

**01/29/13**  
**BUDGET**  
**OVERVIEW**  
**FY 14:**  
**DEPARTMENT**  
**OF**  
**ADMINISTRA-**  
**TION**

<TARGET><BILL></BILL><SUBJECT>01-29-13 BUDGET OVERVIEW  
FY 14 DEPARTMENT OF  
ADMINISTRATION</SUBJECT><COMM>HFIN28</COMM></TARGET>

# ALASKA DEPARTMENT OF ADMINISTRATION DEPARTMENT OVERVIEW

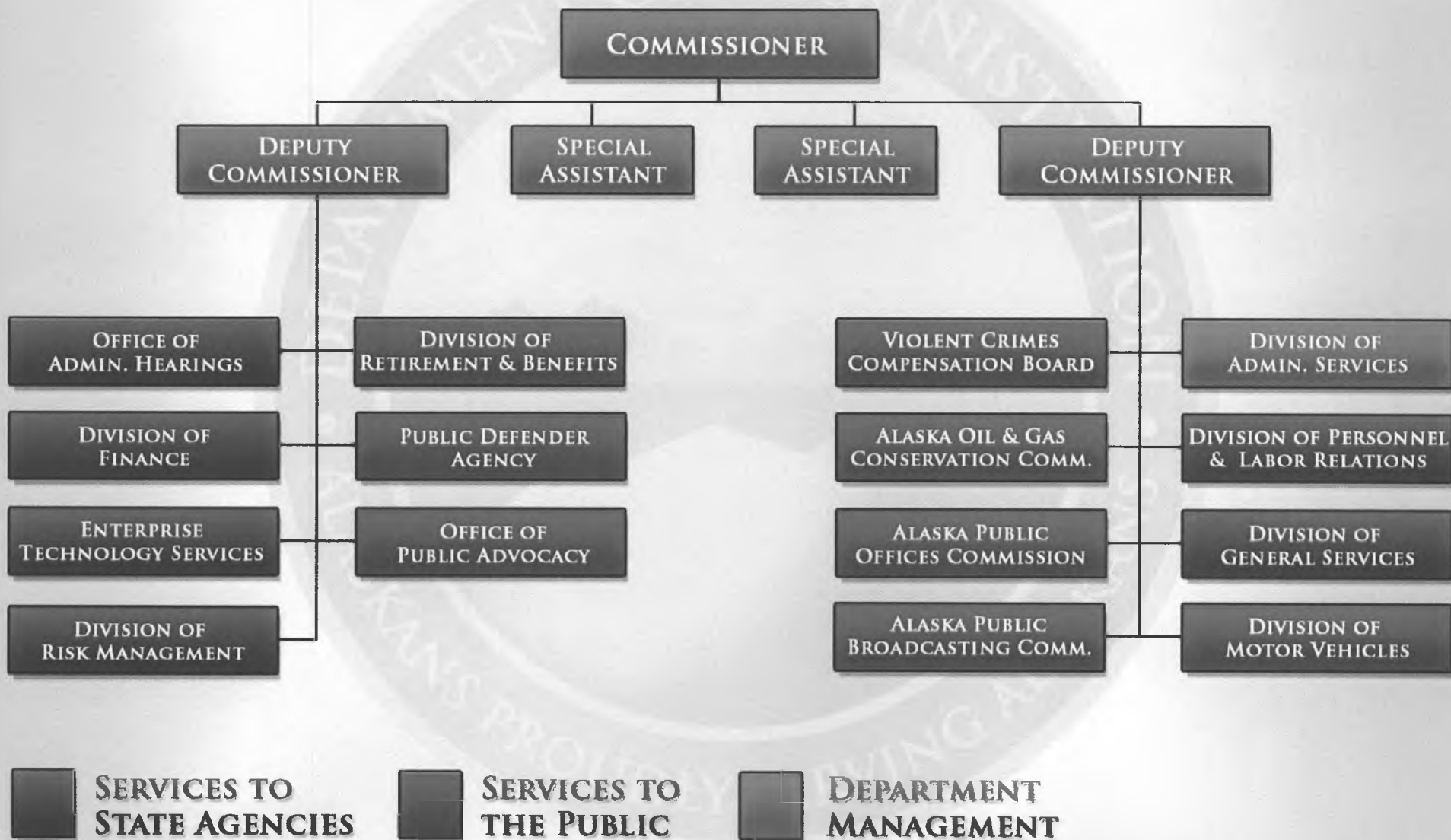


Presentation to  
**House Finance  
Committee**

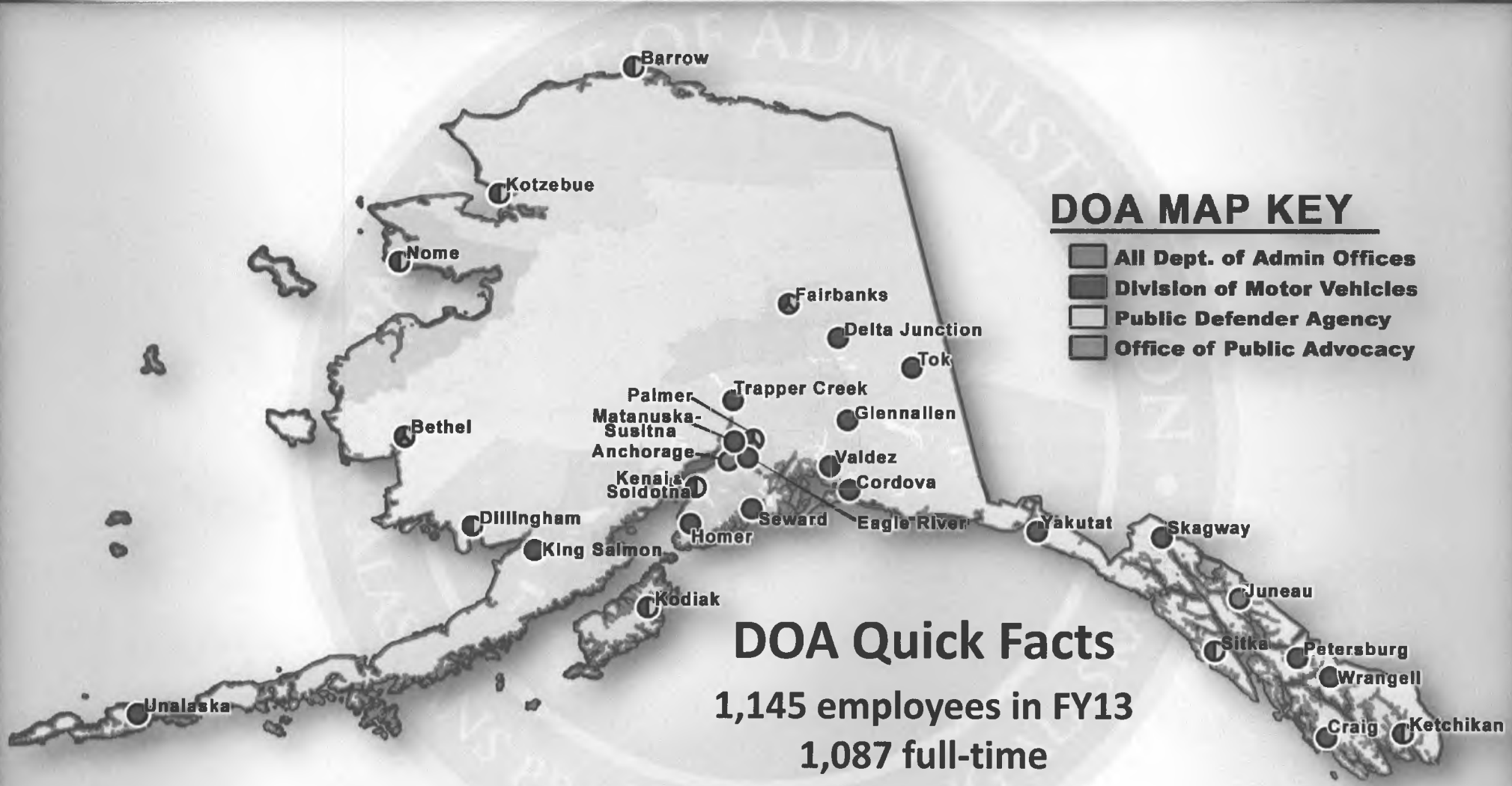
**January 29, 2013**

Commissioner Becky Hultberg  
Director Cheri Lowenstein

# ORGANIZATION CHART



# SERVICE ACROSS ALASKA



## DOA Quick Facts

1,145 employees in FY13

1,087 full-time

18 part-time

40 non-permanent

in 30 locations

# STRATEGIC PLAN HIGHLIGHTS

**Mission:** The mission of the Department of Administration is to provide consistent and efficient support services for state agencies.

**Vision:** As employees of the Department of Administration, we will provide innovative, cost-effective and responsive service.

## **Department Goals:**

**Service Excellence:** Provide excellent program delivery through clear communication and respectful and responsive actions.

