

Leg. Finance - House & Senate Finance Comte Files (1975-76) 388

HB 252 cont., HB 252

STATE OF ALASKA  
 Dept. of Administration  
 Budget & Management Div.

REVISED PROGRAM  
 COST ANALYSIS SUMMARY  
 by BUDGET COMPONENT

AGENCY	CATEGORY	code	General Government
Administration	PROGRAM		Serve to State Agency
DIVISION	SUB PROGRAM		General Services
General Services & Spl	ELEMENT		Purchasing
	SUB-ELEMENT		

CODE	EXPENDITURE BY OBJECT	PRESENT AUTHORIZATION	REVISION INCREASE, (DECREASE)	AMENDED AUTHORIZATION
100	PERSONAL SERVICES	475.7	5.6	481.3
200	TRAVEL	3.5	---	3.5
300	CONTRACTUAL SERVICES	57.5	---	57.5
400	COMMODITIES	7.0	---	7.0
500	EQUIPMENT	5.0	---	5.0
600	LANDS, BUILDINGS, NON-STRUCTURAL IMPROVEMENTS			
700	GRANTS, CLAIMS, SHARED REVENUE			
800	MISCELLANEOUS			
	INTER AGENCY TRANSFERS (INCLUDED ABOVE)			
NEW CODE	TOTAL	548.7	5.6	554.3
	FEDERAL RECEIPTS			
	REQUIRED GENERAL FUND MATCHING			
	OTHER GENERAL FUND	548.7	5.6	554.3
	INTER AGENCY TRANSFERS			
	OTHER			
	TOTAL			
	PERMANENT FULL TIME POSITIONS	28	---	28
	PERMANENT PART-TIME POSITIONS			
	TEMPORARY (IF FULL-TIME EQUIVALENTS)			
	NUMBER OF MAN MONTHS	336		336

(CURRENT FY)



	FY 75	FY	FY	FY	FY	FY
EXPENDITURES - TOTAL						
SOURCE OF FUNDS						
FEDERAL						
REQ. G.F. MATCH						
OTHER G. F.	554.3					
OTHER (SPECIFY)						

STATE OF ALASKA  
 Dept. of Administration  
 Budget & Management Div.

REVISED PROGRAM  
 COST ANALYSIS SUMMARY  
 by BUDGET COMPONENT

AGENCY	CATEGORY	code	General Government
Administration	PROGRAM		Serve to St. Agencies
DIVISION	SUB-PROGRAM		General Services
General Services & Sply	ELEMENT		Archives
	SUB-ELEMENT		

CODE	EXPENDITURE BY OBJECT	PRESENT AUTHORIZATION	REVISION INCREASE (DECREASE)	AMENDED AUTHORIZATION
100	PERSONAL SERVICES	161.4	---	161.4
200	TRAVEL	2.4	---	2.4
300	CONTRACTUAL SERVICES	78.1	28.8	106.9
400	COMMODITIES	6.7	---	6.7
500	EQUIPMENT	7.6	---	7.6
600	LANDS, BUILDINGS, NON-STRUCTURAL IMPROVEMENTS			
700	GRANTS, CLAIMS, SHARED REVENUE			
800	MISCELLANEOUS			
	INTER-AGENCY TRANSFERS (INCLUDED ABOVE)	50.9		
	<b>TOTAL</b>	<b>256.2</b>	<b>28.8</b>	<b>285.0</b>
NEW CODE	FEDERAL RECEIPTS			
	REQUIRED GENERAL FUND MATCHING			
	OTHER GENERAL FUND	256.2	28.8	285.0
	INTER-AGENCY TRANSFERS			
	OTHER:			
	<b>TOTAL</b>			
	PERMANENT FULL-TIME POSITIONS	12	0	12
	PERMANENT PART-TIME POSITIONS			
	TEMPORARY (FULL-TIME EQUIVALENTS)			
	NUMBER OF MAN MONTHS	144		144

(CURRENT FY)

	FY 75	FY ____	FY ____	FY ____	FY ____	FY ____
EXPENDITURES - TOTAL						
SOURCE OF FUNDS						
FEDERAL						
REQ. G.F. MATCH						
OTHER G. F.	284.8					
OTHER (SPECIFY)						

# MEMORANDUM

State of Alaska

TO: Kent Dawson, Director  
Division of Budget and Management

DATE: December 12, 1974

FILE NO:

TELEPHONE NO: 465-2277

FROM: Kellus N. Sewell <sup>H.S.</sup>  
Administrative Officer  
Administrative Services  
Department of Administration

SUBJECT: Pioneers' Home FY 75 Supplemental

The attached revised program requests a supplemental appropriation of 239.0 to offset federal funds anticipated by H&SS which did not materialize. The attached letters of 15 November from Harris to Smith and Commissioner McGinnis to Commissioner Freer of 19 November further explain the necessity to request a supplemental.

KNS/mjc  
Attachment

TO: Eugene Smith, Comptroller  
Division of Administrative Services

DATE November 15, 1974

FROM: Stanley P. Harris, Director *CH*  
Division of Family and Children Svcs.

SUBJECT: Revised Program  
Alaska Pioneers' Homes

The enclosed revised program request for The Alaska Pioneers' Homes reflects a decrease in federal financial participation in the FY 75 budget authorization. The total reduction is 239.0. This amount was originally predicated on the fact that new social service positions, such as Recreational Therapists and Occupational Therapists, were unquestionably considered reimbursable at 75% FED. Included in the original FY 75 Budget Authorization was a minimal allowance for 75% reimbursable social services based on a time study and contributed by other non-social services positions

However, the above positions are now being questioned by DHEW, SRS, Region X. While we do not agree and will continue to support the Pioneers' Homes as being comprehensive Social Service Programs, it does seem advisable to reduce the estimated federal financial participation for FY 75 until such time as the Pioneers' Homes status is settled. To continue to support the Department's position the enclosed request indicates an increase in Inter-Agency transfers in the same amount of 239.0.

These funds are necessary to fulfill the FY 75 obligation to permanent full-time employees and to continue to support the states position regarding the Alaska Pioneers' Homes.

GLS:ksm

STATE  
of ALASKA

**MEMORANDUM  
RECEIVED**

NOV 21 1974

BUDGET & MANAGEMENT



TO:  The Honorable Richard Freer  
Commissioner of Administration

*F.M.C.S.*  
DATE :

November 19, 1974

FROM: Frederick McGinnis, Commissioner  
Department of Health and Social Services

SUBJECT: Alaska Pioneers' Homes -  
FY 75 Supplemental Requirements

I have been advised by the Division of Family and Children Services that, due to the most recent correspondence received from the Department of Health, Education, and Welfare, SRS, Region X, that the Alaska Pioneers' Homes may be confronted with an unanticipated federal financial participation short-fall in the current fiscal year (FY 75).

The FY 75 Budget Authorization for the Homes projected a federal financial participation at 297.4. While this was considered a most reasonable and, in fact, a minimal claim in the preparation of the FY 75 Budget Request, the enclosed memorandum from Region X indicates that even Recreational and Occupational Therapists will not be considered as reimbursable at 75%.

While we do not agree with their considerations, it does seem advisable to reduce the estimated federal financial participation for FY 75 until such time as the Pioneers' Homes issue is resolved.

The Alaska Pioneers' Homes staff in the Division of Family and Children Services has provided the FY 75 Supplemental Budget forms which reflect the anticipated General Funds necessary to fulfill the FY 75 obligations to present full-time employees in the Homes. Also, to continue to support the State's position regarding the Alaska Pioneers' Homes, this approach

Draft Memorandum  
Commissioner Freer

-2-

November 19, 1974

appears advisable.

Because these requirements are actually General Fund monies, it seems appropriate for the Department of Administration to submit the actual supplemental request.

## ALASKA ADULT COMMUNITY SERVICES CENTER

The Pioneer Homes of Alaska are in an advantageous position to offer multiple services in meeting social services needs for many adults in the State. We believe it is feasible to look at how the Pioneer Homes could be developed into comprehensive community social services centers.

Because of Alaska's geographical size, climatic conditions, attendant transportation problems, and very high costs in delivery of social services, the Pioneer Homes offer the potential of providing comprehensive social services at central locations and at reduced cost. For purposes of example, we believe the Home in Sitka provides a setting where such services could be developed and expanded. Equally, the Sitka Pioneer Home has begun an initial phase in this direction in the collaborative effort with the Nutrition Program under Title VII of the Older Americans Act. The Sitka facility is quite close to the community and has very pleasant grounds where adults could have outdoor recreation, weather permitting. Many older persons still have negative feelings about "welfare" but do need social services. Conceivably, some adults could avail themselves of homemaker or chore services if these were offered to the open community from the Sitka Home. A sliding fee schedule could be developed for those who could pay for any services provided.

Day care for older individuals is certainly worth considering if there is a need and space available. Many times the offering of day care on a regular or part time basis provides an opportunity for adults to be less isolated, reduces the need for institutional care, and permits the family to be more secure through the knowledge a relative is well cared for during the day.

Volunteer services, such as transportation and visitors located in the Sitka Pioneer Home, might serve both guests and other adults in the community. These volunteer services could include home delivered meals to adults since the Sitka facility is cooperating in providing meals for a Senior Center. Special services for the blind could be a part of volunteer services and transportation.

Protective services for adults is most valuable in helping the individuals in need or his family avoid hazardous situations

and protection from neglect.

Other social services which may be worth considering in a comprehensive adult services center may be consumer protection, money management, and group counseling.

We have discussed the potential of a co-operative effort between Aging Services and Social service resources. The Regional Office staff of AoA believes this is definitely worth exploring and is willing to work with your staff, and their Office on Aging in Juneau toward such a mutual objective.

Our CSA Program staff wishes to provide assistance to your office in further exploration of the development of a comprehensive adult services center.

cc:  
Pioneer file  
Gilbert Purschwitz

# 7 Analysis of Governor's Decisions

ITEM	AMOUNT	FUNDING SOURCE	EXPLANATION
FY 75 Supplemental Request Department of Administration Pioneers Homes			
Shortfall of federal funds	239.0	GF	Request recommended
Anchorage Home manager	20.8	GF	Request denied. The Anchorage Home will not open in FY 76 as planned.

BRU FY 75 Supplemental - Pioneers Home BRU CODE \_\_\_\_\_ REVISED \_\_\_\_\_



# MEMORANDUM

## State of Alaska

TO: V. Kent Dawson, Director  
Division of Budget and Management

DATE: November 8, 1974

FILE NO:

TELEPHONE NO:

FROM: Kellus N. Sewell *KNS*  
Administrative Officer  
Administrative Services  
Department of Administration

SUBJECT: Supplemental Appropriation -  
Longevity Bonus

Please note the attached letter from Robert Gates and the revised program requesting a supplemental appropriation to the Longevity Bonus program for \$420.0. This request is necessary to meet payments to old timers who exceed the number of recipients anticipated in the 1975 appropriation.

