

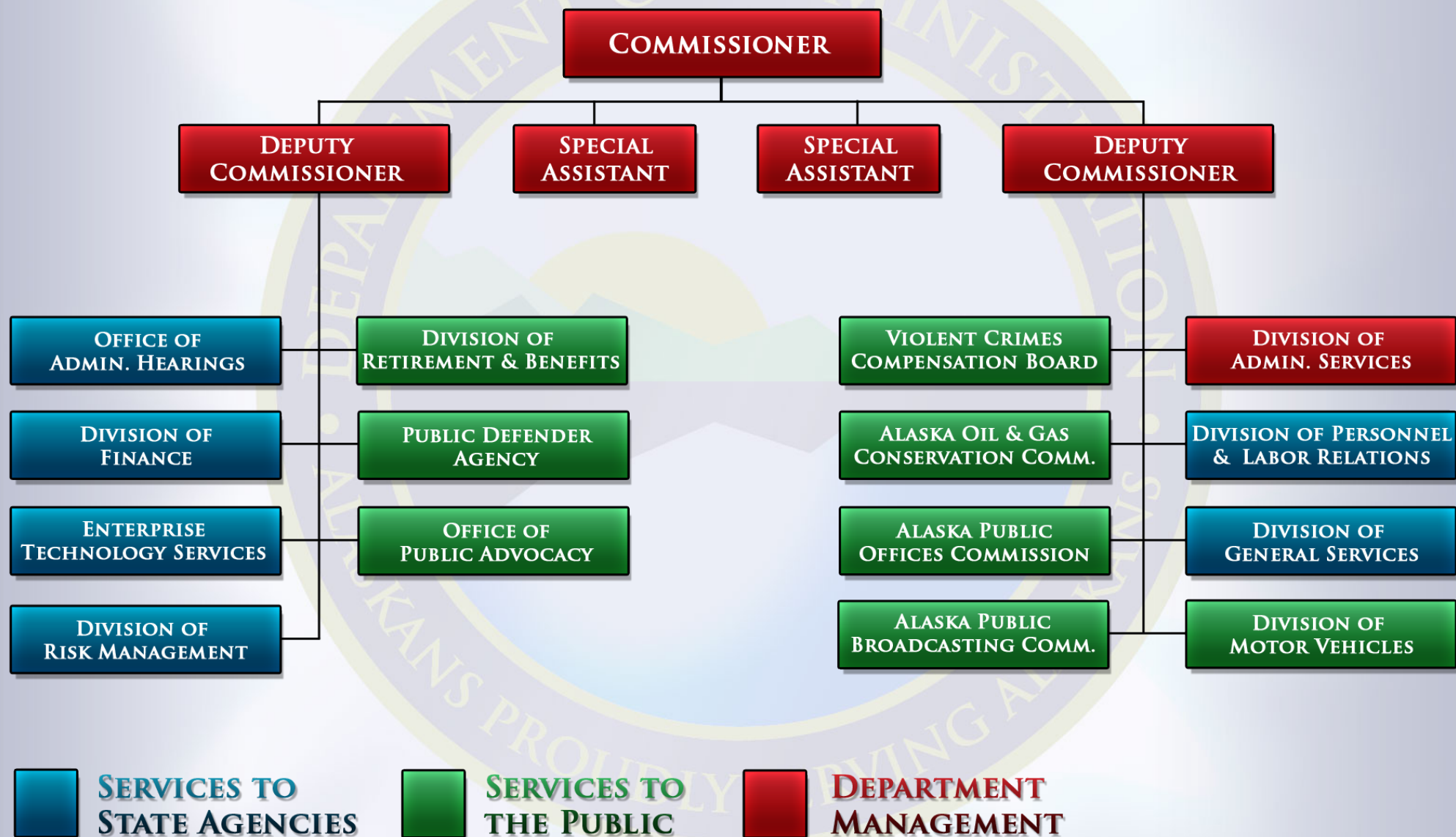
ALASKA DEPARTMENT OF ADMINISTRATION DEPARTMENT OVERVIEW



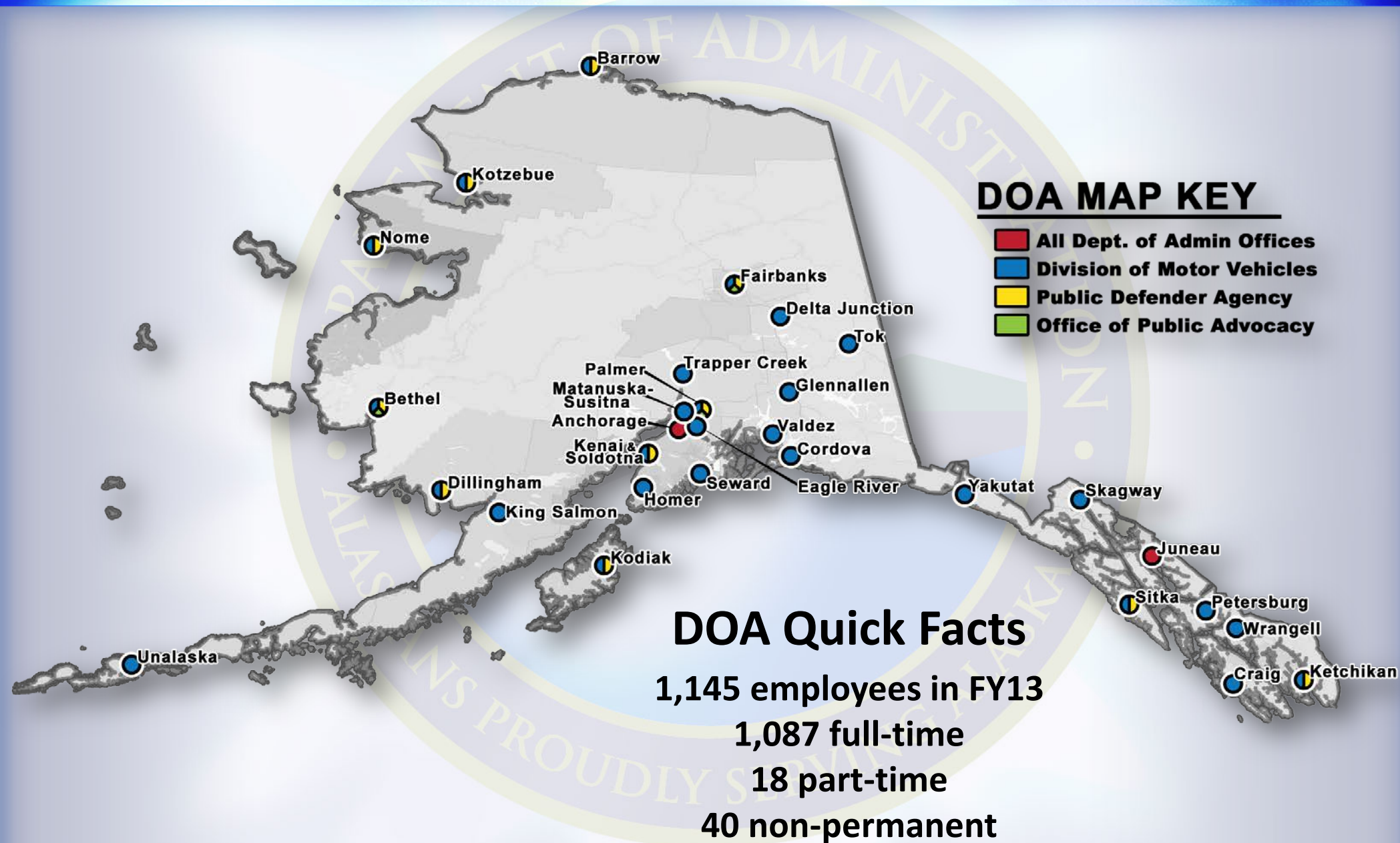
Presentation to
**House Labor &
Commerce
Committee**
January 25, 2013

Commissioner Becky Hultberg
Deputy Commissioner Mike Barnhill

ORGANIZATION CHART



SERVICE ACROSS ALASKA



STRATEGIC PLAN HIGHLIGHTS

Mission: The mission of the Department of Administration is to provide consistent and efficient support services for state agencies.

