

ALASKA DEPARTMENT OF ADMINISTRATION

DEPARTMENT OVERVIEW

Presentation to

**House Labor &
Commerce**

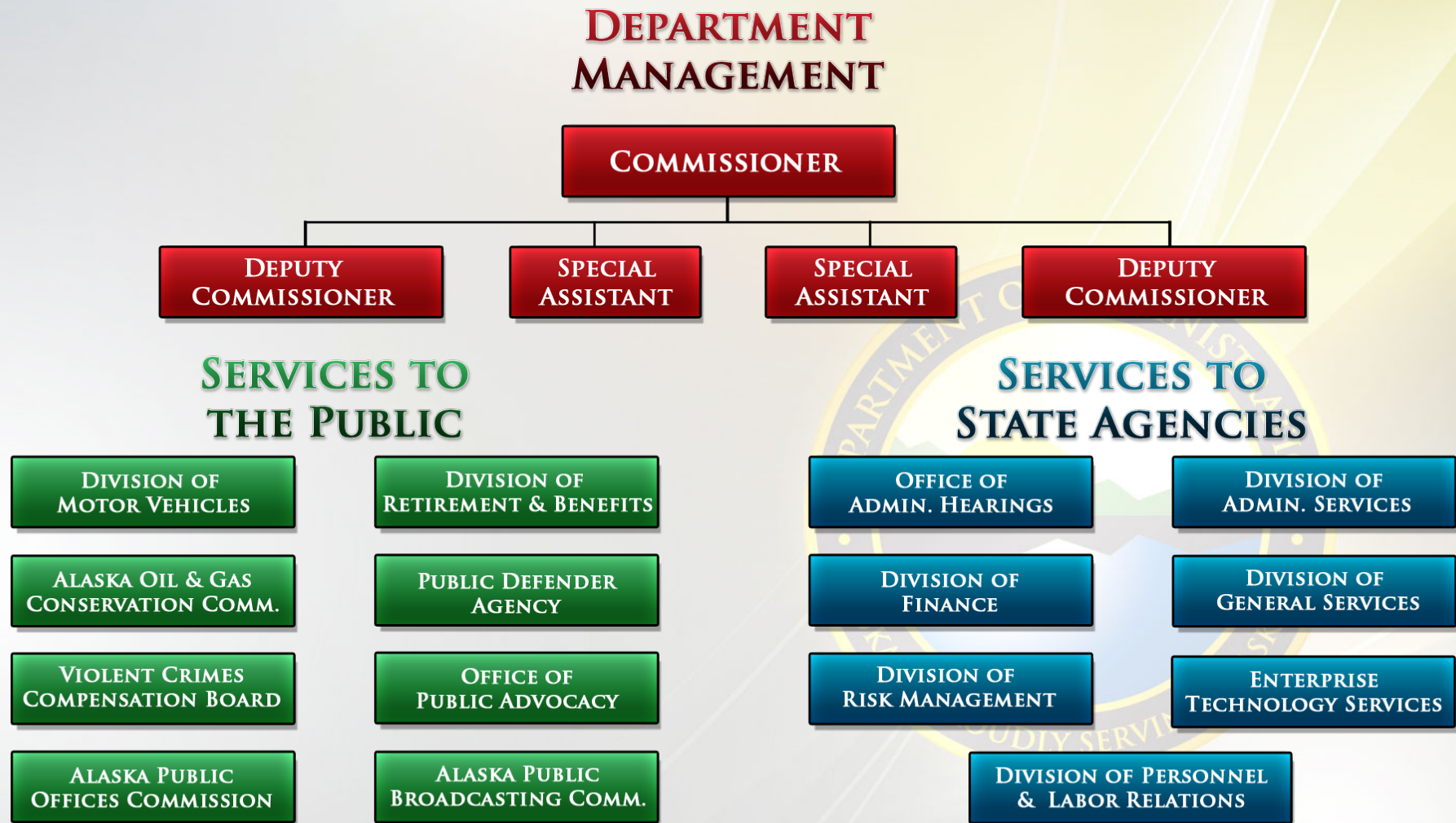
January 28, 2015

**Commissioner Sheldon Fisher
Director Cheri Lowenstein**

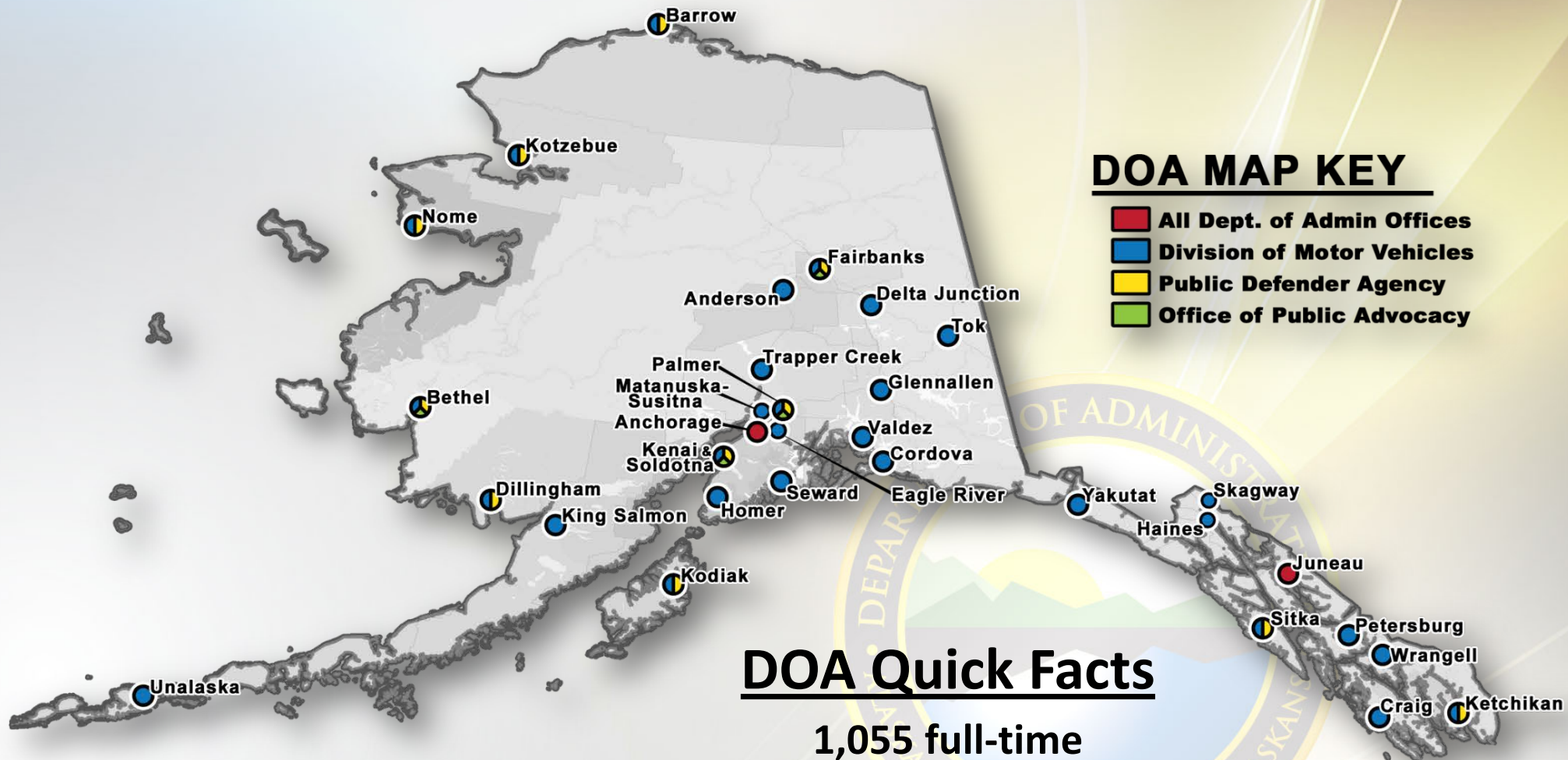


DOA MISSION AND ORGANIZATION