KNS/mjc  
CC: Robert S. Gates  
Attachments

STATE  
of ALASKA

# MEMORANDUM

TO: [ Kellus N. Sewell  
Administrative Officer  
Administrative Services  
Department of Administration

DATE : February 20, 1975

FROM: *HLM*  
Henry L. Masters, Deputy Director  
Division of Finance  
Department of Administration

SUBJECT: FY-75 Revised Program, Detail

Attached is the detail backup for Finances's FY-75 revised program.

cc: W. C. Mullin

FY-75 Revised Program  
Administration, Finance  
09-95-01

1/2/75

The following is a detail analysis of projected deficits preceded by a brief statement of reasons for the deficit.

Travel

Funding needed for accounting seminars in Anchorage.

12/26/74 Balance		\$1,989
Travel to Payroll/Personnel Seminar	\$ 896	
Acctg. Seminars in Anchorage	3,034	
Travel to Anchorage for FY End	518	<u>4,448</u>
<u>Projected Deficit</u>		<u>(\$2,459)</u>

CONTRACTUAL SERVICES

Funding needed to meet cost of acquiring additional payroll warrants required to pay 2,000 tri-trades employees twice a month rather than once a month.

To acquire additional forms needed to meet increased volumes of payroll input.

To meet inflated costs of purchasing warrants, pre-printed forms such as warrant registers, personnel actions and other documents.

To meet inflated costs of materials needed by Central Duplicating for producing annual reports, administrative manuals and other manuals, directories and forms for the Division of Finance

12/26/74 Balance		\$318,879
Less System Installation		<u>-310,500</u>
Sub-Total		\$ 8,379
General Warrants on Order	\$3,680	
Payroll Warrants on Order	5,160	
Imprest Cash Checks on Order	300	
New Field Warrants with \$500 limit	1,700	
Pre-printed Warrant Register forms	5,300	
Personnel Action Forms	3,500	
Xerox rental & meter charges	2,550	
Mag Card equipment rental	1,664	
Typewriter rental	190	
Telephone Centrex, Unit & Toll Charges:		
Pre-Audit	1,280	
Payroll	2,790	
Acctg. Svcs. & Dir. Off.	2,020	
Equipment Repair (Calc., Typewriters, etc.)	420	
Sub-Total		<u>30,554</u>
		(\$ 22,175)
<u>Central Duplicating Charges:</u>		
Statewide Vendor Directories (2 printings)	\$ 800	
New Forms Section for Admin. Manual	800	
Payroll input forms & Batch Headers:		
Master copies & setup	27	
20# Bond-42,000 @ .01/sheet	420	
White Card Stock-100,000 @ .011/sheet	110	
Color Card Stock-45,000 @ .014/sheet	630	
Miscellaneous Administrative Manual revisions, etc.	1,000	
Monthly Financial Reports	450	
		<u>4,237</u>
<u>Projected Deficit</u>		<u>(\$ 26,412)</u>

1/2/75

COMMODITIES

To meet inflated costs for general office consumables and Xerox supplies, also to obtain hanging file folders needed to more efficiently handle payroll documents in process.

12/26/74 Balance		\$2,227
Publications (Payroll Mgmt. Guide, Acct. Articles, etc.)	\$ 100	
Training Materials	100	
General Office Consumable & Minor Supplies	1,600	
Xerox supplies (kits & paper)	350	
Typewriter ribbons	150	
Hanging file folders for payroll	35	
New Employee File Folders for Payroll	300	
CRT Printer Paper	30	\$2,665
<u>Projected Deficit</u>		<u>(\$ 438)</u>

EQUIPMENT

Equipment for positions established to relieve impact of collective bargaining.

File cabinets to get employee files out of cardboard boxes and into secure accessible storage.

Accessible files for more efficient handling of payroll documents in process.

12/26/74 Balance		\$1,590
<u>Equipment received in December.</u>		
Desks, chairs, file cabinets & utility tables	\$1,799	
<u>Equipment On Order</u>		
2 Folding Tables	167	
2 Accessable Files	313	2,279
<u>Equipment needed to get employee payroll records out of cardboard boxes and into secure storage.</u>		
6 letter size file cabinets	852	
2 accessable files	313	\$1,165
<u>Projected Deficit</u>		<u>(\$1,854)</u>

## MEMORANDUM

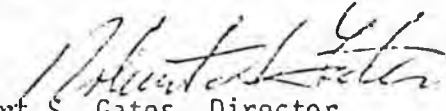
State of Alaska

TO: Kellus N. Sewell  
 Administrative Officer  
 Department of Administration

DATE: October 31, 1974

FILE NO:

TELEPHONE NO: 465-4460

FROM:   
 Robert S. Gates, Director  
 Division of Retirement & Benefits  
 Department of Administration

SUBJECT: Supplemental Appropriation  
 Request for Longevity Bonus  
 Program for FY 75

After reviewing the bonus payments made to date during the current fiscal year it becomes quite obvious that additional "grant" money will be needed to make payments for the remainder of the year. The legislature appropriated a total of \$6,000,000.00 in grants for FY 75 and based on our projections of the growth of this program we will need an additional \$420,000.00.

Our records indicate the following number of warrants were issued during the current fiscal year:

<u>Month</u>	<u>No. of Warrants Issued</u>
July	5,250
August	5,240
September	5,239
October	5,237
November	<u>5,294</u>
Total	26,260
Average Monthly	5,252

You will note that the number of warrants issued remained relatively constant during the first four months of this year, however, there was a significant increase in November. We received 75 new applications during the month of October. As previously discussed the costs related to this program continue to be extremely difficult to predict. The average number of warrants issued monthly for FY 74 was 4,955 and the average number for the first five months for this year is 5,252 so there is no question that there is a definite trend upward in the number of recipients. Based on the best information we now have I would estimate that the average number of persons receiving benefits during the current fiscal year will be approximately 5,350. Based on this estimate we will need an additional \$420,000.00.

If you need any additional information I would appreciate hearing from you.

RSG/jch

7 Analysis of Governor's Decisions

ITEM	AMOUNT	FUNDING SOURCE	EXPLANATION
FY 75 Supplemental Request Longevity Bonus	420.0	GF	Request recommended

BRU FY 76 Supplemental - Longevity Bonus BRU CODE \_\_\_\_\_ REVISED \_\_\_\_\_



HB 252

March 3, 1975

The Honorable Mike Bradner  
Speaker of the House  
Alaska State Legislature  
Juneau, Alaska 99811

Dear Mr. Speaker:

In accordance with AS 24.30.060(b) and the Uniform Rules of the Legislature, I am transmitting a bill making a supplemental appropriation to the Department of Administration for \$719,100, which will be allocated as follows:

\$420,000 to the Alaska Longevity Bonus Program to fund the increase in the number of eligible applicants for the bonus which has exceeded the estimates used in the Fiscal Year 1975 budget;

\$239,000 to the Alaska Pioneers' Homes, which is requested because the federal government has indicated that the homes are not eligible for the federal receipts originally appropriated for Fiscal Year 1975;

\$31,300 to the Division of Finance to meet a projected shortfall resulting from meeting requirements stemming from collective bargaining agreements and substantial increases in paper costs; and

\$28,800 to Archives and Records for contractual services, the funds for which were depleted due to additional unforeseeable new form requirements and increased paper costs.

Sincerely,

Jay S. Hammond  
Governor

# STATE OF ALASKA

## DEPARTMENT OF ADMINISTRATION

DIVISION OF BUDGET & MANAGEMENT

POUCH C — JUNEAU 99801

JAY S. HAMMOND, Governor

HB 252  
ALL

March 11, 1975

The Honorable Hugh Malone  
Chairman  
House Finance Committee  
Alaska State Legislature  
Pouch V  
Juneau, Alaska 99811

Dear Representative Malone:

We hereby request your committee's consideration of an adjustment to HB 252, a supplemental appropriation to the Department of Administration. Our requested amendment would increase the total appropriation from \$719,100 to \$919,100 and would increase the amount allocated for the Division of Finance from \$31,300 to \$231,300. All funds involved are from the General Fund.

As you know, the 1974 Legislature appropriated \$475,000 for contractual services to the Department of Administration for the development of a new sophisticated payroll system capable of absorbing the numerous alterations to the payroll system brought on by collective bargaining agreements. The \$400,000 is not enough.

Based on cost estimates for "outside services" by the staff of Arthur Young and Company, we have taken a figure half-way between their "best case" and "worst case" to arrive at what we consider a realistic amount. Additional information is attached for your in-depth review.

We ask also that consideration be given to making the \$200,000 a non-lapsing appropriation at the end of Fiscal Year 1975 as a portion of the work necessary will not be completed during Fiscal Year 1975.

Sincerely,



Andrew S. Warwick  
Chairman  
Governor's Budget Review Committee

Attachment:

cc: The Honorable Mike Bradner  
Speaker of the House  
of Representatives

ASW/VKD/bc

STATE  
of ALASKA

## MEMORANDUM

TO: Kellus N. Sewell  
Administrative Officer  
Department of Administration

DATE : March 5, 1975

FROM: William C. Mullin, Director *WCM*  
Division of Finance  
Department of AdministrationSUBJECT: New Employee Information System  
(NEIS)

The 1974 Legislature appropriated \$400,000 to the Department of Administration for a new payroll (employee information) system.

In September a contract was entered into with Arthur Young & Company to determine if a suitable package payroll system was available from a commercial vendor, to prepare a conceptual design for the new system and to prepare an implementation plan detailing the costs, methods and resources required.

Arthur Young & Company has tentatively recommended the payroll package offered by TRES Computer Systems Inc. of Dallas, Texas. The recommendation of TRES is tentative pending a detailed review of that package on a program-by-program basis. This review will not be completed until the end of April.

If the TRES package is acceptable:

1. We will have a new payroll system in operation on January 1, 1976.
2. We will pay an estimated \$384,200 to \$418,600 for outside services in addition to \$143,000 paid to date to Arthur Young & Company.

If the TRES package is not acceptable:

1. We will not have a new payroll system until July 1, 1976.
2. We will pay an estimated \$476,900 to \$548,400 for outside services.

The above estimates were prepared by staff of Arthur Young & Company. The way they were developed is shown in the check-up with their letter of February 19. A copy of the letter is attached.

The amounts are estimates. Actual costs will not be known until contracts are negotiated for each ensuing segment of the project. In any event it is obvious that additional money is needed.

On the attached schedule we show an estimated remaining project cost for outside services of \$457,000. This is about half-way between the high for the "best case" and the low for the "worst case". Adding cost incurred to date of \$143,000 and subtracting the 1974 appropriation of \$400,000 leaves a balance needed of \$200,000.

