

ALASKA DEPARTMENT OF ADMINISTRATION

DEPARTMENT OVERVIEW

Presentation to

**House Finance
Subcommittee**

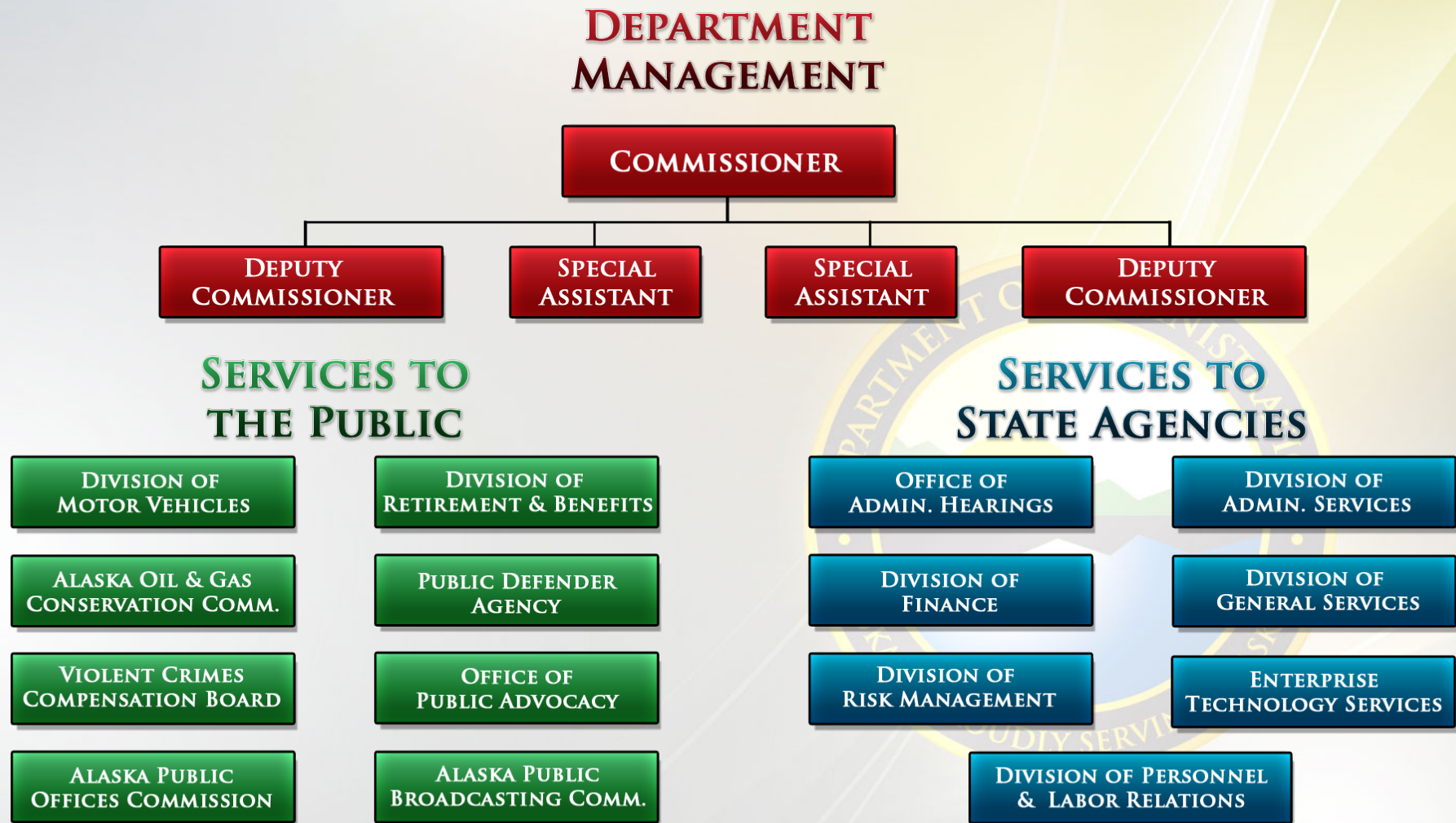
January 27, 2015

**Commissioner Sheldon Fisher
Director Cheri Lowenstein**

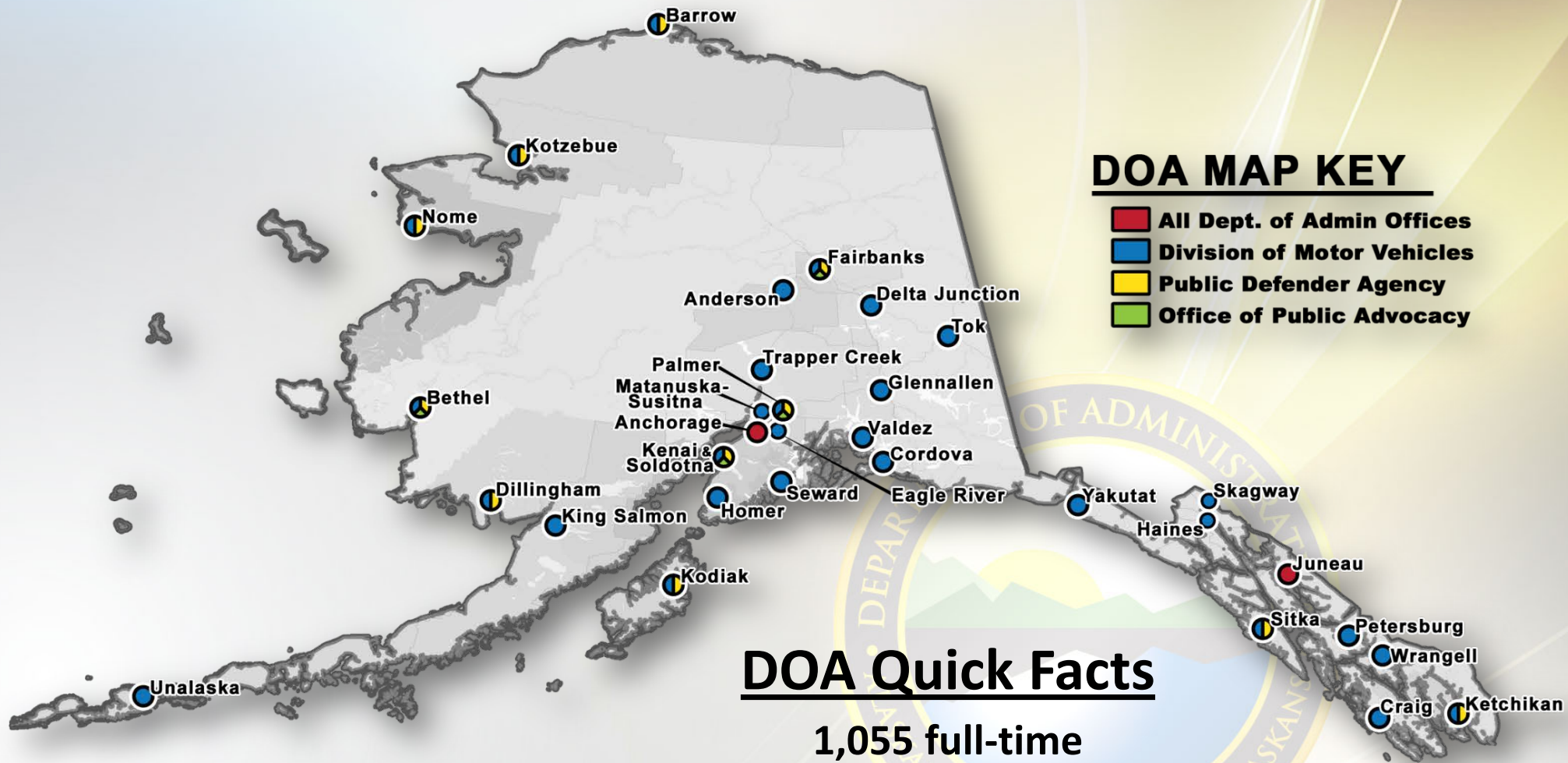


DOA MISSION AND ORGANIZATION

Mission: The mission of the Department of Administration is to provide consistent and efficient support services to state agencies so that they may better serve Alaskans.