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

CORE INITIATIVES AND CHALLENGES

Personnel Costs Savings

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

Reduction of Unfunded Liability – (health care costs)

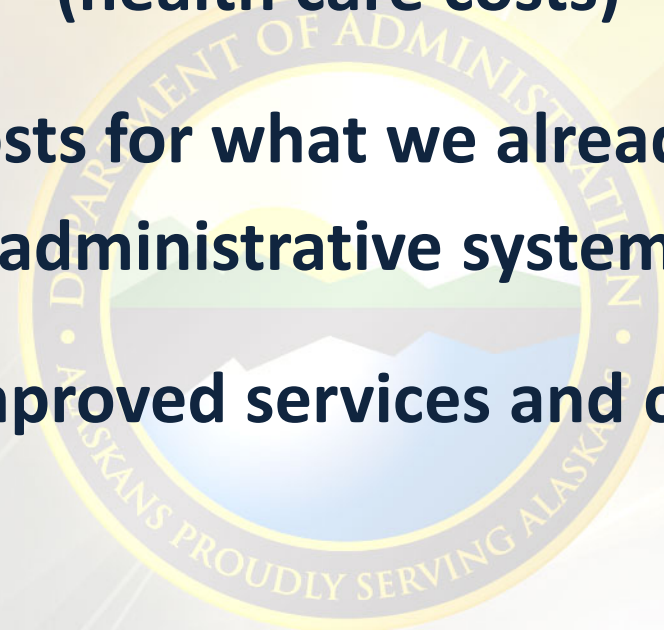
Procurement Savings – Lower costs for what we already buy

