

State of Alaska FY2002 Governor's Operating Budget

Department of Administration

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Department Mission

The mission of the Department of Administration is to:

- provide centralized management and technology services to state agencies;
- provide legal and advocacy services for indigent Alaskans;
- provide programs that promote the independence of Alaska's seniors;
- provide vehicle licensing and registration.

Department Goals and Strategies

CONTINUE TO IMPROVE THE LEVEL AND QUALITY OF SERVICES PROVIDED DIRECTLY TO THE PUBLIC.

- The Pioneers' Homes will work to develop and optimize gerontological services for residents with Alzheimer's Disease and Related Disorders and provide long term care to veterans.
- Expand care plan counseling for seniors and adults with physical disabilities seeking long-term care.
- Continue expanding motor vehicles registration and licensing services available to the public through partnerships with private vendors.
- Improve Public Defender capabilities by reducing caseload and increasing technical and other support services.
- Improve guardian ad litem services for abused and neglected children by improving and expanding the use of volunteers.

CONTINUE TO PURSUE OPPORTUNITIES FOR EFFICIENCY, COST REDUCTION, INNOVATION, AND EFFECTIVE DELIVERY OF STATE SERVICES AND PROGRAMS.

Information Services:

- Create a modern, customer-focused central information technology environment.
- Implement a telecommunications partnering plan with the private sector.
- Expand the delivery of state services through the integration of mainframe computing systems and Internet technology.
- Develop, enable, and support state agencies' efforts to conduct state business electronically.

Financial/Management:

- Design and implement an electronic commerce strategy and standard for statewide procurement and other transactions.
- Continue to work with the Administrative Solutions Team to improve the understanding of core administrative services issues affecting all state agencies.
- Develop and put in place programs to evaluate the use of electronic signatures.

Key Department Issues for FY2001 – 2002

SERVICES TO THE PUBLIC

- Pioneers' Homes: Alaska is one of only three states without a veterans' home program (Delaware and Hawaii are the others). The Governor has proposed legislation to provide for a veterans' preference for Pioneers' Home admissions. The proposed statutory change gives special recognition of veterans in the Pioneers' Homes by renaming the Homes 'The Pioneers' and Veterans' Homes'. We currently project that 125 beds will be filled by veterans once this change is in place, including 86 beds not currently filled because of budget constraints.
- Pioneers' Homes: The Pioneers' Homes program must develop some means to address the ongoing deferred facilities maintenance issues. The backlog of maintenance issues continues to grow as funding levels only allow maintenance for immediate threats to the health and safety of residents, with virtually no funding for proactive maintenance.

- Senior Services: Limited state resources for adult protective services to provide coverage statewide will require increased training of community resources such as police and medical personnel to assure proper reporting of suspected abuse or neglect of elders.
- Senior Services: The Division of Senior Services programs currently rely upon numerous duplicative, labor intensive, and ineffective systems. With support from the Alaska Mental Health Trust Authority, the division will create a functional, integrated data environment.
- Public Defender: The Public Defender Agency must continue to increase use of new technology to enable the agency to keep pace with the rest of the criminal justice system. The challenge is to do this within the existing budget despite the ongoing caseload increases.
- Office of Public Advocacy: Increasing Child In Need of Aid (CINA) caseloads in Anchorage and Fairbanks require expanded Guardian ad Litem and Public Defender staff.
- Motor Vehicles: The DMV will be relocating their highest volume state office, the Dowling Road location in Anchorage. The new location will consolidate public service, accounting and warehousing functions now in three separate locations.

