

State of Alaska

Office of Management and Budget

House Finance Central Services and Rates Overview

March 8, 2021

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Office of Governor
MIKE DUNLEAVY

Central Services

Dept. of Law

Legal Services

Dept. of Education

Archives

Dept. of Transportation

Facilities Services

Capital Project Management

Leasing

State Equipment Fleet

Dept. of Administration

Risk Management

Administrative Systems
(IRIS/ALDER)

Office of Information Technology

Shared Services

Personnel and Labor Relations

Procurement

Public Building Management

Leasing



Central Services – Moving Forward

Effective

Services Aligned with Expertise
Accountable for Service Levels

Efficient

Contained Costs
Realized Savings

Rates – Current System

- Complex/Cumbersome
 - Many unique rates often for similar services
 - Inconsistent methods for distribution across departments
 - Manual billing process
 - Time consuming review and approval process
- Uncertain
 - Billings are not timely and often have significant end-of-year adjustments
 - Not developed in alignment with budget development timeline
 - Potential large year-to-year fluctuations
 - Receive charges after costs are incurred and no longer avoidable

Rates – Current System

General Administration	
Cost	Method
DOA - Risk Management (RM) for Workers' Comp	per salary \$
DOA - Working Reserve	per salary \$
DOA - Personnel	per PCN
DOA - OIT Core Services	per PCN
DOA - HR System (IRIS HRM)	per PCN
DOA - Finance System (IRIS FIN)	per posting line
DOA - Reporting System (ALDER)	per user by type
DOA - Shared Services (SSOA)	per document

Overhead	
Cost	Method
DOA - RM for Property & Other Coverage	Coverage needs (property owned...)
DOA - OIT usage rates (servers...)	Usage (server counts...)
DOA & DOTPF - Public Building Fund	Occupied space
DOTPF - Facilities Services	Services needs
DOT - State Equipment Fleet	Usage (Vehicles & Maintenance)
OMB-ASDs	Actual costs

Demand/Fee-based RSAs	
Cost	Method
Dept of Law	Fee per hour
DHSS - Bureau of Vital Statistics	Fee per record
DEED - Archives	Fee per service
DOR - PFD Records	Fee per record
DOA - OIT Line of Business Services	Fee by usage
DPS - Background Checks	Fee per service
Other agency fee-based services not specified above	Varies by fee

Rates – Current System

- FY2019 was a transition year for Public Building management – split between DOA and DOTPF
- Rates were not finalized until June 2019 and were \$777,000 more than anticipated

