

1/24/11
BUDGET
OVERVIEW:
DEPARTMENT
OF
ADMINIS-
TRATION

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DEPARTMENT OF
ADMINISTRATION</SUBJECT><COMM>HFIN27</COMM></TARGET>

1/24/11

DOA Challenges and Initiatives FY2011/FY2012

PUBLIC DEFENDER

CORE SERVICES - The Agency's primary responsibilities are to (1) communicate legal rights, legal process, charges and evidence, (2) investigate allegations and viable case strategies, and (3) represent clients in court proceedings.

CHALLENGES

Caseload Growth

The Public Defender agency experienced statewide caseload growth in FY10 and particularly dramatic increases for the Northern Region. The Agency is projecting continued caseload growth for FY11.

The number of conflict cases has climbed steadily following the implementation of the Agency's paralegal program. This is due primarily to the increase in effective identification of legal conflicts of interest. Addressing the increase is necessary to meet the Agency's obligations as the primary provider of defense services and to maximize the efficiency of the paralegal program.

INITIATIVES

Paralegal Program:

A paralegal program was implemented in Anchorage, Palmer, Kenai, Juneau, and Bethel. This program has allowed the Public Defender agency to complete certain required tasks using lower cost paralegals, rather than high cost attorneys and has increased the Agency's ability to absorb case loads by increasing available time for Attorneys to prepare and resolve cases.

Conflicts:

The Agency is currently in the process of defining and implementing a new conflict procedure designed to significantly reduce the number of legal conflicts. Additionally, the work load associated under this initiative will be reduced and increase the efficiency of the Agency's paralegal program.

Cost Savings Measures:

The Agency is employing the following strategies to minimize any potential supplemental funding requirement.

Vacancy Rate: The Agency will hold positions vacant as necessary and feasible, expecting constitutional constraints.

Travel/Experts/Contract Attorney Expenses: The Agency will attempt to achieve zero growth in travel and expert expenses for FY11 over FY10 by continuing to scrutinize requests. The Agency will attempt to hold growth in contract attorney expenses by limiting use of contract attorneys to appeals. Contracting appeals is more predictable and cost effective than using contract attorneys for trial caseloads.

OFFICE OF PUBLIC ADVOCACY

CORE SERVICES - The Office of Public Advocacy (OPA) provides legal, guardian ad litem, and public guardian representation for abused and neglected children involved in protective proceedings, mentally incapacitated adults, parents involved in child protective proceedings, individuals accused of crimes, juveniles accused of delinquency, and elderly Alaskans who have been the victims of fraud or financial exploitation.

CHALLENGES

Overall Caseload Growth

In FY10, the agency experienced an overall increase in mandatory case assignments of 20%. In the Public Defender Agency conflict cases, the caseload growth was most acute. OPA's criminal case assignments increased by 35%, and the agency's Child in Need of Aide (CINA) parental representation assignments increased by 39%. In FY 11, the agency has had a 7% increase in its new case assignments over the first half of FY10. Additionally, the number of cases open within the agency on January 4, 2011 is approximately 21% higher than the number of open cases on January 4, 2010. Accordingly, the agency continues to feel the effects of the substantial caseload growth of FY10.

Public Guardian Function

The public guardians within the Office of Public Advocacy are court ordered legal guardians for vulnerable adults who are unable to meet their basic needs or handle their finances independently. Often, the agency is appointed to serve as guardian for wards for the rest of their lives.

In FY10, OPA experienced a 12.4% increase in the number of public guardian clients and represents a net increase of 156 wards. For each ward, the agency must ensure that all of his or her basic needs are met. This includes applying for and receiving

benefits, establishing and maintaining a residence, and assuring there is appropriate food and medical care.

In the first half of FY 11, there was a 7% net increase or 101 additional wards over the number at the close of FY10. While caseloads have increased, the number of staff has remained stagnant.

INITIATIVES

CASA Program

The Y-K Delta Court Appointed Special Advocate (CASA) program was established and the first CASA class graduated in Bethel in November, 2010. The Court Appointed Special Advocate or CASA program trains and supervises community volunteers to advocate for the best interests of abused and neglected children in child protection proceedings.

The division entered into three Memoranda of Agreement to expand and enhance the Alaska CASA program with the Cook Inlet Tribal Council, the Kenaitze Indian Tribe, and Friends of Alaska CASA.

First Biennial Conference

In October 2010, the first ever biennial joint Department of Law, Department of Administration (Office of Public Advocacy & Public Defender Agency) and Judiciary Conference was held. The conference covered criminal law and child protection practices.