Vision: As employees of the Department of Administration, we will provide innovative, cost-effective and responsive service.

Department Goals:

Service Excellence: Provide excellent program delivery through clear communication and respectful and responsive actions.

Spending Growth Reduction: Reduce the rate of spending growth to sustainable levels.

Effective and Efficient Delivery of Services: Implement strategies to achieve operational efficiencies.

Employee Development and Support: Encourage employee growth and development by providing leadership, training and resources in an atmosphere that fosters mutual trust and respect.

Core Values:

Integrity: We will be honest, transparent, and ethical.

Service: We will provide excellent service.

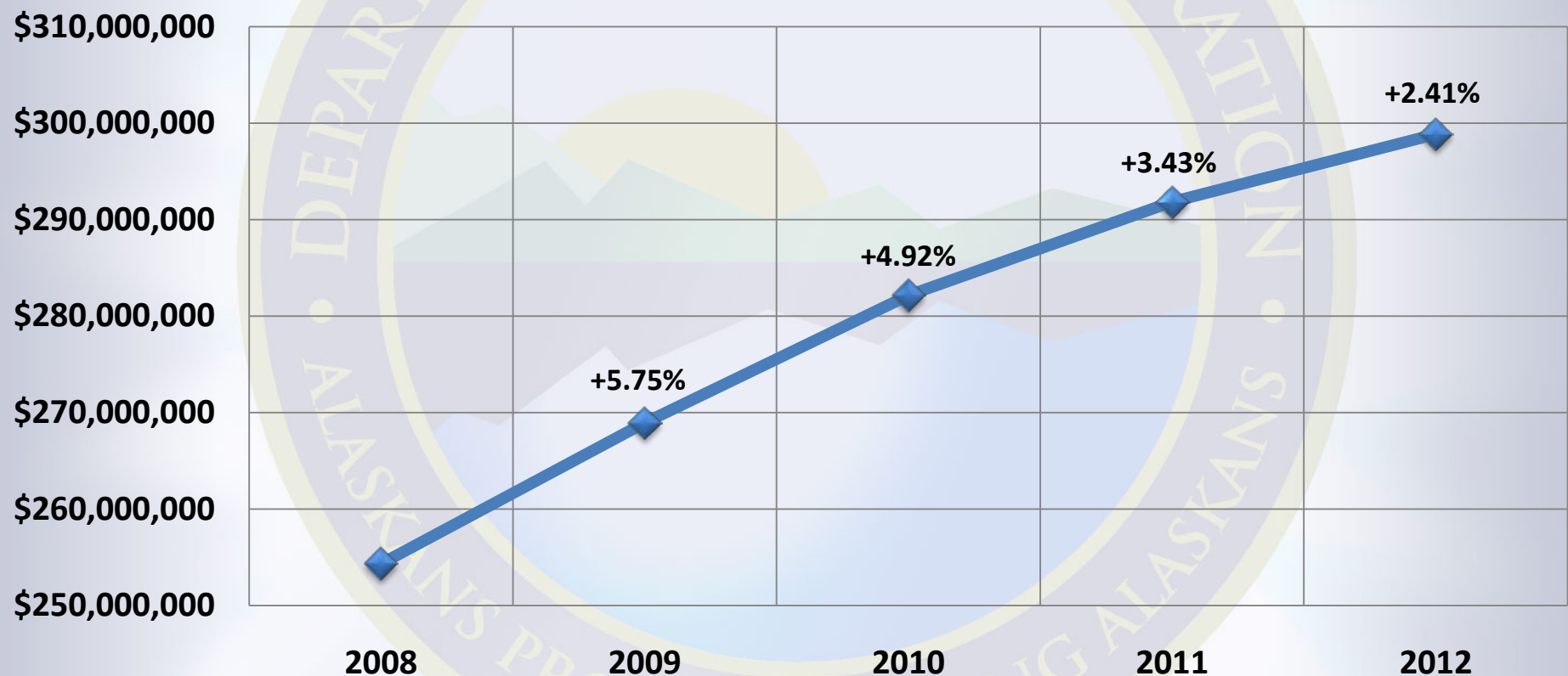
Accountability: We will take responsibility for and ownership of the services we provide.

Balance: We will honor our commitments to our work and personal lives.

