

State of Alaska

Office of Management and Budget

FY2020 Governor Amended Budget Overview
Department of Administration
House Finance Subcommittee
March 7, 2019
Commissioner, Kelly Tshibaka
Administrative Services Director, Cheri Lowenstein

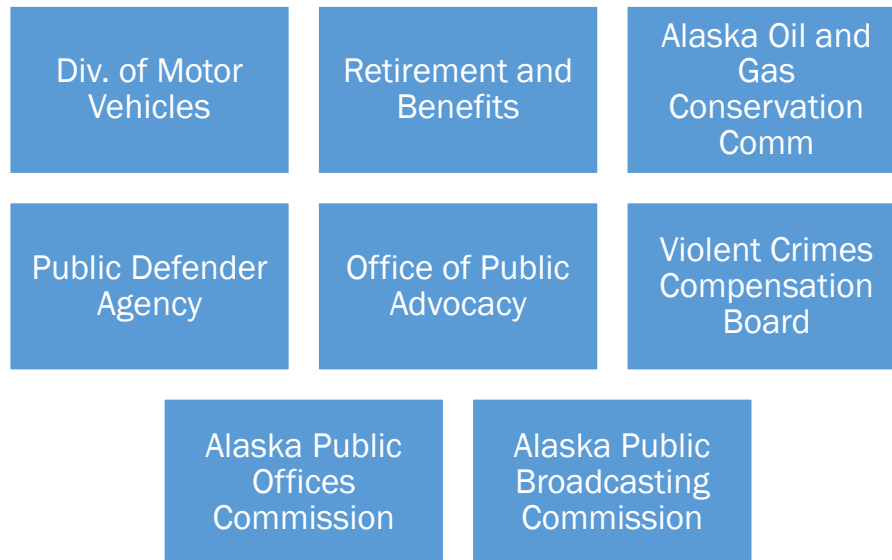


THE STATE
of **ALASKA**
GOVERNOR MICHAEL J. DUNLEAVY

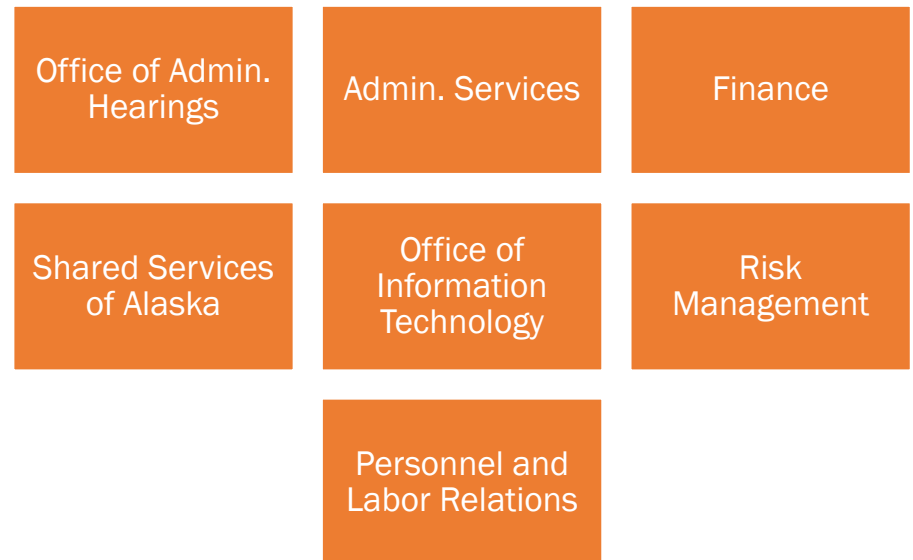
DOA Mission and Organization

Mission: Provide consistent and efficient support services to state agencies so that they may better serve Alaskans.