Facility/Building	DOT&PF					DOA									
	2019 Projected Direct M & O Costs	2019 Projected Complex Allocation	2019 Projected Parking Allocation	2019 Projected Indirect Costs	Total DOT&PF Costs	2019 Projected Direct M & O Costs	2019 Projected Complex Allocation	2019 Projected Parking Allocation	2019 Projected Indirect Costs	Total DOA Costs	2019 Estimated Annual Depreciation	Total FY19 Projected Costs	Projected FY19 Billable Cost Per SF/Mo (Total/SF/1 2)	FY19 Billed Cost Per SF/Mo	FY19 Projected Increase or (Decrease) Over FY19 Initial Billed Amount
Alaska Office Bldg Totals	66,010.52	24,411.82	9,084.41	34,637.36	134,144.11	319,302.99	332.03	22,227.82	26,153.00	368,015.84	253,837.00	755,996.95	1.5877	1.5114	36,329
COMMUNITY BLDG TOTALS	23,746.21	10,434.85	3,883.35	11,491.59	49,556.00	138,152.34	141.95	9,503.40	11,311.00	159,108.69	75,515.00	284,179.69	1.3799	1.3564	4,837
DOUGLAS ISLAND TOTALS	66,465.34	22,162.10	-	34,991.98	123,619.42	181,595.18	301.29	-	23,732.00	205,628.47	261,577.00	590,824.90	1.3674	1.3674	(7)
COURT PLAZA BLDG TOTALS	75,824.21	16,083.08	5,983.93	35,424.42	133,315.64	228,656.49	348.81	14,641.34	17,227.00	260,873.64	270,656.00	664,845.28	2.1197	2.0955	(1,315)
Juneau State Office Building	559,695.35	101,859.50	37,903.40	220,897.88	920,356.13	1,735,961.94	1,785.44	92,749.62	109,879.00	1,940,376.00	1,614,364.00	4,475,096.13	2.2369	1.8831	707,848
Dimond Courthouse	127,863.23	34,870.60	12,967.77	53,322.67	229,024.27	465,836.60	474.12	31,740.19	37,345.00	535,395.91	583,900.47	1,348,320.65	1.9830	1.8966	(49,825)
Fairbanks Reg Office Bldg Totals	401,388.71	-	-	66,021.37	467,410.08	330,004.35	-	-	22,516.00	352,520.35	130,355.00	950,285.43	2.3181	2.0778	98,505
NOME SOB	88,197.17	-	-	22,562.37	110,759.54	205,854.80	-	-	8,568.00	214,422.80	171,995.00	497,177.34	3.1873	2.5036	106,647
ATWOOD BLDG TOTALS						2,826,897.00	-		166,692.00	2,993,588.99	1,335,305.00	4,328,893.99	1.4263	1.4371	(32,839)
Linny Pacillo Parking Garage						548,116.00			219,240.00	767,356.00	743,283.00	1,510,639.00	0.3791	0.3853	(23,971)
Linny Pacillo Office Building						262,748.00			11,596.00	274,344.00	39,717.00	314,061.00	1.5131	1.7224	(36,411)
Palmer State Office Building						722,908.00			42,641.00	765,549.00	527,658.00	1,293,207.00	1.6800	1.7225	(32,693)
Grand Total	1,409,190.74	209,821.95	69,822.86	479,349.64	2,168,185.19	7,966,033.68	3,383.64	170,862.37	696,899.98	8,837,179.66	6,008,162.48	17,013,527.32			777,105

Rates – Principles for Moving Forward

- Simple
 - Fewer rates
 - Fewer methods for distribution - group similar rates
 - Simplified payment process
- Predictable
 - Set for budget development - integrated into budget system
 - Clear method to estimate program cost impacts
 - Predictable billings - no end of year surprise billings
 - Based on lagging averages - average of three prior year actuals
 - Cost constraints - change how central service agency costs are budgeted
 - Mechanism to absorb large fluctuations

FY2022 Governor's Budget

- Expanding Centralized Services in Personnel and Procurement
- Shifting Centralized Services for Public Buildings and Leasing
- Consistent Treatment of State Facility Leases
- Aligning Central Agency Budgets with Approved Rates
- Limited Utilization of Year End UGF Lapse Balances to Ensure Rate Predictability – especially critical in transition years

Lapse Appropriations Summary

- The total FY2021 projected UGF lapse is \$110.7 million
- The FY2022 Governor's Budget includes using \$35 million for Medicaid Service
- Even if \$30 million was necessary to fill the maximum amount of each lapse appropriation there would be a \$45.7 million UGF lapse remaining

	FY2018	FY2019	FY2020	FY2021 Projection*
Working Reserve Account Lapse Contributions	\$ 1,142.8	\$ 476.5	\$ -	\$ 5,000.0
Group Health and Life Benefits Fund Lapse Contributions	\$ -	\$ -	\$ -	\$ 10,000.0
Central Services Rates Smoothing Appropriation Lapse Contributions				\$ 5,000.0
State Insurance Catastrophe Reserve Account Lapse Contributions	\$ 982.6	\$ 3,368.9	\$ 241.0	\$ 10,000.0
Total	\$ 2,125.4	\$ 3,845.5	\$ 241.0	\$ 30,000.0
FY2022 Medicaid Support				\$ 35,000.0
Actual FY2021 Operating UGF Lapse*				\$ 45,666.3

*This is based on the UGF Lapse Report released by the Office of Management and Budget March 4, 2021 and a worst case scenario of needing to use FY2021 Lapse to fill the maximum amount for each of these lapse appropriations.



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