Please request an additional appropriation of \$200,000 to augment the \$400,000 appropriated by the 1974 Legislature for a new payroll system.

cc: Michael Parisi, Director  
Division of Data Processing  
Department of Administration

Wayne E. Weeks  
Program Budget Analyst  
Division of Budget & Management  
Department of Administration

New Employee Information System  
 Estimated Costs For Outside Vendors  
March 1975 to January 1976

	<u>Best Low</u>	<u>Case High</u>	<u>Worst Low</u>	<u>Case High</u>
Arthur Young & Co.	\$270,800	\$297,900	\$476,900	\$548,400
TRES Comupter Systems	113,400	120,700		
Total	\$384,200	\$418,600	\$476,900	\$548,400
 Estimated Cost			\$457,000	
Costs Incurred to Date			<u>143,000</u>	
Total Costs			\$600,000	
Less 1974 Appropriation			<u>400,000</u>	
Balance Requested in 1975			\$200,000	

HB 252

March 3, 1975

The Honorable Mike Bradner  
Speaker of the House  
Alaska State Legislature  
Juneau, Alaska 99811

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\$420,000 to the Alaska Longevity Bonus Program to fund the increase in the number of eligible applicants for the bonus which has exceeded the estimates used in the Fiscal Year 1975 budget;

\$239,000 to the Alaska Pioneers' Homes, which is requested because the federal government has indicated that the homes are not eligible for the federal receipts originally appropriated for Fiscal Year 1975;

\$31,300 to the Division of Finance to meet a projected shortfall resulting from meeting requirements stemming from collective bargaining agreements and substantial increases in paper costs; and

\$28,000 to Archives and Records for contractual services, the funds for which were depleted due to additional unforeseeable new form requirements and increased paper costs.

Sincerely,

Jay S. Hammond  
Governor

HB 252

March 3, 1975

The Honorable Mike Bradner  
Speaker of the House  
Alaska State Legislature  
Juneau, Alaska 99811

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Sincerely,

Jay S. Hammond  
Governor

## STATE OF ALASKA

JAY S. HAMMOND, Governor

## DEPARTMENT OF ADMINISTRATION

OFFICE OF THE COMMISSIONER

POUCH C-JUNEAU ~~9901~~ 99811

March 27, 1975

Honorable Hugh Malone  
Chairman, House Finance Committee  
Alaska State Legislature  
State Capitol - Pouch V  
Juneau, Alaska 99811

RE: Request for more specific information regarding FY 75  
Department of Administration supplemental

Dear Representative Malone:

In response to your recent request my staff has prepared the following information. Should you desire further clarification or additional information, please do not hesitate to call.

Longevity Bonus. The monthly longevity bonus payments through February were as follows: July, \$511,500, August, \$520,500, September, \$522,100, October, \$519,900, November, \$524,900, December, \$509,400, January, \$521,100, and February, \$515,700, for a total of \$4,145,100. The balance as of the end of February was \$1,841,100.

Pioneers' Homes. The current unencumbered balance as of February is \$1,274,000. The original appropriation was based upon the receipt of \$297,400 in federal funds. As noted in the attached letter from Vernon Perry, only \$58,400 is expected, leaving \$239,000 as the requested supplemental appropriation to continue full operation at the Home. In fact, the Director of the Homes indicates that a reduction of \$239,000 would require (1) curtailment of all new admissions, and (2) closing at least one guest wing in each Home and laying off related permanent State employees. In response to your last question, the following is a breakdown of monthly expenditures incurred through February: July, \$101,429, August, \$263,719, September, \$251,708, October, \$257,226, November, \$361,001, December, \$301,038, January, \$309,520, and February, \$283,192, for a total of \$2,129,833.


Archives and Records. To date, \$44,304 have been expended for State-wide forms during FY 75. This is \$4,100 over the appropriation of \$40,200 appropriated for this purpose. A survey of other agencies indicates an additional \$17,400 is needed for State applications, envelopes, purchase requisitions, travel request books and other miscellaneous forms. Presently, there exists an unencumbered deficit balance of \$2,219 as of the end of February (adjusted for outstanding purchase requisitions for State-

Honorable Hugh Malone  
Chairman, House Finance Committee  
Page 2

3/27/75

wide forms). The \$300 per month estimate was based on the average monthly expenditures for general office supplies such as microfilm cartridges, paper, pencils, ribbons, etc.; equipment repairs and parts; and transportation and delivery charges for forms and equipment. The deficit balance means that State-wide form purchases are being made by using "currently" available money in other line-items earmarked for upcoming obligations which will soon become due. There are no funds available in contractual services to pay ongoing costs for the telephone, contract equipment purchases, xerox rental, vehicle rental from Highways, labor for shelving installation or costs relating to the move to the new facility. Obviously, if money is not appropriated soon significant sacrifices will have to be made by the Department of Administration as well as in other agencies. In fact, some agencies are already xeroxing State applications at about five times the cost of Central Purchasing through Archives. Also, insufficient funds have resulted in higher agency costs due to "crash" purchases and limited the number of forms which can be purchased meaning significant savings through quantity discounts will not materialize.

Sincerely,



Andrew S. Warwick  
Commissioner

ASW/mjc

March 21, 1975

The Honorable Andrew Warwick  
Commissioner  
Department of Administration  
Pouch C  
Juneau, Alaska 99811

Dear Mr. Warwick:

We have studied your letter of March 11 seeking to add \$200,000 to your revised supplemental request (HB 252). We must ask that you submit this in a separate supplemental and that you explain, specifically but briefly, what Arthur Young and Company are doing for the Division of Finance, why the costs are higher than original estimates, and whether yet another supplemental can be expected next Session.

I hope this finds you feeling better.

Sincerely,

Hugh Malone  
Chairman  
House Finance Committee

HM:kfs

# STATE OF ALASKA

## DEPARTMENT OF ADMINISTRATION

OFFICE OF THE COMMISSIONER

POUCH C-JUNEAU 99801

JAY S. HAMMOND, Governor

OFFICE OF THE COMMISSIONER

March 21, 1975

The Honorable Hugh Malone  
Chairman, House Finance Committee  
State Capital  
Juneau, Alaska 99811

Dear Mr. Malone:

This is in reply to your request of March 21 for additional information on the new payroll system and the revised supplemental request for an additional \$200,000.

The present payroll system (Employee Information System) is not adequate to meet the needs of the state. The need for a new system was recognized after contracts were negotiated with employees of the various bargaining units a year ago.

The orientation of the present system is for classified and partially exempt employees. Prior to collective bargaining practically all of these employees were paid monthly. They were treated very much the same with regard to retirement, leave accrual, fringe benefits, rates of pay, etcetra. With the advent of collective bargaining, however, each group has been moving in slightly different directions.

As an example, many of our employees are now paid twice a month instead of once a month. Some employee units are entitled to personal leave instead of annual leave. In addition, numerous hourly rate employees may now be members of employee unions, are eligible for health insurance, may buy savings bonds, may have a deduction for union dues, and may do many other things that in the past were restricted to monthly rate employees.

We must have a new payroll system that is oriented toward bargaining units rather than toward the service (exempt service, partially exempt service or classified service) to which the employee has been assigned. The new system must also be more timely than our existing system. Currently 45% of our employees are being paid on the basis of hourly rates. A year ago only a little over 30% of our employees were paid on the basis of hourly rates. This means that many more employees must have their hours vouchered into the system than was true a year ago. Then too, a year ago we were not faced with the problems of penalty pay. These problems can be resolved by the use of tele-processing techniques to get information into the system. We do not have this ability at the present time.

The new system that is being designed by Arthur Young & Company will:

1. Be oriented toward bargaining units,
2. Be more flexible than the existing system,
3. Be more timely.

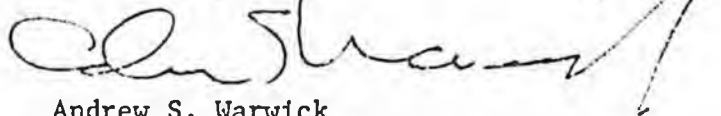
The original estimate of \$400,000 was the lowest amount that we considered reasonable. It was based on an ideal situation and in fact there was very little support for it. However, if the state had been able to buy a packaged payroll system such as MSA or Wang the \$400,000 estimate may have been enough.

In the initial work done by Arthur Young & Company it was determined that there is no commercially packaged payroll system that will meet the state's needs. The two states that have bought these kinds of systems plan to discard them.

Arthur Young & Company did identify the TRES computer systems framework as a suitable one to be acquired and the state has tentively selected the TRES system. However, TRES is not a typical payroll package. It is instead a framework that can be used to apply the building block approach for a total system. If the TRES framework is acceptable the amount requested will be adequate. If it is not we will have to have tailor-made Employee Information System and it will then be necessary to ask for another supplemental appropriation at the next session of the Legislature. If the state is compelled to go the tailor-made route the next supplemental may be in the \$200,000 range also.

Attached is a letter from Arthur Young & Company dated February 19, 1975 outlining the additional costs necessary to complete the installation of a new system.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "Andrew S. Warwick". The signature is written in dark ink and is positioned above the typed name and title.

Andrew S. Warwick  
Commissioner of Administration

ARTHUR YOUNG & COMPANY

730 T STREET  
ANCHORAGE, ALASKA 99501

February 19, 1975

Mr. William C. Mullin  
Director, Division of Finance  
Department of Administration  
State of Alaska  
Pouch C  
Juneau, Alaska 99801

Dear Mr. Mullin:

The attached estimates are submitted in response to the NEIS Policy Committee request of January 23, 1975. These estimates were developed to assist the State of Alaska in developing the Department of Administration's 1975-1976 fiscal budget. These estimates are the major cost components for the detail design and implementation of the New Employee Information System as defined in the conceptual design report. The estimates should not be construed as a contractual commitment of Arthur Young & Company or any other firm to provide services to the State of Alaska.

Due to the diversity of assumptions used in obtaining these estimates, the cost estimates for outside services range from a low of \$384,278 to a high of \$548,423. Since the assumptions used are subjective and were purposely selected to provide the best and worst situations, we suggest that this document be used for internal purposes only.

We are hopeful this will provide the basic estimates needed to proceed with your budget planning. Should you have any questions or comments with respect to these estimates, please contact Mr. Larry Crawford in our Anchorage office (907-279-0422). We look forward to assisting you during the next phases of the NEIS project.

Yours very truly,

RECEIVED

FEB 20 1975

DEPT. OF ADAL

*Arthur Young & Company*

## I. INTRODUCTION

The State of Alaska budgetary process requires cost estimates for activities in the subsequent fiscal year during the legislative session preceding that fiscal year. The New Employee Information System (NEIS) project currently in progress will require significant expenditures during fiscal year 1975-1976. While the project has not reached a point where definitive costing can be accomplished, a rough estimate has been derived for budgetary purposes. A specific project budget will be established in Phase II of the project which is scheduled for completion the latter part of March. These estimates are the major cost components for the detail design and implementation of the New Employee Information System as defined in the conceptual design report.