**Spending Growth Reduction:** Reduce the rate of spending growth to sustainable levels.

**Effective and Efficient Delivery of Services:** Implement strategies to achieve operational efficiencies.

**Employee Development and Support:** Encourage employee growth and development by providing leadership, training and resources in an atmosphere that fosters mutual trust and respect.

## **Core Values:**

**Integrity:** We will be honest, transparent, and ethical.

**Service:** We will provide excellent service.

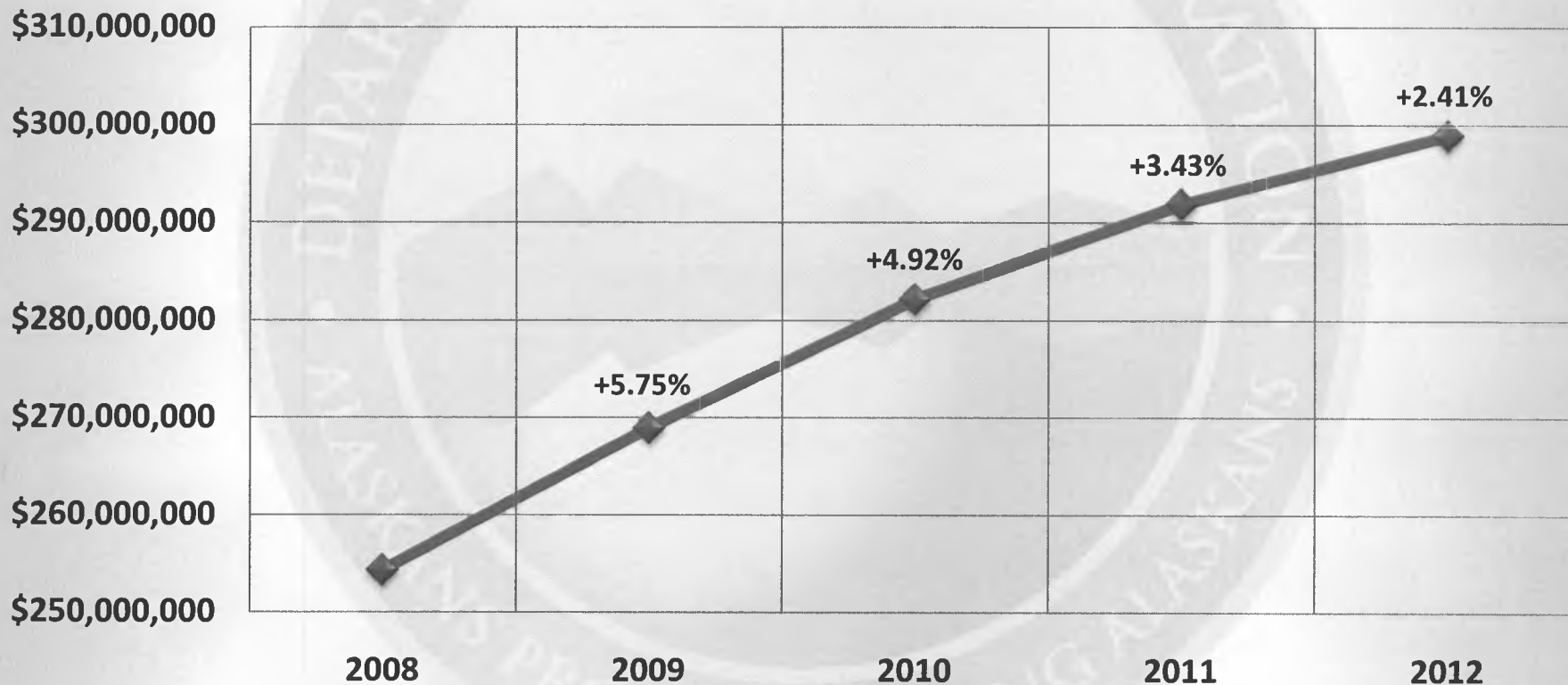
**Accountability:** We will take responsibility for and ownership of the services we provide.