OFFICE OF ADMINISTRATIVE HEARINGS

CORE SERVICES - Conduct hearing and alternative dispute resolution processes to resolve administrative cases (appeals and original actions) and provide training for administrative adjudicators.

CHALLENGES

Funding

OAH continues to face the challenges created by the mixed funding sources that impeded OAH's ability to earn sufficient interagency receipts each fiscal year. The success we have had using alternative dispute resolution to resolve cases more efficiently and cost-effectively has created even greater unpredictability in our efforts to project interagency receipts from month to month, let alone for the entire fiscal year.

Workforce

OAH expects to face in the not too distant future, as administrative law judges retire or are drawn to higher-paid legal positions in state government, recruitment and retention problems due to the disparity in salary ranges attached to the current job classifications for the administrative law judge series, especially as compared to state legal jobs requiring similar levels of legal expertise and decision making responsibility.

INITIATIVES

Alternate Dispute Resolution

The Office of Administrative Hearings (OAH) has continued to use alternative dispute resolution (ADR), especially mediation, with good success to resolve cases in many categories. A mediated resolution is a quicker, more cost-effective resolution and, importantly, gives the parties a greater sense of self-determination in the outcome. OAH has also continued to advance the project to make electronically available a database of decisions from administrative adjudications. Approximately 1250 decisions from nearly four dozen case categories have been posted to OAH's webpage in a keyword searchable form, together with links to other agencies' webposted decisions or decision indexes.

ALASKA PUBLIC OFFICES COMMISSION

CORE SERVICES - Administer laws upholding the public's right to know the financial affairs of lobbyists and their employers, public officials, political groups, and candidates for state and municipal office. Interpret the disclosure laws and assist persons in complying, conduct training seminars, provide reporting forms and manuals of instruction for candidates, groups, lobbyists, and public officials. Examine and compare reports for possible violations of the disclosure laws, and enforce the laws through compelling the filing of required reports, civil penalty assessments, and complaint investigation.

CHALLENGES

Insight

Legislative changes requiring the ability for all disclosure reports submitted to APOC to be filed electronically became fully effective on January 1, 2009. Although it is currently possible for reports to be submitted to the agency electronically (e.g. by email, meeting the technical intent of the law), this is not what the legislature envisioned. The past several years have seen the agency struggle with this project.

The project was broken into three parts, one for Lobbyist filings, one for campaign filings and one for public official financial disclosure filings. The Lobbyist Module is complete and lobbyists and employers of lobbyists file all reports online. After completion of the lobbyist module, it was determined that the database platform was not well suited to the Campaign Disclosure (CD) and Public Official Financial Disclosure (POFD) modules due to the large numbers of filers and accompanying complexities.

The approach has shifted from a single large project into a phased project that will be designed to merge current APOC processes into a forward looking online filing project which allows APOC staff to more directly control the financial aspect of the project.

Development of the remaining POFD and CD modules will focus first on the immediate need of allowing filers to complete disclosures online; then proceed to developing administrative reports for APOC staff to track data and enforce compliance; and lastly will focus on ensuring data is available to the public. We have not requested funding in FY12 however, in order to complete the project it may be necessary to request addition funding in the future.

INITIATIVES

Regulations Project

A regulations project is underway to accommodate multiple years of statutory changes. A contract has been signed with a regulations drafting attorney. The contract is for a maximum of 18 months from March 1, 2010, which will extend into FY 12. Staff and Commissioners held eleven meetings with the regulations contract attorney to review proposed regulations. APOC completed a comprehensive draft of agency regulations which were put out for public comment on December 1, 2010. Two all day public hearings are scheduled on the proposed regulations in both Anchorage and Juneau on February 23 and March 23, 2011.

ALASKA OIL & GAS CONSERVATION COMMISSION

CORE SERVICES – Approve and monitor plans for reservoir development and enhanced oil recovery. Issue pooling rules and conservation orders. Adjudicate permit applications for drilling, completion, and remedial well operations. Monitor and enforce well spacing rules, production rates, injection well patterns, gas/oil/water ratios, and pressure maintenance efforts. Evaluate and regulate gas flaring for waste determinations. Administer Alaska's Underground Injection Control (UIC) program

and the annular waste disposal program. Inspect drill rigs and wells to insure compliance with AOGCC regulations. Witness safety valve, mechanical integrity, blowout preventer and diverter tests. Witness meter-proving, calibration, and oil quality tests. Provide technical analysis to other state agencies. Approve plans for underground storage of natural gas.