Services to the Public



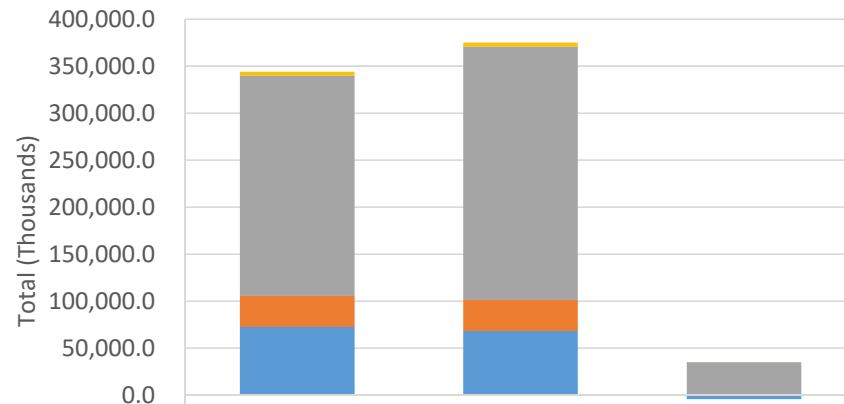
Services to State Agencies



DOA Mission and FY2020 Governor Amend Budget Comparison

Mission: Provide consistent and efficient support services to state agencies so that they may better serve Alaskans.

BUDGET COMPARISON

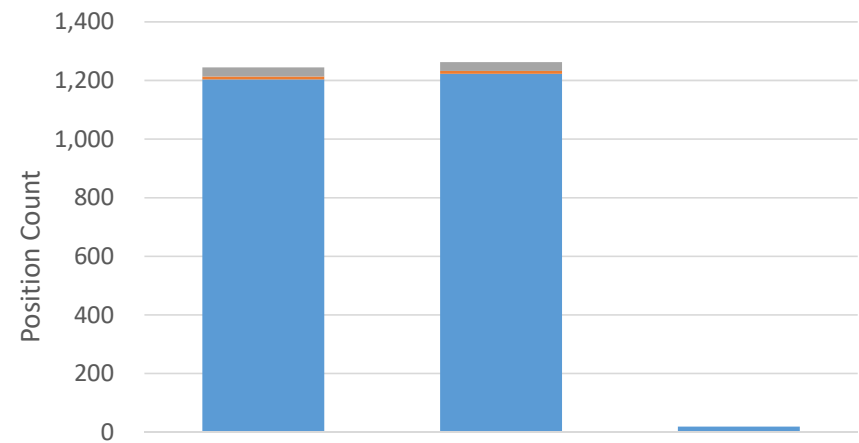


(50,000.0)

	FY19 Mgt Plan	FY20 Gov Amd	Change
Fed	3,905.0	4,105.3	200.3
Other	234,578.0	269,571.9	34,993.9
DGF	32,977.8	32,992.9	15.1
UGF	72,517.7	68,307.1	(4,210.6)