**Balance:** We will honor our commitments to our work and personal lives.

# DEPARTMENT LEVEL RESULTS

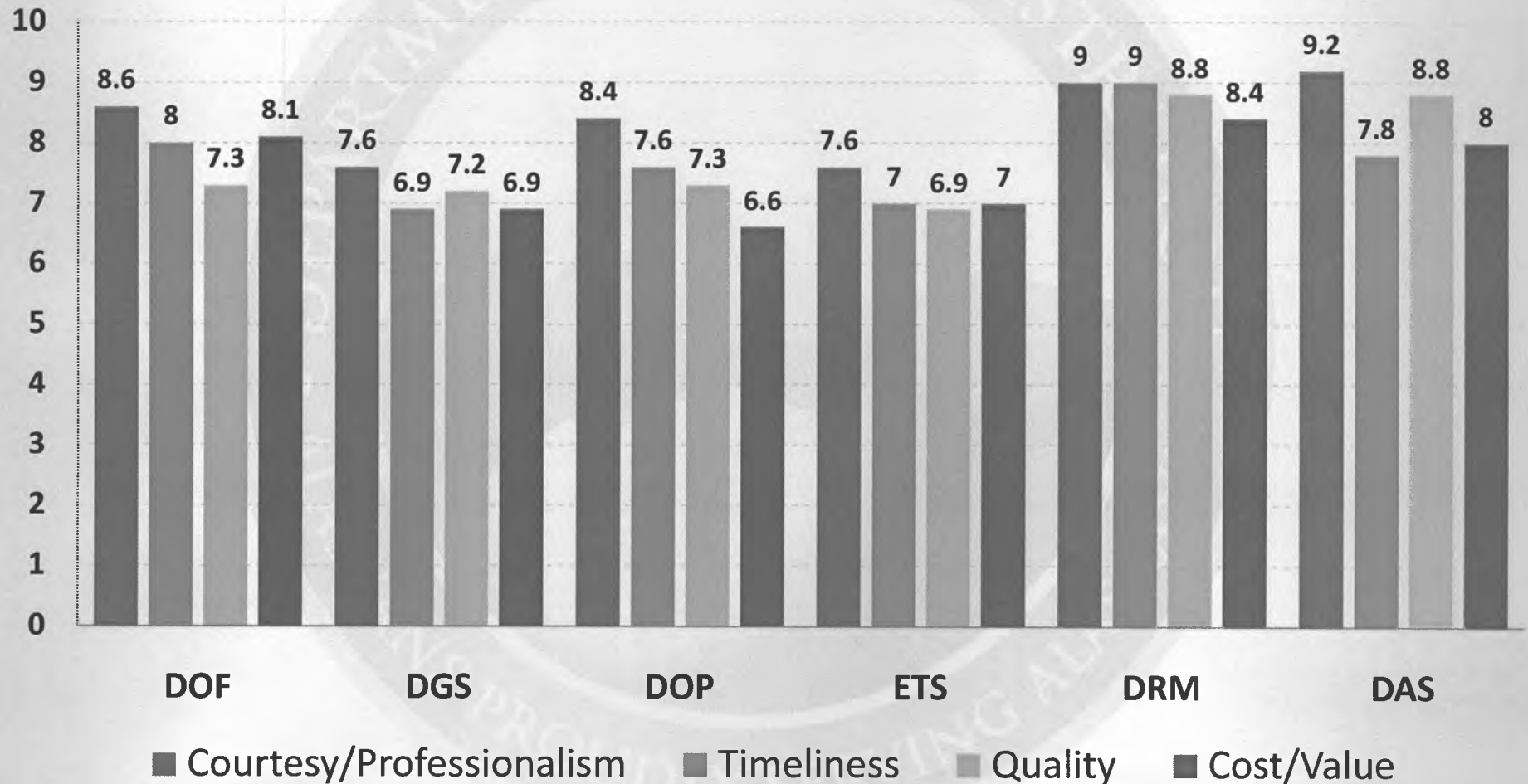
## DOA Expenditures - 5 Year Trend

5 Year Average:  
+4.12%



# DEPARTMENT LEVEL RESULTS

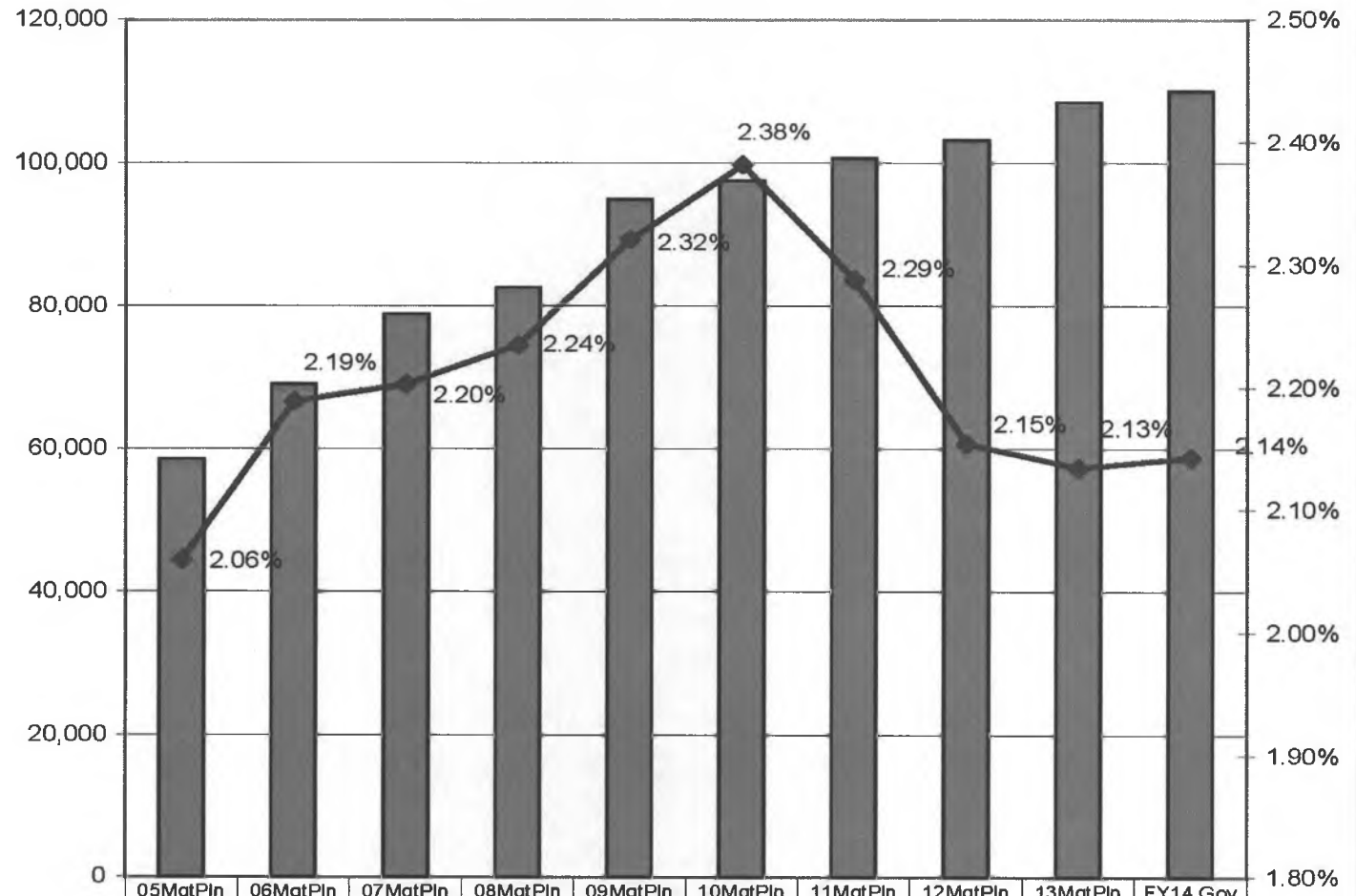
Customer service survey results for “Internal Services” agencies:



*Very Unsatisfied = 0 , Very Satisfied = 10, results from a September 2012 internal survey*

# SHARE OF TOTAL AGENCY OPERATIONS

**Department of Administration Share of Total Agency Operations  
(GF Only)  
(\$ Thousands)**



The department's GF budget grew over \$51 million (87.9%) between FY05 and the FY14 Governor's Request-an average annual growth rate for that period of 7.3%.

The department's total FY14 GF budget request equals \$335 per resident worker.\*

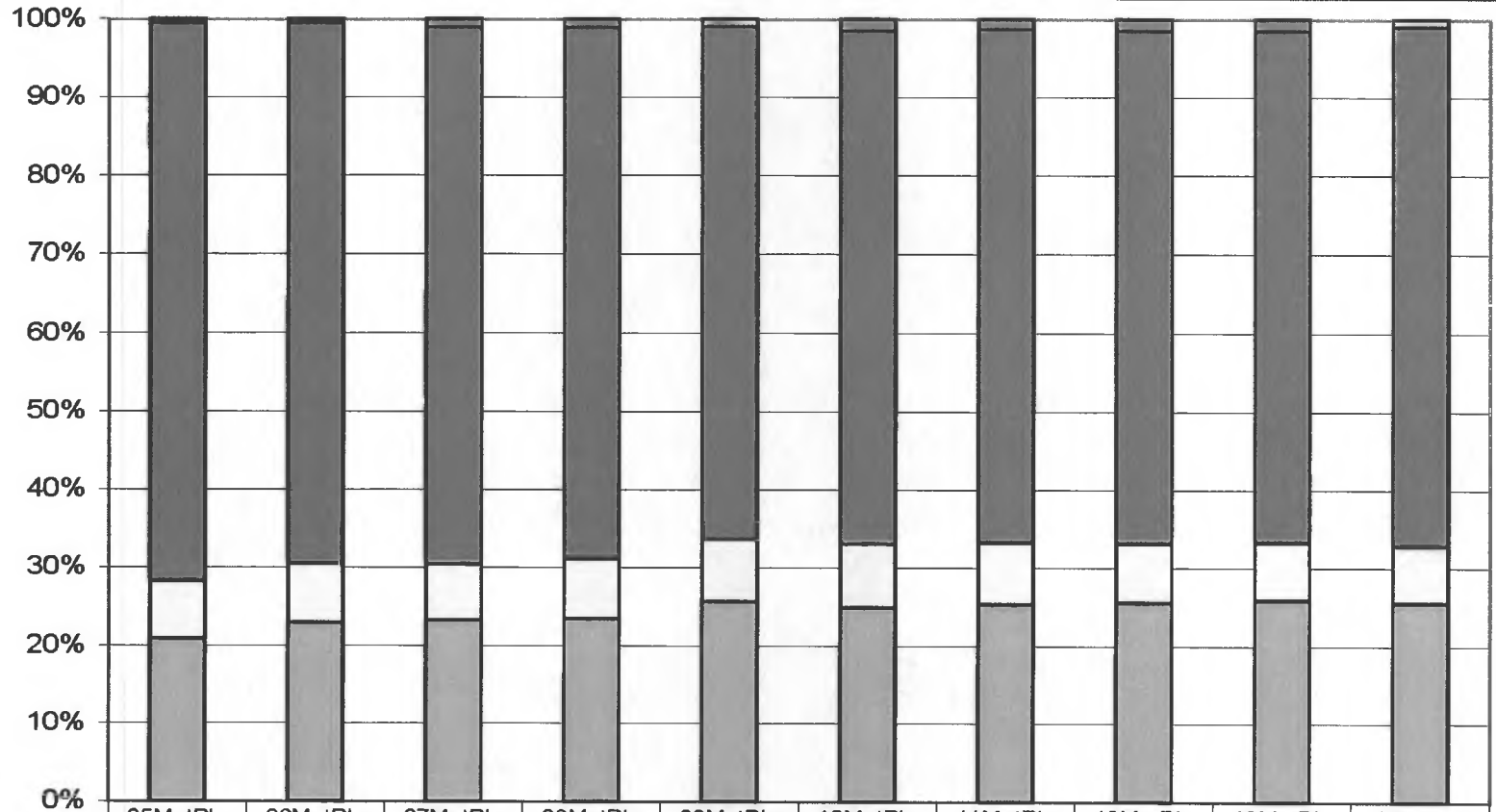
	05MgtPln	06MgtPln	07MgtPln	08MgtPln	09MgtPln	10MgtPln	11MgtPln	12MgtPln	13MgtPln	FY14 Gov
■ Total Agency Budget (GF Only)	58,552.6	69,006.8	78,806.3	82,612.5	94,886.1	97,516.0	100,613.2	103,179.5	108,490.3	110,046.9
◆ % of Agency Budget to Total Agencies' budgets	2.06%	2.19%	2.20%	2.24%	2.32%	2.38%	2.29%	2.15%	2.13%	2.14%

\* According to the Department of Labor, there were 328,611 resident workers in Alaska in 2010.

