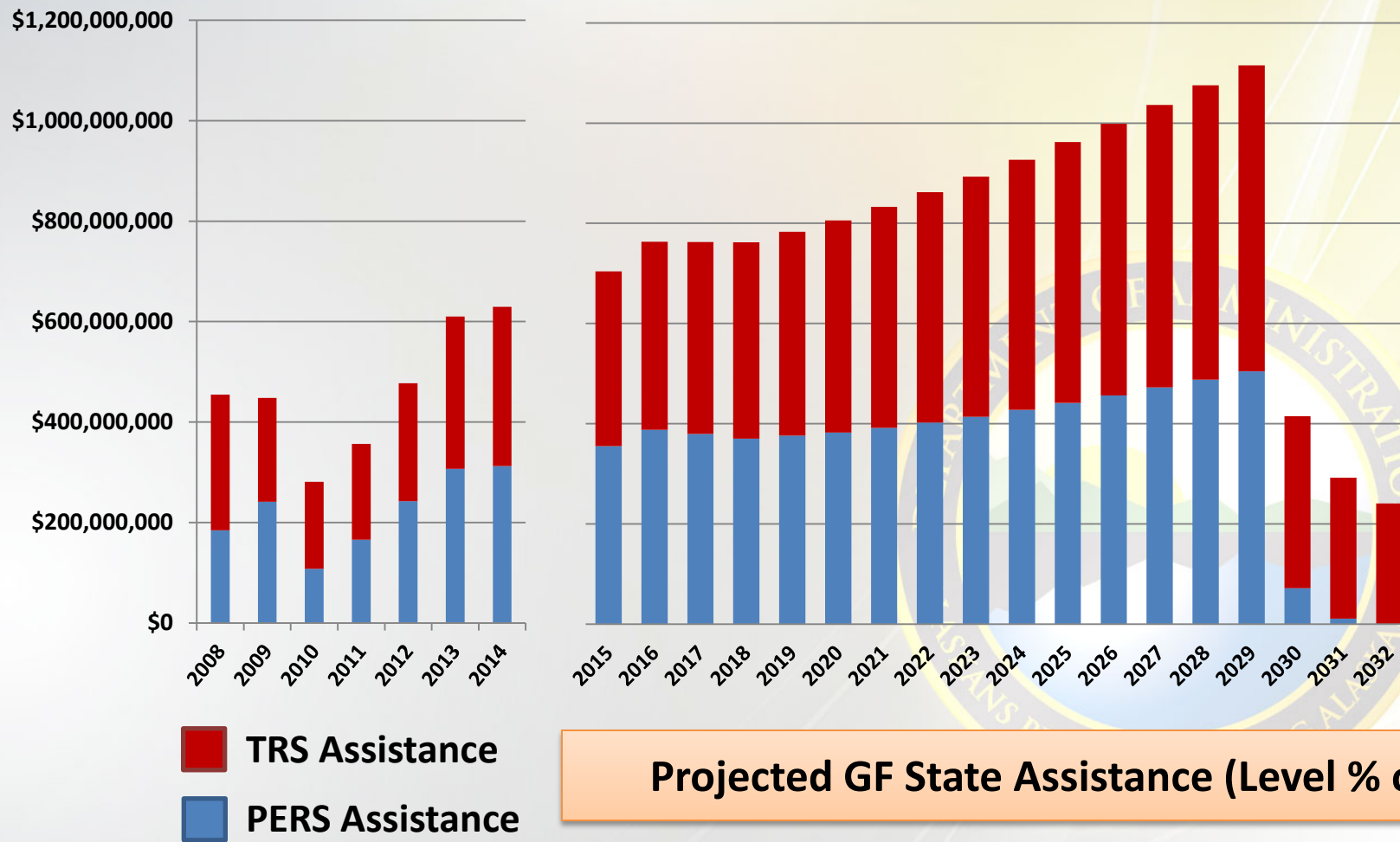
Pay **\$136 billion** in benefits payments over next 70 years