DEPARTMENT LEVEL RESULTS

DOA Expenditures - 5 Year Trend

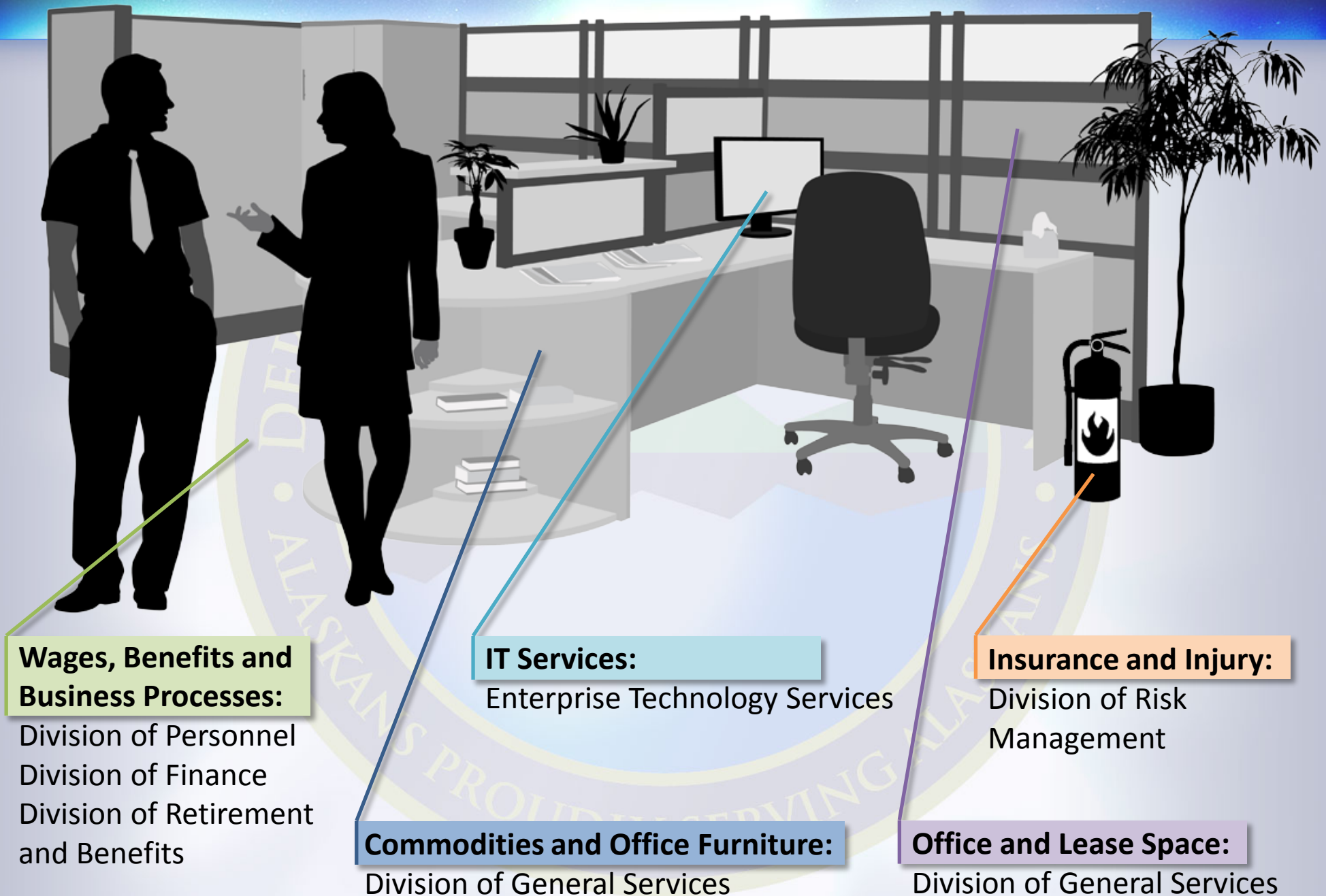
5 Year Average:
+4.12%



SERVICES TO THE PUBLIC

- Department of Motor Vehicles
 - Driver's License and ID card security
 - Knowledge-testing system replacement
- Office of Public Advocacy
 - Budget growth
 - CASA program
 - Public guardian program
- Public Defender Agency
 - Budget growth
 - Conflict cases

SERVICES TO STATE AGENCIES



PERSONAL SERVICES

- Personal services line has increased by an average of **5.45% a year since 2006.**
- Personal services increases:
 - Negotiated COLA
 - plus**
 - Negotiated (and statutory) merit increase and pay increments
 - plus**
 - Increase in employer-paid health insurance premium

General Government (ASEA)	8,231
Supervisory (APEA)	2,219
Confidential (CEA)	192
Labors, Trades & Crafts (LTC)	1,675
Correctional Officers (ACOA)	777
Public Safety Officers (PSEA)	487
Marine Engineers (MEBA)	99
Masters, Mates & Pilots (MMP)	97
Inlandboatmen's Union (IBU)	654
AK Vocational Technical Teachers (AVTECTA)	39
Mt. Edgecumbe Teachers (TEAME)	29
Excluded	4
Exempt and Partially Exempt	1,355

BENEFITS

State of Alaska Contributions to Active Employee Health Plans



BUSINESS PROCESSES



Integrated Resource Information System

IRIS PROJECT TIMELINE:

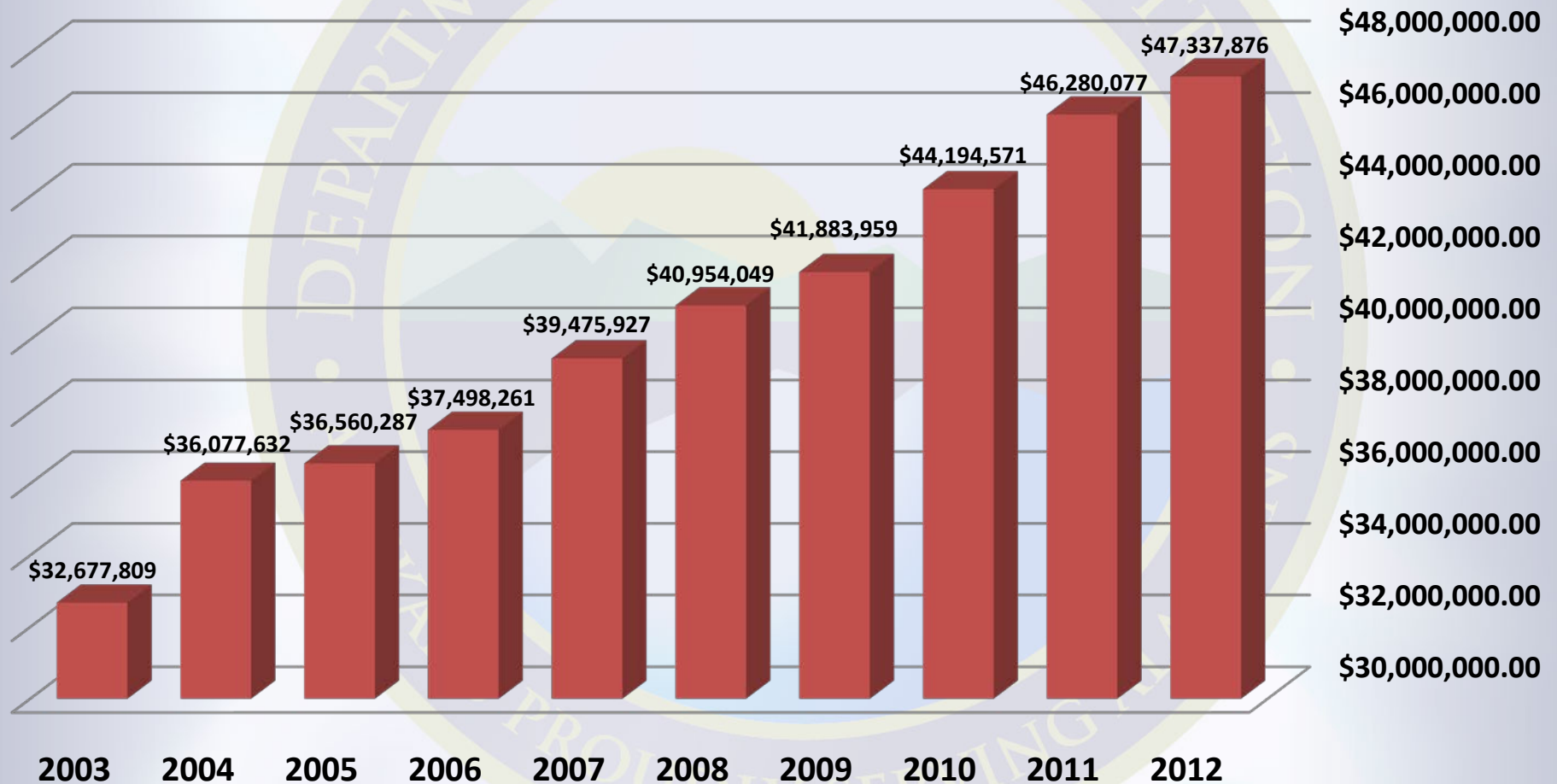


ENVISION PHASE:



SPACE COSTS

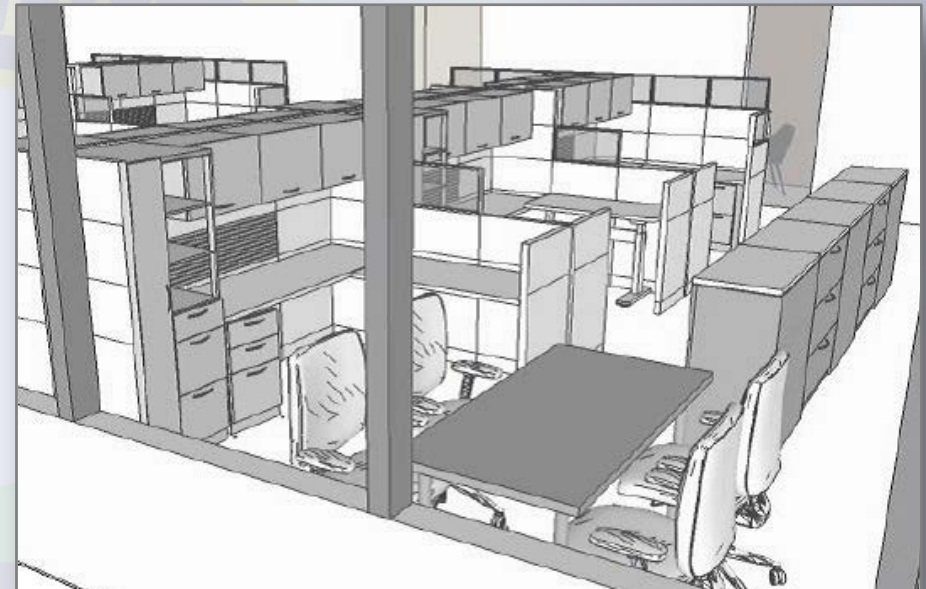
Lease Costs (FY2003 to FY2012)



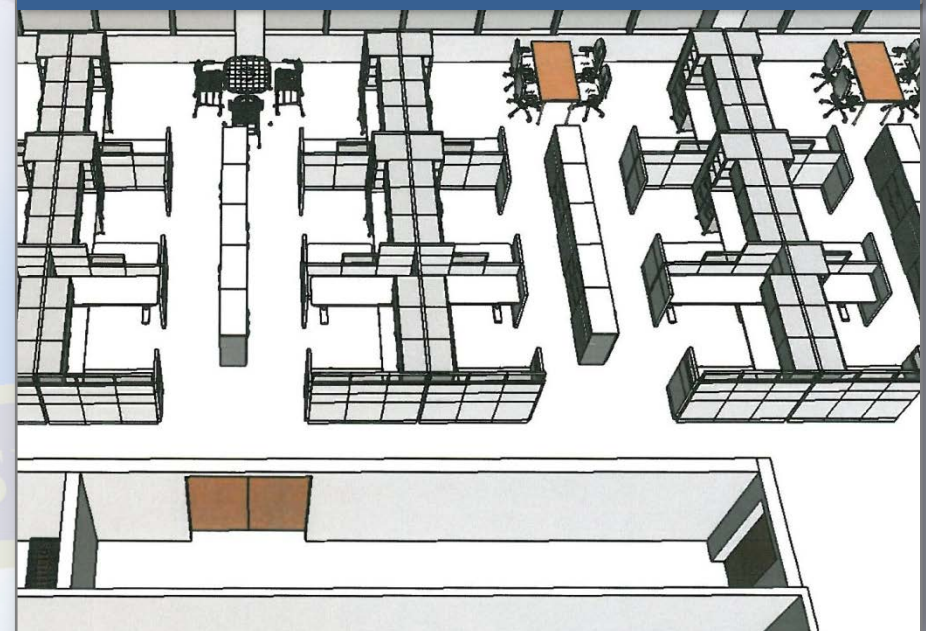
NEW UNIVERSAL SPACE STANDARDS

Why space standards?

- Save the state over \$125 million the next 20 years in reduced lease costs.
- 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 go from one office to another and have the same working experience
- Clean desk policy addresses need for document privacy in agencies



Neighborhood with team work area and storage



PURCHASING

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 FY12 is \$46,691,337, with \$36,191,752 being saved by state agencies and the remaining \$10,499,585 being saved by political subdivisions of the state.

The state saved on:

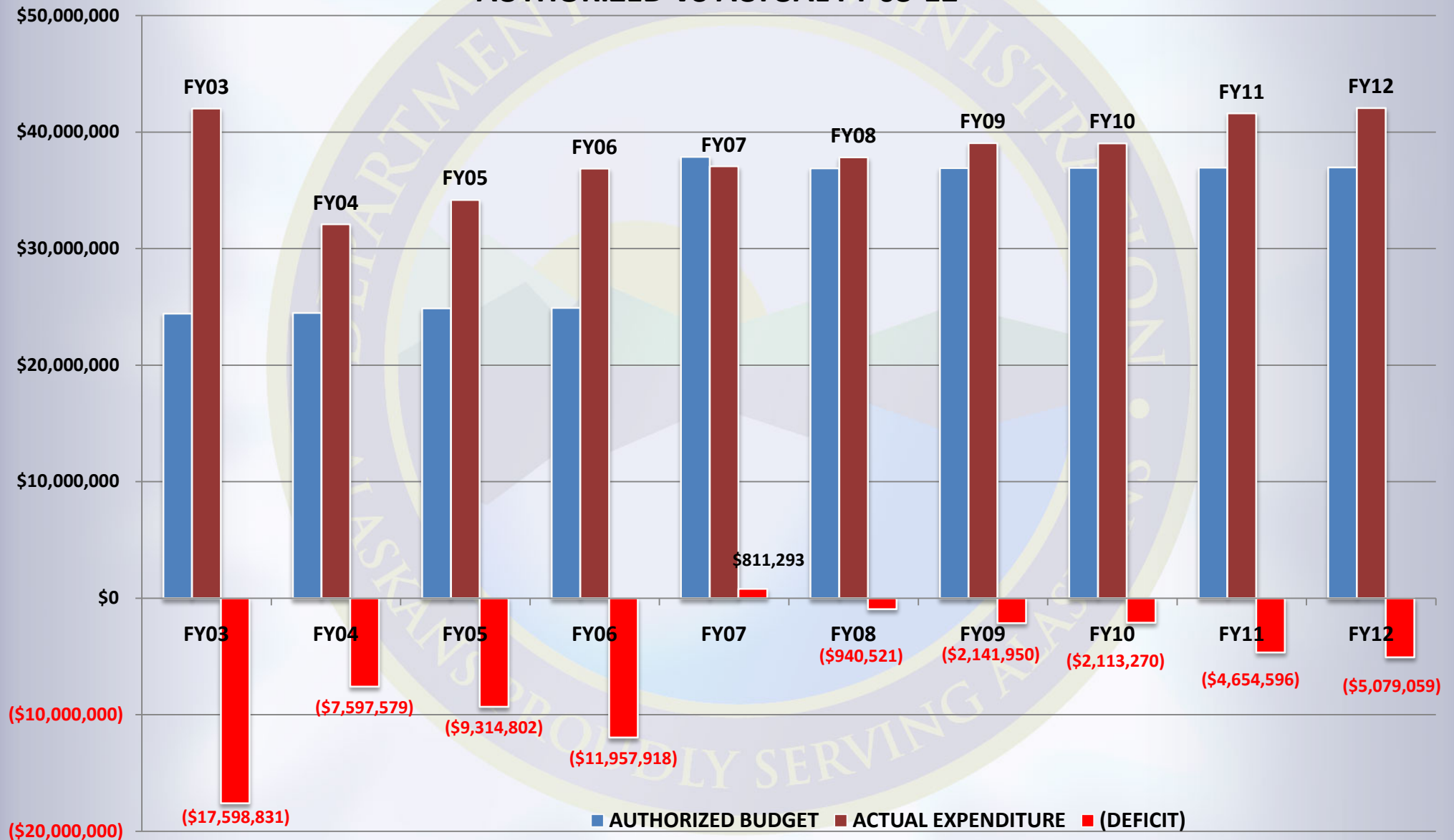
- Software - \$11,991,321
- PCs, Printers, and Peripherals (WSCA) - \$7,123,705
- Industrial Supplies and Equipment (WSCA) - \$4,368,075
- Marine Diesel Fuel - \$3,835,929
- Fuels: Heating, Diesel, Unleaded, Jet A, Aviation - \$2,517,028
- System Furniture Add-On - \$2,475,082

Enterprise Technology Services Priorities

- Bandwidth
- Security: Department Gap Analysis
- Mobile Device Strategy & Support
- Continuity of Operations (COOP)
- Identity Management: myAlaska V3
- Experienced-based rate-setting and rate-setting alignment with budget process

INSURANCE AND INJURY: RISK MGMT.