- 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%

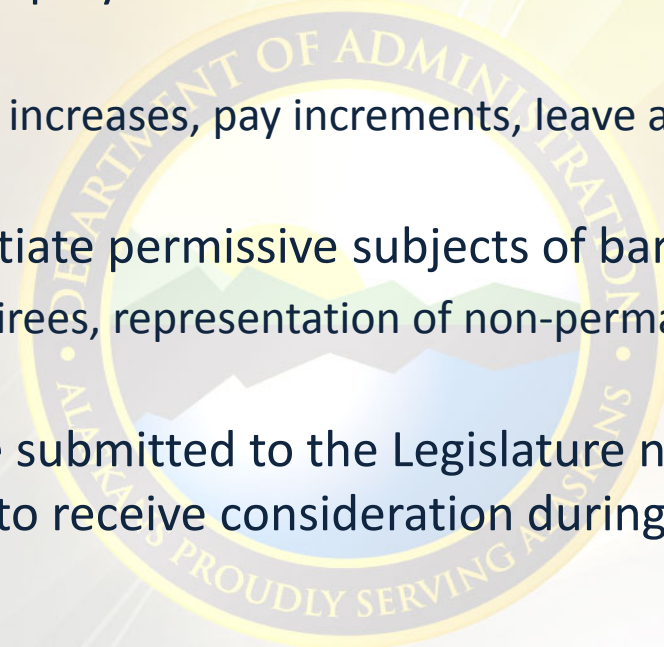
* Includes geographic differential

AA – DPS; AP – DOTPF

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

DOPLR - LABOR BARGAINING 101

- Negotiations are mandated by the Public Employment Relations Act (AS 23.40.070-23.40.250).
- Bargaining begins in accordance with the terms set forth in the collective bargaining agreements but generally commences between the months of October and December.
- The State must negotiate and enter into written agreements on matters of wages, hours and other terms and conditions of employment. These are considered mandatory subjects of bargaining.
 - For example: cost of living increases, merit increases, pay increments, leave accrual, health insurance
- The State may, but is not required, to negotiate permissive subjects of bargaining.
 - For example: classification, benefits for retirees, representation of non-permanent employees
- Monetary terms of the agreement must be submitted to the Legislature no later than the 60th day of the legislative session to receive consideration during that calendar year (AS 23.40.215).

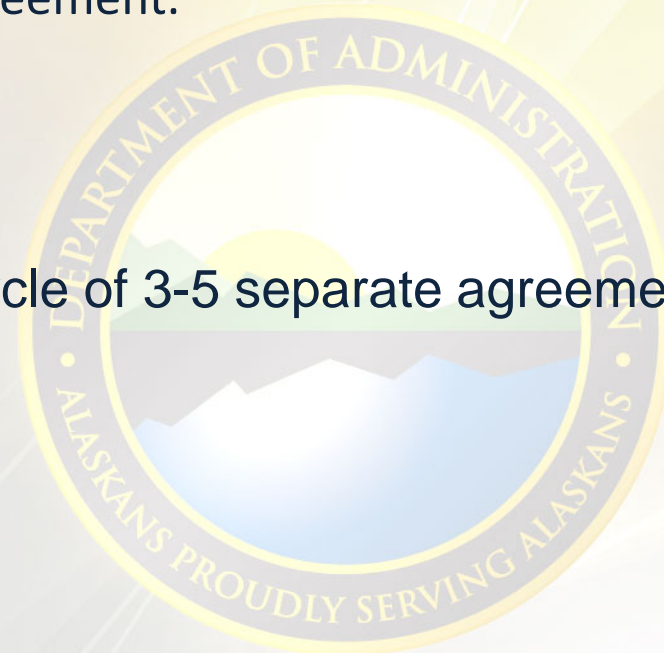


DOPLR - LABOR BARGAINING 101

- If negotiations do not lead to agreement and mediation fails, employees (except protective service personnel) have the right to strike.
- Employees who are on strike do not get paid, but may not be terminated because they choose to lawfully strike.
- Striking employees may be replaced – either temporarily for the duration of the strike, or permanently under certain circumstances.
- Our goal is to reach a fair and balanced agreement.

Contracts are...

- three years in duration
- typically bargained by the State on a cycle of 3-5 separate agreements each year



DOPLR - LABOR STRIKING

AS § 23.40.200 specifies the three strike classes of public employees.

Strike Class 1

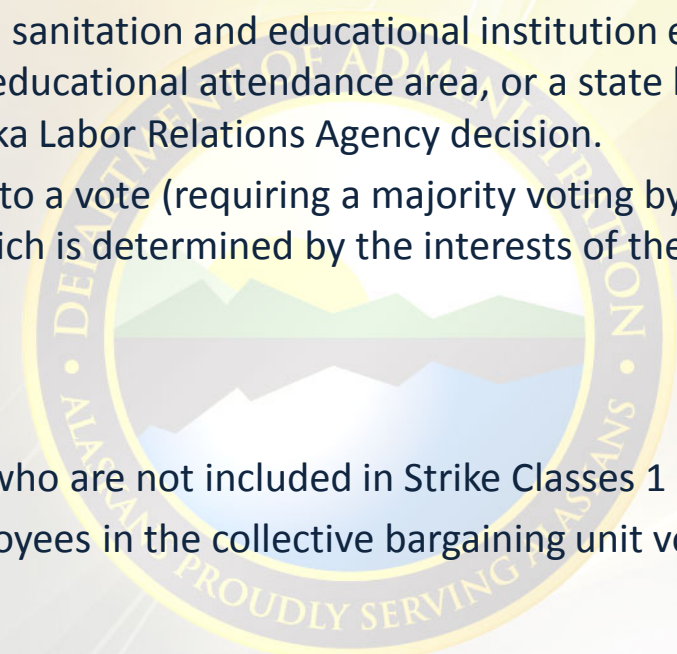
- This class is composed of police and fire protection employees, jail, prison and other correctional institution employees, and hospital employees.
- These employees may not strike.