SERVICES TO STATE AGENCIES

- Finance: Vendor support for the existing payroll system is being phased out and a new system will need to be designed and implemented.
- Personnel: The state could lose 25% of the current workforce in the next five years just to retirement. This demographic is mirrored across the country creating, in combination with a robust economy, the tightest job market in recent history. A statewide Workforce Planning Group is wrestling with the recruitment and retention issues currently faced by all state agencies. Although wages are the traditional focus, benefits and working conditions will play an increasing role in retention of the younger workforce.
- Information Services: The department will implement a partnership with private enterprise to provide telecommunications services to state agencies. This partnership must provide telecommunications infrastructure and support that is cost effective and able to quickly respond to changing technology and market conditions.
- Information Services: The Information Technology Group, in partnership with the Telecommunications Information Council, other departments, and the private sector, will develop an information technology plan for the state that identifies what our long range objectives are and a strategic plan to achieve those objectives.
- Risk Management: The state's risk management program has relied for the past several years upon the Catastrophic Reserve Account (CRA) to supplement the operating budget to meet the annual cost of self insured claims. This account is annually funded by a year-end "sweep" of unexpended general funds from other state operations, of up to \$5 million. As the state's general funds budget continues to be reduced, the amount available to sweep into the CRA has been declining. The FY2000 sweep resulted in an amount available for FY2001 that is significantly less than historical claims payment levels. The department will work with the Office of Management and Budget and the Legislature to develop a reliable funding mechanism for ongoing cost of claims. This is likely to require new legislation, new sources of funding for the CRA, or other ways to finance claims payouts.

Major Department Accomplishments in 2000

SERVICES TO THE PUBLIC

- Motor Vehicles: Implemented the first year of the boat registration program required by CH 28 SLA 00 (HB 108) which includes all boats previously subject to US Coast Guard registration as well as all unpowered boats over 10 feet long. Prepared all registration materials, computer program modifications, regulatory work, and public notifications for initial implementation with only 6 months lead time.
- Senior Services: Redesigned the independent personal care attendant program to operate in an employment agency model.
- Senior Services: Improved turnaround time by 75% for Medicaid waiver program ongoing cases.

SERVICES TO STATE AGENCIES

- Retirement and Benefits: Rebid and selected a new 3rd party administrator contractor for the active employee and retiree health programs.
- Information Technology Group: Published a request for proposals (RFP) for a public/private telecommunications partnership that will significantly reduce unit costs to state agencies. A contract award is expected the second half of FY2001.
- Facilities Management: Implemented the public facilities fund and pilot program managing operations and maintenance of eight state-owned facilities in Anchorage, Fairbanks, and Juneau.

- Facilities Management: In addition to the pilot program, DOA began management of facilities maintenance for seven of the remaining nine state-owned facilities in Juneau.
- Division of Finance: Completed a two year overhaul of the leave accounting system for the Alaska Marine Highway System.

Key Performance Measures for FY2002

Measure: The percentage of Division of Motor Vehicles transactions by private partners

(Added by Legislature in FY2001 version.)

Current Status:

Current efforts have focused on increasing the number of private sector partners to provide more accessible service to the public instead of focusing on transaction volume. The table below shows the number of partners for various types of activity:

- 19 Defensive driving course providers
- 12 Driving schools
- 27 Third party testers
- 3 Hospitals - Handicapped Permit Program
- 43 IM vendors
- 20 Auto dealerships
- 102 Snow Vehicle Dealers
- 461 Boat Dealers
- 17 Commissioned Agents

Benchmark:

Benchmarks with other states are not available at this time.

Background and Strategies:

The Division of Motor Vehicles (DMV) has been increasing the number of private vendor partnerships to provide more accessible service to the public. The volume of transactions by business partners will vary by type of business; for example, new vehicle registrations handled by vendors -vs- renewals, which likely will be done primarily through DMV, especially in areas without emissions inspection requirements. Future reports will deal with transaction volume by type of business as opposed to a single percentage for all transactions.

Measure: Increase the number of assisted living units available by 10% each year.

(Not yet addressed by Legislature.)

Current Status:

The number of new licenses for Assisted Living homes continues to grow, but the rate of growth over the past year has been about half the target rate. In November, 2000, Alaska had 125 assisted living homes with a total of 1,357 beds available. This is an increase of 11 homes (9.6%) and 70 beds (5.4%) since November, 1999.

Benchmark:

The Division of Senior Services has targeted a minimum annual increase of 10%.

Background and Strategies:

The number of assisted living homes in Alaska is expected to continue to grow as the population ages.