DOA SERVICES ACROSS ALASKA



DOA Quick Facts

1,055 full-time
14 part-time
50 non-permanent
in 32 locations

DOA SERVICES TO THE PUBLIC

- **Div. of Motor Vehicles (DMV)**
 - Title and registration of vehicles/trailers
 - Driver testing and licensing
 - Commercial driver licensing
- **Div. of Retirement and Benefits (DRB)**
 - State employee, teacher, and political subdivision retirement plan administration
 - Health plan administration
- **Alaska Public Offices Commission (APOC)**
 - Campaign and public official oversight agency
- **Alaska Oil and Gas Conservation Commission (AOGCC)**
 - To protect the public interest in exploration and development of Alaska's valuable oil, gas, and geothermal resources
- **Public Defender Agency (PDA)**
 - Provide constitutionally mandated legal representation to indigent clients appointed by the court.
- **Office of Public Advocacy (OPA)**
 - Conflict counsel for PDA
 - Guardian Ad Litem (GAL) program
 - Child in Need of Aid (CINA) program
- **Alaska Public Broadcasting Commission (APBC)**
 - Grants and administration of public television and radio to all parts of Alaska
- **Office of Administrative Hearings**
 - Appeal and adjudication services by Administrative Law Judges
- **Violent Crimes Comp. Board (VCCB)**
 - Grants to victims of violent crimes

DOA SERVICES TO STATE AGENCIES

- **Div. of Finance (DOF)**
 - Maintain the statewide financial/payroll systems, as well as e-travel program
 - Compile the Comprehensive Annual Finance Report (CAFR) and statewide single audit
 - Leading finance /payroll system update to Integrated Resource Info. System (IRIS)
- **Div. of General Services (DGS)**
 - Manage 12 buildings in the Public Building Fund (PBF) and 6 non-PBF buildings
 - Manage and administer 400+ leases
 - Procurement and contract support for state and political subdivision purchasing
- **Division of Risk Management (DRM)**
 - Manage insurance administration for State assets, indemnification language review
 - Claims adjusting and litigation management
 - Return to work program
- **Division of Personnel and Labor Relations (DOPLR)**
 - Centralized and managed HR
 - Payroll timekeeping
 - Recruitment and job classification studies
 - Labor relations and contract bargaining
 - Training and employee development
- **Enterprise Technology Services (ETS)**
 - Statewide IT infrastructure maintenance and operations (M&O)
 - Telecommunication, network and mainframe service and technical support
 - Cyber security
- **Division of Administrative Services (DAS)**
 - Provides budget, financial, and procurement services to DOA
 - Oversees DOA Information Technology (IT)
 - Oversees VCCB staff and APBC grants