Strike Class 2

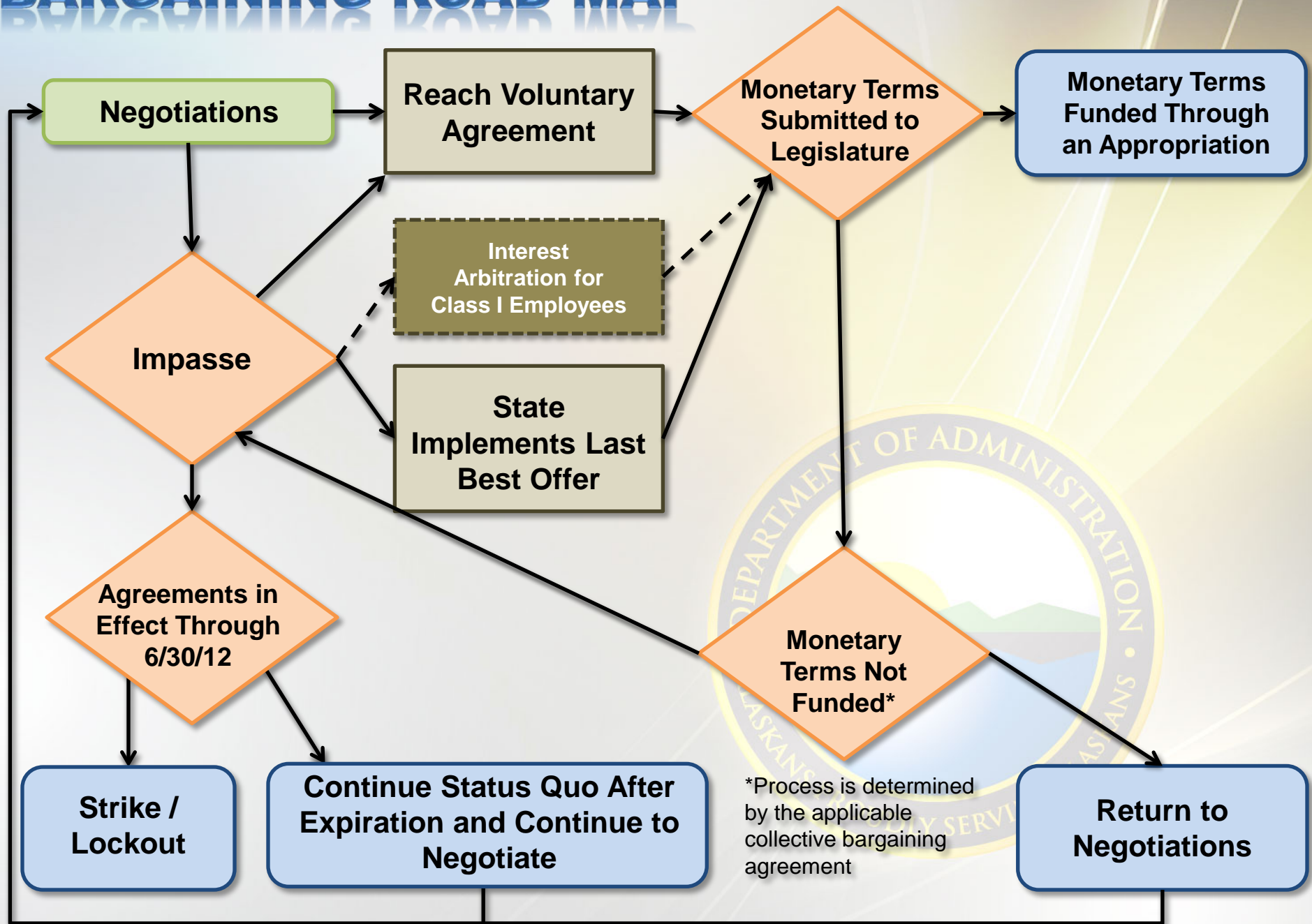
- This class is composed of public utility, snow removal, sanitation and educational institution employees other than employees of a school district, a regional educational attendance area, or a state boarding school and AMHS vessel employees through the Alaska Labor Relations Agency decision.
- These employees may strike after mediation, subject to a vote (requiring a majority voting by secret ballot). The strike may only last for a limited time which is determined by the interests of the health, safety or welfare of the public.

Strike Class 3

- This class is composed of all other public employees who are not included in Strike Classes 1 or 2.
- These employees may strike if a majority of the employees in the collective bargaining unit vote by a secret ballot to do so.



BARGAINING ROAD MAP



DOPLR – EXAMPLE MONETARY TERMS

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

Year	CPI Increase	ACOA	LTC	ASEA (GGU)
2005	3.1%	2.0	2.0	1.5
2006	3.2%	4.0	2.0	2.0
2007	2.2%	3.0	5.0	4.0
2008	4.6%	3.0	2.0/1.0****	3.0
2009	1.2%	3.0	Lump*****	3.0
2010	1.8%	3.0	2.5*****	1.0****
2011	3.2%	3.0	2.5	2.0*****
2012	2.1%	2.0	2.0	2.0
2013	1.5%	2.0	1.0	1.0
2014	1.6%	2.0	1.0	1.0
TOTAL	24.5%	27%	20%+Lump	20.5%

Labor, Trades, and Crafts (LTC)

****2% then 1% for 6m rollover

*****3% lump sum calculated on wage grade, 1/2 lump sum for seasonals and parttime

*****conversion to new salary sched w/pay increments

Alaska State Employees Association (ASEA / GGU)