Assisted living homes offer many seniors a non-institutional alternative to nursing home care that is both better for quality of life of the client and is significantly more cost effective than higher care levels. The April/May, 1999 issue of the Alzheimer's Association State Policy Report made the point that annual savings from substituting assisted living for nursing home care could be as much as \$3.5 billion to \$5.0 billion nationally.

The total number of homes and available beds varies from month-to-month as some homes close, others open, and others may reconfigure.

Measure: Complete 50% of assisted living homes complaint investigations within 30 days.
(Not yet addressed by Legislature.)

Current Status:

Days-to-completion statistics are not currently available.

Benchmark:

The Division of Senior Services has set a target of completing 50% of investigations within 30 days.

Background and Strategies:

The time-to-completion of investigations is growing longer as the number of assisted living homes increases while licensing staff remains at the same level. There are currently about 60 complaints annually.

The FY2002 budget includes funding for additional licensing staff to address this issue. The Division of Senior Services will be able to focus more effort on resolving complaints and offer additional training to care providers to improve the quality of care and prevent situations which can lead to complaints.

Measure: Percentage of eligible state employees with delegated procurement authority who complete the procurement certification program annually.
(Not yet addressed by Legislature.)

Current Status:

Procurement Certification Program training is underway. In FY 2000 there were 25 training classes attended by 585 students. In the first five months of FY 2001, 280 state employees attended 13 classes.

Benchmark:

Comparative information with other public sector organizations has not been developed.

Background and Strategies:

The Procurement Certification Program is designed to ensure that all state employees have current training in purchasing procedures and issues at their level of procurement authority.

The program has three levels:

- Level 1 - Anyone "spending money" must master this level. Intended for clerks, secretaries, etc. who order or buy items as part of their jobs. Competitive solicitations are not included; this is more of an entry-level certification.
- Level 2 - Small procurements. Anyone procuring at levels where competitive solicitations are required, but less than formal purchases.
- Level 3 - Formal procurements. Intended for the purchasing staff who handle the large and complex procurements.

Measure: Implement a public/private telecommunications partnership that will significantly reduce unit costs to state agencies during the 1st year or will provide significantly improved services.
(Not yet addressed by Legislature.)

Current Status:

Proposals from private sector vendors are due in December, 2000, and a contract award is expected to be issued in Spring, 2001.

Benchmark:

Successful transition to new telecommunications partnership.

Background and Strategies:

The Telecommunications Information Council in its 1996 telecommunications plan for the state said "...a balance must be developed through partnership between the state and public telecommunications providers."

Because many Alaskan communities will not be connected to a road system in the foreseeable future, Alaska is unique among the states in its dependence on telecommunications. As one of the biggest "anchor tenants" in the telecommunications infrastructure in Alaska, state government can have a significant impact on both its internal costs

and effectiveness as well as influence other public sector and private technology advances simply by changing how it does business.

Status of FY2001 Performance Measures

	<i>Achieved</i>	<i>On track</i>	<i>Too soon to tell</i>	<i>Not likely to achieve</i>	<i>Needs modification</i>
<ul style="list-style-type: none"> • Increase the Division of Motor Vehicles transaction volume done by public/private partnerships by 5% during FY2001. • Increase in the number of assisted living units available by 10% each year. • Complete 50% of assisted living homes complaint investigations within 30 days. • Percentage of eligible state employees with delegated procurement authority who complete the procurement certification program annually. • Expand the use of state purchasing card and travel card programs by at least 10% annually, reaching full utilization by the end of FY2004. • Hours of training provided annually to guardians ad litem. • Negotiate a public/private telecommunications partnership that will significantly reduce unit costs to state agencies during the 1st year or will provide significantly improved services. 	X	X	X		