In deriving a cost estimate for NEIS Phase III, two separate sets of factors were utilized. The first set of factors were estimates of the level of effort by functional skill required to develop the system as described in the conceptual design. These estimates are based on the project team's knowledge of the NEIS requirements and on our prior experience with projects of comparable scope and nature. The second set of factors are a variety of assumptions which can substantially influence the schedule and cost of the project. The combination of these factors provides a reasonable range of cost estimates to be used for budgetary purposes.

Due to several undefined areas which are to be resolved in Phase II of the project, precise cost estimates are difficult if not impossible to develop at the moment. To be responsive during the budgetary development cycle, this estimate has been developed. Significant variations may be realized in the refinement of this estimate and in any event the cost breakdowns included herein should not be deemed adequate for project management.

II. SCOPE OF PROJECT

A. WORST CASE

The estimated manpower requirements are indicated below by functional skill. This following table assumes that the system conceptual design will be implemented without the utilization of any package.

<u>Function</u>	<u>Man-Months</u>	<u>Total</u>
User Representative		
Finance Division	3	
Personnel Division	3	6
Systems Analyst		
Detail Design	24	
System Documentation	7	
Procedure Manual Preparation	7	
Conversion Planning/Assistance	4	
User Training	6	
System Testing	3	51
Programmer		
Coding	36	
Testing (Unit and String)	9	
Operational Documentation	8	53
Project Management		8
TOTAL		<u>118</u>

As listed in the table, the manning requirements assume a project team of substantial size. Based on tentative manpower commitments, the specific staffing by State of Alaska personnel would be:

Finance division representative	1
Personnel division representative	1
EDP systems analyst	1
EDP programmers	<u>4</u>
TOTAL	<u>7</u>

The additional staffing requirements would be met by Arthur Young & Company consultants.

In deriving this estimate, several adverse assumptions were used to arrive at a worst case situation.

- Software Package not Utilized

As a part of Phase II of the NEIS project, a detailed analysis of the TRES software package is to be completed. While the initial evaluation was favorable, it is not inconceivable that the package may be deemed unsuitable. Without using a software package, the design and programming tasks will be substantially increased.

- Computer Resource Scarcity

Utilization of the Department of Administration computer in Juneau is currently estimated to be in excess of 85 percent of available time. There is a tentative plan to install a greater capacity computer in September, 1975. If additional computer resources are not available by this date or sooner, a negative impact on the NEIS project schedule and manpower requirements can be expected. Computer time at another facility might be required which would increase costs.

- Design Resolution Difficulties

A majority of the detail design products will be subject to review by various user representatives. If the user representatives are not responsive in approving design products in a timely fashion or require many iterations to reach a final product, the project cost will be increased. The project schedule would have to be extended as well.

- State Manpower not Available

To minimize costs associated with familiarizing personnel with the NEIS project and to insure adherence to schedule, assignment of State of Alaska personnel should be solely at the convenience of the project and should be dedicated assignments. The reverse

situation was assumed for a worst case estimate. To assure an orderly transition to an operational status, these same personnel should have continuing responsibilities for the NEIS.

B. BEST CASE

To provide a lower limit or best case estimate, the above assumptions were negated to provide the manpower estimates shown hereafter. This alternative includes the use of the TRES EIS as the framework for the NEIS.

<u>Function</u>	<u>Man-Months</u>	<u>Total</u>
User Representative		
Finance Division	3	
Personnel Division	3	6
Systems Analyst		
Detail Design	12	
System Documentation	6	
Procedure Manual	6	
Conversion Planning/Assistance	4	
User Training	6	
System Testing	3	37
Programmer		
Coding	18	
Testing (Unit and String)	4	
Operational Documentation	4	26
Project Management		8
TOTAL		<u>77</u>

III. COST ESTIMATES

The man-month estimates were delegated to the respective project team members to derive a range of cost estimates. The following rates were used for state resources:

User representative	\$21 per hour
Systems analyst	\$21 per hour
Programmer	\$15.50 per hour
Computer time	\$100 per hour

Current prevailing billing rates for consultants were used together with gross estimates for out-of-pocket expenses.

Exhibit I is a costing for the worst case estimate. Exhibit II is the most optimistic estimate. These estimates are provided for budget planning purposes and should not be construed as a commitment on the part of the State of Alaska, Arthur Young & Company, or TRES Computer Systems, Inc., to complete any portion of the NEIS project.

NEIS PROJECT COST ESTIMATE  
PHASE III  
WORST CASE

## State Resources

User Representatives	\$ 20,475	-	\$ 23,546
Systems Analyst	40,950	-	47,092
Programmers	124,800	-	143,520
Computer Time	50,000	-	57,500
Data Capture	<u>15,000</u>	-	<u>17,250</u>
	\$251,225		\$288,908

## Arthur Young &amp; Company

Systems Analyst	\$370,000	-	\$425,500
Programmers	24,570	-	28,255
Project Management	<u>82,320</u>	-	<u>94,668</u>
	\$476,890	-	\$548,423

TOTAL	<u>\$728,115</u>	-	<u>\$837,331</u>
-------	------------------	---	------------------

## NEIS PROJECT COST ESTIMATE

## PHASE III

## BEST CASE

## State Resources

User Representatives	\$ 20,475	-	\$ 22,522
Systems Analyst	40,950	-	45,045
Programmers	62,400	-	68,640
Computer Time	25,000	-	27,500
Data Capture	<u>10,000</u>	-	<u>11,000</u>
	\$158,825	-	\$174,707

## Arthur Young &amp; Company

Systems Analyst	\$163,988	-	\$180,387
Programmers	24,570	-	27,027
Project Management	<u>82,320</u>	-	<u>90,552</u>
	\$270,878	-	\$297,966

## TRES

Package Modification	\$ 73,400	-	\$ 80,740
Package Cost	<u>40,000</u>	-	<u>40,000</u>
	\$113,400	-	\$120,740

TOTAL	<u>\$543,103</u>	-	<u>\$593,413</u>
-------	------------------	---	------------------

Went to live use Fin 3/3

10

H/B 252

*NO 252*

# MEMORANDUM

# State of Alaska

TO: Art Peterson  
Department of Law

DATE: Februray 4, 1975

FILE NO:

TELEPHONE NO:

FROM: *Andrew S. Warwick*  
Andrew S. Warwick, Commissioner  
Department of Administration

SUBJECT: Supplemental Appropriation -  
Department of Administration

The attached supplemental appropriation for the Department of Administration for \$719,100 has been approved by the Budget Review Committee. Your original draft should be changed as noted and the final bill and the backup should be sent to the Office of the Governor for introduction.

cc: Fran Ulmer, Legislative Assistant  
Office of the Governor

Attachment:

RECEIVED  
Department of Law  
FEB 13 1975  
AAA  
12:18:00, 10:11:12, 1:2:3, 4, 5, 6 PM

# MEMORANDUM

# State of Alaska

TO V. Kent Dawson, Director  
Division of Budget and Management

DATE January 28, 1975

FILE NO:

TELEPHONE NO:

FROM Kellus N. Sewell *KNS*  
Administrative Officer  
Administrative Services  
Department of Administration

SUBJECT: FY 75 Supplemental for the  
Division of Finance

As noted in the attached memorandum, the Division of Finance requests a supplemental appropriation to continue their program at a maintenance level during FY 75. At the present rate of expenditure, the program would be approximately 30.0 overexpended *23.8* at year-end. The projected shortfall is primarily the result of meeting requirements stemming from collective bargaining agreements and substantial increases in paper costs.

The supplemental is broken down as follows:

Travel	\$ 2.4
Contractual Services	26.5
Commodities	.5
Equipment	1.9
TOTAL	<u>\$31.3</u>

As you know, we have discussed this matter internally for some time and determined the Department could not cover this supplemental without reducing other programs below a maintenance level. Should you require additional information, please do not hesitate to call. The necessary revised program forms are attached.

Another supplemental request for meeting State-wide forms costs will be transmitted soon.

KNS/mjc  
CC: William C. Mullin  
Attachments

STATE OF ALASKA  
 Dept. of Administration  
 Budget & Management Div.

REVISED PROGRAM  
 COST ANALYSIS SUMMARY  
 by BUDGET COMPONENT

Fiscal Year Ending June 30, 1975

AGENCY	CATEGORY	code	
Administration	PROGRAM	09	General Gov't
DIVISION	SUB PROGRAM	95	Sves to State Agenc.
Finance	ELEMENT	01	Accounting
	SUB-ELEMENT		

CODE	EXPENDITURE BY OBJECT	PRESENT AUTHORIZATION	REVISION INCREASE (DECREASE)	AMENDED AUTHORIZATION
100	PERSONAL SERVICES	537,644	0	537,644
200	TRAVEL	3,500	2,400	5,900
300	CONTRACTUAL SERVICES	439,900	26,500	466,400
400	COMMODITIES	6,700	500	7,200
500	EQUIPMENT	5,000	1,900	6,900
600	LANDS, BUILDINGS, NON-STRUCTURAL IMPROVEMENTS			
700	GRANTS, CLAIMS, SHARED REVENUE			
800	MISCELLANEOUS			
	INTER-AGENCY TRANSFERS (INCLUDED ABOVE)	9,500	4,100	13,600
NEW CODE	TOTAL	992,744	31,300	1,024,044
	FEDERAL RECEIPTS			
	REQUIRED GENERAL FUND MATCHING			
	OTHER GENERAL FUND	992,744	31,300	1,024,044
	INTER-AGENCY TRANSFERS			
	OTHER			
	TOTAL	992,744	31,300	1,024,044
	PERMANENT FULL TIME POSITIONS	34		34
	PERMANENT PART-TIME POSITIONS			
	TEMPORARY (FULL TIME EQUIVALENTS)	1.0		1.0
	NUMBER OF MAN MONTHS	420.0		420.0

(CURRENT FY)

	FY 75	FY 76	FY 77	FY 78	FY 79	FY 80
EXPENDITURES - TOTAL	1,024.0	1,022.0	1,052.0	1,080.0	1,125.0	1,160.0
SOURCE OF FUNDS						
FEDERAL						
REQ. G.F. MATCH						
OTHER G. F.	1,024.0	1,022.0	1,052.0	1,080.0	1,125.0	1,160.0
OTHER (SPECIFY)						



## MEMORANDUM

State of Alaska

TO: V. Kent Dawson, Director  
Division of Budget and Management

DATE January 30, 1975

NO.

TELEPHONE NO.