# PERCENT OF BUDGET BY FUND GROUP

**Department of Administration**  
**Percent of the Total Department's Budget by Fund Group**  
**(All Funds)**  
**(\$ Thousands)**

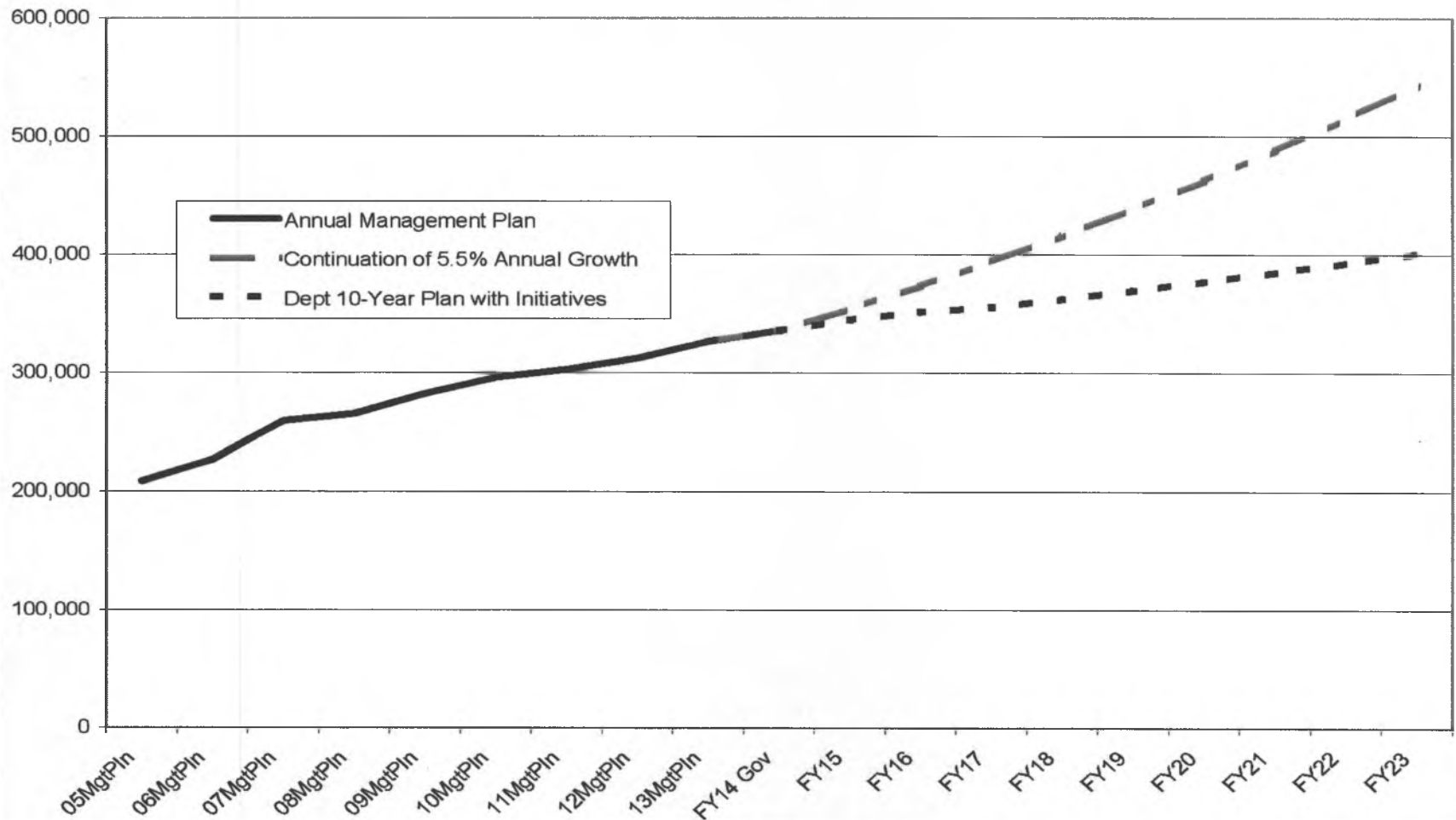
**FY14 Gov Budget:**  
**General Funds (26% UGF and 7% DGF)**  
 -Totaling 33%  
**Other Funds - 66% (I/A Receipts -**  
**accounts for 38% of the total agency**  
**budget).**  
**Federal Receipt Authority - 1%**



	05MgtPIn	06MgtPIn	07MgtPIn	08MgtPIn	09MgtPIn	10MgtPIn	11MgtPIn	12MgtPIn	13MgtPIn	FY14 Gov
■ Federal Receipts (Fed)	1,206.2	1,181.8	2,825.0	2,825.4	2,776.3	4,420.8	3,935.8	4,539.4	4,991.9	3,293.7
■ Other State Funds (Other)	148,301.8	156,406.0	177,928.0	180,067.8	184,705.7	194,276.8	198,387.5	204,690.1	213,322.0	222,820.0
■ Designated General (DGF)	15,280.5	17,036.5	18,575.4	20,384.3	22,569.3	23,868.7	23,984.0	23,493.5	23,954.0	24,098.4
■ Unrestricted General (UGF)	43,272.1	51,970.3	60,230.9	62,228.2	72,316.8	73,647.3	76,629.2	79,686.0	84,536.3	85,948.5

# 10 YEAR PLAN

**Department of Administration  
Continued Budget Growth Compared to 10-Year Plan  
(All Funds)  
(\$ Thousands)**

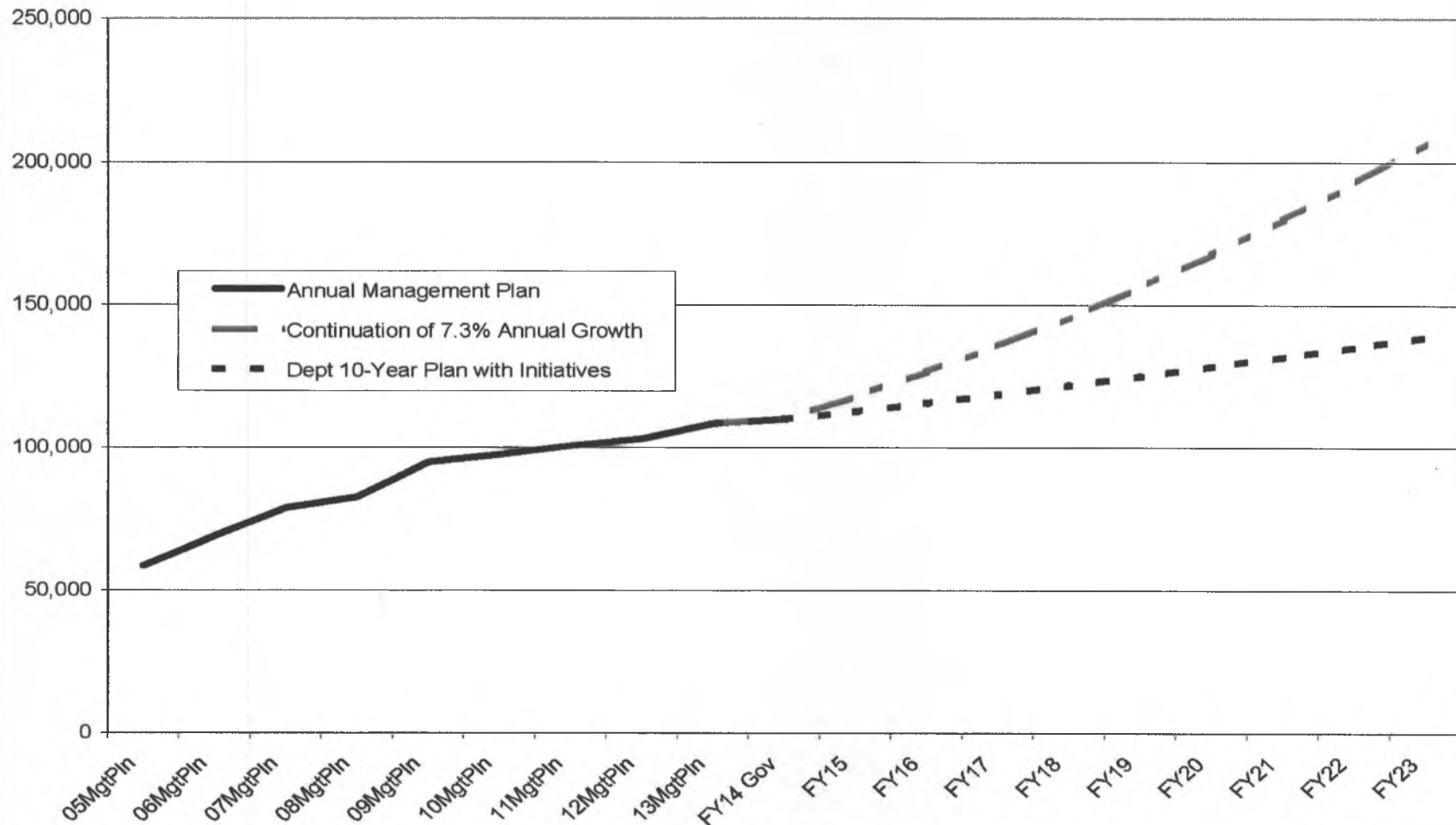


**SOURCE: Legislative Finance**

*House Finance Committee – January 29, 2013*

# 10 YEAR PLAN

Department of Administration  
 Continued Budget Growth Compared to 10-Year Plan  
 (GF Only)  
 (\$ Thousands)



SOURCE: Legislative Finance

House Finance Committee – January 29, 2013

# SERVICES TO THE PUBLIC

- **Division of Motor Vehicles**
- **Office of Public Advocacy**
- **Public Defender Agency**
- **Division of Retirement and Benefits**
- **Office of Administrative Hearings**
- **Alaska Public Offices Commission**
- **Alaska Oil and Gas Conservation Commission**
- **Alaska Public Broadcasting Commission**
- **Violent Crimes Compensation Board**