AUTHORIZED VS ACTUAL FY 03-12



The seal of the Department of Administration, State of Alaska, is a circular emblem. It features a central shield with a mountain range and a sun. The shield is surrounded by a circular border containing the text "DEPARTMENT OF ADMINISTRATION" at the top and "ALASKANS PROUDLY SERVING ALASKANS" at the bottom, separated by two small dots on each side.

SPECIAL FOCUS:

Retirement Funds and Health Care Plans

PERS / TRS BASIC FACTS

Membership - PERS

PERS:

160 Member Employers

3 Defined Benefit (DB) Tiers

27,359 retirees

6,414 terminated members entitled to future benefits

24,393 actives (69%)

58,166 total members

1 Defined Contribution (DC) Tier

0 retirees

1,182 terminated members entitled to future benefits

10,965 actives (31%)

12,147 total members

SOURCE: Division of Retirement and Benefits

PERS / TRS BASIC FACTS

Membership - TRS

TRS:

58 Member Employers

2 Defined Benefit (DB) Tiers

11,016 retirees

852 terminated members entitled to future benefits

7,303 actives (73%)

19,171 total members

1 Defined Contribution (DC) Tier

0 retirees

325 terminated members entitled to future benefits

2,708 actives (27%)

3,033 total members

SOURCE: Division of Retirement and Benefits

PERS / TRS BASIC FACTS

Balance Sheet

PERS DB:

Assets (actuarial value, 6/30/12)	\$11,832,030,000
Accrued Liabilities (6/30/12)	<u>19,292,361,000</u>
Unfunded Liability	(\$ 7,460,331,000)
Funding Ratio	61.3%

TRS DB:

Assets (actuarial value, 6/30/11)	\$4,869,154,000
Accrued Liabilities (6/30/11)	<u>9,346,444,000</u>
Unfunded Liability	(\$4,477,290,000)
Funding Ratio	52.1%

SOURCE: Buck Consulting

PERS / TRS BASIC FACTS

Health Cost Trends

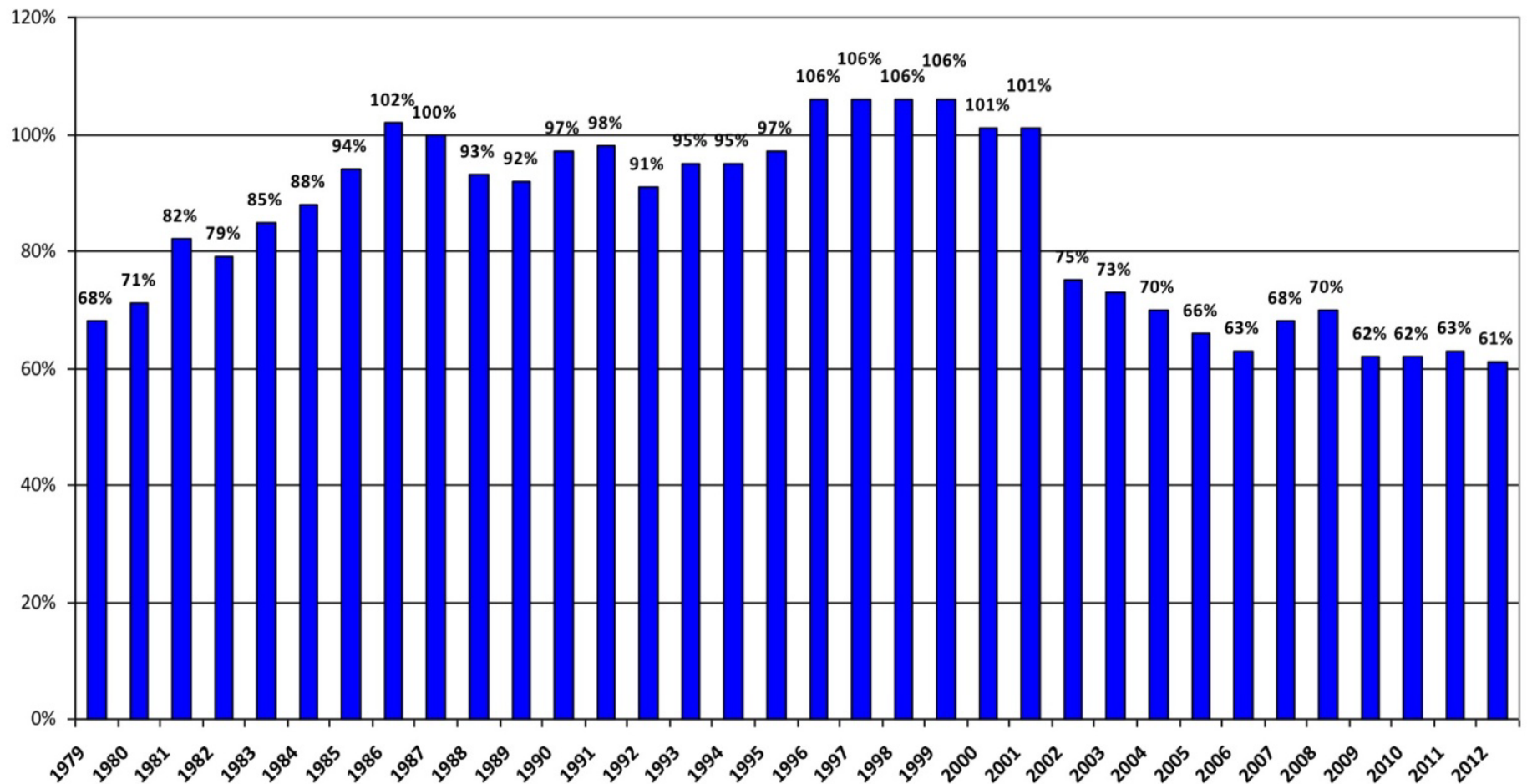
Long term cost growth remains high, but recent cost growth has declined.