CHALLENGES AND INITIATIVES

Regulation Review

In light of the Gulf of Mexico disaster, the AOGCC is conducting a complete and thorough review concerning whether changes or additions are needed to the regulations governing drilling, rig workover and well control in offshore and ultra-extended reach. Recognition of the need to add a petroleum engineer and petroleum inspector are part of this review and effort to improve our oversight capabilities in Alaska.

ENTERPRISE TECHNOLOGY SERVICES

CORE SERVICES - Secure and assure the integrity of State Information. Administration, management and maintenance of State Information Technology enterprise infrastructure and facilities. Administration, management and support for enterprise applications. Project Management. Data Center Operations including printing services; Server Hosting. Telecommunication Services, Paging, Telephony. Backup, disaster recovery of IT systems and data. **SATS** - telecommunications services. **ALMR** - emergency radio services for law enforcement, emergency personnel and first responders for the State of Alaska, Department of Defense (DoD), Non-DoD Federal Agencies, and municipalities.

CHALLENGES

Connectivity:

The ongoing Bandwidth Challenge has been acknowledged by the State of Alaska Administrative Services Directors. It is ETS' experience that bandwidth needs increase on an annual basis as much as 10%. This is relative to the applications deployed (as they increase in size and capability), the increased use of the Web in all manner of State business and increased numbers of users in the system.

Anchorage Data Center (ADC) issues:

The current lease for the space used for the ADC expires December 31, 2011. To date, an alternative space has not been chosen. Under consideration at this time is a design to virtualize a significant portion of servers, provide a failover capability

between Juneau and Anchorage (to incorporate Fairbanks at a later time). This approach will result in a substantially better, most cost effective data center solution but finding the appropriate space will be a challenge.

Deferred Maintenance: SATS, Year 2 of 5

The need to address the SATS deferred maintenance issues that have threatened the integrity of the State of Alaska Telecommunications System (microwave) for too long is being addressed incrementally. The current SATS condition does not fulfill the requirements of either the pertinent Alaska Statutes or other agreements (ALMR as well as FCC mandates) to maintain a viable telecommunications and network system. The FY12 project will:

- Continue the required SATS critical upgrades and repairs;
- Continue preventive maintenance inspections; and
- Continue to execute a portion of the required FCC upgrades.

INITIATIVES

Collaborations

ETS has embarked in collaborations with State agencies and anticipates there could be more opportunities to work together on projects that may eventually benefit the State system. Two of those projects are listed below:

- DF&G: a Desktop Virtualization pilot program within DOA to gain efficiencies and provide more cost-effective technical support; and
- DOL-WD: a Unified Communications pilot program provides collaborative tools across the State of Alaska wide area network (WAN) – enabling staff in multiple agencies to share and work on documents using Instant Messaging to collaborate using Desktop Conferencing as well as the videoconferencing feature all of which support the sharing and working on documents (only one is in control of the document at a time) in real time from various locations throughout the State.

Redesign Enterprise Architecture Infrastructure

ETS is also redesigning the Enterprise Architecture infrastructure. This redesign will reflect current design developments that incorporate the best technologies for network architecture that, when deployed, will allow ETS to provide some or all of an agency's requirements (depending on the agency's need) for storage, backup/recovery, and other standard computing support. This redesign will feature a rapid, agile deployment of the hardware and software necessary. Importantly, ETS will provision

agency requests for infrastructure services (storage, backup, server space, etc.) more quickly but at less cost. This is a substantial improvement for all parties.

RETIREMENT & BENEFITS

CORE SERVICE - For each of the Defined Benefit Plans: Provide for collection of all employee data, employee and employer contributions for each pay period. For each of the Defined Contribution Plans: Collection of all employee data, employee and employer contributions for each pay period. Administer group health insurance and life insurance programs for active state employees and retired members of the retirement systems, including claims adjudication and counseling. Administer the following funds: defined benefit plans retiree health insurance fund; defined contribution plans retiree health insurance fund; and the health reimbursement arrangement plan.

CHALLENGES

- Record keeping for approximately 80,000 current and former PERS and TRS members
- Increase cost of health care for active and retired members
- Unfunded liability
- Gearing up to cover dependents up to 26 for active employees only

INITIATIVES

Update Data Processing Systems

The Division's chief challenges are to maintain or improve our services center around remediation or replacement of inadequate and obsolete data processing systems. Our budget request reflects the next step in a series of incremental moves toward the following initiatives:

- Core retirement system repair and stabilization,
- Core system security improvements,
- Core system back-up and disaster recovery capability,
- Peripheral system replacement or elimination, and
- Document imaging conversion from film to digital.