# SERVICES TO STATE AGENCIES



**Wages, Benefits and Business Processes:**

Division of Personnel  
Division of Finance  
Division of Retirement and Benefits

**IT Services:**

Enterprise Technology Services

**Commodities and Office Furniture:**

Division of General Services

**Insurance and Injury:**

Division of Risk Management

**Office and Lease Space:**

Division of General Services

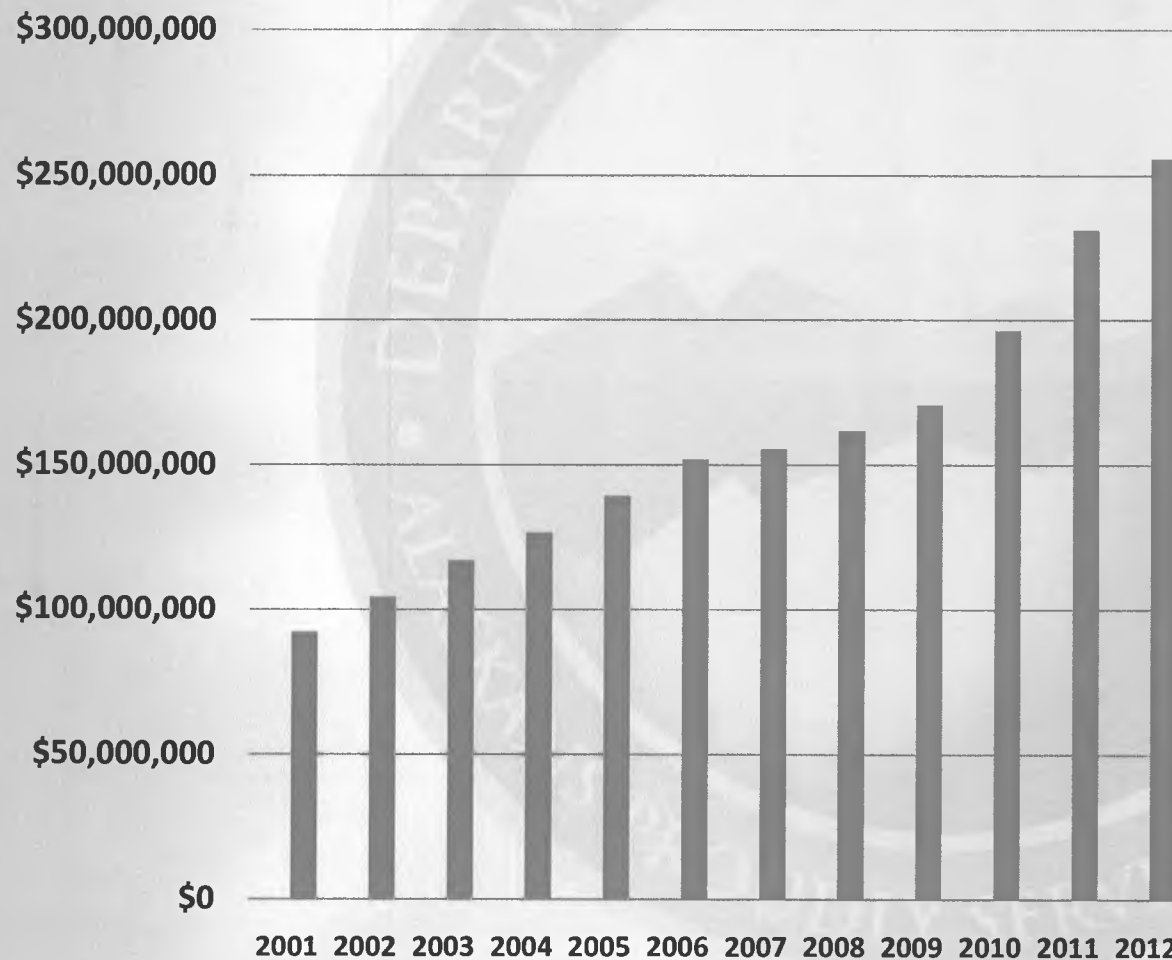
# PERSONAL SERVICES

- Personal services line has increased by an average of 5.45% a year since 2006.
- Personal services increases:
  - Negotiated COLA
  - plus
  - Negotiated (and statutory) merit increase and pay increments
  - plus
  - Increase in employer-paid health insurance premium

General Government (ASEA)	8,231
Supervisory (APEA)	2,219
Confidential (CEA)	192
Labors, Trades & Crafts (LTC)	1,675
Correctional Officers (ACOA)	777
Public Safety Officers (PSEA)	487
Marine Engineers (MEBA)	99
Masters, Mates & Pilots (MMP)	97
Inlandboatmen's Union (IBU)	654
AK Vocational Technical Teachers (AVTECTA)	39
Mt. Edgecumbe Teachers (TEAME)	29
Excluded	4
Exempt and Partially Exempt	1,355

# BENEFITS

## State of Alaska Contributions to Active Employee Health Plans



### Contributions to:

Group Health and Life Benefits Fund (AlaskaCare)

ASEA Health Trust

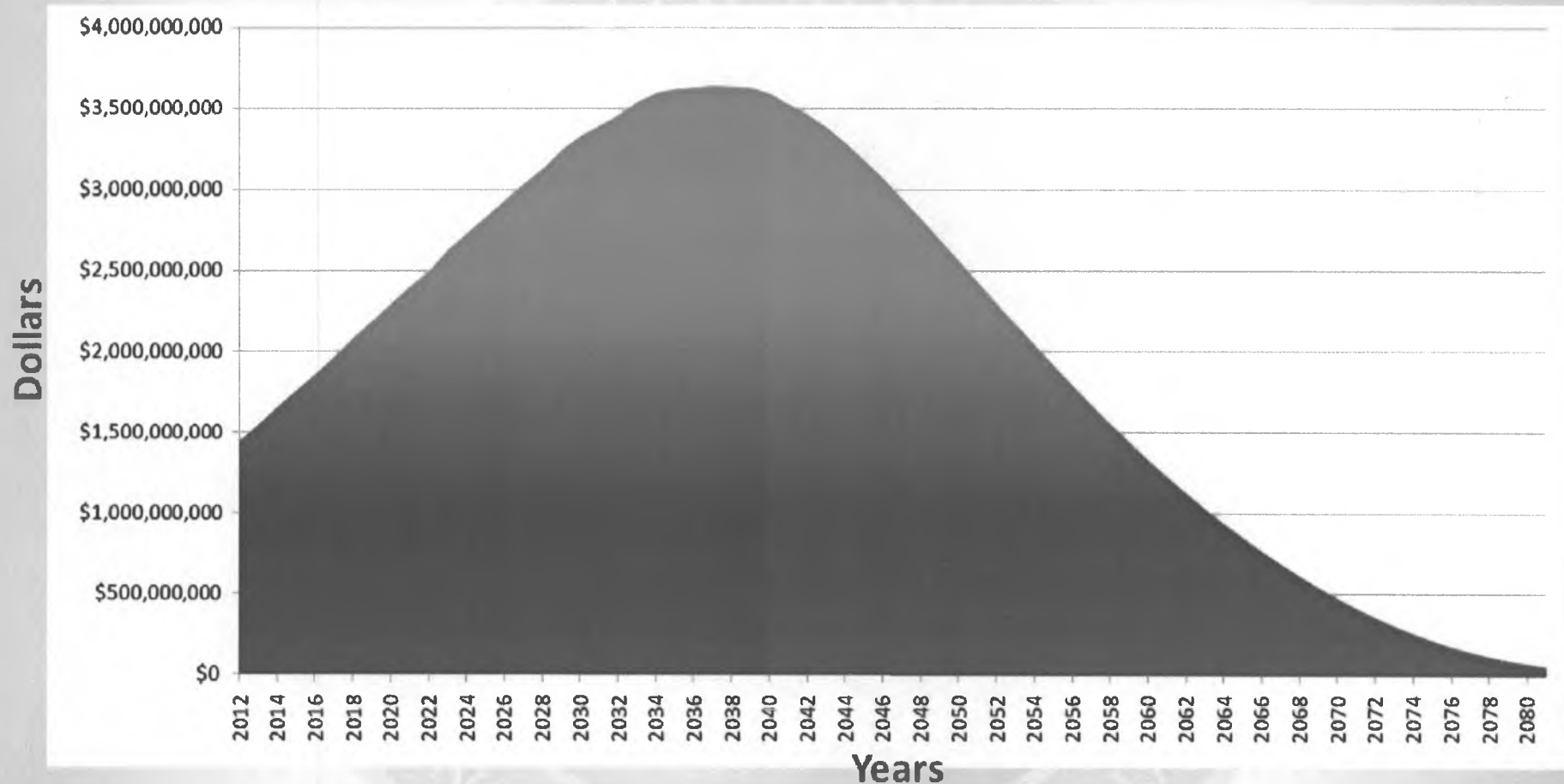
LTC 51 Health Trust

PSEA (3<sup>rd</sup> party insurance)