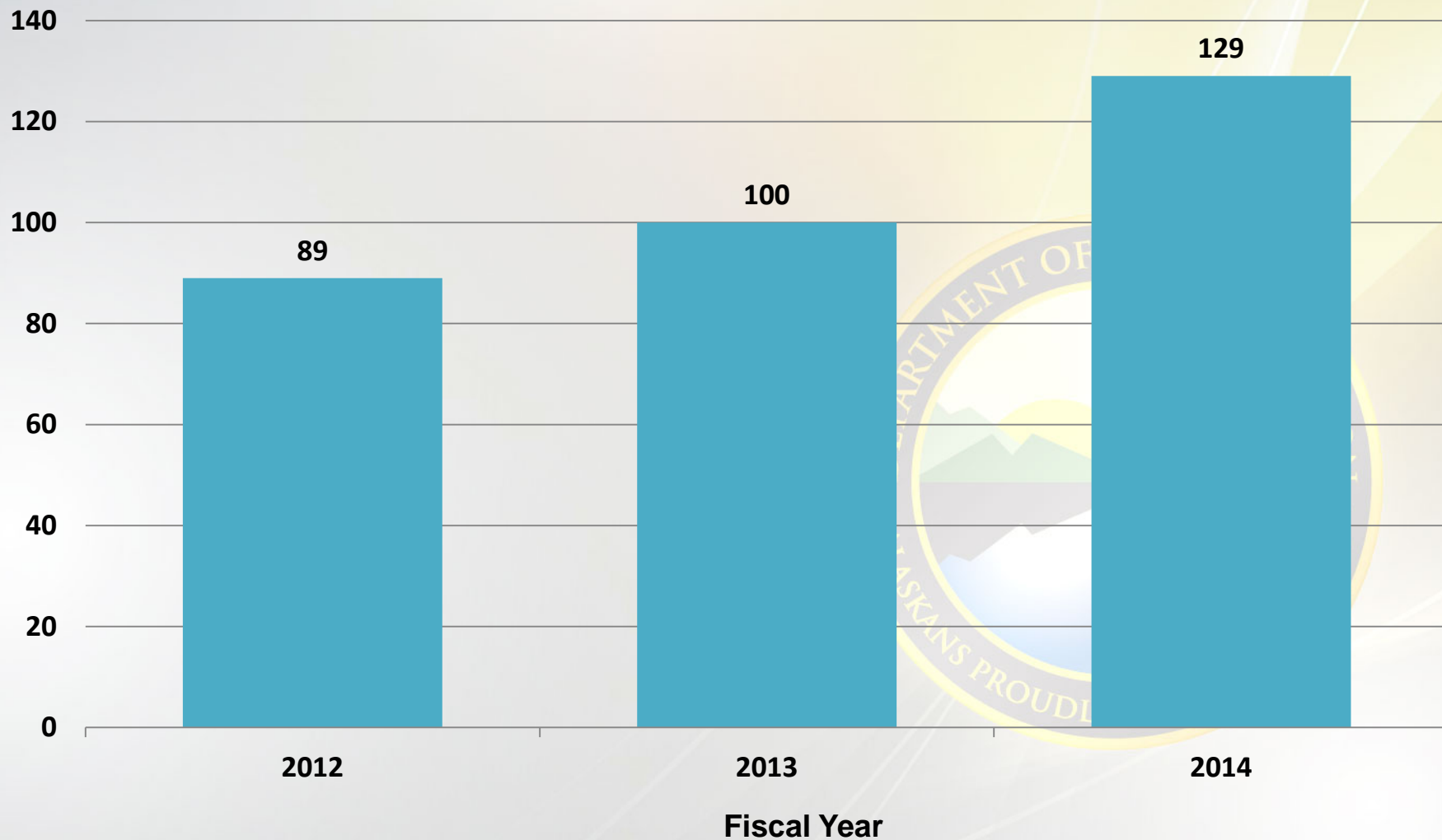
DEPARTMENT PERFORMANCE MEASURES



DOA PERFORMANCE MEASURE: LEGAL, ADVOCACY AND REGULATORY SERVICES

A1: Target #1

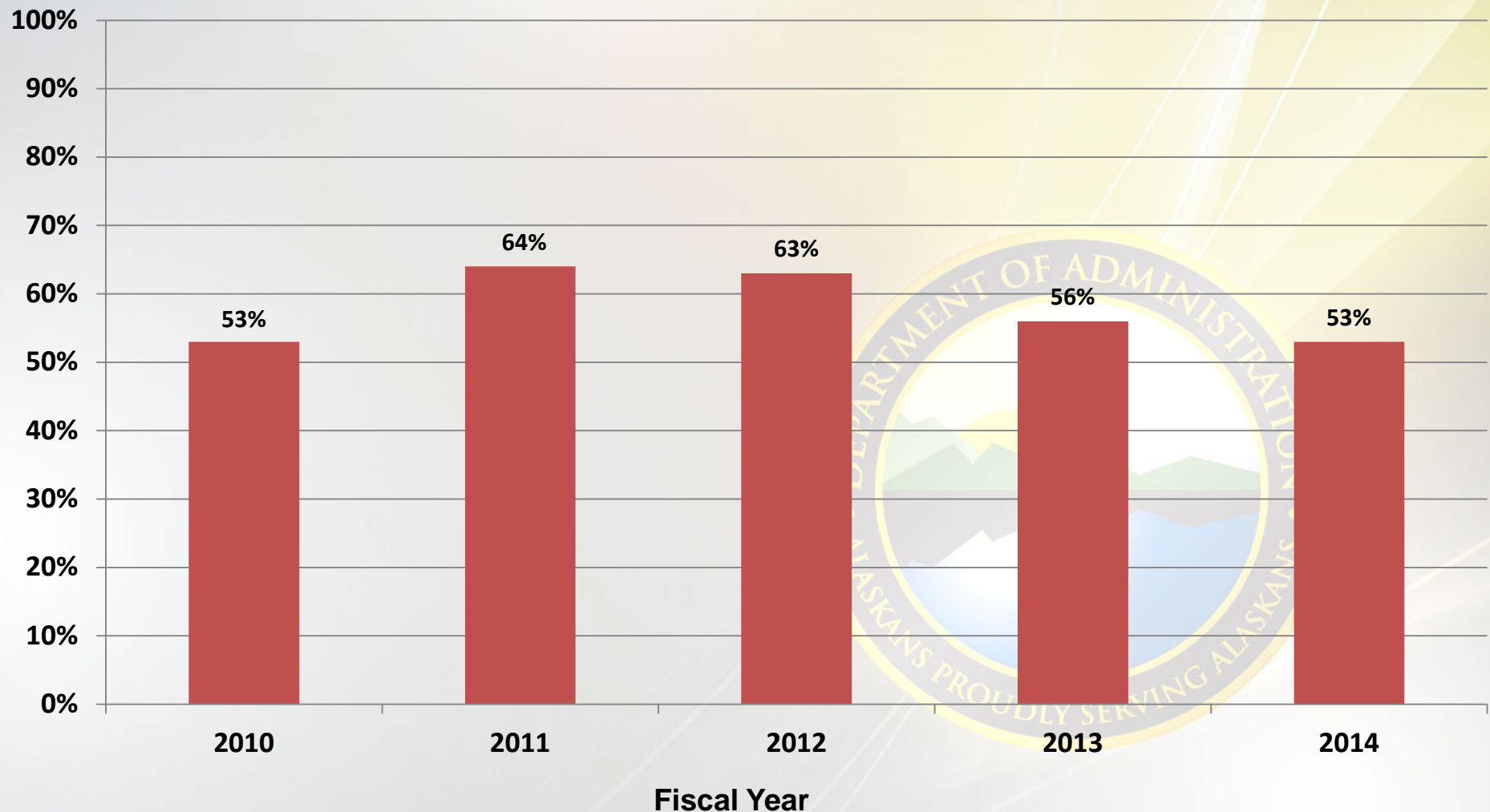
Public Defender Appellate Backlog



DOA PERFORMANCE MEASURE: FAMILY SUPPORT

A2: Target #1

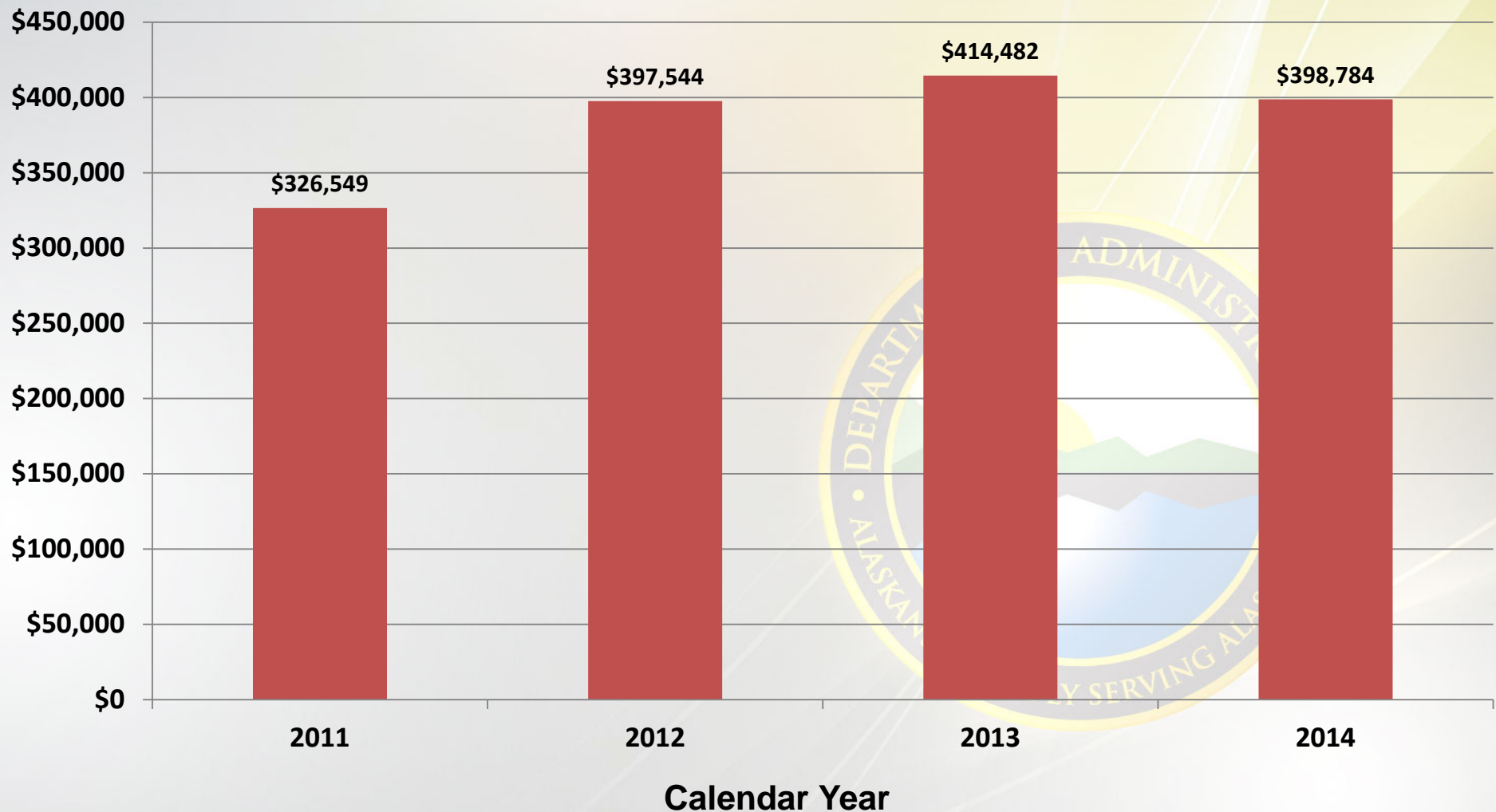
Predisposition Reports Filed W/Courts by Due Date