****allowed to retain health insurance language

*****geo diff adjustments

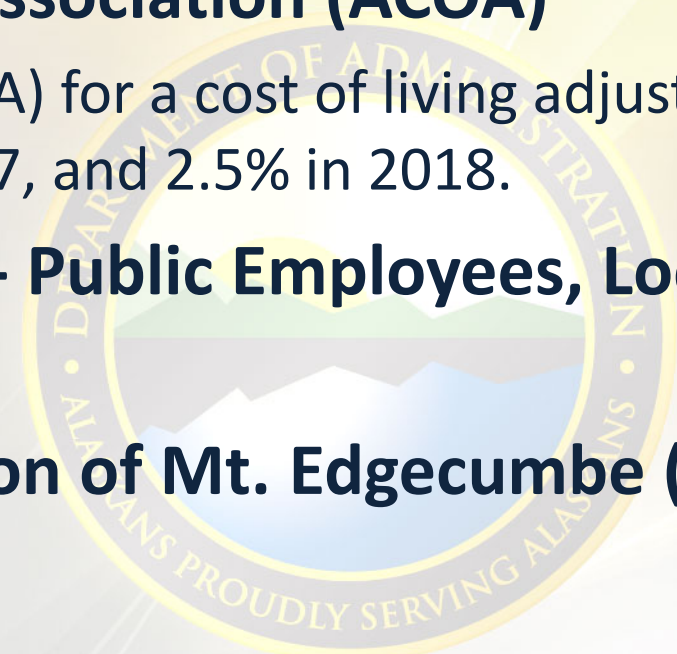
MONETARY TERMS*

Estimated 1% Increases

- **Masters, Mates and Pilots (MMP)**
 - FY 2016 would be \$165,900
 - EXAMPLE: Cumulative 1% annual for each of 3 years would be \$995,400
- **Marine Engineers' Beneficial Association (MEBA)**
 - FY 2015 would be \$156,000
 - EXAMPLE: Cumulative 1% annual for each of 3 years would be \$936,000
- **Labor, Trades and Crafts (LTC)**
 - FY 2016 would be \$1,422,800
 - EXAMPLE: Cumulative 1% annual for each of 3 years would be \$8,536,800
- **Alaska Correctional Officer Association (ACOA)**
 - FY 2015 would be \$940,400
 - EXAMPLE: Cumulative 1% annual for each of 3 years would be \$5,642,400
- **Teachers' Education Association of Mt. Edgecumbe (TEAME)**
 - FY 2016 would be \$25,600
 - EXAMPLE: Cumulative 1% annual for each of 3 years would be \$153,600

DOPLR – CURRENT STATUS OF CONTRACTS

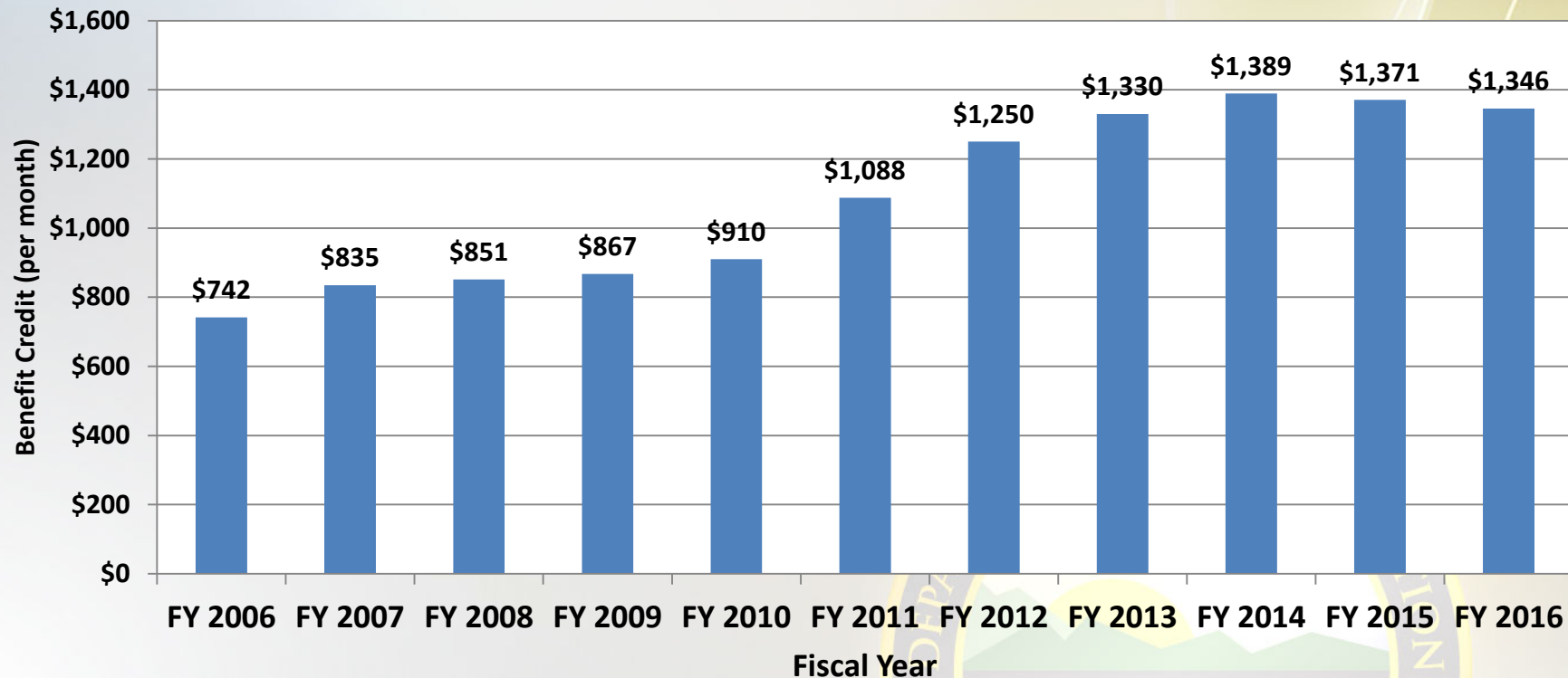
- **Masters, Mates and Pilots (MMP)**
 - Reached tentative agreement but members failed to ratify (voted)
- **Marine Engineers' Beneficial Association (MEBA)**
 - Have not reach tentative agreement
- **Alaska Correctional Officers Association (ACOA)**
 - Reached tentative agreement (TA) for a cost of living adjustment (COLA) of 1% in 2016, 1% in 2017, and 2.5% in 2018.
- **Labor Trades and Crafts (LTC) - Public Employees, Local 71**
 - Currently in negotiations
- **Teachers' Education Association of Mt. Edgecumbe (TEAME)**
 - Currently in negotiations