Each of these initiatives are necessary to continue migrating toward appropriate and secure on-line services expected by our online members. These initiatives are also

required to support continued personal customer services to our growing customer base.

RISK MANAGEMENT

CORE SERVICES - Claims processing, litigation management, contract review, insurance administration and consulting.

CHALLENGES

Centers for Medicare & Medicaid Services Reporting

Risk Management has new federal requirements that require the division to report workers compensation and tort settlements to CMS for potential eligible Medicare/Medicaid claims. Risk Management has successfully submitted their first report

INITIATIVES

Return to work program

In conjunction with the Division of Personnel, the Division of Retirement and Benefits, Risk Management is looking into possibilities of implement a return to work program. This program would be administered by the Division of Personnel but would greatly benefit employees injured and on workers comp. The program would benefit both temporarily injured employees as well as permanently injured employees. The benefits to Retirement and Benefits would see fewer employees making claims for Occupational Disability.

***FACTS** - "There is only a 50% chance that an injured employee will return to work after a six-month absence; this declines to 25% chance following a one year absence and is further reduced to a 1% chance after a two-year absence." That coupled with the fact that a permanently injured worker who chooses the go thru the retraining program can cost between \$60K-\$90K for the entire plan. That includes up to a two year stipend, max retraining dollars of \$13,600 as well as any other secondary costs (moving can be one of those costs).

DIVISION OF MOTOR VEHICLES

CORE SERVICES - Licensing, registration, and titling services via the internet, state-run offices and business partners. Driver Testing. Removal of driving privileges of unsafe and uninsured drivers. Accurately collecting and distributing revenue.

CHALLENGES AND INITIATIVES

License and ID Renewal by Mail

The renewal of licenses and ID's program will be rolled out at the end of January 2011. This new program will greatly assist those individuals who do not have immediate access to a DMV office, which will help Alaskans with their travel needs and job and grant opportunities.

CDL Road Skills Routes for previously exempt areas

DMV has tentatively established CDL road skills routes in Bethel, Unalaska, Nome, and Kotzebue – communities that were previously exempt from testing. Federal regulation requires residents in communities with a daily traffic volume of greater than 499 to undergo commercial road skills testing, in addition to written testing, prior to operating a commercial vehicle on public roadways. Alaska is the only state that has an exemption from the road skills test for individuals operating in areas with a daily traffic volume of 499 or less. DMV hopes to travel to each community four times a year to provide road skills testing. This will enhance public safety and provide job opportunities in these communities.

Replace the Alaska License and Vehicle Information System (ALVIN)

The legislature appropriated \$2.5 million in the FY2009 capital budget and \$8.5 million in the FY2011 capital budget for a system replacement. The Department of Public Safety (DPS) has offered the DMV a complete system architecture and code base as an option for system replacement. The DMV will pursue this option and follow industry standards and best practices. This effort will encompass approximately 42 to 48 months from inception to system deployment. The DMV is currently in the initiation phase and approaching two major tasks, the creation of concept of operations and system requirement documents.

Online Services

Offering additional online services, such as driver and vehicle records, will provide more convenience for customers and reduce the wait times for customers who need to visit a DMV office.

DIVISION OF FINANCE

CORE SERVICES - General ledger accounting including budgets and vendor payments for all three branches of State government. Electronic commerce services including electronic vendor payments and the One Card Alaska credit card payment program. Payroll processing and accounting for all three branches of government.

Comprehensive Annual Financial Report and other statewide reporting responsibilities, including oversight of single audit requirements. User documentation and information technology to support all services.

CHALLENGES AND INITIATIVES

Travel Approvals and Reimbursements

The department is in the final configuration and testing phase of an effort to automate our Travel Authorizations which are currently processed using Excel spreadsheets. This is the next logical step in the managed travel arena, following the dramatic improvements last year when an online booking tool was introduced within the E-Travel program. The department will be piloting the Databasics software in January to automate pre-travel approvals and post-travel reimbursements, including per diem calculations. Following the pilot, the department plans to make the Databasics software available to all Executive Branch departments.