DOA PERFORMANCE MEASURE: ENTERPRISE SUPPORT SERVICES

A3: Target #1

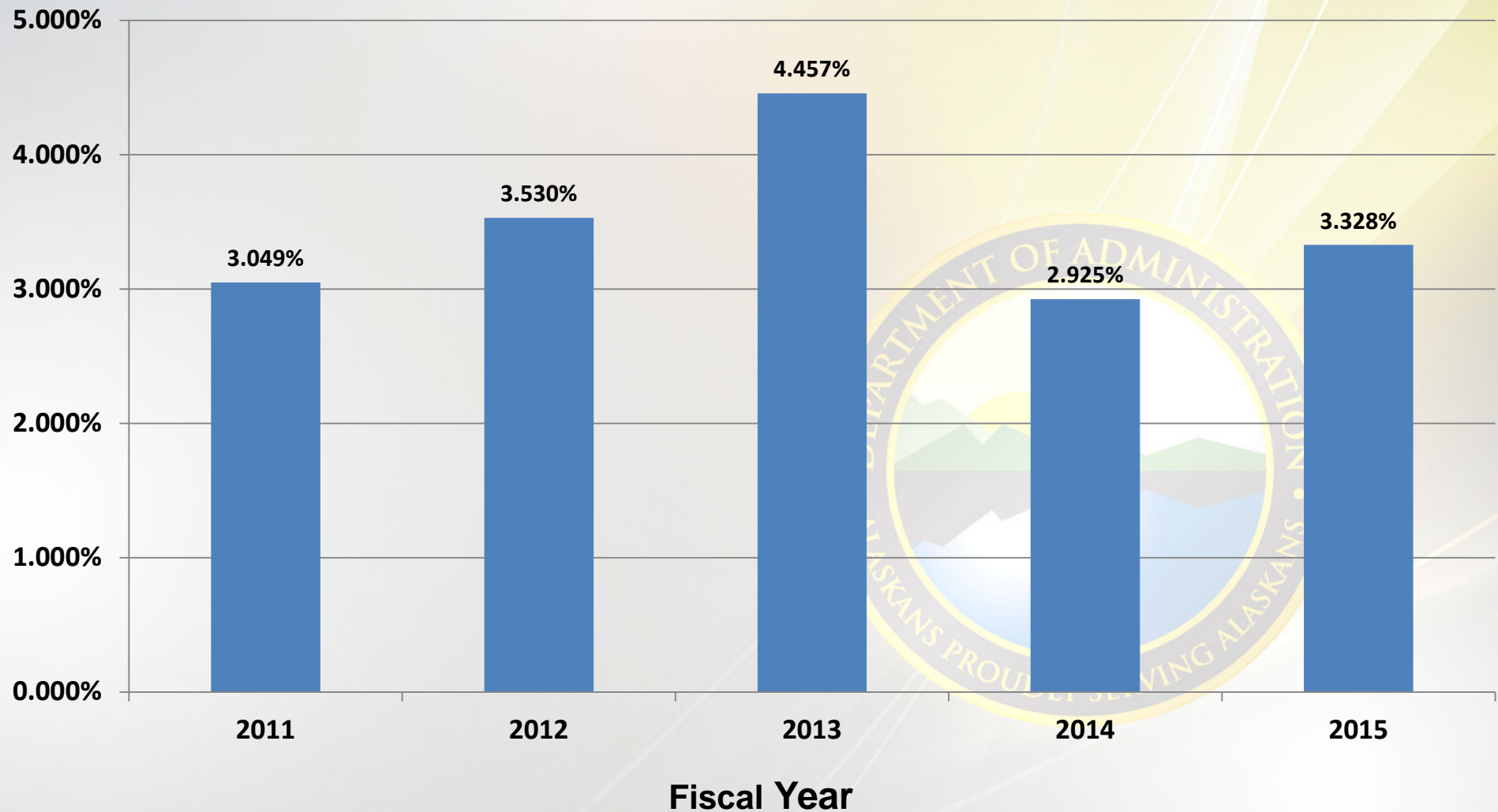
Annual Savings Below Market Value for Leases of up to 10 years



DOA PERFORMANCE MEASURE: ENTERPRISE SUPPORT SERVICES

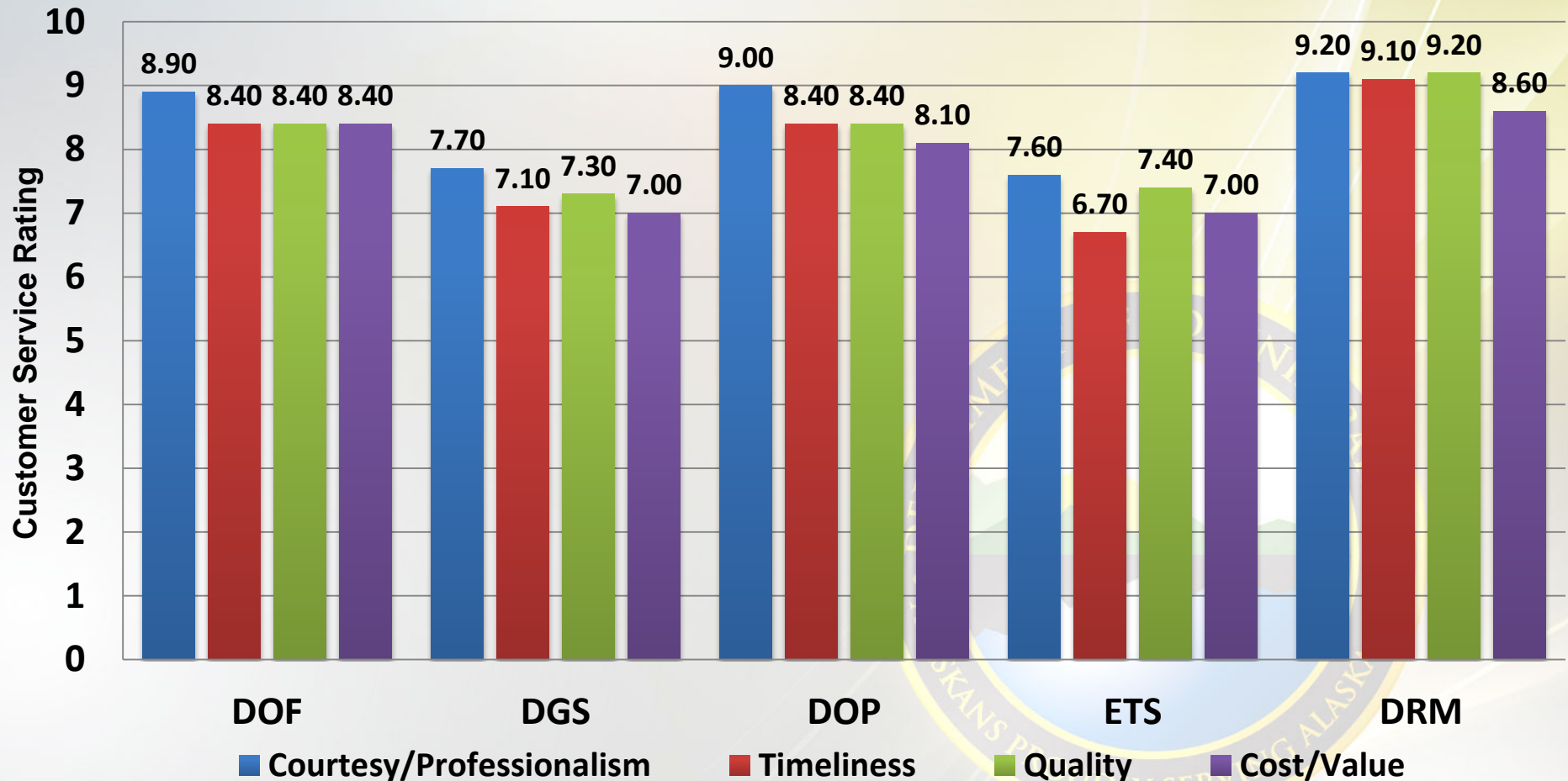
A3: Target #2

Five Year Cost Growth Trend



DOA PERFORMANCE MEASURE: ENTERPRISE SUPPORT SERVICES

A3: Target #3 Customer service survey results for “Internal Services” agencies:



Very Satisfied = 10, Very Unsatisfied = 0, results from a September 2014 internal survey

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

DEPARTMENT BUDGET



OPERATING INCREMENTS - WORK IN PROGRESS **(FROM DEC 15TH, DOES NOT INCLUDE ADDITIONAL REDUCTIONS)**

- DMV: Increase Travel for Federal Auditing & Monitoring Requirements of CDL & Train Commission Agents **GF/PR \$80.0**
- DOF: Patient-Centered Outcomes Research Institute Mandated by Patient Protection and Affordable Care Act Year 2 of 7 **GF \$63.8**
- DOF: Delete 4 PCN's dedicated to IRIS Implementation **CIP -\$394.8**
- DRB: Net Zero Fund Source Reallocation **R&B funds \$0.0**
- DRB: General fund for PCORI and Actuarial **R&B funds \$100.0**
- DRB: Reduce Mandatory Patient Protection and Affordable Care Act Fee **R&B Funds -\$893.6**



CAPITAL REQUESTS

- The Department of Administration does not currently have any capital items in the FY2016 Budget

DEFERRED MAINTENANCE

- DGS: Deferred Maintenance Public Building Fund, \$3,000.0 other (announced as part of the FY2016 Endorsed budget)



CORE FOCUS AREAS OF THE DEPARTMENT



CORE INITIATIVES AND CHALLENGES

Personnel Costs Savings

- Improve employee productivity
- Wage Negotiations – remain competitive and balanced
- Health Care Spend – continue to bend the cost curve

Reduction of Unfunded Liability – (health care costs)

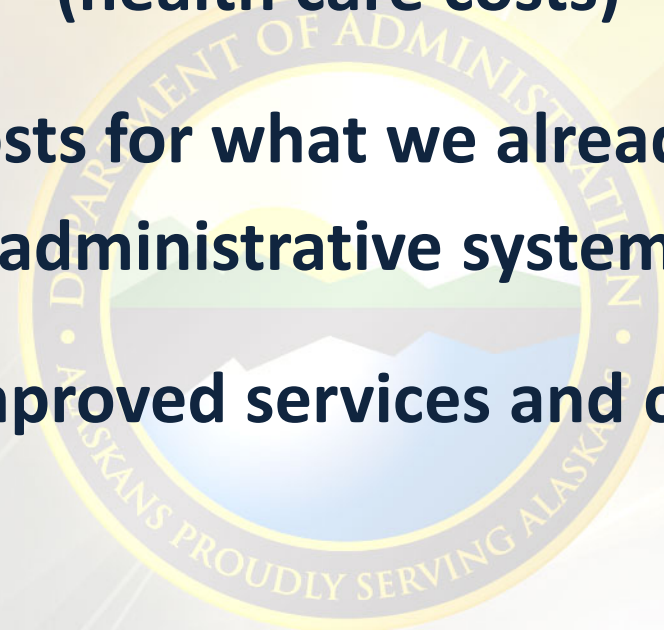
Procurement Savings – Lower costs for what we already buy

- IRIS - updated core statewide administrative systems

Information Technology (IT) – Improved services and cost

Improve Facility Management

- Utilization of Space – better use our space



DOPLR - BARGAINING CONTRACTS

Contracts That Expire on June 30, 2014	Number of Employees
AVTECTA - Alaska Vocational Technical Teachers Association	35
IBU – Inlandboatmen’s Union of the Pacific	623
MEBA - Marine Engineers’ Beneficial Association	105
MMP - Masters, Mates and Pilots	98
PSEA - Public Safety Employees Association	515
Contracts That Expire on June 30, 2015	
ACOA - Alaska Correctional Officers Association	945
LTC - Public Employees, Local 71	1,819
TEAME – Teachers’ Education Association of Mt. Edgecumbe	27
Contracts That Expire on June 30, 2016	
ASEA - Alaska State Employees Association	9,000
APEA - Alaska Public Employees Association	2,281
CEA - Confidential Employees Association	210
Non-Covered - Exempt, Partially Exempt and Excluded	4,560

SOURCE: Bargaining Unit Profiles, collected June 30, 2014

DOPLR - AVERAGE YEARLY BASE SALARY

Yearly Average Pay*

AVTECTA - Alaska Vocational Technical Teachers Association	\$78,665.04
IBU – Inlandboatmen’s Union of the Pacific	\$52,820.04
MEBA - Marine Engineers’ Beneficial Association	\$73,417.44
MMP - Masters, Mates and Pilots	\$84,009.84
PSEA - Public Safety Employees Association.....	\$86,770.68 (AA), \$72,760.20 (AP)
ACOA - Alaska Correctional Officers Association	\$61,907.64
LTC - Public Employees, Local 71	\$54,851.88
TEAME – Teachers’ Education Association of Mt. Edgecumbe	\$64,038.60
ASEA - Alaska State Employees Association	\$57,972.36
APEA - Alaska Public Employees Association	\$83,854.08
CEA - Confidential Employees Association	\$58,917.96
Non-Covered – Exempt, Partially Exempt and Excluded	\$101,689.08

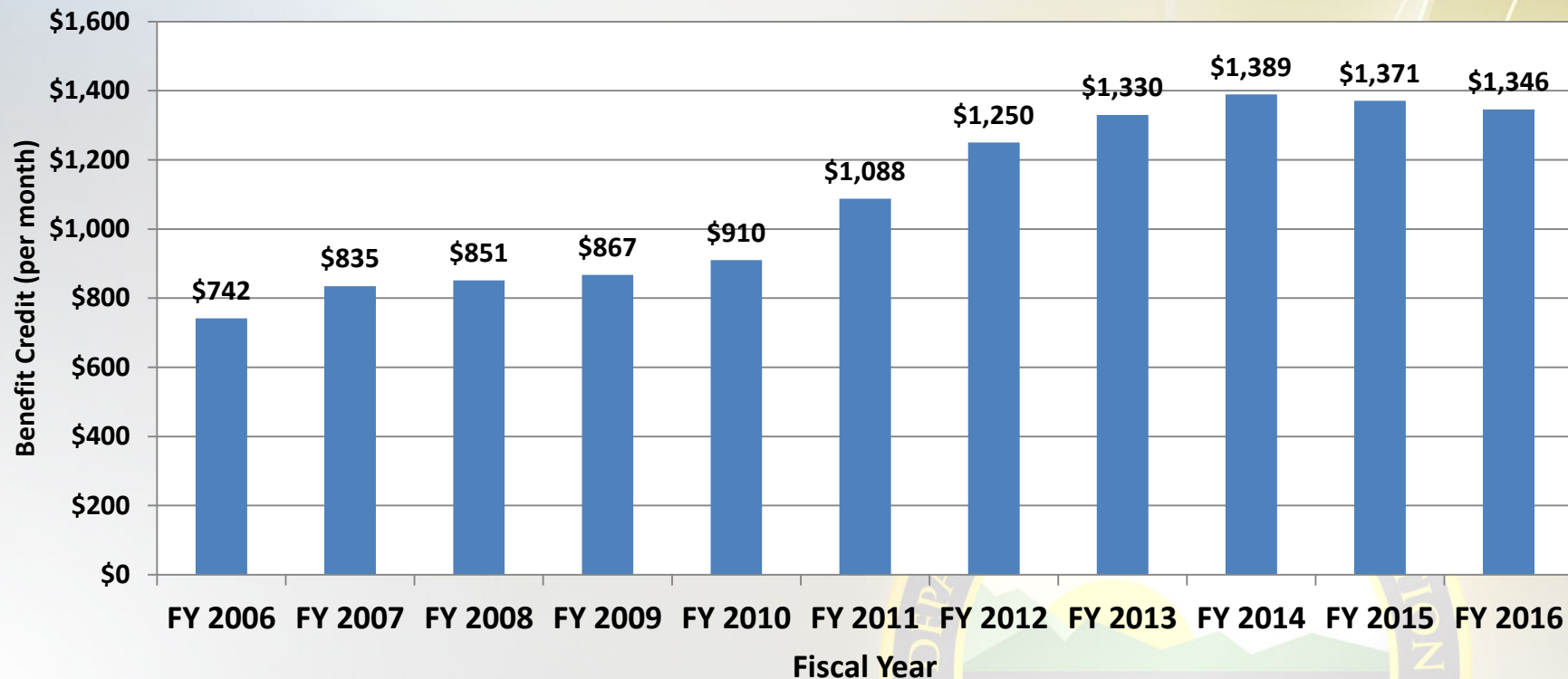
Average employee benefits percentage is 49%