Department Budget Summary by BRU

All dollars in thousands

	FY2000 Actuals				FY2001 Authorized				FY2002 Governor			
	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds
Formula Expenditures												
Special Systems	1,111.5	0.0	0.0	1,111.5	1,111.5	0.0	0.0	1,111.5	1,111.5	0.0	0.0	1,111.5
Longevity Bonus	59,125.5	0.0	0.0	59,125.5	53,558.6	0.0	0.0	53,558.6	52,558.6	0.0	0.0	52,558.6
Non-Formula Expenditures												
Centralized Admin. Services	9,528.1	301.1	26,319.0	36,148.2	9,360.3	404.3	29,390.0	39,154.6	9,470.4	403.8	30,612.6	40,486.8
Leases Facilities	24,444.9	0.0	11,562.5	36,007.4	20,718.4	0.0	10,546.4	31,264.8	22,578.1	0.0	10,546.1	33,124.2
State Facilities	0.0	0.0	0.0	0.0	0.0	0.0	6,698.7	6,698.7	1,129.6	0.0	7,438.3	8,567.9
Rent	0.0	0.0	0.0	0.0	464.6	0.0	0.0	464.6	440.8	0.0	0.0	440.8
Information Technology Group	0.0	0.0	19,194.9	19,194.9	0.0	0.0	20,838.5	20,838.5	0.0	0.0	20,870.2	20,870.2
Information Services Fund	0.0	0.0	0.0	0.0	0.0	0.0	55.0	55.0	650.0	0.0	55.0	705.0
Public Communications Services	4,166.2	0.0	425.2	4,591.4	3,910.7	0.0	673.7	4,584.4	5,510.7	0.0	673.7	6,184.4
AIRRES Grant	0.0	0.0	0.0	0.0	76.0	0.0	0.0	76.0	76.0	0.0	0.0	76.0
Risk Management	0.0	0.0	22,413.3	22,413.3	0.0	0.0	22,434.9	22,434.9	0.0	0.0	23,353.8	23,353.8
Alaska Longevity Programs	33,323.0	0.0	449.7	33,772.7	22,438.7	0.0	12,760.1	35,198.8	24,727.8	0.0	15,603.8	40,331.6
Senior Services	9,326.9	6,452.9	1,914.1	17,693.9	10,046.7	7,255.8	3,088.7	20,391.2	10,943.9	8,282.1	3,859.8	23,085.8
AK Oil & Gas Conservation Comm	0.0	100.0	2,356.6	2,456.6	0.0	102.6	2,806.6	2,909.2	0.0	102.7	3,111.3	3,214.0
Legal & Advocacy Services	18,311.5	50.0	1,641.3	20,002.8	18,542.7	51.2	1,296.8	19,890.7	20,841.3	51.2	1,247.3	22,139.8
Alaska Public Offices Comm	725.7	0.0	0.0	725.7	822.3	0.0	0.0	822.3	752.6	0.0	0.0	752.6
Division of Motor Vehicles	9,179.8	0.0	19.3	9,199.1	8,899.1	0.0	506.8	9,405.9	9,025.4	0.0	436.6	9,462.0
Pioneers' Homes FacilitiesMaint	0.0	0.0	2,689.4	2,689.4	0.0	0.0	2,125.0	2,125.0	0.0	0.0	2,125.0	2,125.0

	FY2000 Actuals				FY2001 Authorized				FY2002 Governor			
	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds
General Svcs	0.0	0.0	2,902.3	2,902.3	0.0	0.0	2,589.7	2,589.7	0.0	0.0	39.7	39.7
Facilities Maint.												
AOGCC	0.0	0.0	44.6	44.6	0.0	0.0	34.0	34.0	0.0	0.0	34.0	34.0
Facilities Maintenance												
Year 2000	2,507.4	74.2	8.0	2,589.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Coordination												
ITG Facilities Maintenance	0.0	0.0	62.0	62.0	0.0	0.0	23.0	23.0	0.0	0.0	23.0	23.0
Totals	171,750.5	6,978.2	92,002.2	270,730.9	149,949.6	7,813.9	115,867.9	273,631.4	159,816.7	8,839.8	120,030.2	288,686.7