NEXT STEPS

- Once the Department of Administration submits the monetary terms of an agreement, the Legislature decides whether to fund the monetary terms.
 - The monetary terms of a collective bargaining agreement are subject to funding by legislative appropriation. (AS 23.40.21)
 - If the Legislature fails to fund the monetary terms of an agreement, the next steps vary by bargaining unit and may be affected by whether a tentative agreement was reached with sufficient time to permit submittal by the 60th day of session.
 - For some, impasse is considered to exist and for others the parties have 10 days to reach agreement. However, each situation must be evaluated and is fact specific.
- The fact that the monetary terms of the parties' agreement might be submitted to the Legislature after the 60th day of the session does not prevent the Legislature from either considering or funding them.
- The appropriation is subject to the ratification of the collective bargaining agreement by the union's membership. If a union fails to ratify the agreement, then the funding is reduced proportionately.

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**

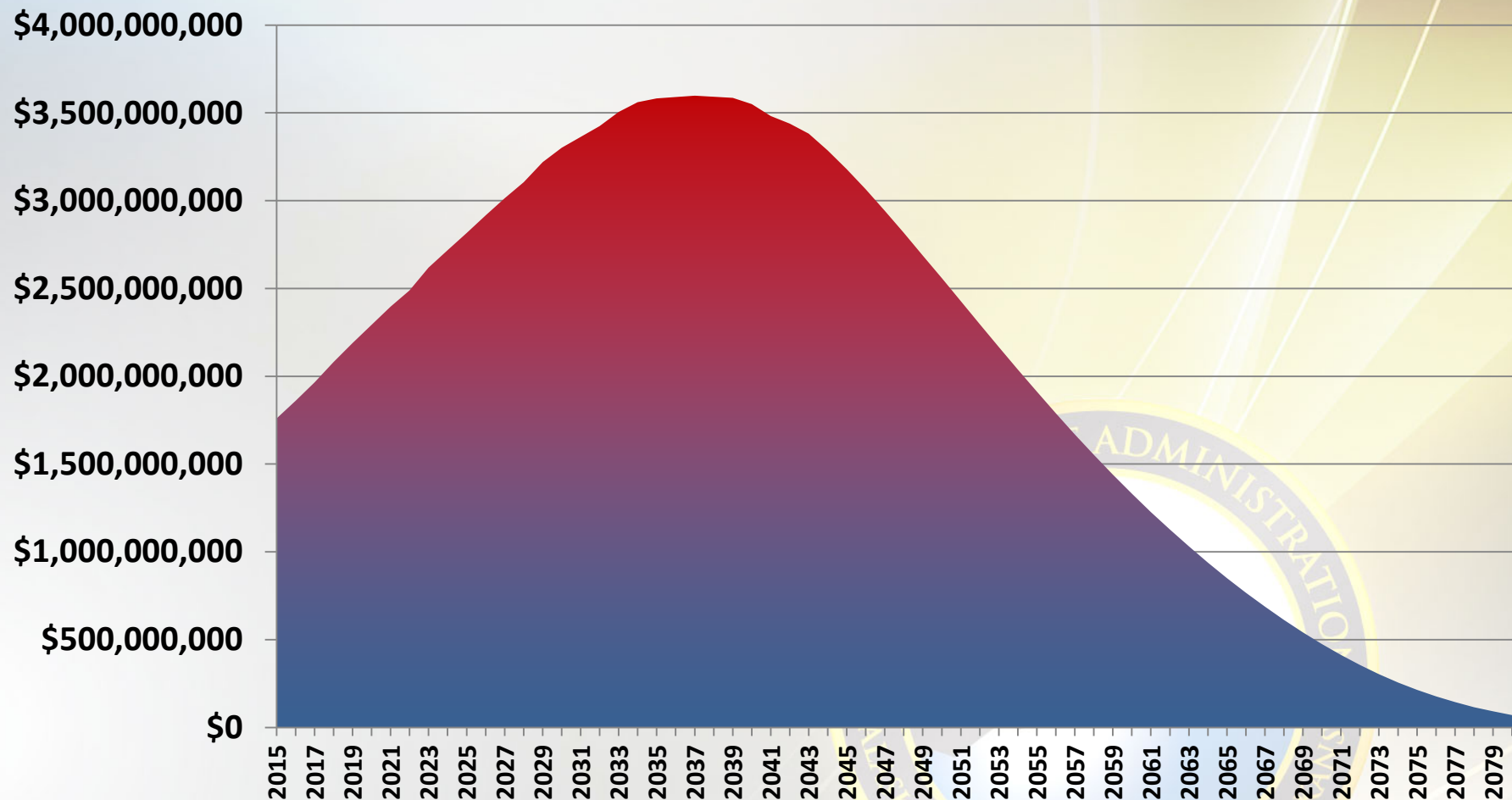
DRB - AETNA AND MODA



- 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 \$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 PERS/TRS