Current PERS/TRS account balance: **\$19.9 billion**

Unfunded Liability: approx **\$11.9 billion**

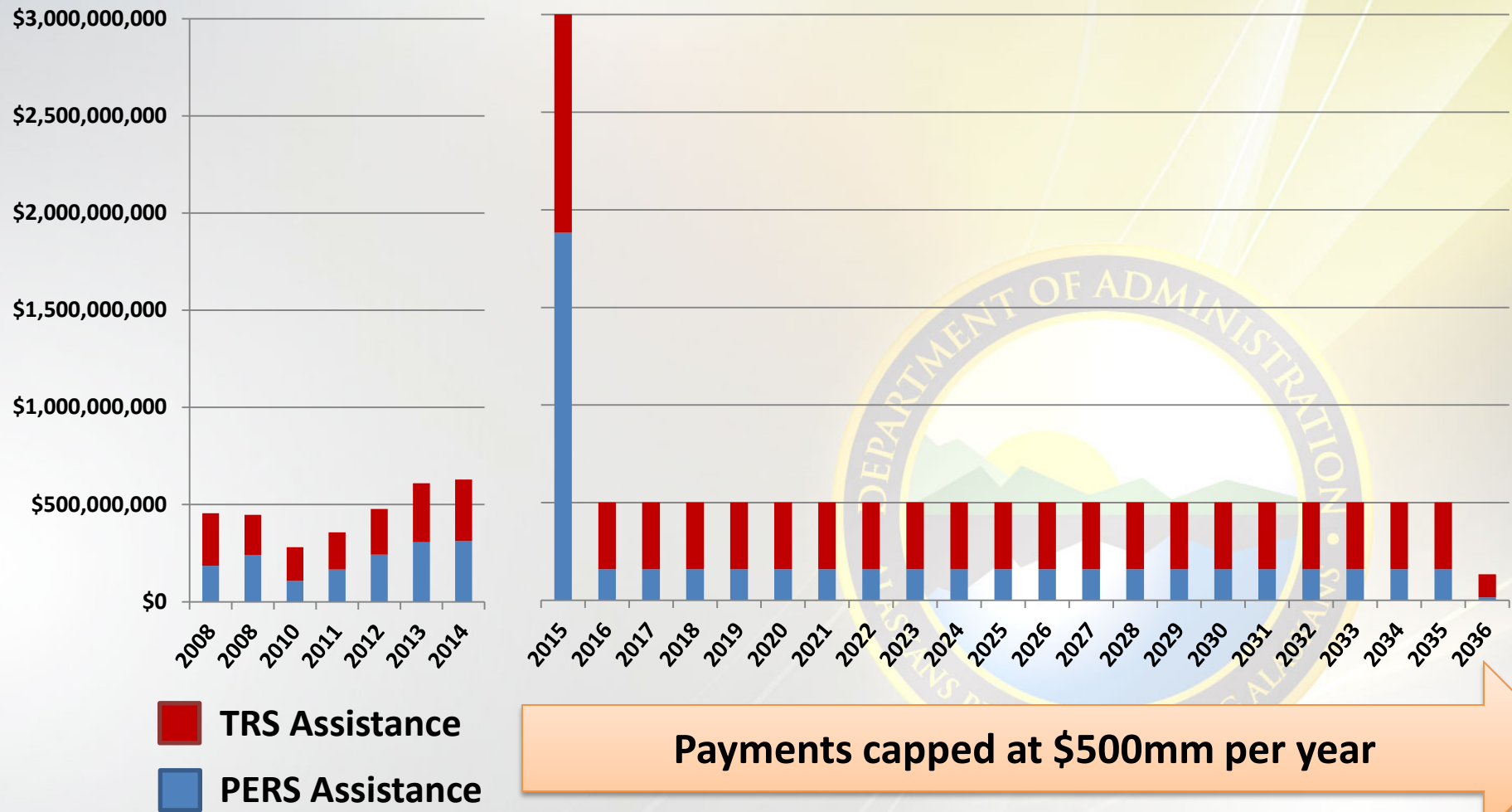
# BENEFITS: PERS/TRS

## PERS/TRS GF State Assistance (SB125)



# BENEFITS: PERS/TRS

## Governor's Proposal





# WHAT WE USE TO HAVE...



Most of the larger buildings the state owns or leases were built with an “Open Office Concept”, as you can see in these circa 1970’s photos above; new standards below.





