

Fiscal Note

State of Alaska
2016 Legislative Session

Bill Version: SB 171
Fiscal Note Number: _____
() Publish Date: _____

Identifier: SB171CS(STA)-ACS-TRC-3-30-16 Department: Judiciary
Title: DOA PAYMENTS; REPEAL OTHER DOA DUTIES Appropriation: Alaska Court System
Sponsor: RLS BY REQUEST OF THE GOVERNOR Allocation: Trial Courts
Requester: Senate State Affairs Committee OMB Component Number: 768

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2017	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2017 Request	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
OPERATING EXPENDITURES	FY 2017	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Personal Services							
Travel	43.9		43.9	43.9	43.9	43.9	43.9
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	43.9	0.0	43.9	43.9	43.9	43.9	43.9

Fund Source (Operating Only)

1004 Gen Fund	43.9		43.9	43.9	43.9	43.9	43.9
Total	43.9	0.0	43.9	43.9	43.9	43.9	43.9

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues							
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Estimated SUPPLEMENTAL (FY2016) cost: 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2017) cost: 0.0 *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? no
If yes, by what date are the regulations to be adopted, amended or repealed?

Why this fiscal note differs from previous version:

Initial version.

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Division: <u>Alaska Court System</u>	Date: <u>03/30/2016 12:00 PM</u>
Approved By: <u>Nancy Meade for Christine Johnson, Administrative Director</u>	Date: <u>03/30/16</u>
Agency: <u>Alaska Court System</u>	

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2016 LEGISLATIVE SESSION

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Analysis

The Senate State Affairs Committee Substitute for Senate Bill 171 would require the Alaska Court System to use the state's "managed travel program," which is administered by the Department of Administration and serves the travel needs of executive branch employees. If the court system used the DOA program rather than the system it currently uses for booking airline tickets and other travel, the court system's travel costs would **increase** by a minimum of **\$43,900**. The way the court system currently handles its travel costs is more cost-effective for its business purposes than the DOA program would be.

(1) We do not pay a per-ticket fee for airline tickets. The state's travel program charges \$4.00 per airline ticket booked without an agent, and \$17.68 for those booked with an agent. The court estimates that it books 1,900 tickets per year for travel. (This estimate excludes tickets purchased for jurors that are booked on small regional carriers that are *outside* the state's program; the process for booking and the charges for these tickets would be unaffected by SB 171.) Of those, 1,300 are booked through major carriers such as Alaska Airlines, and 600 are booked through smaller regional carriers for which travel could be booked through the state's "managed travel program," primarily Ravn Air. Assuming half were booked with no agent and half were booked with an agent, the court's increased costs for booking tickets, solely attributable to the booking fee, would be **\$20,600**.

(2) The DOA plan charges a fee of \$10.58, in addition to any fees charged by the airline, to change a reservation. Most of our more frequent travelers are justices and judges who travel to cover court hearings outside their home court locations. Predicting the length of many trials and other hearings is difficult, and the judges may change their reservations to return to their home court as soon as practicable. Of the 1,900 tickets booked per year, the court estimates that approximately 200 are changed each year. Multiplying 200 tickets by the \$10.58 change fee charged by the vendors in the DOA program yields an added cost to the court of at least **\$2,116**.

(3) We book all Alaska Airlines tickets through EasyBiz, the Alaska Airlines' online system that awards the court with one mileage plan mile for dollar spent. We also purchase all tickets with a court-system Alaska Airlines Visa card that awards the court with three miles for every dollar spent. The mileage generated by these two programs is used to purchase free mileage tickets for any airline ticket that would cost more than \$800 (often the case for Unalaska and Lower-48 cities). Over the past ten years, the court system estimates that it saved an average of \$40,000 per year by using mileage tickets. This would be lost if we participated in the DOA program. Using actual FY15 travel data, the court would see an increase in costs of approximately **\$42,400**.

(4) We are able to book nearly all out-of-state travel, and much in-state travel for meetings and conferences in the lowest class of service, because the dates are known in advance. The exact discount terms of the Alaska Airlines contract negotiated by the DOA program are confidential and some "bargain fares" such as PFD tickets and web specials are exempt from the discounted contracted fares. Based on the court system's FY15 Alaska Airlines' purchases and assuming a 5% discount, the court system's discount would be \$21,200 (this savings would be entirely offset by the charge assessed through the "managed travel program" as described in (1) above).

(5) The court system would not be able to eliminate any positions. The court system employs just one individual who processes all travel claims, assists with bookings, and handles the mileage program. The DOA would not prepare or process the court's travel claims if we used that program. At least 1/3rd of our travel would be outside

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Analysis Continued

the DOA plan, since it is for rural travel and the DOA program does not have arrangements with many of the small airlines (used for much of the juror travel). Therefore, this employee's position would still be needed.

(6) The DOA program charges a fee for requesting a fare quote. This would likely add additional costs, but it is **indeterminate**, because we are unable to estimate how many fare quotes we would require. In addition, under the DOA program, an employee is able to book a ticket outside of Alaska Airlines (to a market that AA serves) only if the price is cheaper by \$35 for a one-way or by \$70 for a roundtrip, and the rationale must be documented. The court's policy is that the cheapest fare is authorized, even if it is not on Alaska Airlines. This change would also lead to an **indeterminate** increase in cost.

(7) The court system already receives the same discounted hotel fares as the DOA program participants receive. The court's rental car costs are minimal, because special permission from the Administrative Director is required for any rental car; in FY 15 the total was \$3,714, and for FY16 to date it is \$2,148. For this, we already use the state's Budget contracted charges, where available, and therefore we anticipate no savings by participating in the DOA program for rental cars or hotels.

SUMMARY: The court system had actual costs for airline travel in FY 15 of \$932,500. The court anticipates an increase to this amount of \$43,900, which is the net difference between the discounted rates, fees assessed, and the value of the accrued mileage under section 3 of the State Affairs Committee Substitute for SB 171.