Time and Attendance

In July 2009, the department began implementing TimeLink software to capture time, attendance, and leave information for statewide payroll processing. We have completed the initiate, discover, and design phases, and are now in the build phase in which the software is configured for the State of Alaska business rules and processes. Documenting these rules for consistent application across the State was a monumental effort. The process change will impact most State employees as they move from paper or Excel timesheets to online entry or time clocks for time, attendance, and leave entry. The largest challenge is managing resistance to such broad-based change through statewide communication and training to ensure user acceptance of the new system and processes. Deployments are planned in waves, each encompassing around 3,000 employees, starting in August 2011.

Statewide Administrative Systems Replacement

The State's legacy accounting and payroll systems are at the end of their life cycle. In FY 2008, the Legislature appropriated \$41 million to start this replacement effort. The department is currently engaged in a competitive procurement effort, using Best Value methodology from Arizona State University, to acquire the technology and services to replace these aging systems. This implementation effort is scheduled to begin in July 2011 and take a number of years. All State agencies have a stake in the statewide administrative systems. Therefore, for this effort to be successful, every department needs representatives to participate as subject matter experts as requirements are determined, and to serve in the role of acceptance testing once the configured software is delivered. We anticipate this software implementation effort to

substantially change the State's current business processes for purchasing, accounting, payroll, and other administrative functions. Challenges include obtaining sufficient funding for a project of this magnitude, and the straining of limited resources as time is required to implement new technology while maintaining legacy systems.

DIVISION OF PERSONNEL

CORE SERVICES - Recruitment, selection and re-employment. Job classification. Planning and research, employment related human rights compliance, training and development, management consulting, payroll and leave accounting, employee/labor relations.

CHALLENGES AND INITIATIVES

Classification System

Providing the requested funding is received, the division will move forward with replacing the current whole job classification system with a point factor method. Converting to a point factor method will decrease number of job classes, the time it takes to classify a position and will reduce the level of subjectivity.

Implementation of the Alaska Statewide System for Employee Time (ASSET)

The division is participating in the implementation of ASSET and must manage ongoing workload with project demands. As the project progresses, significantly more resources from the division will be required as division staff will participate in user acceptance testing in addition to assuming responsibility for establishing a call center/help desk and user training.

Collective Bargaining

Negotiating sustainable contracts with the three marine units and the Public Safety Employees Association in addition to geographic differential with the Alaska Correctional Officers Association.

ALASKA PUBLIC BROADCASTING

CORE SERVICES – Guide development of an integrated public broadcasting system through state grants. Provide monitoring and oversight of grants and assure compliance. Provide un-served and underserved audiences with free radio and television programming and emergency broadcast information. Provide consultative services of public broadcasting to public or private agencies.

CHALLENGES

Workforce

The lack of system-wide broadcast engineering experience has for several years left many stations without regular engineering and IT support. Consequences include transmission and power generation equipment failure at sole-service stations resulting in the loss of service and access to basic information services as well as critical emergency, health and safety information.

New Standards for Emergency Alerts

Adoption of a new standard for emergency alerts, the Common Alerting Protocol (CAP), has been mandated by the FCC with a deadline for compliance of September 30, 2011. CAP will expand upon the Emergency Alerting System (EAS) currently in place to deliver emergency information to the public over television and radio airwaves. The impending deadline will force all stations to immediately upgrade and replace current EAS equipment with next generation CAP compliant units. Equipment, installation and training expenses are expected to be significant.

INITIATIVES

New Partnerships

Over the past two years, five Alaska public broadcasting organizations have been investigating the possibility of forming a new statewide partnership to merge many of their functions, especially those activities related to public television services. The project, known as "Alaska Public Media" is currently in the design and due diligence stage, with a decision deadline of spring 2011. The partners include Alaska Public Telecommunications (KAKM and KSKA) in Anchorage, KTOO in Juneau, KUAC in Fairbanks, KYUK in Bethel and CoastAlaska in Southeast Alaska. The project has the potential to eliminate duplicative expenses while providing significantly more Alaska content on public radio and television and on the Web.

Cost Controls

Public broadcasters continue to collaborate on cost effective measures that raise money, save money or provide a service that would otherwise remain beyond the reach of individual stations. Examples include negotiating group program buys, group health insurance, group equipment purchases; producing in-state training opportunities that avoid the high cost of lower 48 training; system fundraising initiatives such as grant applications to foundations and agencies; and securing group business support.

Digital Conversion

The FCC has announced that low power television stations should develop and implement digital conversion plans immediately as the deadline for conversion may fall as early as the end of 2012.

We will need to move expeditiously to meet the impending deadline, take advantage of federal funds currently available to reimburse the equipment costs of conversion and embrace the opportunity to expand public service programming for bush residents from a single analog channel to a multi-channel service while still using a single transmitter.