# NEW UNIVERSAL SPACE STANDARDS

## Why space standards?

- **Save the state over \$125 million** the next 20 years in reduced lease costs.
- Through WSCA contract the state saves significantly on systems furniture
- New space will be better for teamwork and collaboration among “neighborhoods”
- Better airflow with fewer walls
- Natural light for everyone with private offices toward core of building
- Shared printers, scanners and copiers reduce the cost of individual units
- Employees can move from one office to another and have the same working experience in any department or agency
- Clean desk policy addresses need for document privacy in agencies



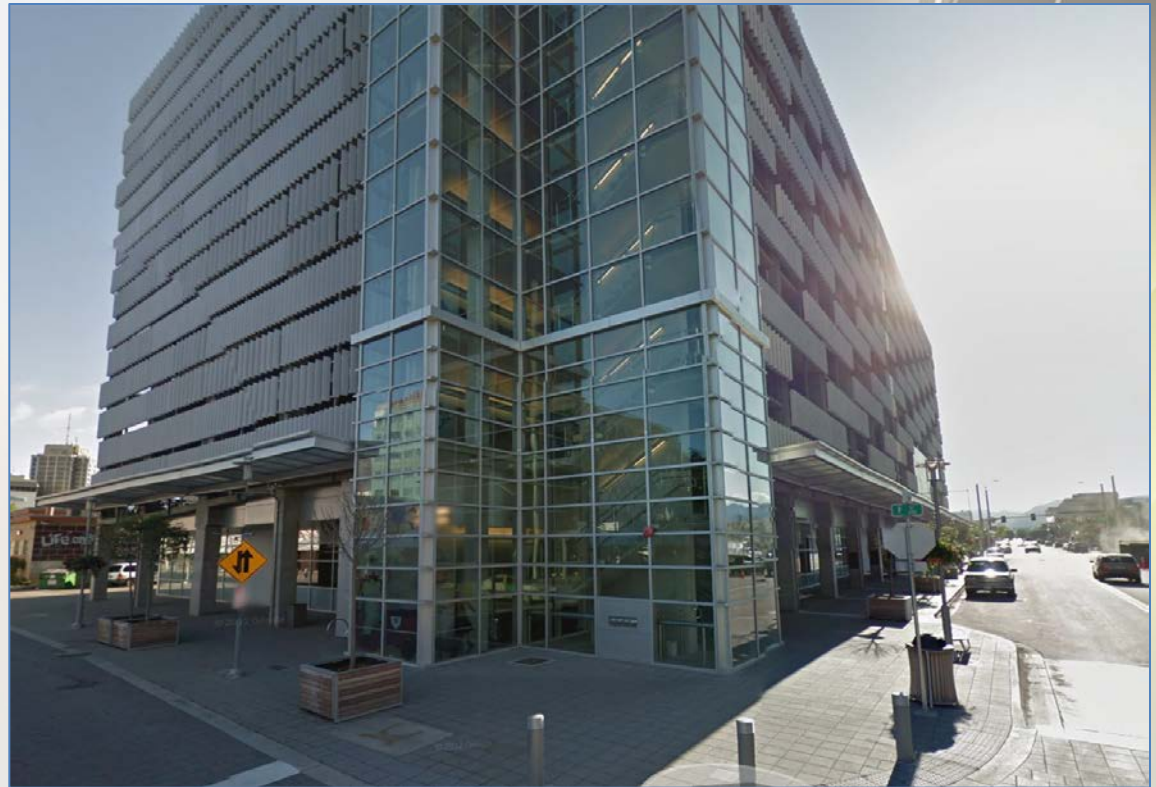
*Before New Standards*

*After New Standards*



# LPPG UPDATE

- Collocate high traffic customer service agencies into one location:
  - Div. of Motor Vehicles (DMV)
  - Permanent Fund Dividend (PFD)
  - Child Support Services Division (CSSD)
- Provide shared customer waiting area for PFD and CSSD
- Ease of customers and clients parked in the LPPG to conduct business in LPPG
- Provide shared resource rooms for PFD and CSSD. Employee restrooms and café
- Reduce traffic and use of elevators in Atwood “office” spaces



Project Start date	May 2013	End date	May 2014
SQ FT	15,458		
Cost/SQ FT	\$1.56		
Office Annual Cost	\$289,782		
Parking Annual Cost	\$49,693		
Workstations	67		



# NOME SOB UPDATE

## Schedule

January 2014      Construction starts  
 April 2015      Construction complete

## Number of Agencies Before and After

Before - 6

After - 8

(2 new agencies to be added)