MMP Health Trust

ASCEA and TEAME (terminated in 2010)

# BENEFITS: PERS/TRS



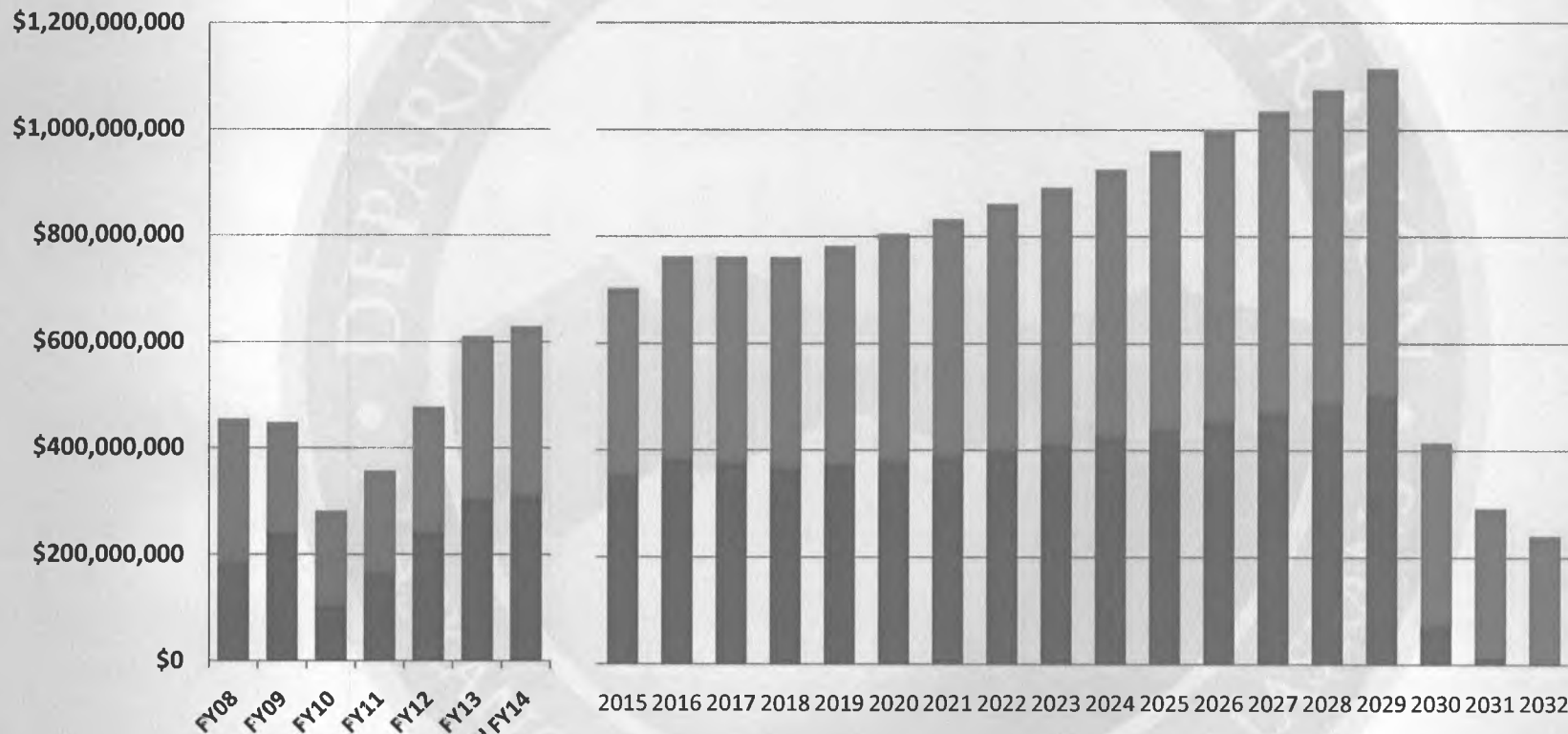
**Pay \$140 billion in benefits payments over next 70 years**