FROM: Deputy Commissioner Richard W. Freeman  
Department of Administration

*KNS*

SUBJECT: General Services and Supply  
Supplemental for Archives and  
Records

Please reference Kellus N. Sewell's memo of January 21 regarding the need and purposes for requesting a supplemental request in Archives and Records. The attached memorandum from Richard Winchell and the enclosed revised program forms explain supplemental requests for the following:

28.8 Archives and Records Contractual Services  
5.6 Purchasing Personal Services *denied*

The supplemental for Archives is approved, however, purchasing personal services will be offset within the General Services and Supply appropriation.

Also, approved is the Division of General Services and Supply request for an increase of 52.6 for increased forms requirements, forms, and paper costs related to the FY 76 budget.

RWF/KNS/mjc

CC: A. M. Saylor  
Richard Winchell  
Andrew S. Warwick  
Kellus Sewell

Attachments

STATE  
of ALASKA

## MEMORANDUM

TC: Kellus Sewell  
Administrative Officer  
Division of Administrative Services  
Department of Administration

DATE : January 30, 1975

FROM:

Richard W. Winchell  
Deputy Director  
Division of General Services & Supply  
Department of Administration

SUBJECT: Supplemental

Pursuant to our previous conversations, attached are the revised program forms required to obtain a supplemental in the amount of \$28,800 for Archives and Records and \$5,600 for Purchasing.

Relative to Archives, unbudgeted Statewide forms costs, attributed to additional unforeseeable new form requirements and increased paper costs, have resulted in depletion of the entire contractual services category. The following is a breakdown of the requested supplemental to reinstate necessary monies:

Telephone	\$ 250.
Eastman Kodak (contract equipment purchase)	252.
Xerox rental	480.
Highway vehicle rental	450.
Miscellaneous costs 300/mo.	1,800.
Labor for installation of shelving	4,300.
Transportation of things (move to new building)	3,900.
Statewide forms	17,400.

Total Required

---

 \$28,832.

The Purchasing section will require the additional 5.6 thousand indicated in personal services to fully fund this category for the remainder of this fiscal year. Unbudgeted terminations by long standing employees is the principal reason for the deficit.

Also, as indicated on Colleen Roguska's January 27, 1975 memorandum to you, Archives and Records will require an additional \$52,600 for Fy 76 due to increased forms requirements, forms, and paper costs.

Your assistance in seeing that the requests are routed through Budget and Management will be appreciated.

Attachment

cc: A.H. Saylor  
Archives & Records  
Purchasing



STATE OF ALASKA  
 Dept. of Administration  
 Budget & Management Div.

REVISED PROGRAM  
 COST ANALYSIS SUMMARY  
 by BUDGET COMPONENT

AGENCY	CATEGORY	code	General Government
Administration	PROGRAM		Serve to State Agenc
DIVISION	SUB PROGRAM		General Services
General Services & Spl	ELEMENT		Purchasing
	SUB-ELEMENT		

CODE	EXPENDITURE BY OBJECT	PRESENT AUTHORIZATION	REVISION INCREASE, (DECREASE)	AMENDED AUTHORIZATION
100	PERSONAL SERVICES	475.7	5.6	481.3
200	TRAVEL	3.5	---	3.5
300	CONTRACTUAL SERVICES	57.5	---	57.5
400	COMMODITIES	7.0	---	7.0
500	EQUIPMENT	5.0	---	5.0
600	LANDS, BUILDINGS, NON-STRUCTURAL IMPROVEMENTS			
700	GRANTS, CLAIMS, SHARED REVENUE			
800	MISCELLANEOUS			
	INTER AGENCY TRANSFERS (INCLUDED ABOVE)			
NEW CODE	TOTAL	548.7	5.6	554.3
	FEDERAL RECEIPTS			
	REQUIRED GENERAL FUND MATCHING			
	OTHER GENERAL FUND	548.7	5.6	554.3
	INTER AGENCY TRANSFERS			
	OTHER			
	TOTAL			
	PERMANENT FULL TIME POSITIONS	28	---	28
	PERMANENT PART TIME POSITIONS			
	TEMPORARY (FULL TIME EQUIVALENTS)			
	NUMBER OF MAN MONTHS	336		336

(CURRENT FY)

	FY 75	FY	FY	FY	FY	FY
EXPENDITURES - TOTAL						
SOURCE OF FUNDS						
FEDERAL						
REQ. G. F. MATCH						
OTHER G. F.	554.3					
OTHER (SPECIFY)						

# CORRECTION

THIS DOCUMENT  
HAS BEEN REPHOTOGRAPHED  
TO ASSURE LEGIBILITY

STATE OF ALASKA  
 Dept. of Administration  
 Budget & Management Div.

REVISED PROGRAM  
 COST ANALYSIS SUMMARY  
 by BUDGET COMPONENT

AGENCY	CATEGORY	code	General Government
Administration	PROGRAM		Serve to State Agenc
DIVISION	SUB-PROGRAM		General Services
General Services & Spl	ELEMENT		Purchasing
	SUB-ELEMENT		

CODE	EXPENDITURE BY OBJECT	PRESENT AUTHORIZATION	REVISION INCREASE, (DECREASE)	AMENDED AUTHORIZATION
100	PERSONAL SERVICES	475.7	5.6	481.3
200	TRAVEL	3.5	---	3.5
300	CONTRACTUAL SERVICES	57.5	---	57.5
400	COMMODITIES	7.0	---	7.0
500	EQUIPMENT	5.0	---	5.0
600	LANDS, BUILDINGS, NON-STRUCTURAL IMPROVEMENTS			
700	GRANTS, CLAIMS, SHARED REVENUE			
800	MISCELLANEOUS			
	INTER-AGENCY TRANSFERS (INCLUDED ABOVE)			
NEW CODE	TOTAL	548.7	5.6	554.3
	FEDERAL RECEIPTS			
	REQUIRED GENERAL FUND MATCHING			
	OTHER GENERAL FUND	548.7	5.6	554.3
	INTER-AGENCY TRANSFERS			
	OTHER			
	TOTAL			
	PERMANENT FULL TIME POSITIONS	28	---	28
	PERMANENT PART TIME POSITIONS			
	TEMPORARY (FULL TIME EQUIVALENTS)			
	NUMBER OF MAN MONTHS	336		336

(CURRENT FY)

	FY 75	FY	FY	FY	FY	FY
EXPENDITURES - TOTAL						
SOURCE OF FUNDS						
FEDERAL						
REQ. G F. MATCH						
OTHER G. F.	554.3					
OTHER (SPECIFY)						

STATE OF ALASKA  
 Dept. of Administration  
 Budget & Management Div.

REVISED PROGRAM  
 COST ANALYSIS SUMMARY  
 by BUDGET COMPONENT

AGENCY	CATEGORY	code	General Government
Administration	PROGRAM		Serve to St. Agencies
DIVISION	SUB-PROGRAM		General Services
General Services & Sply	ELEMENT		Archives
	SUB-ELEMENT		

CODE	EXPENDITURE BY OBJECT	PRESENT AUTHORIZATION	REVISION INCREASE, (DECREASE)	AMENDED AUTHORIZATION			
100	PERSONAL SERVICES	161.4	---	161.4			
200	TRAVEL	2.4	---	2.4			
300	CONTRACTUAL SERVICES	78.1	28.3	106.9			
400	COMMODITIES	6.7	---	6.7			
500	EQUIPMENT	7.6	---	7.6			
600	LANDS, BUILDINGS, NON-STRUCTURAL IMPROVEMENTS						
700	GRANTS, CLAIMS, SHARED REVENUE						
800	MISCELLANEOUS						
	INTER-AGENCY TRANSFERS (INCLUDED ABOVE)	50.9					
	<b>TOTAL</b>	<b>256.2</b>	<b>28.3</b>	<b>285.0</b>			
NEW CODE	FEDERAL RECEIPTS						
	REQUIRED GENERAL FUND MATCHING						
	OTHER GENERAL FUND	256.2	28.3	285.0			
	INTER-AGENCY TRANSFERS						
	OTHER						
	<b>TOTAL</b>						
	PERMANENT FULL-TIME POSITIONS	12	0	12			
	PERMANENT PART-TIME POSITIONS						
	TEMPORARY (FULL-TIME EQUIVALENTS)						
	NUMBER OF MAN MONTHS	144		144			
(CURRENT FY)							
↓							
		FY 75	FY ____	FY ____	FY ____	FY ____	FY ____
	EXPENDITURES - TOTAL						
	SOURCE OF FUNDS						
	FEDERAL						
	REQ. G.F. MATCH						
	OTHER G. F.	284.3					
	OTHER (SPECIFY)						

STATE  
of ALASKA

# MEMORANDUM

TO: Kellus N. Sewell  
Administrative Officer  
Administrative Services  
Department of Administration

DATE : February 20, 1975

FROM: *HLM*  
Henry L. Masters, Deputy Director  
Division of Finance  
Department of Administration

SUBJECT: FY-75 Revised Program, Detail

Attached is the detail backup for Finances's FY-75 revised program.

cc: W. C. Mullin

FY-75 Revised Program  
Administration, Finance  
09-95-01

1/2/75

The following is a detail analysis of projected deficits preceded by a brief statement of reasons for the deficit.

Travel

Funding needed for accounting seminars in Anchorage.

12/26/74 Balance		\$1,989
Travel to Payroll/Personnel		
Seminar	\$ 896	
Acctg. Seminars in Anchorage	3,034	
Travel to Anchorage for FY End	518	
<u>Projected Deficit</u>		<u>4,448</u> <u>(\$2,459)</u>

CONTRACTUAL SERVICES

Funding needed to meet cost of acquiring additional payroll warrants required to pay 2,000 tri-trades employees twice a month rather than once a month.

To acquire additional forms needed to meet increased volumes of payroll input.

To meet inflated costs of purchasing warrants, pre-printed forms such as warrant registers, personnel actions and other documents.

To meet inflated costs of materials needed by Central Duplicating for producing annual reports, administrative manuals and other manuals, directories and forms for the Division of Finance

12/26/74 Balance		\$318,879
Less System Installation		<u>-310,500</u>
Sub-Total		\$ 8,379
General Warrants on Order	\$3,680	
Payroll Warrants on Order	5,160	
Imprest Cash Checks on Order	300	
New Field Warrants with \$500 limit	1,700	
Pre-printed Warrant Register forms	5,300	
Personnel Action Forms	3,500	
Xerox rental & meter charges	2,550	
Mag Card equipment rental	1,664	
Typewriter rental	190	
Telephone Centrex, Unit & Toll Charges:		
Pre-Audit	1,280	
Payroll	2,790	
Acctg. Svcs. & Dir. Off.	2,020	
Equipment Repair (Calc., Type- writers, etc.)	420	
Sub-Total		<u>30,554</u>
		(\$ 22,175)
<u>Central Duplicating Charges:</u>		
Statewide Vendor Directories (2 printings)	\$ 800	
New Forms Section for Admin. Manual	800	
Payroll input forms & Batch Headers:		
Master copies & setup	27	
20# Bond-42,000 @ .01/sheet	420	
White Card Stock-100,000 @ .011/sheet	110	
Color Card Stock-45,000 @ .014/sheet	630	
Miscellaneous Administrative Manual revisions, etc.	1,000	
Monthly Financial Reports	450	
		<u>4,237</u>
<u>Projected Deficit</u>		<u>(\$ 26,412)</u>

1/2/75

COMMODITIES

To meet inflated costs for general office consumables and Xerox supplies, also to obtain hanging file folders needed to more efficiently handle payroll documents in process.