Time Period	Monthly Premium Per Retiree For Health Coverage	Annual Percentage Change	Average Compound Annual Increase Since FY78
2/1/77-1/31/78	\$ 57.64	66%	--
2/1/78-1/31/79	69.10	20%	20%
2/1/79-1/31/80	64.70	-6%	6%
2/1/80-1/31/81	96.34	49%	19%
2/1/81-1/31/82	96.34	0%	14%
2/1/82-1/31/83	115.61	20%	15%
2/1/83-1/31/84	156.07	35%	18%
2/1/84-1/31/85	191.85	23%	19%
2/1/85-1/31/86	168.25	-12%	14%
2/1/86-1/31/87	165.00	-2%	12%
2/1/87-1/31/88	140.25	-15%	9%
2/1/88-1/31/89	211.22	51%	13%
2/1/89-1/31/90	252.83	20%	13%
2/1/90-1/31/91	243.98	-4%	12%
2/1/91-1/31/92	243.98	0%	11%
2/1/92-1/31/93	226.90	-7%	10%
2/1/93-1/31/94	309.72	37%	11%
2/1/94-1/31/95	336.05	9%	11%
2/1/95-1/31/96	350.50	4%	11%
2/1/96-1/31/97	350.50	0%	10%
2/1/97-1/31/98	368.00	5%	10%
2/1/98-12/31/98	368.00	0%	9%
1/1/99-12/31/99	442.00	20%	10%
1/1/00-12/31/00	530.00	20%	10%
1/1/01-12/31/01	610.00	15%	10%
1/1/02-12/31/02	668.00	10%	10%
1/1/03-12/31/03	720.00	8%	10%
1/1/04-12/31/04	806.00	12%	10%
1/1/05-12/31/05	850.00	5%	10%
1/1/06-12/31/06	876.00	3%	10%
1/1/07-12/31/07	876.00	0%	10%
1/1/08-12/31/08	876.00	0%	9%
1/1/09-12/31/09	937.00	7%	9%
1/1/10-12/31/10	1,068.00	14%	9%
1/1/11-12/31/11	1,176.00	10%	9%
1/1/12-12/31/12	1,200.00	2%	9%
1/1/13-12/31/13	1,223.00	2%	9%

SOURCE: Buck Consulting

PERS / TRS BASIC FACTS

Facts – Funding Ratio History – PERS (Based on Valuation Assets)