POSITION COUNT COMPARISON

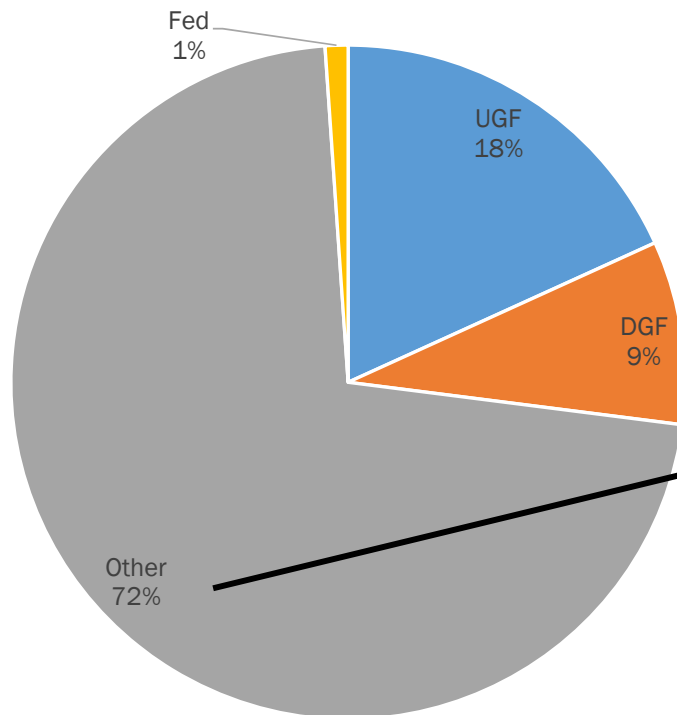


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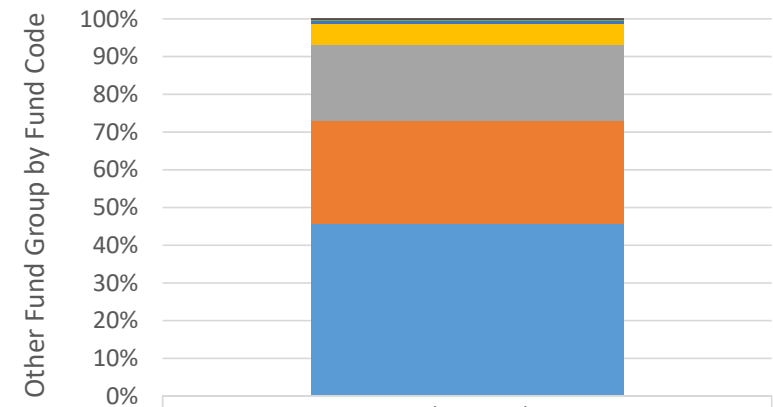
	FY19 Mgt Plan	FY20 Gov Amd	Change
NP	31	30	(1)
PPT	10	10	0
PFT	1,204	1,223	19

DOA FY2020 Governor Amend Budget Totals

FY2020 Gov Amend by Fund Group



FY2020 Gov Amend Other Fund Group Breakdown



Other Total	
Stat Desig	150.0
MHTAAR	283.1
Capital Imprv Proj	744.2
Crime VCF	2,178.2
Public Build Fund	15,414.4
Retire. & Benef.	53,836.2
Info Svc Fund	74,169.9
Inter-Agency	122,795.9

DOA Services to the Public

Division of Motor Vehicles (DMV)

- Agency Lead: Marla Thompson
- Role: Title and registration of vehicles/trailers/boats, driver testing and licensing, and commercial driver licensing
- FY20 Gov Amd Budget: \$17,303.0
- UGF: \$0.0
- DGF: \$16,754.7
- Inter-Agency (Other): \$51.4
- Federal: \$496.9
- Positions: 146 PFT, 4 PPT, 2 NP

Retirement and Benefits (includes Health Plans Admin)

- Agency Leads: Ajay Desai, Kathy Lea, Michele Michaud, Kevin Worley, Emily Ricci
- Role: State employee, teacher, and political subdivision retirement plan administration, Health Plans administration
- FY20 Gov Amd Budget: \$54,582.2
- UGF: \$746.0
- DGF: \$0.0
- Retirement and Benefit System Funds (Other): \$53,836.2
- Federal: \$0.0
- Positions: 125 PFT, 5 NP

Public Defender Agency (PDA)

- Agency Lead: Quinlan Steiner
- Role: Provide constitutionally mandated legal representation to indigent clients appointed by the court
- FY20 Gov Amd Budget: \$26,798.0
- UGF: \$25,437.1
- DGF: \$478.2
- Inter-Agency (Other): \$508.0
- MHTAAR (Other): \$193.8
- Federal: \$0.0
- Positions: 172 PFT, 1 PPT, 8 NP

Office of Public Advocacy (OPA)

- Agency Lead: James Stinson
- Role: Conflict counsel for PDA, Guardian Ad Litem (GAL) program, and Child in Need of Aid (CINA) program
- FY20 Gov Amd Budget: \$27,165.2
- UGF: \$24,302.9
- DGF: \$1,935.9
- Inter-Agency (Other): \$579.9
- MHTAAR (Other): \$89.3
- Federal: \$257.2
- Positions: 140 PFT, 2 PPT, 9 NP



DOA Services to the Public

Alaska Oil and Gas Conservation Commission (AOGCC)

- Agency Lead: Cathy Foerster, Dan Seamount
- Role: Protect the public interest in exploration and development of Alaska's valuable oil, gas, and geothermal resources
- FY20 Gov Amd Budget: \$7,616.2
- UGF: \$0.0
- DGF: \$7,346.2
- Statutory Designated PR (Other): \$150.0
- Federal: \$120.0
- Positions: 32 PFT

Alaska Public Offices Commission (APOC)

- Agency Lead: Heather Hebdon
- Role: Campaign and public official oversight agency
- FY20 Gov Amd Budget: \$949.3
- UGF: \$804.0
- DGF: \$145.3
- Other: \$0.0
- Federal: \$0.0
- Positions: 8 PFT

Violent Crimes Compensation Board (VCCB)