12/26/74 Balance		\$2,227
Publications (Payroll Mgmt. Guide, Acct. Articles, etc.)	\$ 100	
Training Materials	100	
General Office Consumable & Minor Supplies	1,600	
Xerox supplies (kits & paper)	350	
Typewriter ribbons	150	
Hanging file folders for payroll	35	
New Employee File Folders for Payroll	300	
CRT Printer Paper	30	
		<u>\$2,665</u>
<u>Projected Deficit</u>		<u>(\$ 438)</u>

EQUIPMENT

Equipment for positions established to relieve impact of collective bargaining.

File cabinets to get employee files out of cardboard boxes and into secure accessible storage.

Accessible files for more efficient handling of payroll documents in process.

12/26/74 Balance		\$1,590
<u>Equipment received</u> in December.		
Desks, chairs, file cabinets & utility tables	\$1,799	
<u>Equipment On Order</u>		
2 Folding Tables	167	
2 Accessable Files	313	2,279
<u>Equipment needed</u> to get employee payroll records out of cardboard boxes and into secure storage.		
6 letter size file cabinets	852	
2 accessable files	313	
		<u>\$1,165</u>
<u>Projected Deficit</u>		<u>(\$1,854)</u>

## MEMORANDUM

State of Alaska

TO: Kellus N. Sewell  
 Administrative Officer  
 Department of Administration

DATE: October 31, 1974

FILE NO:

TELEPHONE NO: 465-4460

FROM: Robert S. Gates, Director  
 Division of Retirement & Benefits  
 Department of Administration

SUBJECT: Supplemental Appropriation  
 Request for Longevity Bonus  
 Program for FY 75

After reviewing the bonus payments made to date during the current fiscal year it becomes quite obvious that additional "grant" money will be needed to make payments for the remainder of the year. The legislature appropriated a total of \$6,000,000.00 in grants for FY 75 and based on our projections of the growth of this program we will need an additional \$420,000.00.

Our records indicate the following number of warrants were issued during the current fiscal year:

<u>Month</u>	<u>No. of Warrants Issued</u>
July	5,250
August	5,240
September	5,239
October	5,237
November	<u>5,294</u>
Total	26,260
Average Monthly	5,252

You will note that the number of warrants issued remained relatively constant during the first four months of this year, however, there was a significant increase in November. We received 75 new applications during the month of October. As previously discussed the costs related to this program continue to be extremely difficult to predict. The average number of warrants issued monthly for FY 74 was 4,955 and the average number for the first five months for this year is 5,252 so there is no question that there is a definite trend upward in the number of recipients. Based on the best information we now have I would estimate that the average number of persons receiving benefits during the current fiscal year will be approximately 5,350. Based on this estimate we will need an additional \$420,000.00.

If you need any additional information I would appreciate hearing from you.

RSG/jch

( **7** Analysis of Governor's Decisions )

ITEM	AMOUNT	FUNDING SOURCE	EXPLANATION
FY 75 Supplemental Request Longevity Bonus	420.0	GF	Request recommended

BRU FY 76 Supplemental - Longevity Bonus BRU CODE \_\_\_\_\_ REVISED \_\_\_\_\_

**7** ANALYSIS OF  
GOVERNOR'S DECISIONS



# MEMORANDUM

## State of Alaska

TO: V. Kent Dawson, Director  
Division of Budget and Management

DATE: November 8, 1974

FILE NO:

TELEPHONE NO:

FROM: Kellus N. Sewell *KNS*  
Administrative Officer  
Administrative Services  
Department of Administration

SUBJECT: Supplemental Appropriation -  
Longevity Bonus

Please note the attached letter from Robert Gates and the revised program requesting a supplemental appropriation to the Longevity Bonus program for \$420.0. This request is necessary to meet payments to old timers who exceed the number of recipients anticipated in the 1975 appropriation.

KNS/mjc  
CC: Robert S. Gates  
Attachments

# MEMORANDUM

# State of Alaska

TO: Kent Dawson, Director  
Division of Budget and Management

DATE: December 12, 1974

FILE NO:

TELEPHONE NO: 465-2277

FROM: Kellus N. Sewell <sup>H&S</sup>  
Administrative Officer  
Administrative Services  
Department of Administration

SUBJECT: Pioneers' Home FY 75 Supplemental

The attached revised program requests a supplemental appropriation of 239.0 to offset federal funds anticipated by H&SS which did not materialize. The attached letters of 15 November from Harris to Smith and Commissioner McGinnis to Commissioner Freer of 19 November further explain the necessity to request a supplemental.

KNS/mjc  
Attachment

# MEMORANDUM

TO: Eugene Smith, Comptroller  
Division of Administrative Services

DATE November 15, 1974

FROM: Stanley P. Harris, Director *SM*  
Division of Family and Children Svcs.

SUBJECT Revised Program  
Alaska Pioneers' Homes

The enclosed revised program request for The Alaska Pioneers' Homes reflects a decrease in federal financial participation in the FY 75 budget authorization. The total reduction is 239.0. This amount was originally predicated on the fact that new social service positions, such as Recreational Therapists and Occupational Therapists, were unquestionably considered reimbursable at 75% FED. Included in the original FY 75 Budget Authorization was a minimal allowance for 75% reimbursable social services based on a time study and contributed by other non-social services positions.

However, the above positions are now being questioned by DHEW, SRS, Region X. While we do not agree and will continue to support the Pioneers' Homes as being comprehensive Social Service Programs, it does seem advisable to reduce the estimated federal financial participation for FY 75 until such time as the Pioneers' Homes status is settled. To continue to support the Department's position the enclosed request indicates an increase in Inter-Agency transfers in the same amount of 239.0.

These funds are necessary to fulfill the FY 75 obligation to permanent full-time employees and to continue to support the states position regarding the Alaska Pioneers' Homes.

GLS:ksm

STATE  
of ALASKA**MEMORANDUM  
RECEIVED**

NOV 21 1974

BUDGET &amp; MANAGEMENT

TO:  The Honorable Richard Freer  
Commissioner of AdministrationF.M.C.S.  
DATE :

November 19, 1974

FROM: Frederick McGinnis, Commissioner  
Department of Health and Social ServicesSUBJECT: Alaska Pioneers' Homes -  
FY 75 Supplemental Requirements

I have been advised by the Division of Family and Children Services that, due to the most recent correspondence received from the Department of Health, Education, and Welfare, SRS, Region X, that the Alaska Pioneers' Homes may be confronted with an unanticipated federal financial participation short-fall in the current fiscal year (FY 75).

The FY 75 Budget Authorization for the Homes projected a federal financial participation at 297.4. While this was considered a most reasonable and, in fact, a minimal claim in the preparation of the FY 75 Budget Request, the enclosed memorandum from Region X indicates that even Recreational and Occupational Therapists will not be considered as reimbursable at 75%.

While we do not agree with their considerations, it does seem advisable to reduce the estimated federal financial participation for FY 75 until such time as the Pioneers' Homes issue is resolved.

The Alaska Pioneers' Homes staff in the Division of Family and Children Services has provided the FY 75 Supplemental Budget forms which reflect the anticipated General Funds necessary to fulfill the FY 75 obligations to present full-time employees in the Homes. Also, to continue to support the State's position regarding the Alaska Pioneers' Homes, this approach

November 19, 1974

appears advisable.

Because these requirements are actually General Fund monies, it seems appropriate for the Department of Administration to submit the actual supplemental request.





DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE  
 REGION X  
 ARCADE PLAZA BUILDING  
 1321 SECOND AVENUE  
 SEATTLE, WASHINGTON 98101

*Copy Shneider  
 your copy*

*File*

SEP 19 1974

SOCIAL AND REHABILITATION  
 SERVICE

In reply refer to CS

Dr. Frederick P. McGinnis  
 Commissioner  
 Department of Health & Social Services  
 Pouch H  
 Juneau, Alaska 99801



Dear Dr. McGinnis:

The material you provided us concerning the social services in the Pioneer Homes contained helpful clarification. We believe we are approaching resolution of allowable Federal financial participation for these services.

Your correspondence clarified for us that Family and Children's Services staff will determine eligibility for services for all guests or potential guests in the Homes. However, we want to emphasize that eligibility criteria must conform with SSI requirements. This is of particular significance in considering the blind or disabled person who may be considered for social services.

A very important issue which does require further clarification is a definition of providers of social services and the social services themselves. It is necessary for your staff to clearly identify what specific social services are provided to eligible guests as supported by 45 CFR 222 and the Alaska State Plan for Adult Services. Based on Mr. Gwaltney's telephone conversation with Mr. Mailer on August 28, 1974, we understand that maintenance, food service, and custodial personnel would be excluded from consideration as social service providers as they have just joined the Tri-Trades Union of Alaska.

We also wish to clarify our thinking as it pertains to the following statement on Page 5 of your narrative, "Social Services, such as recreation therapy and occupational therapy will be offered." Though such therapy is often necessary for guests, we cannot consider these elements as a reimbursable service. This is defined in 45 CFR 222.44, 222.75, and 222.88(a)(1)(2)(3). Assisting an eligible individual to utilize or secure such services is matchable at the 75 percent rate. The essential element to consider is assisting the individual to avail himself of this service and not the provision of the service itself.

Page 2 - Dr. Frederick P. McGinnis

An exception in the area of health care is possible in the very rare instance when an eligible guest would require a pre-admission medical examination and is not covered by Title XVIII (Medicare) or Title XIX (Medicaid). Such an exception would have to be delineated in the social service record within the requirements of 45 CFR 222.88(a)(3).

We are pleased to see the concise format your staff has developed for the social service record. As we perceive it, the record would contain the Alaska Department 065, Application for Admission to a Pioneer Home, Physician's Certificate, Report of Contact, and a supplemental narrative as needed. This format would be easy to review and would support the social services provided to eligible or potentially eligible guests.

We have stressed eligibility and the social services plan since these documents support the State's claim for FFP.

Additional consideration which we believe will assist your office in establishing the claim for Federal financial participation is provided in 45 CFR 222.85 and 222.86. Equally, 45 CFR 222.89(a)(b)(c) gives definitions for FFP of staff who are essential in the provision of social services to eligible persons.

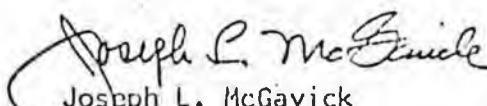
The State agency administrative cost allocation plan must provide for the identification of the costs of social services including appropriate allocations of indirect costs. It must also provide for the distinction between those social services costs that are eligible for FFP and those not eligible.