* Includes geographic differential

AA – DPS; AP – DOTPF

SOURCE: Bargaining Unit Profiles, Permanent Full-Time Members, collected June 30, 2014

DRB - MONTHLY HEALTH INSURANCE BENEFIT CREDIT



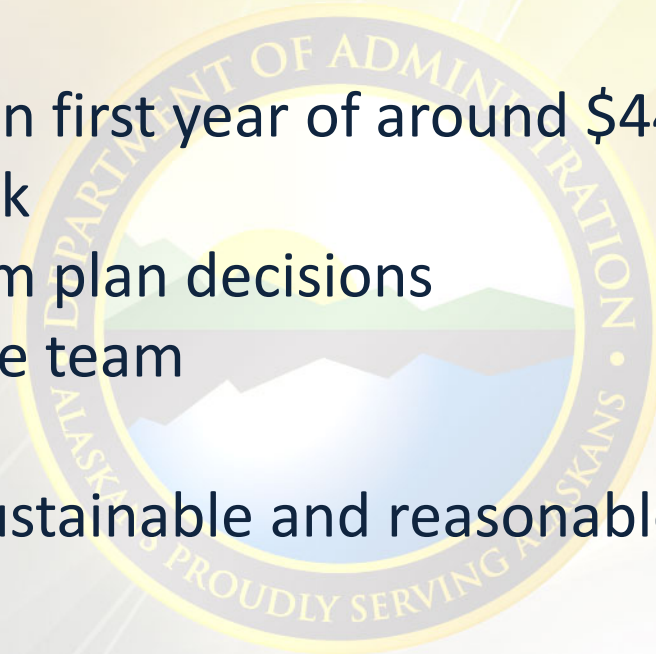
- Average annual growth of 7%
- Almost doubled in 10 years
- Increased effort to proactively manage costs
- **FY 2015 & FY 2016 -- beginning to bend the curve down**

DRB - AETNA AND MODA

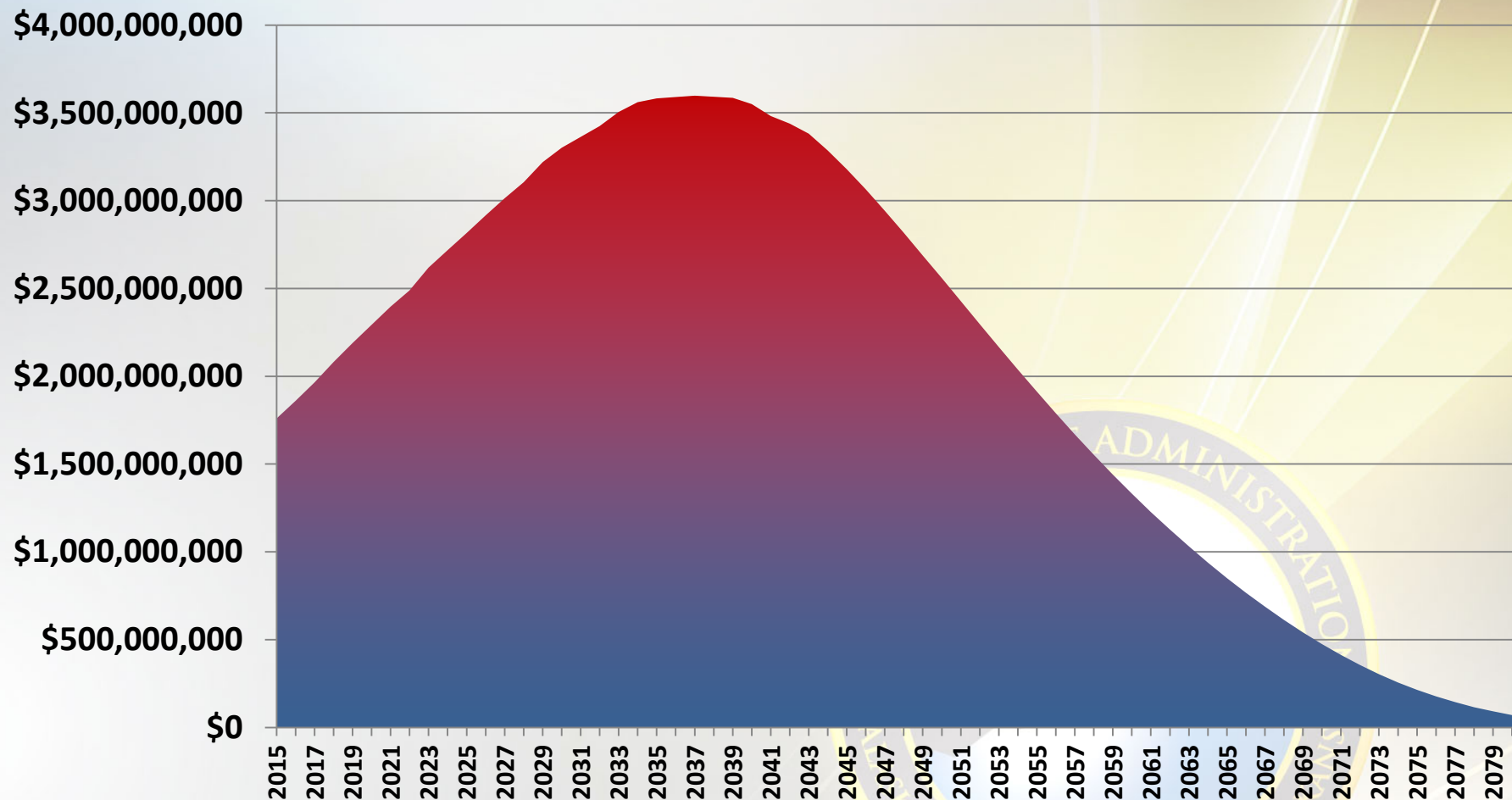


- AlaskaCare -- 84,000 covered lives (active + retiree)
- Yearly claim costs: \$656,929,369.92 (FY14, paid through 6/30/14)
- RFP split into 4 major components awarded 3 to Aetna and one to Moda
- New networks: proven savings in first year of around \$44M
- Introduction of a dental network
- Use of data warehouse to inform plan decisions
- Single point of contact concierge team

Goal: high quality health care at sustainable and reasonable cost to the state and the employee