- Agency Lead: Kate Hudson
- Role: Distribute grants to victims of violent crimes
- FY20 Gov Amd Budget: \$3,178.2
- UGF: \$0.0
- DGF: \$0.0
- Crime Victim Compensation Fund (Other): \$2,178.2
- Federal: \$1,000.0
- Positions: 3 PFT

Alaska Public Broadcasting Commission and Satellite Infrastructure

- Agency Lead: Mollie Kabler
- Role: Grant and administration of public television and radio to stations across Alaska
- FY20 Gov Amd Budget: \$0.0
- UGF: \$0.0
- DGF: \$0.0
- Other: \$0.0
- Federal: \$0.0
- Positions: N/A



DOA Services to State Agencies

Office of Administrative Hearings (OAH)

- Agency Lead: Kathleen Frederick
- Role: Appeal and adjudication services by Administrative Law Judges
- FY20 Gov Amd Budget: \$2,778.7
- UGF: \$85.8
- DGF: \$175.0
- Inter-Agency (Other): \$2,517.9
- Federal: \$0.0
- Positions: 16 PFT

Administrative Services

- Agency Lead: Cheri Lowenstein
- Role: Provides budget, financial, and procurement services to all DOA divisions and Alaska Public Broadcasting Commission grants
- FY20 Gov Amd Budget: \$2,460.1
- UGF: \$624.3
- DGF: \$0.0
- Inter-Agency (Other): \$1,835.8
- Federal: \$0.0
- Positions: 16 PFT

Shared Services of Alaska (SSoA)

- Agency Lead: Thomas Millar
- Role: Back office support of common administrative processes; statewide procurement and contracts; administer the Public Building Fund (PBF); statewide leases
- FY20 Gov Amd Budget: \$78,896.1
- UGF: \$481.4
- DGF: \$4,689.9
- Inter-Agency (Other): \$57,235.0
- Public Building Fund (Other): \$15,414.4
- Capital Improvement Project Rcpts (Other): \$744.2
- Federal: \$331.2
- Positions: 116 PFT

Office of Information Technology (OIT), including Alaska Land Mobile Radio and State of Alaska Telecommunication System

- Agency Lead: John Boucher, Acting
- Role: Statewide IT infrastructure maintenance and operations (M&O), cyber security, telecommunications, network, mainframe service and technical support
- FY20 Gov Amd Budget: \$83,095.4
- UGF: \$6,875.5
- DGF: \$150.0
- Info Service Fund (Other): \$74,169.9
- Federal: \$1,900.0
- Positions: 263 PFT, 1 PPT, 4 NP



DOA Services to State Agencies

Finance (includes E-Travel)

- Agency Lead: Dan DeBartolo, Acting
- Role: Maintain the statewide financial/payroll systems, as well as E-travel program; compile the Comprehensive Annual Finance Report (CAFR) and statewide single audit; lead on Integrated Resource Info. System (IRIS)
- FY20 Gov Amd Budget: \$13,386.0
- UGF: \$5,492.1
- DGF: \$1,317.7
- Inter-Agency (Other): \$6,576.2
- Federal: \$0.0
- Positions: 51 PFT

Risk Management

- Agency Lead: Scott Jordan
- Role: Manage insurance administration for State assets, indemnification language review, claims adjusting and litigation management, return to work program
- FY20 Gov Amd Budget: \$40,766.8
- UGF: \$0.0
- DGF: \$0.0
- Inter-Agency (Other): \$40,766.8
- Federal: \$0.0
- Positions: 5 PFT

Personnel

- Agency Lead: Kate Sheehan
- Role: Managed central HR, payroll timekeeping, recruitment and job classification studies, and training
- FY20 Gov Amd Budget: \$12,096.5
- UGF: \$321.4
- DGF: \$0.0
- Inter-Agency (Other): \$11,775.1
- Federal: \$0.0
- Positions: 118 PFT, 2 PPT, 2 NP

Labor Relations

- Agency Lead: Kate Sheehan
- Role: State negotiator on collective bargaining agreements
- FY20 Gov Amd Budget: \$1,273.4
- UGF: \$1,273.4
- DGF: \$0.0
- Other: \$0.0
- Federal: \$0.0
- Positions: 7 PFT