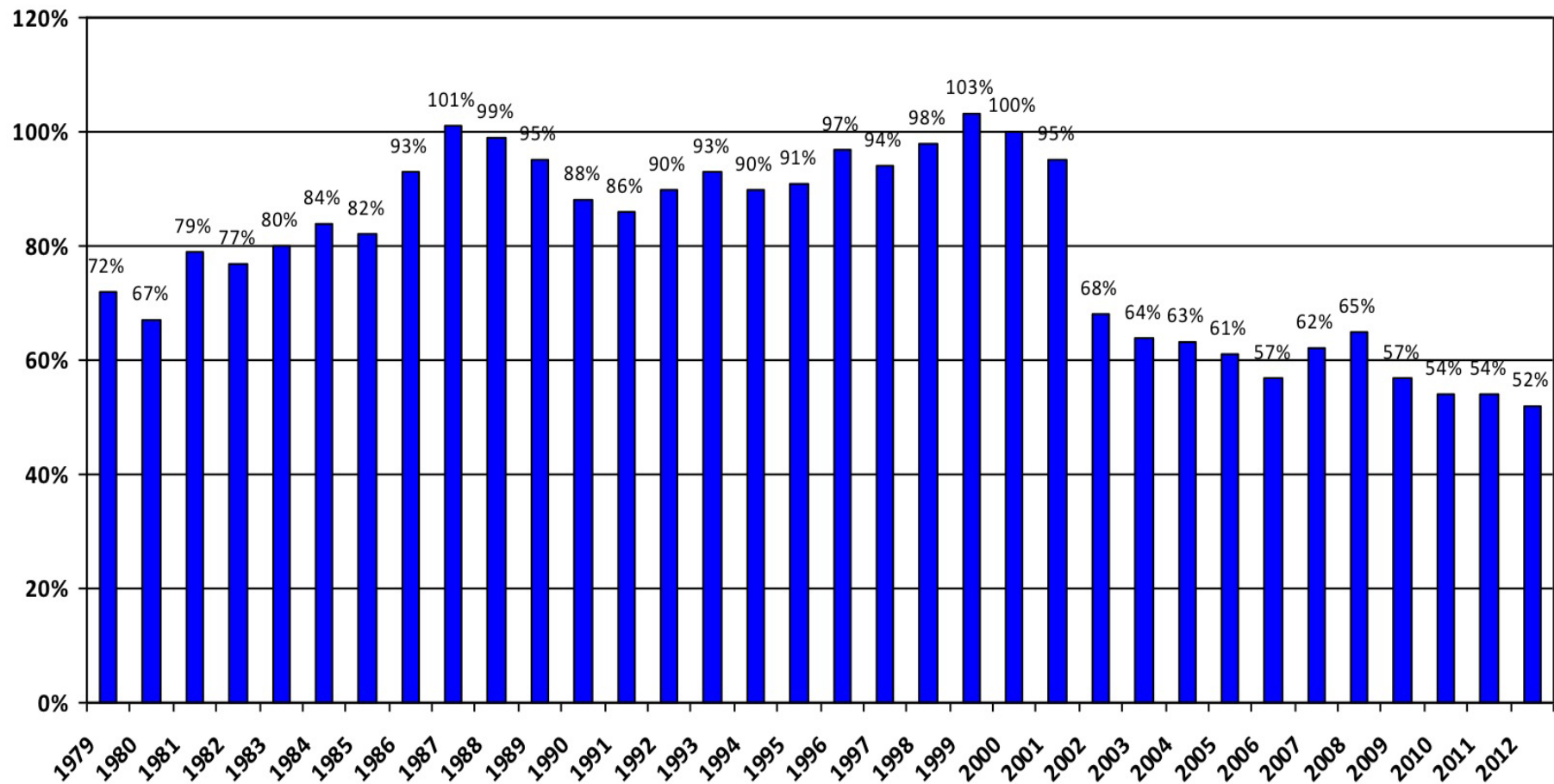


SOURCE: Buck Consulting – figures as of June 30, 2012

PERS / TRS BASIC FACTS

Funding Ratio History – TRS

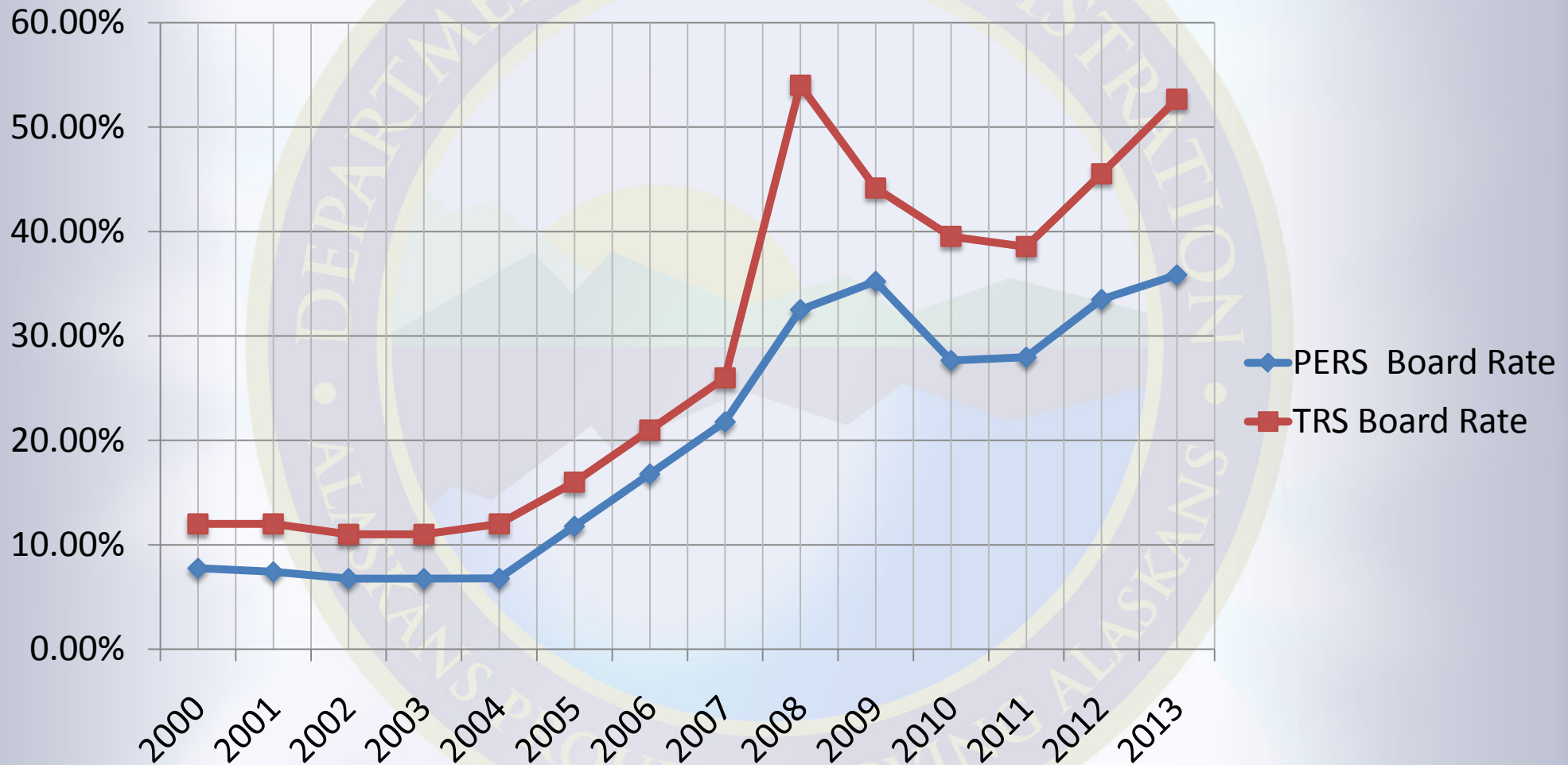
(Based on Valuation Assets)