We believe you will agree that the Plan submitted on August 20, 1974, as it relates to the Pioneer Homes, does not adequately identify the costs of the services. The Plan should be amended to provide for the identification of costs of social services. The services of our Cost Allocation and Control Unit are available to assist your staff in the development of appropriate accounting methodology.

We are attaching, for your consideration, an expansion of Mr. Gwaltney's discussion concerning the potential social services which could be developed within the Pioneer Homes. An expanded program would strengthen the Division's position on community services and provide greater state-wide coverage in adult services.

After your staff has had an opportunity to review this response we would be willing to schedule a meeting to answer any questions and perhaps visit the Sitka or Fairbanks Pioneer Home.

Sincerely yours,

  
Joseph L. McGavick  
Regional Commissioner

Attachment

## ALASKA ADULT COMMUNITY SERVICES CENTER

The Pioneer Homes of Alaska are in an advantageous position to offer multiple services in meeting social services needs for many adults in the State. We believe it is feasible to look at how the Pioneer Homes could be developed into comprehensive community social services centers.

Because of Alaska's geographical size, climatic conditions, attendant transportation problems, and very high costs in delivery of social services, the Pioneer Homes offer the potential of providing comprehensive social services at central locations and at reduced cost. For purposes of example, we believe the Home in Sitka provides a setting where such services could be developed and expanded. Equally, the Sitka Pioneer Home has begun an initial phase in this direction in the collaborative effort with the Nutrition Program under Title VII of the Older Americans Act. The Sitka facility is quite close to the community and has very pleasant grounds where adults could have outdoor recreation, weather permitting. Many older persons still have negative feelings about "welfare" but do need social services. Conceivably, some adults could avail themselves of homemaker or chore services if these were offered to the open community from the Sitka Home. A sliding fee schedule could be developed for those who could pay for any services provided.

Day care for older individuals is certainly worth considering if there is a need and space available. Many times the offering of day care on a regular or part time basis provides an opportunity for adults to be less isolated, reduces the need for institutional care, and permits the family to be more secure through the knowledge a relative is well cared for during the day.

Volunteer services, such as transportation and visitors located in the Sitka Pioneer Home, might serve both guests and other adults in the community. These volunteer services could include home delivered meals to adults since the Sitka facility is cooperating in providing meals for a Senior Center. Special services for the blind could be a part of volunteer services and transportation.

Protective services for adults is most valuable in helping the individuals in need or his family avoid hazardous situations

and protection from neglect.

Other social services which may be worth considering in a comprehensive adult services center may be consumer protection, money management, and group counseling.

We have discussed the potential of a co-operative effort between Aging Services and Social service resources. The Regional Office staff of AoA believes this is definitely worth exploring and is willing to work with your staff, and their Office on Aging in Juneau toward such a mutual objective.

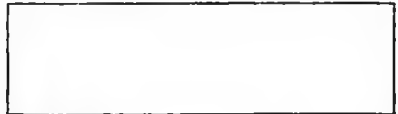
Our CSA Program staff wishes to provide assistance to your office in further exploration of the development of a comprehensive adult services center.

cc:  
Pioneer file  
Gilbert Purschwitz

# 7 Analysis of Governor's Decisions

ITEM	AMOUNT	FUNDING SOURCE	EXPLANATION
FY 75 Supplemental Request Department of Administration Pioneers Homes			
Shortfall of federal funds	239.0	GF	Request recommended
Anchorage Home manager	20.8	GF	Request denied. The Anchorage Home will not open in FY 76 as planned.

BRU FY 75 Supplemental - Pioneers Home BRU CODE \_\_\_\_\_ REVISED \_\_\_\_\_

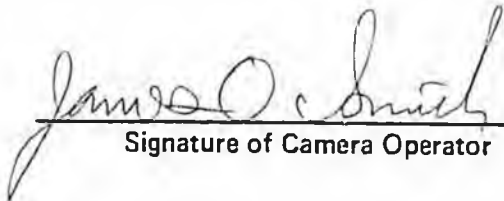


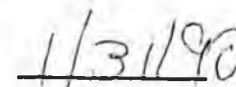


# RECORDS CERTIFICATION



I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.

  
\_\_\_\_\_  
Signature of Camera Operator

  
\_\_\_\_\_  
Date

COMMITTEE REPORT

4/9/75

SENATE

Mr. President:

Date 4/9/75

The Committee on FINANCE has had HB 252 supplemental appropriation to the Dept. of Administration under consideration. A Majority of the members of the Committee

- ( ) recommends it DO PASS
- ( ) recommends it DO NOT PASS
- ( ) recommends it DO PASS WITH ATTACHED AMENDMENT(S)
- ( ) recommends it BE REPLACED WITH CS FOR \_\_\_\_\_ AND THAT  
CS FOR \_\_\_\_\_ DO PASS
- ( ) "and" recommends it BE REFERRED TO THE \_\_\_\_\_  
COMMITTEE
- ( ) reports it back WITHOUT RECOMMENDATION
- ( ) "other"

Members signing the Majority report:

_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Members NOT concurring in the Majority report:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ Chairman

COMMITTEE REPORT

4/9/75

SENATE

Mr. President:

Date \_\_\_\_\_

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- ( ) "other"

Members signing the Majority report:

_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Members NOT concurring in the Majority report:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ Chairman

A M E N D M E N T

Offered in the SENATE

By SENATE FINANCE

To: \_\_\_\_\_ SENATE BILL NO. \_\_\_\_\_

\_\_\_\_\_ HOUSE BILL NO. 292

AMENDMENT: Page 1 Line 10

DELETE: 5712,100

INSERT: 5639,100

Page 1 Line 15

DELETE: 5720,300

INSERT: 5310,300

Page 1 Line 17

DELETE: 5715,100

INSERT: 5676,100

# STATE OF ALASKA

## DEPARTMENT OF ADMINISTRATION

DIVISION OF BUDGET & MANAGEMENT

POUCH C — JUNEAU 99801

JAY S. HAMMOND, Governor

March 11, 1975

The Honorable Hugh Malone  
Chairman  
House Finance Committee  
Alaska State Legislature  
Pouch V  
Juneau, Alaska 99811

Dear Representative Malone:

We hereby request your committee's consideration of an adjustment to HB 252, a supplemental appropriation to the Department of Administration. Our requested amendment would increase the total appropriation from \$719,100 to \$919,100 and would increase the amount allocated for the Division of Finance from \$31,300 to \$231,300. All funds involved are from the General Fund.

As you know, the 1974 Legislature appropriated \$475,000 for contractual services to the Department of Administration for the development of a new sophisticated payroll system capable of absorbing the numerous alterations to the payroll system brought on by collective bargaining agreements. The \$400,000 is not enough.

Based on cost estimates for "outside services" by the staff of Arthur Young and Company, we have taken a figure half-way between their "best case" and "worst case" to arrive at what we consider a realistic amount. Additional information is attached for your in-depth review.

We ask also that consideration be given to making the \$200,000 a non-lapsing appropriation at the end of Fiscal Year 1975 as a portion of the work necessary will not be completed during Fiscal Year 1975.

Sincerely,



Andrew S. Warwick  
Chairman  
Governor's Budget Review Committee

Attachment:

cc: The Honorable Mike Bradner  
Speaker of the House  
of Representatives

ASW/VKD/bc

## MEMORANDUM

TO: 

Kell's N. Sewell  
Administrative Officer  
Department of Administration

DATE : March 5, 1975

FROM: William C. Mullin, Director *WCM*  
Division of Finance  
Department of Administration

SUBJECT: New Employee Information System  
(NEIS)

The 1974 Legislature appropriated \$400,000 to the Department of Administration for a new payroll (employee information) system.

In September a contract was entered into with Arthur Young & Company to determine if a suitable package payroll system was available from a commercial vendor, to prepare a conceptual design for the new system and to prepare an implementation plan detailing the costs, methods and resources required.

Arthur Young & Company has tentatively recommended the payroll package offered by TRES Computer Systems Inc. of Dallas, Texas. The recommendation of TRES is tentative pending a detailed review of that package on a program-by-program basis. This review will not be completed until the end of April.

If the TRES package is acceptable:

1. We will have a new payroll system in operation on January 1, 1976.
2. We will pay an estimated \$384,200 to \$418,600 for outside services in addition to \$143,000 paid to date to Arthur Young & Company.

If the TRES package is not acceptable:

1. We will not have a new payroll system until July 1, 1976.
2. We will pay an estimated \$476,900 to \$548,400 for outside services.

The above estimates were prepared by staff of Arthur Young & Company. The way they were developed is shown in the back-up with their letter of February 19. A copy of the letter is attached.

The amounts are estimates. Actual costs will not be known until contracts are negotiated for each ensuing segment of the project. In any event it is obvious that additional money is needed.

On the attached schedule we show an estimated remaining project cost for outside services of \$457,000. This is about half-way between the high for the "best case" and the low for the "worst case". Adding cost incurred to date of \$143,000 and subtracting the 1974 appropriation of \$400,000 leaves a balance needed of \$200,000.

Please request an additional appropriation of \$200,000 to augment the \$400,000 appropriated by the 1974 Legislature for a new payroll system.

cc: Michael Parisi, Director  
Division of Data Processing  
Department of Administration

Wayne E. Weeks  
Program Budget Analyst  
Division of Budget & Management  
Department of Administration

New Employee Information System  
 Estimated Costs For Outside Vendors  
March 1975 to January 1976

	<u>Best Low</u>	<u>Case High</u>	<u>Worst Low</u>	<u>Case High</u>
Arthur Young & Co.	\$270,800	\$297,900	\$476,900	\$548,400
TRES Comupter Systems	113,400	120,700		
Total	\$384,200	\$418,600	\$476,900	\$548,400

Estimated Cost	\$457,000
Costs Incurred to Date	<u>143,000</u>
Total Costs	\$600,000
Less 1974 Appropriation	<u>400,000</u>
Balance Requested in 1975	\$200,000

HB 252

March 3, 1975

The Honorable Mike Bradner  
Speaker of the House  
Alaska State Legislature  
Juneau, Alaska 99811

Dear Mr. Speaker:

In accordance with AS 24.30.060(b) and the Uniform Rules of the Legislature, I am transmitting a bill making a supplemental appropriation to the Department of Administration for \$719,100, which will be allocated as follows:

\$420,000 to the Alaska Longevity Bonus Program to fund the increase in the number of eligible applicants for the bonus which has exceeded the estimates used in the Fiscal Year 1975 budget;

\$239,000 to the Alaska Pioneers' Homes, which is requested because the federal government has indicated that the homes are not eligible for the federal receipts originally appropriated for Fiscal Year 1975;

\$31,300 to the Division of Finance to meet a projected shortfall resulting from meeting requirements stemming from collective bargaining agreements and substantial increases in paper costs; and

\$28,000 to Archives and Records for contractual services, the funds for which were depleted due to additional unforeseeable new form requirements and increased paper costs.