FY2020 Gov Amend Significant Budget Changes

Executive Branch 50% Travel Reduction

- -\$592.7 total across the department
(-\$289.2 UGF, -\$169.9 DGF, -\$128.0 Other, -\$5.6 Fed)
- 50% reduction based on FY18 actual expenditures

Division	UGF	DGF	Other	Fed	Total
Administrative Hearings	0.0	0.0	(11.9)	0.0	(11.9)
Office of the Commissioner	0.0	0.0	(11.6)	0.0	(11.6)
Finance	0.0	(5.4)	0.0	0.0	(5.4)
Personnel	0.0	0.0	(7.6)	0.0	(7.6)
Labor Relations	(6.9)	0.0	0.0	0.0	(6.9)
Retirement and Benefits	0.0	0.0	(27.8)	0.0	(27.8)
Health Plans Administration	0.0	0.0	(5.9)	0.0	(5.9)
Shared Services of Alaska	0.0	(8.0)	(6.9)	0.0	(14.9)
Office of Information Technology	0.0	0.0	(51.3)	0.0	(51.3)
State of Alaska Telecommunication Services	(9.5)	0.0	0.0	0.0	(9.5)
Risk Management	0.0	0.0	(3.8)	0.0	(3.8)
AK Oil & Gas Conservation Comm	0.0	(122.4)	0.0	0.0	(122.4)
Office of Public Advocacy	(90.1)	(1.8)	0.0	0.0	(91.9)
Public Defender Agency	(180.1)	0.0	0.0	0.0	(180.1)
Violent Crimes Comp Board	0.0	0.0	(1.2)	(0.1)	(1.3)
Alaska Public Offices Comm	(2.6)	0.0	0.0	0.0	(2.6)
Motor Vehicles	0.0	(32.3)	0.0	(5.5)	(37.8)
Total	(289.2)	(169.9)	(128.0)	(5.6)	(592.7)

Office of Administrative Hearings: Increase Case Work for Municipalities and School Dist.

- \$75.0 General Fund Program Receipts (DGF)
- Additional program receipt authority allows the Office of Administrative Hearings (OAH) to provide hearing services to municipalities and school districts when requested
- OAH has been marketing these services heavily the past two years, resulting in anticipated increased revenue
- FY19 authority of \$100.0. Increment results in a total of \$175.0 for FY20.

Administrative Services: Office of Information Technology Salary Adjustment Billed to Agencies

- \$27.1 General Funds (UGF)
- Offset to the salary adjustment increases within the Office of Information Technology (OIT) that will be billed to each agency
- Statewide adjustments allocated by the Office of Management and Budget (OMB)

Finance: Increased Credit Card Rebate Revenue

- \$125.0 General Fund Program Receipts (DGF)
- Finance administers a statewide credit card program used for purchasing travel, services and commodities
- The new contract with the credit card vendor provides the state a better rebate based on volume
- FY19 authority of \$1,198.1. Increment results in a total of \$1,323.1 for FY20.

Retirement and Benefits: Training, Counseling, and Auditing Services

- \$627.8 retirement and benefit funds (Other), 6 PCNs
- Resources address the need for constant training and contact with 240 Public Employees' Retirement System (PERS) and Teachers' Retirement System (TRS) employers, and increased services requested by over 24,000 plan participants
 - Outreach services will address knowledge gaps and promote awareness of the plans and practices
 - Audit services will provide education to employers on proper and compliant reporting
 - An Accountant V will develop and implement a compliance testing program to ensure the plans comply with the Internal Revenue Code (IRC)
 - 2 Technicians will improve the timeliness of processing Survivor Benefits and Cost of Living Allowance
 - 3 Specialists will improve the timeliness of counselor appointments



Health Plans Administration: Placeholder – AlaskaCare Third-Party Claims Administrator

- \$1,000.0 Benefit System Receipts (Other)
- Procurement activities have begun to bid for a new Third-Party Administrator
- The new contract will go into effect January 1, 2020
- Cost terms will not be known until the end of second quarter 2019

Health Plans Administration: Administrative Fees Associated with Cost-Saving Health Contracts

- A focus area within Retirement and Benefits is implementing strategies to reduce the cost of healthcare
- Since FY16, these strategies have saved \$32.1M in the employee AlaskaCare health plan and \$52.6M in the retiree plan
- Strategies include contracts that improve pricing for medical and pharmacy; lowering the cost of services

Health Plans Administration: Admin Fees Associated with Cost-Saving Health Contracts Cont.