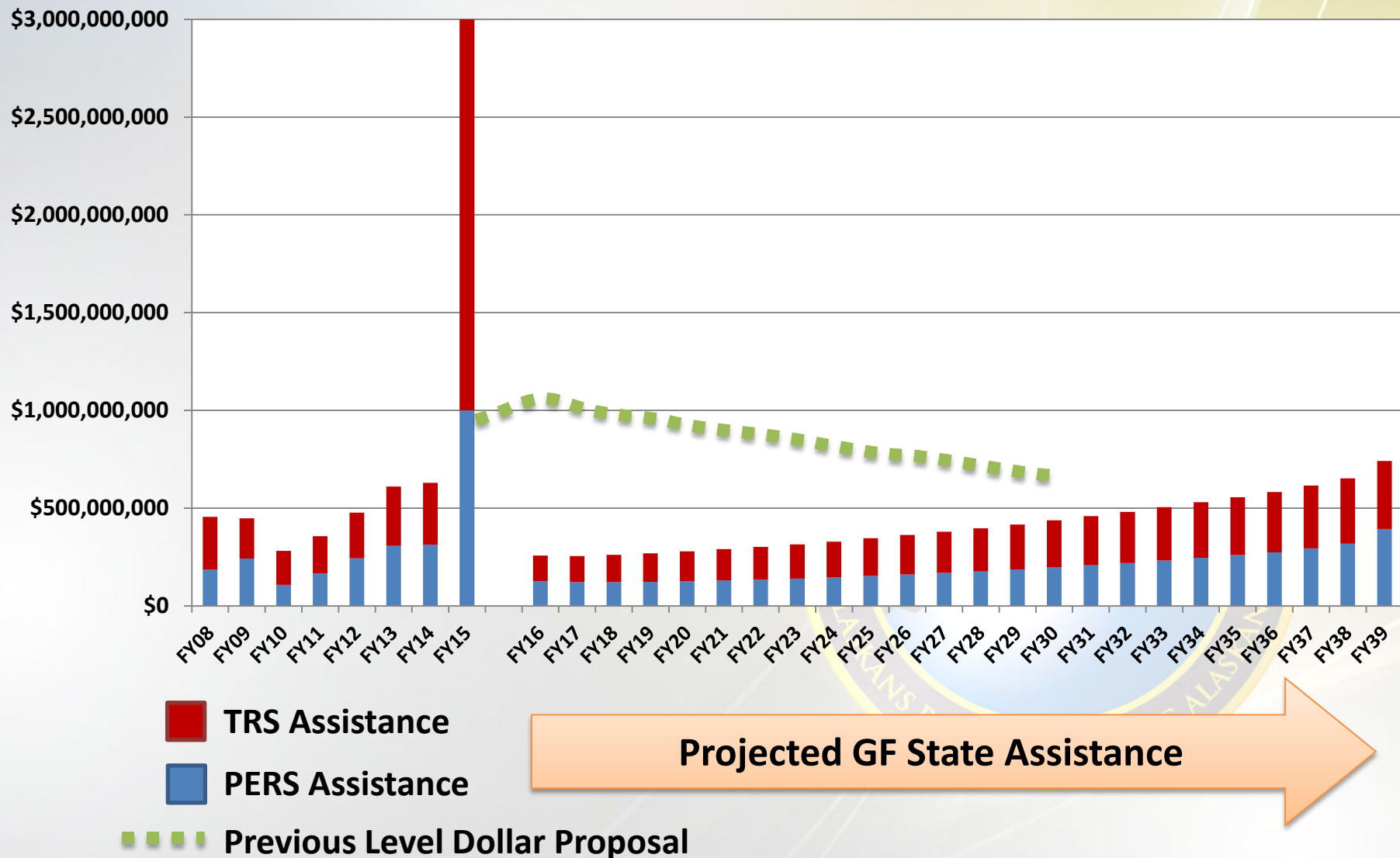
Pay **\$150 billion** in benefits payments over next 70 years

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)



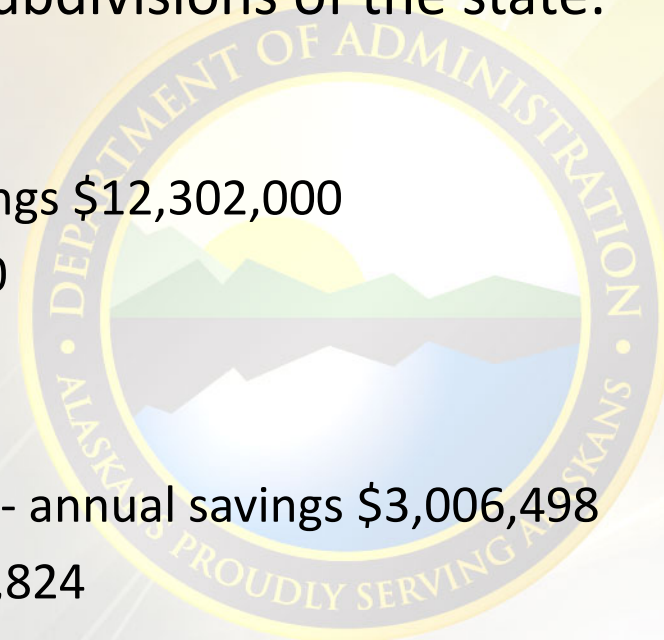
DGS - SAVINGS IN STATE PURCHASING

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:

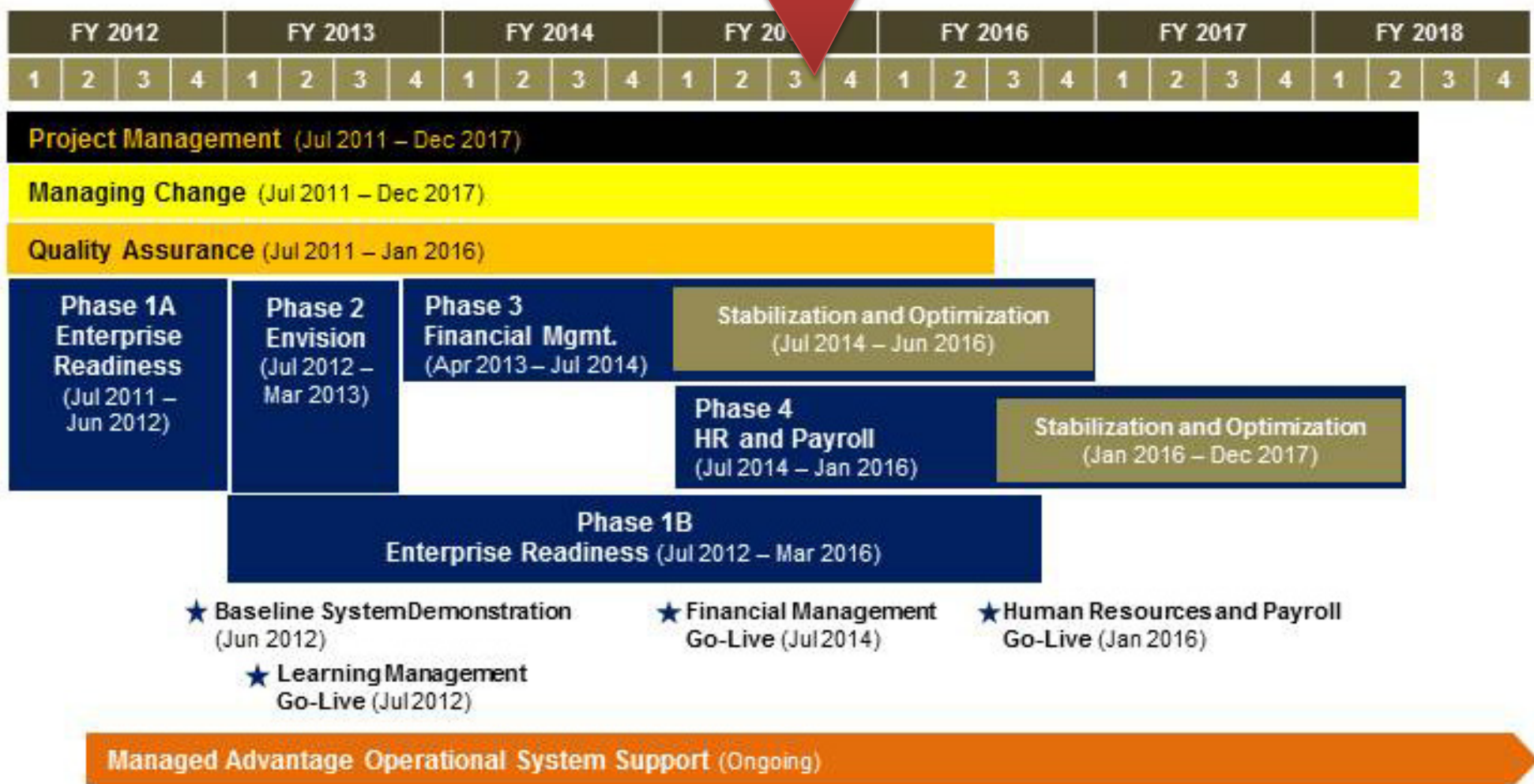
- PC Contracts (WSCA-NASPO) – annual savings \$12,302,000
- Office Supplies - annual savings \$6,024,460
- Travel - annual savings \$4,857,415
- Copiers - annual savings \$4,470,244
- Fuel: Heating, Diesel, Unleaded, Jet A, etc. - annual savings \$3,006,498
- Systems Furniture – annual savings \$5,267,824



DOF – IRIS SCHEDULE



We are currently here...



DOF - VSS BUSINESS OPPORTUNITIES - SOLICITATIONS

Self Service Application - Windows Internet Explorer provided by CGI US

http://advantage.cgiadc.com/webapp/av39ow1/AltSelfService.jsessionid=0000yTC8RQ_5EDrLaOoYRLxNtvZ:-1

AMS Advantage www.cgi.com

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

Welcome, Freddy

View Frequently Asked Questions

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\(matthew.shaw@cgi.com\)](#) **Additional Dates:** **Bid Opening Date:** **Award Date:**
 Phone: Fax: **Intent Posted Date:** **More...** [see Events tab](#)

[Add this item to Watch List](#)

Response Options
[Respond Online](#) [Print for Mailing](#)

[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

Copyright © 2001, 2011, CGI Technologies and Solutions Inc. All Rights Reserved. Use of this software is subject to CGI Technologies and Solutions Inc. license agreement. AMS Advantage ® is a registered trademark of CGI Technologies and Solutions Inc.

Done

- 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
July 2013
February 2014
September 2014

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

Budget Required: Fully funded

Rate: \$1.60 per SF
(Non PBF program FY 15 rate)

Thank you!

Visit www.DOA.alaska.gov

for more information about our department.

Questions?