**Current PERS/TRS account balance: \$16.8 billion**

**Unfunded Liability: approx \$11.9 billion**

# BENEFITS: PERS/TRS

## PERS/TRS GF State Assistance (SB125)



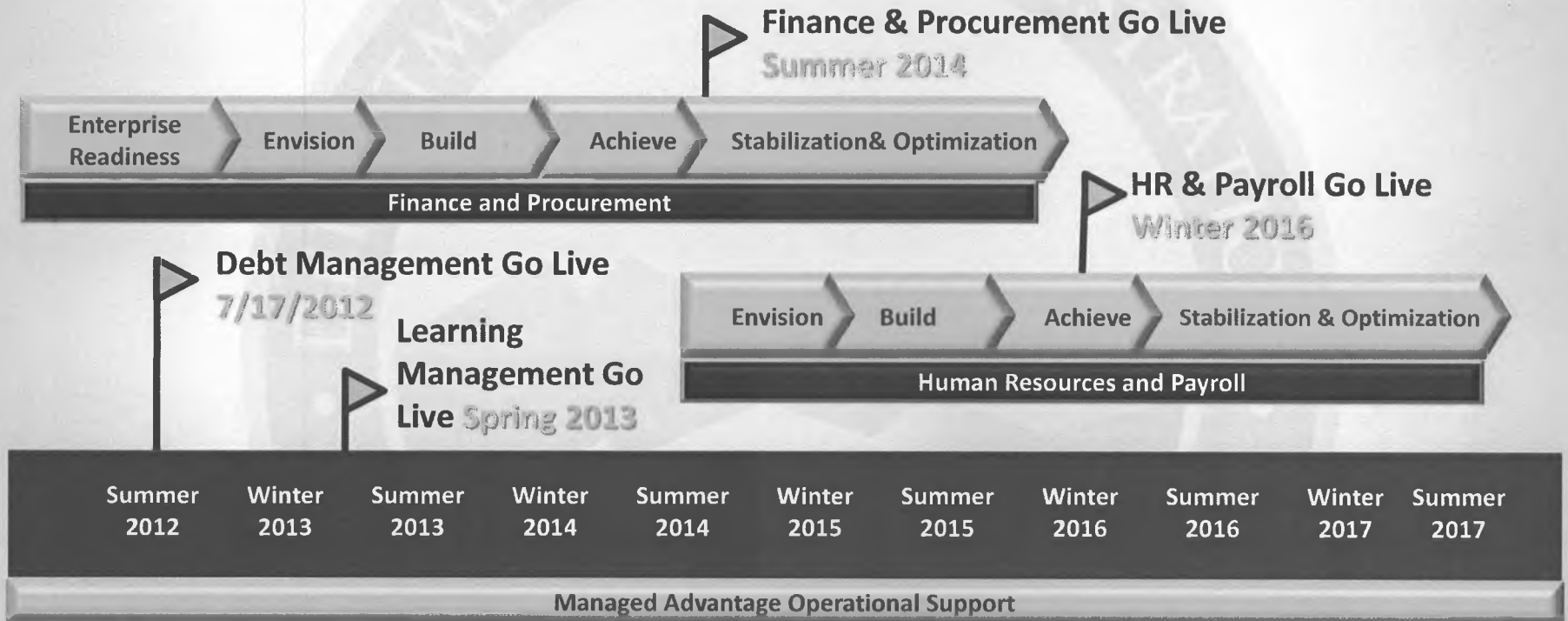
- TRS Assistance
- PERS Assistance

**Projected GF State Assistance (Level % of Pay)**

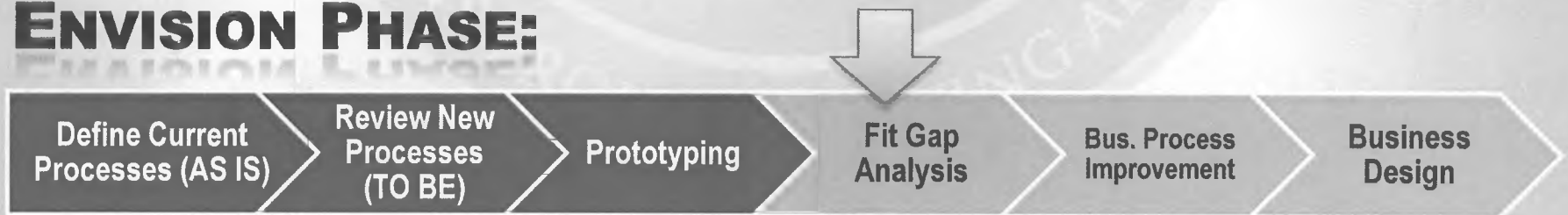


Integrated Resource Information System

## IRIS PROJECT TIMELINE:

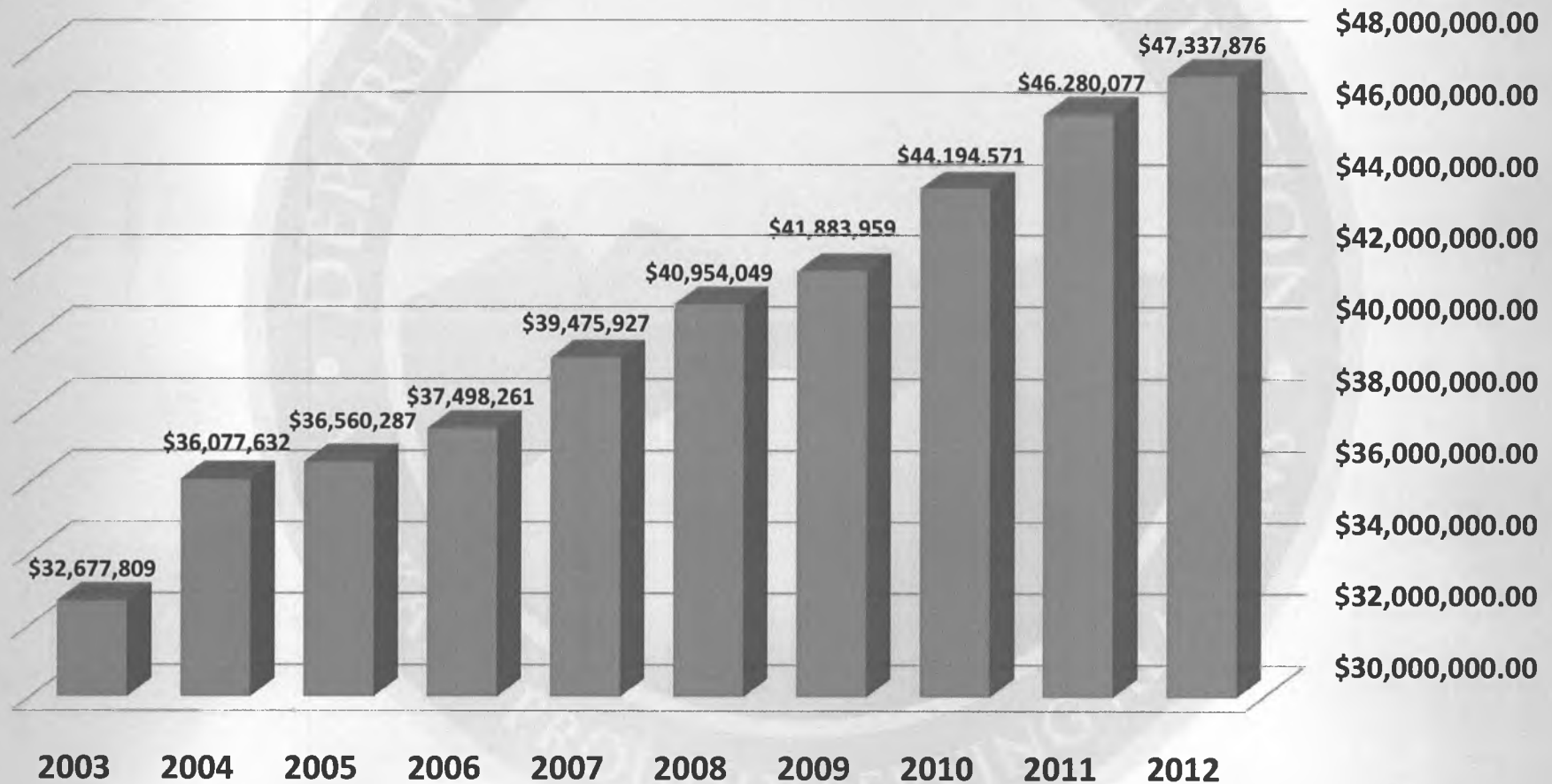


## ENVISION PHASE:



# SPACE COSTS

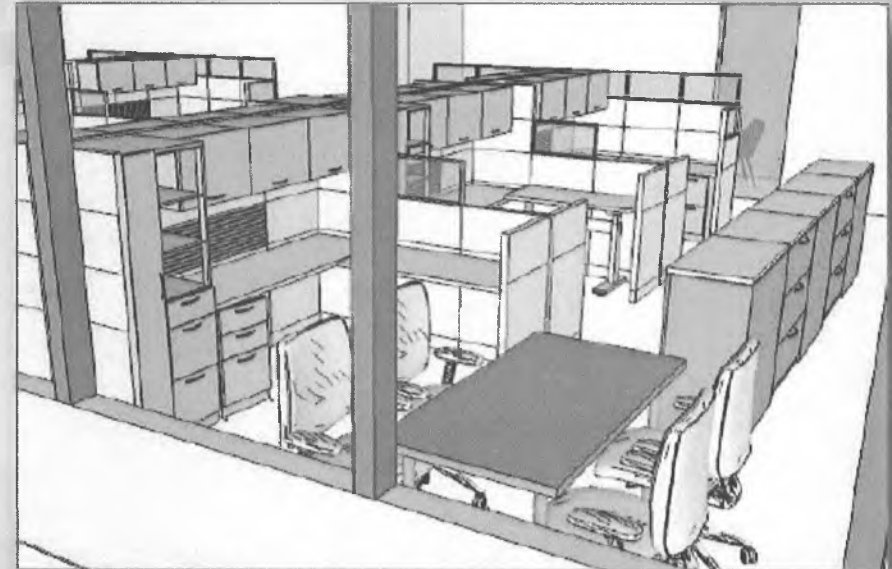
## Lease Costs (FY2003 to FY2012)



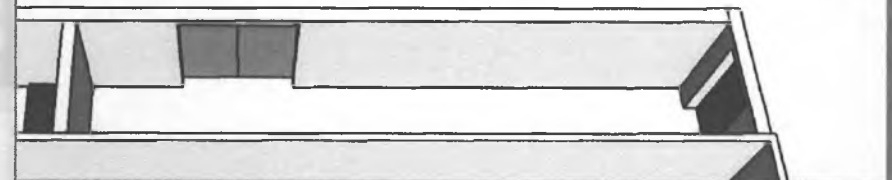
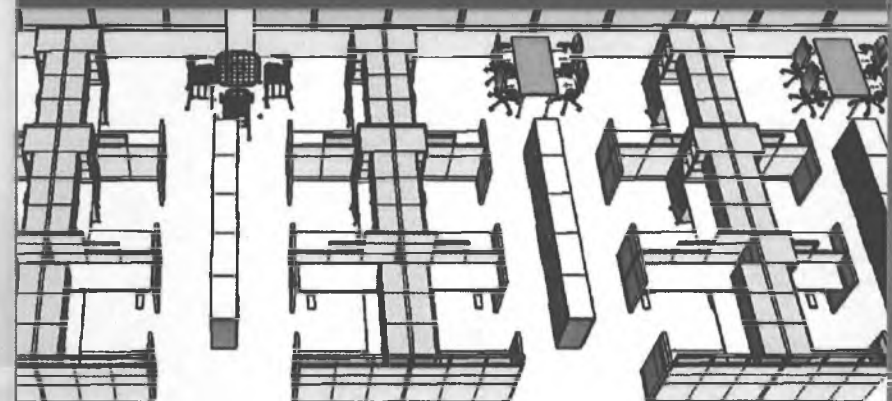
# NEW UNIVERSAL SPACE STANDARDS

## Why space standards?

- Save the state over \$125 million the next 20 years in reduced lease costs.
- New space will be better for teamwork and collaboration among “neighborhoods”
- Better airflow with fewer walls
- Natural light for everyone with private offices toward core of building
- Shared printers, scanners and copiers reduce the cost of individual units
- Employees can go from one office to another and have the same working experience
- Clean desk policy addresses need for document privacy in agencies



Neighborhood with team work area and storage



# PURCHASING

The Division of General Services (DGS) awards multi-department contracts for use by all Executive Branch agencies and various political subdivisions of the state.

