

**ALASKA STATE LEGISLATURE  
HOUSE STATE AFFAIRS STANDING COMMITTEE**

January 18, 2001  
8:00 a.m.

**COMMITTEE CALENDAR**

OVERVIEW: Department of Administration

**TAPES**

01-3, SIDES A & B  
01-4, SIDE A

**CALL TO ORDER**

REPRESENTATIVE JOHN COGHILL, Chair, called the House State Affairs Standing Committee meeting to order at an unspecified time.

**PRESENT**

Committee members present were Representatives Coghill, James, Fate, Stevens, Wilson, Crawford, and Hayes.

**SUMMARY OF INFORMATION**

COMMISSIONER JIM DUNCAN, Department of Administration (DOA), reviewed the organizational chart of the department with the committee. He then introduced Alison Algee, Deputy Commissioner, Department of Administration; and Roxanne Stewart, Special Assistant/Legislative Liaison, Office of the Commissioner, DOA. He also announced the retirement of Karen Boorman and the appointment of Brook Miles as the new executive director of the Alaska Public Offices Association (APOC).

COMMISSIONER DUNCAN outlined the accomplishments for FY01. He said the Y2K Project was a success. He informed the committee that DOA took over the management of all the state-owned buildings in Juneau as well as the Fairbanks Regional Office Building and the Atwood Building in Anchorage. Furthermore, the department also successfully negotiated 12 cost-effective labor contracts. Objectives for the next year include the completion of review of RFP's (Request for Proposals) by March in order to develop a partnership with the private sector for better telecommunications services. The department also has a proposal

to change the Pioneer's Home into a combination Pioneer's and Veteran's Home.

COMMISSIONER DUNCAN pointed out that most state agencies are having problems recruiting and retaining [a strong state employee] workforce. He has appointed a Retention Committee chaired by Sharon Barton to look at potential legislation or other means of recruiting and retaining a strong state employee workforce.

COMMISSIONER DUNCAN informed the committee that the payroll system is 12 years old and is going to have to be changed because the state is losing the support system. The change in software will require a database conversion of the current system. Therefore, there is a request for a \$400,000 capital appropriation so that a consultant can design a new system.

REPRESENTATIVE JAMES expressed concern about the rapid turnover in technology. She asked if the department had thought of a system that could be updated on an annual basis.

COMMISSIONER DUNCAN said he feels he is being proactive by hiring a consultant to determine the best route. He noted that the federal tax rates on the payroll system were updated annually by Tesecret, but they will no longer be providing that service.

COMMISSIONER DUNCAN gave an overview of General Services which transfers access state property, operates the central mail system, and manages state facilities as well as the Public Building Fund.

COMMISSIONER DUNCAN said the Division of Personnel hires and retains qualified workforce. Also, the division represents the Administration in labor negotiations, responds to labor grievances, administers negotiated contracts, and runs the Workplace Alaska Program for which regulations have been adopted. He highlighted the division's number one priority, which is recruitment and retention.

REPRESENTATIVE STEVENS inquired as to the number of bargaining units.

COMMISSIONER DUNCAN said there are 12 unions - the smallest being the 25 employees of AVTEC and the largest being the General Government with 8,000 employees. There are a total of 16,000 employees and the department has 1,700 employees. The

university employees are not included in these figures because the university negotiates its own workforce.

COMMISSIONER DUNCAN turned to the Division of Retirement and Benefits, which is managed by Guy Bell. Retirement programs managed by the division in addition to the Public Employees Retirement System include the judicial retirement program, National Guard and Navy Militia, the Teachers Retirement System, municipal employees through PERS, and retirees. He informed the committee that Tier II of PERS was enacted in 1986 and Tier III was enacted in 1996. The Supplemental Benefits System replaced social security in the early 1970s. The rate is 6.13 percent up to the social security limit and it is a pre-tax deduction. Commissioner Duncan noted that health care coverage is third party administered by Aetna.

REPRESENTATIVE JAMES recalled that the transition from one carrier to another was terrible. She asked about insurance companies stalling payments to draw interest on funds.

COMMISSIONER DUNCAN said insurance companies no longer hold a reserve so that isn't an issue.

ALISON ELGEE, Deputy Commissioner, Department of Administration, said that compensation to Aetna by the state is a flat rate per person per month plus reimbursement for paid claims. The company is fronted one or two week payments for cash flow purposes.

COMMISSIONER DUNCAN discussed the Division of Senior Services.

REPRESENTATIVE JAMES said seniors don't want to receive services from the Department of Health & Social Services (DHSS) because that associates them with welfare.

ALISON ELGEE said the department is working with DHSS to consolidate all the senior programs in DOA for one stop shopping.

COMMISSIONER DUNCAN said the labor contract approved last session was a three year contract with provisions for two, one-year extensions.

COMMISSIONER DUNCAN said Risk Management is funded from interagency funds alone. Furthermore, workers' compensation for state employees is competitively procured through risk management. He noted that the Port Plaza cleanup cost is

covered by self-insurance up to \$1 million dollars.

REPRESENTATIVE JAMES, on the issue of workers' compensation, expressed concerned about the issue of outside advice from physicians preventing medical care when they don't even know the injured worker.

CHAIR COGHILL asked if Brad Thompson of Risk Management could come discuss workers' compensation with the committee [some time].

COMMISSIONER DUNCAN turned to the Information Technology Services, which is directed by Larry Walsh. The division is developing a partnership with the private sector in order to deliver telecommunication services to Alaska. The project will cost \$100 million over the next four years. The department is currently evaluating three bids with four teams doing the evaluation work. The department expects a recommendation by March 15. He explained that this bid is occurring because private enterprise has new technology faster. He said the department talked with the labor unions and have a letter of agreement with them. The 40 employees impacted by the move would have one of three options: 1) go to work as a non-state employee for the bidder; 2) get another job in state government; or 3) be a state worker managed by the bidder. In the third case, when the position becomes vacant, the bidder would decide how to fill the vacancy.

COMMISSIONER DUNCAN discussed the Public Broadcasting system and further discussed the Veterans' Home concept.

#### **ANNOUNCEMENTS**

CHAIR COGHILL announced that the next overviews scheduled were regarding OPA and the Public Defender's office.

#### **COMMITTEE ACTION**

The committee took no action.

#### **ADJOURNMENT**

There being no further business before the committee, the House State Affairs Standing Committee meeting was adjourned at 10:00 a.m.

NOTE: The meeting was recorded and handwritten log notes were

taken. A copy of the tape(s) and log notes may be obtained by contacting the House Records Office at State Capitol, Room 3, Juneau, Alaska 99801 (mailing address), (907) 465-2214, and after adjournment of the second session of the Twenty-Second Alaska State Legislature this information may be obtained by contacting the Legislative Reference Library at (907) 465-3808.