- Medicare Part D Employer Group Waiver Plan (EGWP) - \$3,750.0 (Other)
 - Changes to a different federal subsidy program for pharmaceuticals
 - Anticipated subsidies of \$16M - \$23M to the health trusts
 - Reduced future Other Post-Employment Benefits (OPEB) liabilities of \$520M - \$694M for PERS and TRS
 - In turn, on-behalf state assistance payments are reduced by \$40M - \$52M annually
- Travel Coordination Contract - \$1,400.0 (Other)
 - Network of providers that meet strict quality criteria and provide discounted pricing for certain procedures
 - Active participants are utilizing; anticipated to save \$1.6M
 - Adding the retirement participants may save \$4M annually

Health Plans Administration: Admin Fees Associated with Cost-Saving Health Contracts Cont.

- Teledoc - \$680.0 (Other)
 - Members can access a physician telephonically for certain non-emergent conditions
 - Provides a less-expensive option for active participants
 - Anticipated savings of \$1M to the AlaskaCare plan by lower annual health care costs
- Health Care Cost Management Implementation with Alaska Regional Hospital - \$180.0 (Other)
 - Agreement with Alaska Regional Hospital includes discounted rates and financial incentives
 - Anticipated savings to the AlaskaCare plan of \$10.5M in FY20



Shared Services of Alaska: Increased Debt Collections and Vendor Fee Revenue

- \$1,000.0 General Fund Program Receipts (DGF)
- Shared Services of Alaska (SSoA) administers a debt collection program through a contractor
- Vendor fees are assessed on all statewide contracts
 - Revenue in FY18 of \$2M. Anticipate \$2.5M in FY19 and growing as more contracts are brought in
- These revenues are collected and used to pay for SSoA operations
 - The Purchasing component (state contracting office) is self supported, in part, through use of vendor fee revenue. No UGF since FY17
 - The Accounting component (Travel and Accounts Payable initiatives) are funded by a mix of chargebacks to agencies (20% discount) and program receipts



Office of Information Technology: Information Services Fund Alignment

- \$26,729.3 Information Services Fund (Other, Duplicated)
 - \$10,809.8 of personal services costs have been centralized between FY19 and FY20 (101 positions)
 - \$15,919.5 of service contract costs have been centralized between FY19 and FY20
 - Includes server and hosting infrastructure, Microsoft and Adobe license agreements, 1 central help desk ticketing system, centralized and standardized IT hardware, and investment in additional cyber security tools to protect the State's network from unwanted attacks

Public Communication Services: Reduce Public Broadcasting Radio, TV, and Satellite Grants

- -\$3,596.1 All funds; -\$3,496.1 UGF, -\$100.0 Inter-Agency (Other)
 - -\$46.7 UGF from the Public Broadcasting Commission
 - The Commission administers and distributes the grants to radio and TV stations
 - -\$2,036.6 UGF from Radio Grants
 - FY19 grants were allocated to 27 stations
 - -\$633.3 UGF from TV Grants
 - FY19 grants were allocated to 4 stations
 - -\$779.5 UGF and -\$100.0 Other from Satellite Infrastructure
 - This component pays for the satellite services required to transmit public broadcasting radio and TV programming

Office of Public Advocacy: Federal Authority for Court Appointed Special Advocate Grant

- \$205.9 Federal and 1 Nonpermanent position
- Grant awarded in FY19 for a total of \$600.7 to be used over a 3 year period
- Awarded by the Office for Victims of Crime (OVC)
- Purpose is to develop and execute plans to support infants, children, and youth directly affected by the opioid crisis in Alaska
- Administered through existing Court Appointed Special Advocate (CASA) program operating in five communities.

Violent Crimes Comp. Board: Payments to Victims of Crime

- \$852.2 Crime Victim Compensation Fund (Other)
- HB216, Crimes; Restitution; Dividend Fund, passed in SLA2018, established framework for distributing PFDs garnished from convicted felons
- This framework allows for 10-13% to be deposited into the Crime Victim Compensation Fund for payments to crime victims
- The budget for FY20 is based off of garnished PFDs from 2019. The amount is driven by the number of convicted felons and the annual amount of the PFD

Sustainable, Predictable, Affordable