**The total savings realized by DGS for FY12 is \$46,691,337, with \$36,191,752 being saved by state agencies and the remaining \$10,499,585 being saved by political subdivisions of the state.**

## **Some examples of state savings:**

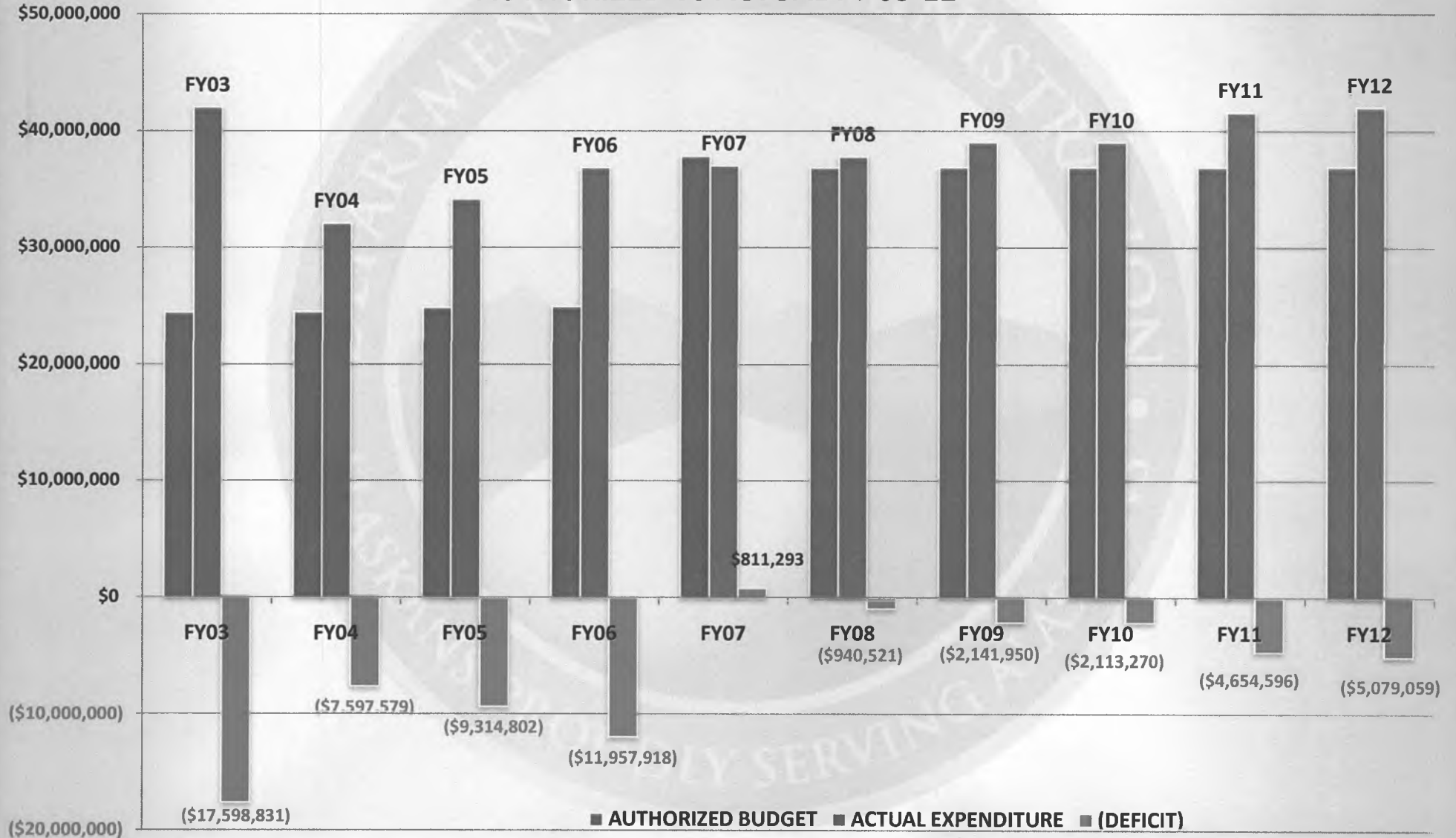
- Software - \$11,991,321
- PCs, Printers, and Peripherals (WSCA) - \$7,123,705
- Industrial Supplies and Equipment (WSCA) - \$4,368,075
- Marine Diesel Fuel - \$3,835,929
- Fuels: Heating, Diesel, Unleaded, Jet A, Aviation - \$2,517,028
- System Furniture Add-On - \$2,475,082

## Enterprise Technology Services Priorities

- Bandwidth
- Security: Department Gap Analysis
- Mobile Device Strategy & Support
- Continuity of Operations (COOP)
- Identity Management: myAlaska V3
- Experienced-based rate-setting and rate-setting alignment with budget process

# INSURANCE AND INJURY: RISK MGMT.

## AUTHORIZED VS ACTUAL FY 03-12



# OPERATING INCREMENTS

## *Maintenance of Services*

- ALMR: Restore one-time increment, \$1.5 million UGF
- ALMR: maintenance costs and receipt authority, \$1.6 million (\$600.0 UGF, \$500.0 I/A, \$500 statutory designated program receipts)
- DOA: “Core Services” Increases, \$725.4 UGF
- General Services: Interagency Receipts, \$663.6 total other (\$465.9 I/A receipts and \$197.7 PBF)
  - Lease Costs, \$100.0 I/A
  - Lease Administration, \$265.9 I/A
  - Facilities operation and maintenance costs, \$100.0 I/A
  - Facilities administration, funding for two new PFT positions, \$197.7 PBF

# OPERATING INCREMENTS

## ***New Programs/Program Expansion***

- Risk Management: Rising medical and legal costs of insurance premiums, \$4,224.2 (I/A)
- Health Plans Administration: Third party administrator contract increase for new health contract, \$1.5 million (Group Health and Life Benefits Fund)
- Enterprise Technology Services:
  - Additional receipt authority to accurately charge user agencies for legacy systems, \$1.2 million (ISF)
  - Decrement to eliminate uncollectable federal receipt authority, \$1.7 million (federal receipts)
- Retirement & Benefits: consolidation and automation of division processes: \$875.0 (various)
- AOGCC: increased overtime for petroleum inspectors, \$125.0 (AOGCC receipts)

# OTHER ISSUES

- Continuation of partial HR decentralization from the Division of Personnel: transfer 43 PFT positions back to agencies for recruitment and management services
- Legal & Advocacy Appropriation
  - No anticipated supplemental
  - Potential increment in Governor's Amended
- Bargaining Unit Negotiations
  - General Government Unit (ASEA)
  - Supervisory Unit (APEA)
  - Confidential Employees Association (APEA)

# CAPITAL REQUESTS

- **APBC: Alaska Rural Communications System: Digital Conversion, \$5,300,000 UGF**
- **DGS: Douglas Island Building, \$9,600,000 UGF (year 2 of 2)**
- **DGS: Repair Juneau State Office Building Parking Garage, \$2,000,000 UGF (phase 2 of 3)**
- **DGS: Nome State Office Building, \$3,252,170 UGF**
- **DGS: Alaska Geologic Materials Center Replacement Facility, \$15,000,000 UGF (phase 2 of 4)**
- **DGS: ADA Improvements, \$192,300 UGF**
- **DGS: Capital Asset Management System: \$2,000,000 UGF**
- **DGS: Deferred maintenance: \$7,017.0 UGF plus \$3,000,000 PBF**
- **DRB: Combined Retirement System Upgrade, \$350,000 UGF (phase 4 of 5)**
- **DRB: Document Management System, \$135,000 UGF (year 4 of 4)**
- **DRB: Retirement and Benefits Policy Automation, \$880,000 UGF**
- **DRB: Retirement and Benefits Identity and Security Governance, \$749,400 UGF**
- **ETS: Virtual Tape Systems Replacement, \$500,000 UGF**



**Thank you!**

Visit **[www.DOA.alaska.gov](http://www.DOA.alaska.gov)**

for more information about our department.

**Questions?**



THE STATE  
of **ALASKA**  
GOVERNOR SEAN PARNELL

**Department of Administration**

BECKY HULTBERG, COMMISSIONER

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February 6, 2013

The Honorable Alan Austerman, Co-Chair  
House Finance Standing Committee  
Alaska State Capitol, Room 505  
Juneau, AK 99801

The Honorable Bill Stoltze, Co-Chair  
House Finance Standing Committee  
Alaska State Capitol, Room 515  
Juneau, AK 99801

Dear Representatives Austerman and Stoltze:

Thank you for the opportunity to meet on January 29, 2013 to present an overview of the Department of Administration's budget. The following is a question raised during the meeting and the response to that question:

**Q1:** As we see oil prices continue to rise, especially in the Fairbanks area, have you considered going to something like pellets in some of the buildings where we know the savings could be up to 30%? (Rep. Wilson)

**A1:** The Department of Administration (DOA) has commissioned a study of wood heat conversion for certain buildings it manages in Southeast Alaska. DOA is still reviewing the analysis, but can share that it included mention of the Fairbanks area. The Analysis indicated that Fairbanks is a designated nonattainment area for ultrafine particulates, and pellets result in the release of five to ten times more ultrafine particulates than fuel oil, therefore pellets are not an option.

The only building managed by DOA in Fairbanks is the Fairbanks Regional Office Building which is heated by the City of Fairbanks steam system and there is no maintenance associated with heat production equipment or fuel supply for that facility.

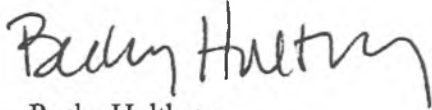
The Honorable Alan Austerman and Bill Stoltze

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February 6, 2013

I hope that all questions have been answered to your satisfaction. Please feel free to contact me if there are any additional items needing clarification.

Sincerely,

A handwritten signature in black ink that reads "Becky Hultberg". The signature is written in a cursive, flowing style.

Becky Hultberg

Commissioner

cc: House Finance Standing Committee members