**Project Budget:**              \$11,623,145

**Budget Required:**          Fully funded

**Amenities:**            329 sf Café  
                          193 sf 1<sup>st</sup> floor conf room  
                          296 sf 2<sup>nd</sup> floor conf room  
                          1<sup>st</sup> floor ADA public restroom



▲ Current Nome State Office Building (above)

▼ New Nome State Office Building rendering (below)



# DOUGLAS ISLAND BUILDING UPDATE

## Schedule

July 2013      Final funding (2 of 2) appropriated  
 April 2014    Construction starts  
 August 2015   Construction complete

## Number of Agencies Before and After

Before - 2

After - 3

(1 new agency to be added)

**Project Budget:**                \$18,200,000

**Budget Required:**            Fully funded

**Amenities:**                    (2) Cafés  
    (3) Conference rooms  
    Negotiated increased parking



▲ Current Douglas Island Building (above)

▼ New Douglas Island Center rendering (below)





# GEOLOGIC MATERIALS CENTER UPDATE



▲ Existing Sam's Club (above)

New GMC architectural rendering (below) ▼



**Square Footage:** 100,908

**Project Budget:** \$24,500,000

**Schedule:** July 2013  
July 2013  
February 2014  
September 2014

Final funding (2 of 2) appropriated  
Building purchased  
Construction starts  
Construction complete

**Budget Required:** Fully funded



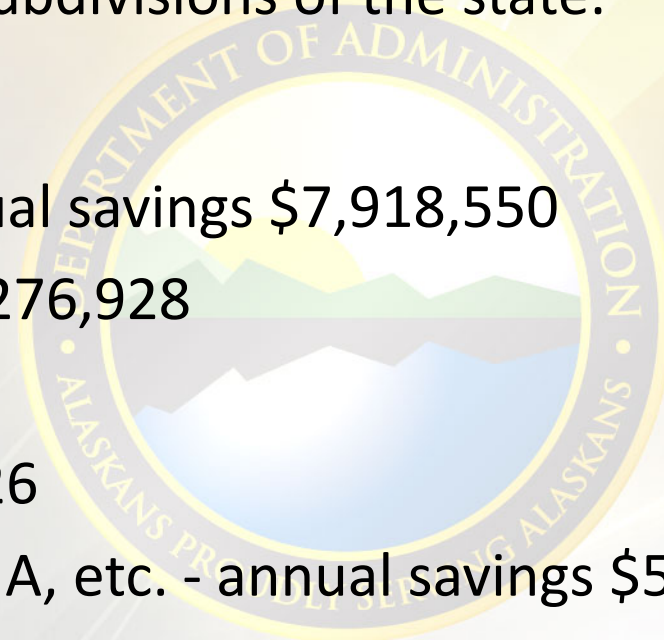
## PURCHASING - FY 13 SAVINGS

The Division of General Services (DGS) awards multi-department contracts for use by all Executive Branch agencies and various political subdivisions of the state.

**The total savings realized by DGS for FY13 is \$56,691,337**, with \$43,258,568 being saved by state agencies and the remaining \$13,553,567 being saved by political subdivisions of the state.

### **Some examples of state savings:**

- PC Contracts (WSCA-NASPO) – annual savings \$7,918,550
- Office Supplies - annual savings \$7,276,928
- Travel - annual savings \$6,994,179
- Software - annual savings \$5,613,726
- Fuel: Heating, Diesel, Unleaded, Jet A, etc. - annual savings \$5,031,115
- Systems Furniture – annual savings \$2,727,574



# BUSINESS PROCESSES



Integrated Resource Information System

## IRIS PROJECT TIMELINE:



## ENVISION/BUILD PHASES:



# ONE CARD REBATE PROGRAM

- In 2012 agency staff asked the question “What else can you offer to keep our business?”
- They renegotiated an increased rebate from 1.0% to 1.8% in exchange for 3 one-year renewals
- This resulted in net increase to the rebate program for the state

*Final figures for CY2013  
OneCard Rebate Program.*

Statewide Total Annual Rebate	
CY	Rebate Amount
2008	586,540.48
2009	603,643.77
2010	641,838.52
2011	701,079.25
2012	\$932,301.64
2013	\$1,200,396.15
2014	-
2015	-
Total to Date for Contract	
	4,665,799.81





**Thank you!**

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for more information about our department.

**Questions?**