Sincerely,

Jay S. Hammond  
Governor

## STATE OF ALASKA

JAY S. HAMMOND, Governor

## DEPARTMENT OF ADMINISTRATION

OFFICE OF THE COMMISSIONER

POUCH C - JUNEAU 99811

March 27, 1975

Honorable Hugh Malone  
Chairman, House Finance Committee  
Alaska State Legislature  
State Capitol - Pouch V  
Juneau, Alaska 99811

RE: Request for more specific information regarding FY 75  
Department of Administration supplemental

Dear Representative Malone:

In response to your recent request my staff has prepared the following information. Should you desire further clarification or additional information, please do not hesitate to call.

Longevity Bonus. The monthly longevity bonus payments through February were as follows: July, \$511,500, August, \$520,500, September, \$522,100, October, \$519,900, November, \$524,900, December, \$509,400, January, \$521,100, and February, \$515,700, for a total of \$4,145,100. The balance as of the end of February was \$1,841,100.

Pioneers' Homes. The current unencumbered balance as of February is \$1,274,000. The original appropriation was based upon the receipt of \$297,400 in federal funds. As noted in the attached letter from Vernon Perry, only \$58,400 is expected, leaving \$239,000 as the requested supplemental appropriation to continue full operation at the Home. In fact, the Director of the Homes indicates that a reduction of \$239,000 would require (1) curtailment of all new admissions, and (2) closing at least one guest wing in each Home and laying off related permanent State employees. In response to your last question, the following is a breakdown of monthly expenditures incurred through February: July, \$101,429, August, \$263,719, September, \$251,708, October, \$257,226, November, \$361,001, December, \$301,038, January, \$309,520, and February, \$283,192, for a total of \$2,129,833.

Archives and Records. To date, \$44,304 have been expended for State-wide forms during FY 75. This is \$4,100 over the appropriation of \$40,200 appropriated for this purpose. A survey of other agencies indicates an additional \$17,400 is needed for State applications, envelopes, purchase requisitions, travel request books and other miscellaneous forms. Presently, there exists an unencumbered deficit balance of \$2,219 as of the end of February (adjusted for outstanding purchase requisitions for State-

Honorable Hugh Malone  
Chairman, House Finance Committee  
Page 2

3/27/75

wide forms). The \$300 per month estimate was based on the average monthly expenditures for general office supplies such as microfilm cartridges, paper, pencils, ribbons, etc.; equipment repairs and parts; and transportation and delivery charges for forms and equipment. The deficit balance means that State-wide form purchases are being made by using "currently" available money in other line-items earmarked for upcoming obligations which will soon become due. There are no funds available in contractual services to pay ongoing costs for the telephone, contract equipment purchases, xerox rental, vehicle rental from Highways, labor for shelving installation or costs relating to the move to the new facility. Obviously, if money is not appropriated soon significant sacrifices will have to be made by the Department of Administration as well as in other agencies. In fact, some agencies are already xeroxing State applications at about five times the cost of Central Purchasing through Archives. Also, insufficient funds have resulted in higher agency costs due to "crash" purchases and limited the number of forms which can be purchased meaning significant savings through quantity discounts will not materialize.

Sincerely,



Andrew S. Warwick  
Commissioner

ASW/mjc

March 21, 1975

The Honorable Andrew Warwick  
Commissioner  
Department of Administration  
Pouch C  
Juneau, Alaska 99811

Dear Mr. Warwick:

We have studied your letter of March 11 seeking to add \$200,000 to your revised supplemental request (HB 252). We must ask that you submit this in a separate supplemental and that you explain, specifically but briefly, what Arthur Young and Company are doing for the Division of Finance, why the costs are higher than original estimates, and whether yet another supplemental can be expected next Session.

I hope this finds you feeling better.

Sincerely,

Hugh Malone  
Chairman  
House Finance Committee

HM:kfs

# STATE OF ALASKA

JAY S. HAMMOND, Governor

## DEPARTMENT OF ADMINISTRATION

OFFICE OF THE COMMISSIONER

POUCH C-JUNEAU 99801

March 21, 1975

The Honorable Hugh Malone  
Chairman, House Finance Committee  
State Capital  
Juneau, Alaska 99811

Dear Mr. Malone:

This is in reply to your request of March 21 for additional information on the new payroll system and the revised supplemental request for an additional \$200,000.

The present payroll system (Employee Information System) is not adequate to meet the needs of the state. The need for a new system was recognized after contracts were negotiated with employees of the various bargaining units a year ago.

The orientation of the present system is for classified and partially exempt employees. Prior to collective bargaining practically all of these employees were paid monthly. They were treated very much the same with regard to retirement, leave accrual, fringe benefits, rates of pay, etcetra. With the advent of collective bargaining, however, each group has been moving in slightly different directions.

As an example, many of our employees are now paid twice a month instead of once a month. Some employee units are entitled to personal leave instead of annual leave. In addition, numerous hourly rate employees may now be members of employee unions, are eligible for health insurance, may buy savings bonds, may have a deduction for union dues, and may do many other things that in the past were restricted to monthly rate employees.

We must have a new payroll system that is oriented toward bargaining units rather than toward the service (exempt service, partially exempt service or classified service) to which the employee has been assigned. The new system must also be more timely than our existing system. Currently 45% of our employees are being paid on the basis of hourly rates. A year ago only a little over 30% of our employees were paid on the basis of hourly rates. This means that many more employees must have their hours vouchered into the system than was true a year ago. Then too, a year ago we were not faced with the problems of penalty pay. These problems can be resolved by the use of tele-processing techniques to get information into the system. We do not have this ability at the present time.

The new system that is being designed by Arthur Young & Company will:

1. Be oriented toward bargaining units,
2. Be more flexible than the existing system,
3. Be more timely.

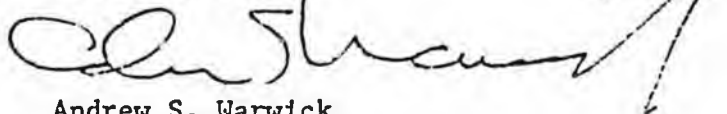
The original estimate of \$400,000 was the lowest amount that we considered reasonable. It was based on an ideal situation and in fact there was very little support for it. However, if the state had been able to buy a packaged payroll system such as MSA or Wang the \$400,000 estimate may have been enough.

In the initial work done by Arthur Young & Company it was determined that there is no commercially packaged payroll system that will meet the state's needs. The two states that have bought these kinds of systems plan to discard them.

Arthur Young & Company did identify the TRES computer systems framework as a suitable one to be acquired and the state has tentively selected the TRES system. However, TRES is not a typical payroll package. It is instead a framework that can be used to apply the building block approach for a total system. If the TRES framework is acceptable the amount requested will be adequate. If it is not we will have to have tailor-made Employee Information System and it will then be necessary to ask for another supplemental appropriation at the next session of the Legislature. If the state is compelled to go the tailor-made route the next supplemental may be in the \$200,000 range also.

Attached is a letter from Arthur Young & Company dated February 19, 1975 outlining the additional costs necessary to complete the installation of a new system.

Sincerely yours,



Andrew S. Warwick  
Commissioner of Administration

ARTHUR YOUNG & COMPANY

730 T STREET  
ANCHORAGE, ALASKA 99501

February 19, 1975

Mr. William C. Mullin  
Director, Division of Finance  
Department of Administration  
State of Alaska  
Pouch C  
Juneau, Alaska 99801

Dear Mr. Mullin:

The attached estimates are submitted in response to the NEIS Policy Committee request of January 23, 1975. These estimates were developed to assist the State of Alaska in developing the Department of Administration's 1975-1976 fiscal budget. These estimates are the major cost components for the detail design and implementation of the New Employee Information System as defined in the conceptual design report. The estimates should not be construed as a contractual commitment of Arthur Young & Company or any other firm to provide services to the State of Alaska.

Due to the diversity of assumptions used in obtaining these estimates, the cost estimates for outside services range from a low of \$384,278 to a high of \$548,423. Since the assumptions used are subjective and were purposely selected to provide the best and worst situations, we suggest that this document be used for internal purposes only.

We are hopeful this will provide the basic estimates needed to proceed with your budget planning. Should you have any questions or comments with respect to these estimates, please contact Mr. Larry Crawford in our Anchorage office (907-279-0422). We look forward to assisting you during the next phases of the NEIS project.

Yours very truly,

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## I. INTRODUCTION

The State of Alaska budgetary process requires cost estimates for activities in the subsequent fiscal year during the legislative session preceding that fiscal year. The New Employee Information System (NEIS) project currently in progress will require significant expenditures during fiscal year 1975-1976. While the project has not reached a point where definitive costing can be accomplished, a rough estimate has been derived for budgetary purposes. A specific project budget will be established in Phase II of the project which is scheduled for completion the latter part of March. These estimates are the major cost components for the detail design and implementation of the New Employee Information System as defined in the conceptual design report.

In deriving a cost estimate for NEIS Phase III, two separate sets of factors were utilized. The first set of factors were estimates of the level of effort by functional skill required to develop the system as described in the conceptual design. These estimates are based on the project team's knowledge of the NEIS requirements and on our prior experience with projects of comparable scope and nature. The second set of factors are a variety of assumptions which can substantially influence the schedule and cost of the project. The combination of these factors provides a reasonable range of cost estimates to be used for budgetary purposes.

Due to several undefined areas which are to be resolved in Phase II of the project, precise cost estimates are difficult if not impossible to develop at the moment. To be responsive during the budgetary development cycle, this estimate has been developed. Significant variations may be realized in the refinement of this estimate and in any event the cost breakdowns included herein should not be deemed adequate for project management.

## II. SCOPE OF PROJECT

### A. WORST CASE

The estimated manpower requirements are indicated below by functional skill. This following table assumes that the system conceptual design will be implemented without the utilization of any package.

<u>Function</u>	<u>Man-Months</u>	<u>Total</u>
User Representative		
Finance Division	3	
Personnel Division	3	6
Systems Analyst		
Detail Design	24	
System Documentation	7	
Procedure Manual Preparation	7	
Conversion Planning/Assistance	4	
User Training	6	
System Testing	3	51
Programmer		
Coding	36	
Testing (Unit and String)	9	
Operational Documentation	8	53
Project Management		8
TOTAL		<u>118</u>

As listed in the table, the manning requirements assume a project team of substantial size. Based on tentative manpower commitments, the specific staffing by State of Alaska personnel would be:

Finance division representative	1
Personnel division representative	1
EDP systems analyst	1
EDP programmers	<u>4</u>
TOTAL	<u>7</u>