DRB - BENEFITS PAYOUT FOR PERS/TRS



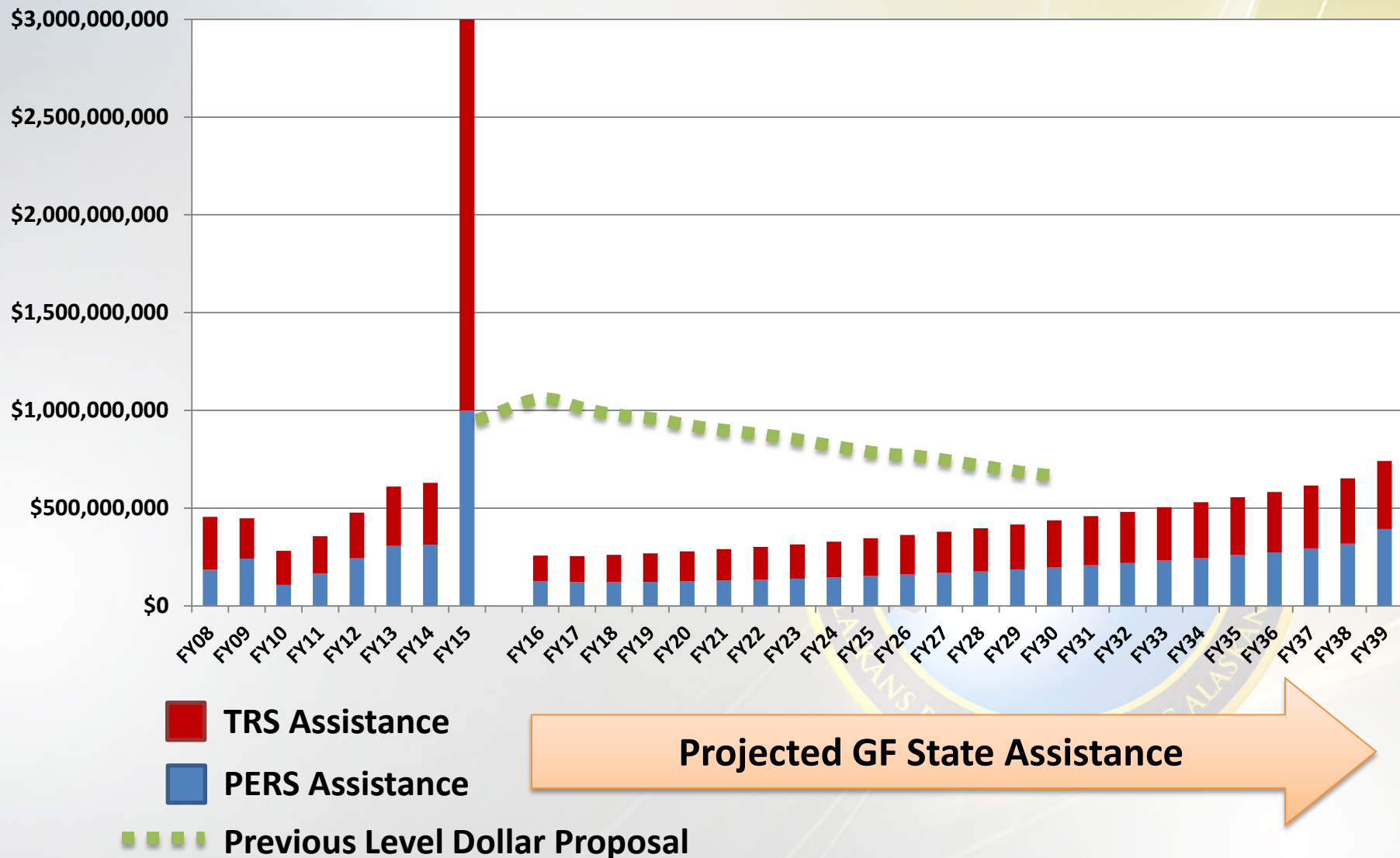
Pay **\$150 billion** in benefits payments over next 70 years

Current PERS/TRS account balance: **\$17.7 billion**

Unfunded Liability: approx **\$10.1 billion**

DRB - PERS/TRS STATE ASSISTANCE

PERS/TRS GF State Assistance (SB125 & HB 385)



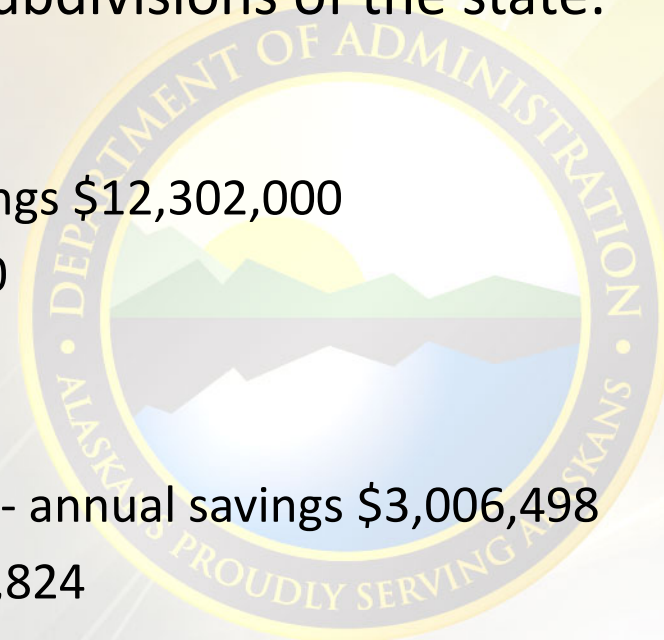
DGS - SAVINGS IN STATE PURCHASING

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 estimated savings realized by DGS for FY14 is \$58,391,159, with \$41,682,489 being saved by state agencies and the remaining \$16,708,670 being saved by political subdivisions of the state.

Some examples of state savings:

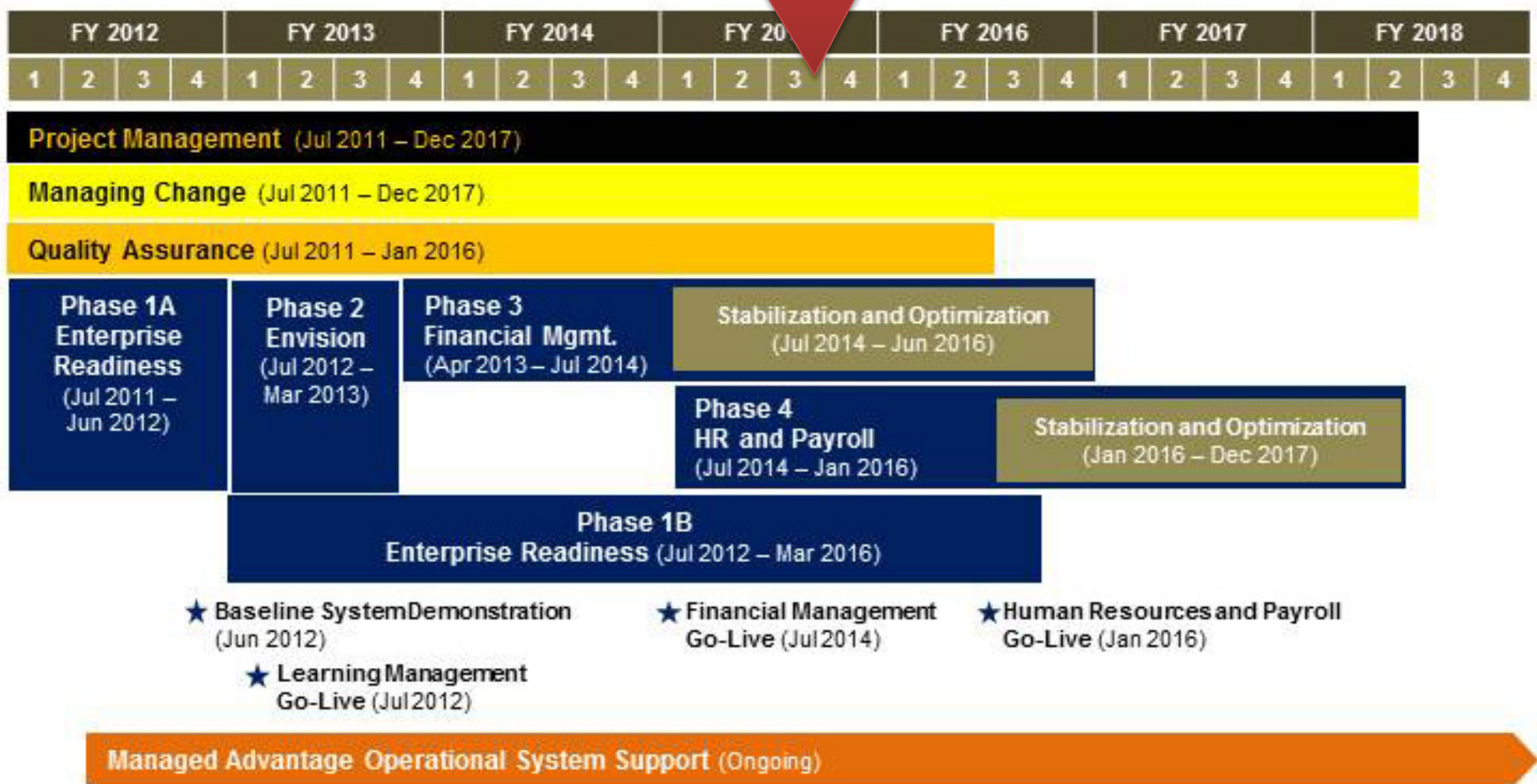
- PC Contracts (WSCA-NASPO) – annual savings \$12,302,000
- Office Supplies - annual savings \$6,024,460
- Travel - annual savings \$4,857,415
- Copiers - annual savings \$4,470,244
- Fuel: Heating, Diesel, Unleaded, Jet A, etc. - annual savings \$3,006,498
- Systems Furniture – annual savings \$5,267,824



DOF – IRIS SCHEDULE



We are currently here...



DOF – VENDOR SELF SERVE BUSINESS OPPORTUNITIES AND SOLICITATIONS

Self Service Application - Windows Internet Explorer provided by CGI US

http://advantage.cgipdc.com/webapp/av39ow1/AltSelfService.jsessionid=0000yTC6RQ_SEDrLaOoYRLxNtvZ:-1

AMS Advantage www.cgi.com

Home | Help | Accessible Help | Site Map | Privacy Report | Logout

Account Information | Financial Transactions | **Business Opportunities** | Solicitation Responses | Catalog Management

Solicitations | My Watchlist | Surplus Auctions | Purchase History | Bulletin Board

New Search | Print Friendly | Ask Buyer | Bulletin Board

Solicitation: 1200000009 Telecommunication Consulting Services

Issued: 10/19/11 Last Amended: **Current Status: Open**

Closing Date: 10/19/11 4:15 PM AKDT **On Behalf of:** Room 103
Time Left: **00:38:25** **Issued By:** Room 103
Type: Invitation To Bid(ITB)
Category: <blank>

Buyer Information: [Matthew.Shaw\(matthew.shaw@cgi.com\)](mailto:Matthew.Shaw(matthew.shaw@cgi.com))
 Phone: Fax:

Additional Dates: **Bid Opening Date:** **Award Date:**
Intent Posted Date: **More...** [see Events tab](#)

Response Options:
 Respond Online | Print for Mailing

[Add this item to Watch List](#)

[Print Solicitation](#)

Lot 1: Default Commodity Group

Description	Requested	More Information
TELECOMMUNICATIONS CONSULTING	Service Start : 10/24/2011 Service End : 11/30/2011	View Purchase History Commodity Code : 91895 Telecommunications Consulting

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- 🔍 Access to all business opportunities: RFPs, Grant RFPs, ITB, RFI, RFQ
- 🔍 Support for online or paper-based responses
- 🔍 Integrated Notice of Intent and Notice of Award

ETS – SERVICE AND IT COST ISSUES

Meaningful dissatisfaction in both the centralized (ETS) function and the decentralized department-centric function.

- Total IT spend ~\$218M
- ETS spend \$38M

State agencies work toward IT solutions in a siloed, department-centric IT culture that resulting in inconsistent standards, duplication of effort and sub-optimal results. Cost savings and strategic planning are very difficult to fully realize.

- IT Governance continues to be an issue
- ETS cost centers increasingly at odds with budget climate
- Siloed approach to IT across enterprise increases costs such as mainframe issues:
 - Customers leaving mainframe to hosted solutions, cost shift (i.e. database licensing to fewer agencies)

DGS – BUILDING PORTFOLIO

BUILDING	LOCATION	AGENCY	S.F.
State Office Building & Parking Structure	Juneau	Multiple	287,850
Alaska Office Building	Juneau	H&SS	57,660
Public Safety Building	Juneau	DPS, H&SS, DOA	20,000
Douglas Island Building	Juneau	F&G, DOC	41,980
Community Building	Juneau	DCCED, H&SS	22,400
Court Plaza Building & Parking Structure	Juneau	Multiple	40,128
Dimond Courthouse Building	Juneau	LAW, Courts, DPS	77,000
3rd Floor Capitol Building	Juneau	GOV	22,720
AK State Museum & Annex	Juneau	DEED	29,420
Archives & Records Building	Juneau	DEED	10,850
Governor's House	Juneau	GOV	14,400
Fairbanks Regional Office Building	Fairbanks	Multiple	92,942
Robert B Atwood Building	Anchorage	Multiple	338,000
Linny Pacillo Parking Garage & Office	Anchorage	Multiple	369,000
Palmer State Office Building	Palmer	Multiple	81,525
Nome State Office Building	Nome	Multiple	16,600
Geological Materials Center Building	Anchorage	DNR	100,908
		TOTAL	1,623,383

DGS - UNIVERSAL SPACE STANDARDS (USS)

An evaluation of the space standards -- what's working and what's not working, where there are cost savings and not -- will be conducted by the new administration before further implementation in state offices occur.

PURPOSE OF SPACE STANDARDS

- Through the Western States Contracting Alliance (WSCA) contract the state saves significantly on systems furniture
- New space is designed for teamwork and collaboration among “neighborhoods”
- Natural light for everyone with private offices moved toward the core of buildings
- 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



DRM – INSURANCE AND CAT FUND DRAW

- **Petersburg** - Crystal Lake Hatchery Fire
(Replacement cost around \$2.5 million)



- **Kodiak** – Areospace Launch Complex
(estimated \$30 million)



- **Kodiak** - Kalsin Bay Maintenance Station, DOTPF (over \$1 million)



NOME STATE OFFICE BUILDING (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 1st floor conf room
 296 sf 2nd floor conf room
 1st floor ADA public restroom

Rate: \$2.31 per SF (FY2016)



▲ 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

Rate: \$1.55 per SF (FY2016)



▲ Current Douglas Island Building (above)

▼ New Douglas Island Center rendering (below)



GEOLOGIC MATERIALS CENTER (UPDATE)



Square Footage: 100,908

Project Budget: \$24,500,000

Schedule:	July 2013	Final funding (2 of 2) appropriated	Budget Required: Fully funded
	July 2013	Building purchased	
	February 2014	Construction starts	Rate: \$1.60 per SF
	September 2014	Construction complete	(Non PBF program FY 15 rate)

Thank you!

Visit www.DOA.alaska.gov

for more information about our department.

Questions?