SOURCE: Buck Consulting – figures as of June 30, 2012

PERS / TRS BASIC FACTS

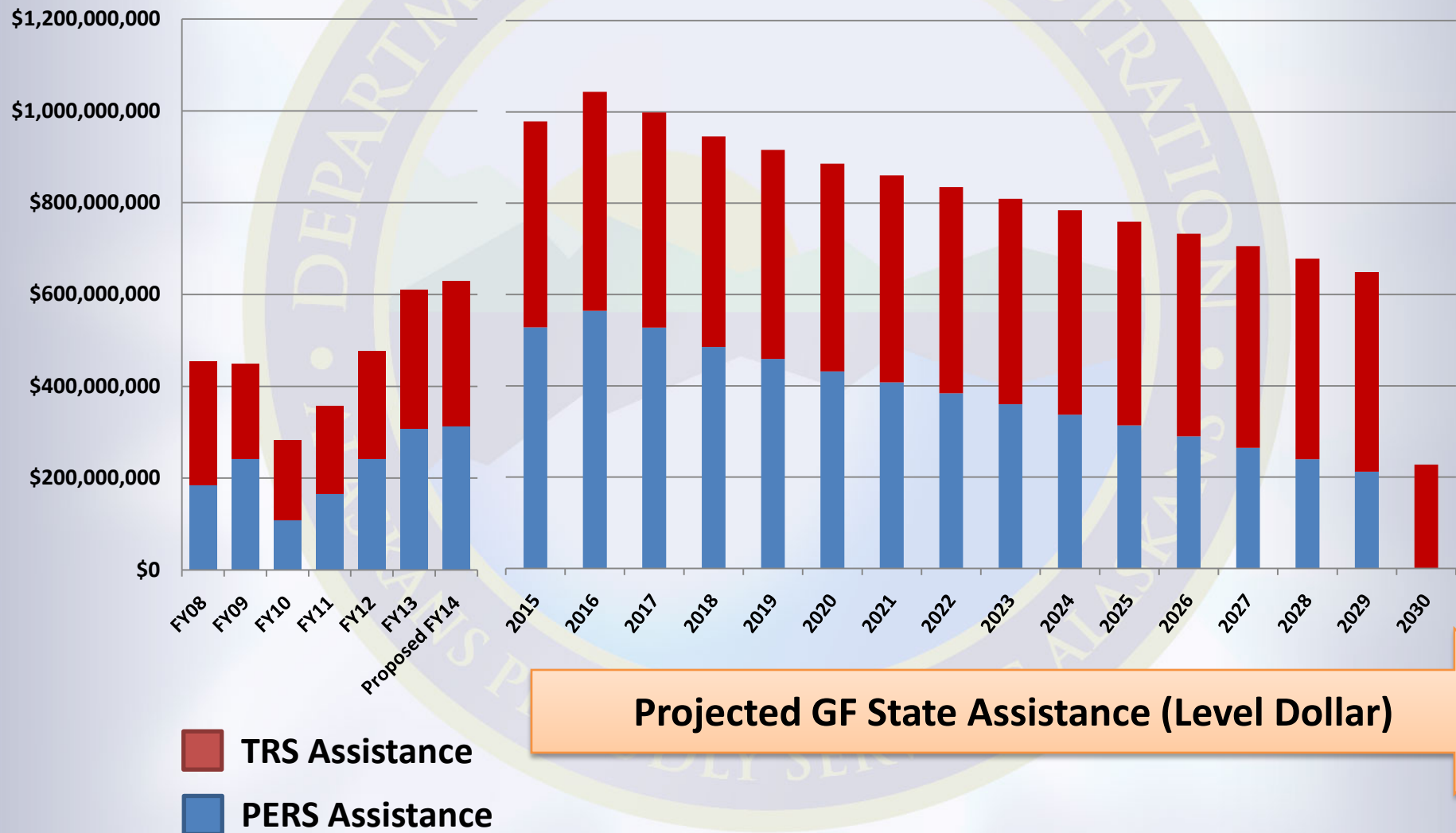
Contribution Rates



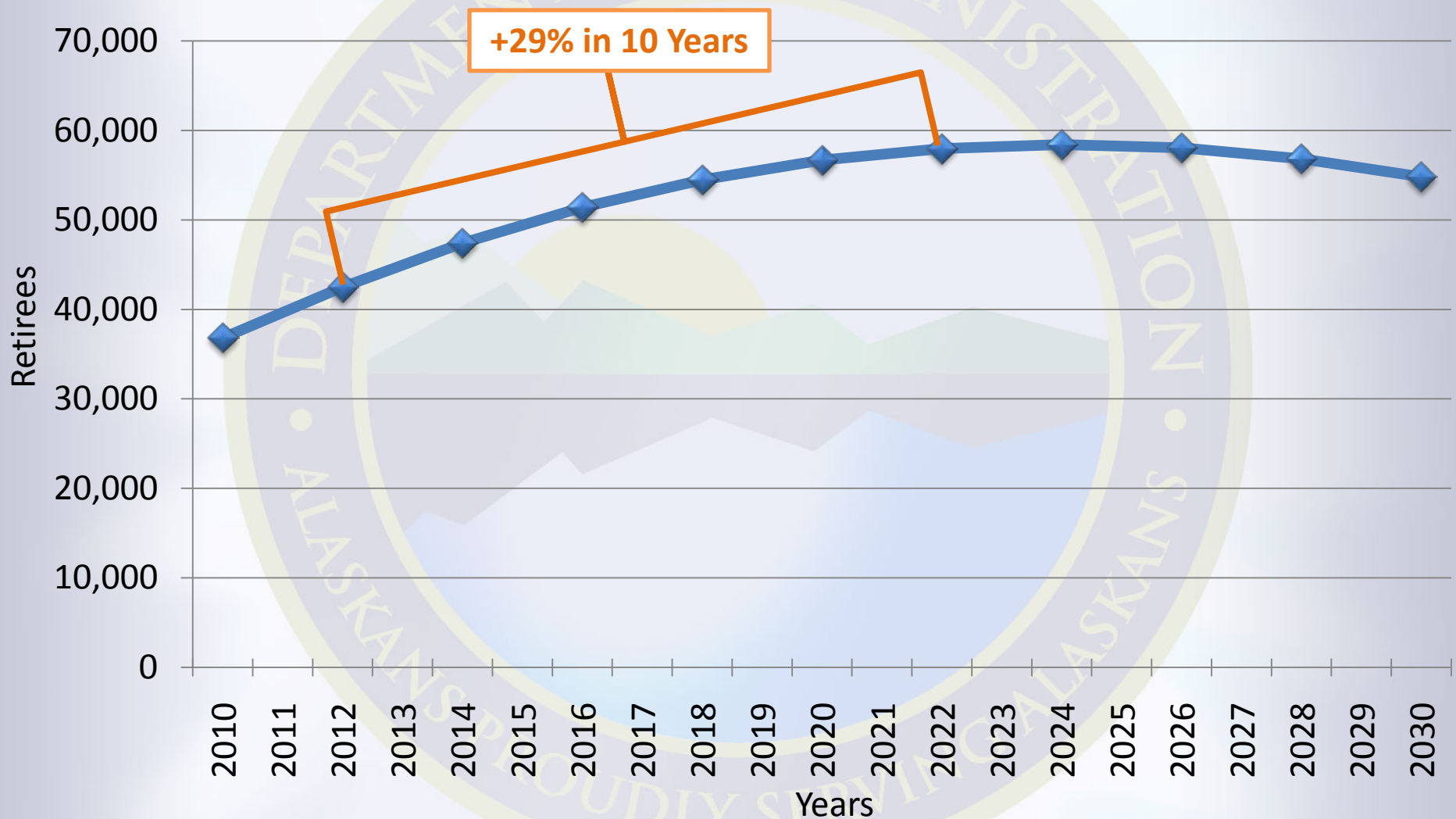
SB 125 capped PERS employer contribution rates at 22% and TRS employer contribution rates at 12.56% beginning in FY 2009.

BENEFITS: PERS/TRS

PERS/TRS GF State Assistance (SB125)

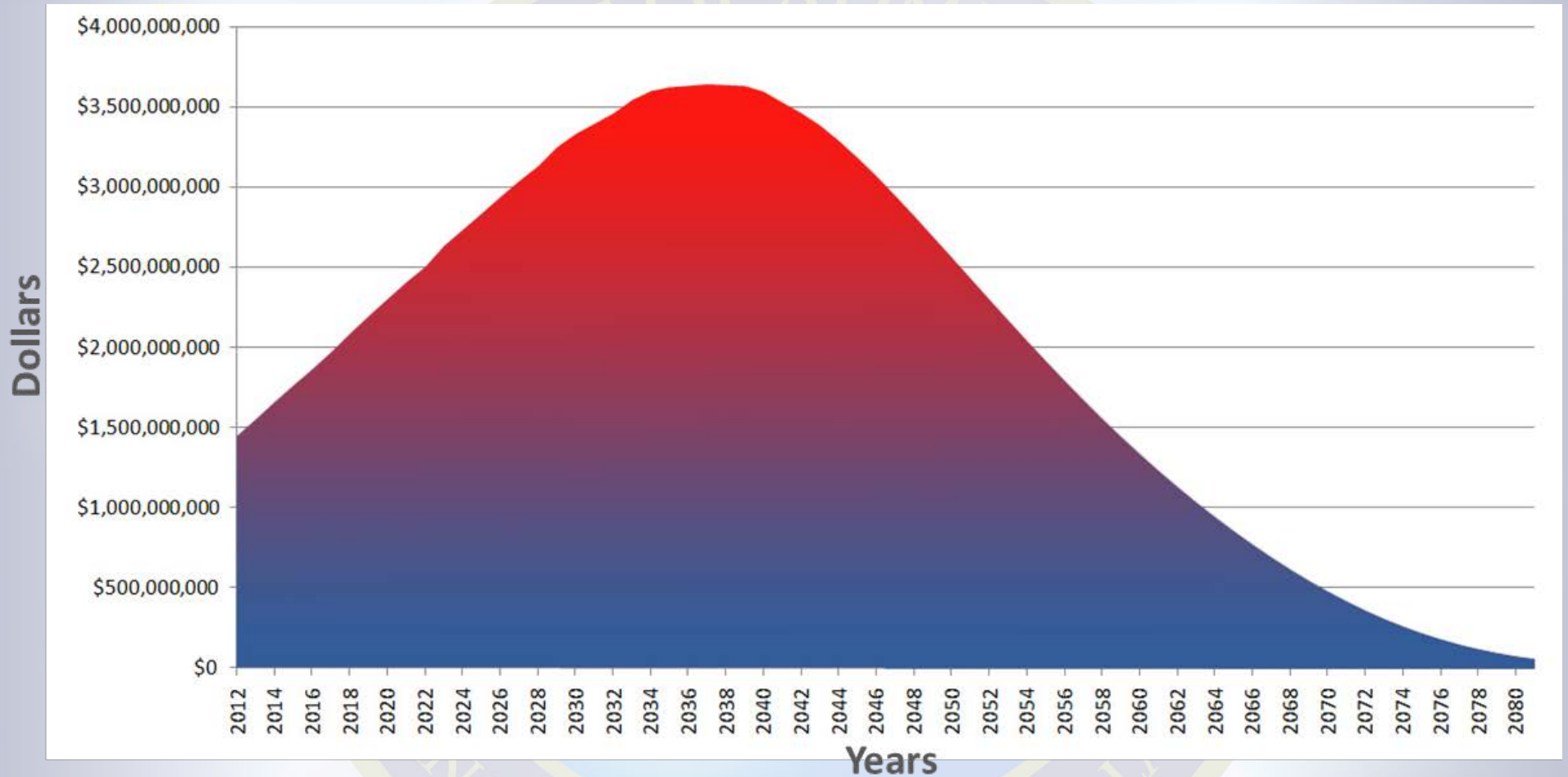


PROJECTED RETIREMENT POPULATION GROWTH



SOURCE: Division of Retirement and Benefits

BENEFITS: PERS/TRS



Pay **\$140 billion** in benefits payments over next 70 years

Current PERS/TRS account balance: **\$16.8 billion**

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

The seal of the Department of Administration, State of Alaska, is a large, faint, circular emblem in the background. It features a central shield with a mountain range and a sun. The text "DEPARTMENT OF ADMINISTRATION" is arched across the top, and "ALASKANS PROUDLY SERVING ALASKANS" is arched across the bottom.

Thank you!

Visit www.DOA.alaska.gov

for more information about our department.

Questions?