Funding Source Summary

All dollars in thousands

Funding Sources	FY2000 Actuals	FY2001 Authorized	FY2002 Governor
1001 Constitutional Budget Reserve Fund	5,717.1		
1002 Federal Receipts	6,677.1	7,409.6	8,436.0
1003 General Fund Match	1,164.5	1,166.6	1,291.4
1004 General Fund Receipts	133,365.9	127,735.1	137,909.2
1005 General Fund/Program Receipts	15,887.2	5,965.1	6,198.0
1007 Inter-Agency Receipts	47,881.9	45,875.8	45,362.5
1017 Benefits Systems Receipts	15,282.8	17,132.1	17,231.9
1023 FICA Administration Fund Account	90.9	112.9	112.7
1029 Public Employees Retirement Fund	4,149.5	4,662.1	5,123.4
1033 Surplus Property Revolving Fund	301.1	404.3	403.8
1034 Teachers Retirement System Fund	1,636.4	1,873.8	2,022.6
1037 General Fund / Mental Health	13,405.0	14,325.9	14,418.1
1042 Judicial Retirement System	24.6	25.1	25.1
1045 National Guard Retirement System	87.3	92.2	95.4
1053 Investment Loss Trust Fund		701.0	
1061 Capital Improvement Project Receipts		131.7	130.9
1081 Information Service Fund	19,194.9	20,838.5	20,870.2
1092 Mental Health Trust Authority Authorized Receipts	856.1	2,050.4	2,648.0
1108 Statutory Designated Program Receipts	433.7	875.4	841.2
1110 Alaska Public Utility Commission	7.5		
1118 Pioneers' Homes Receipts	1,850.0	55.9	
1119 Tobacco Settlement	360.8		
1147 Public Building Fund		6,698.7	6,951.4
1156 Receipt Supported Services		12,728.5	15,503.6
1162 Alaska Oil & Gas Conservation Commission Rcpts	2,356.6	2,770.7	3,111.3
Totals	270,730.9	273,631.4	288,686.7

Position Summary

Funding Sources	FY2001 Authorized	FY2002 Governor
Permanent Full Time	1,341	1,511
Permanent Part Time	114	119
Non Permanent	95	100
Totals	1,550	1,730

FY2002 Capital Budget Request

Project Title	General Funds	Federal Funds	Other Funds	Total Funds
Pioneers' Homes Emergency Repairs and Maintenance	100,000	0	250,000	350,000
Pioneers' Homes Alzheimer's Disease and Related Disabilities Modifications	0	0	250,000	250,000
Adult Day Facility Prototype Design for Dementia Clients	0	0	30,000	30,000
Payroll and Accounting System Replacement Analysis	400,000	0	0	400,000
State-Owned Buildings Valuation Project	60,000	0	0	60,000
ARCS Video Automation and Control Project	77,500	0	0	77,500
License Plates and Drivers License Manuals	345,000	0	0	345,000
Emergency Communications: Land Mobile Radio Migration	1,354,400	14,893,700	0	16,248,100
Electronic Signatures Project	100,000	0	0	100,000
Mainframe Improvements, Equipment Replacement, Virus Scanning, and Metadirectory Development	0	0	2,181,000	2,181,000
Upgrade Internet and Intranet, and Implement New Network Technology	0	0	539,900	539,900
Department Total	2,436,900	14,893,700	3,250,900	20,581,500

This is an appropriation level summary only. For allocations and the full project details see the capital budget.

Overview of Departmental Budget Changes

The Department of Administration has sixteen divisions that provide a broad range of services to both the general public and state agencies. This overview highlights the most significant changes in the budget for FY2002. A detailed description of all changes is available in the detailed budget for each of the Department's programs.

SERVICES TO THE PUBLIC

The Governor has proposed legislation that provides for a veterans' preference for Pioneers' Home admissions and renames the Homes to the "Pioneers' and Veterans' Homes". About 125 beds will be filled by veterans once this change is implemented. The budget includes an increase of \$5,107,700 and 126 full time positions to allow filling 86 beds that are currently vacant because of budget constraints.

Budget increases are proposed for the Division of Senior Services to cover the increased daily reimbursement rate to assisted living homes for vulnerable adults mandated by legislation passed last year; funding for assisted living homes complaint investigations; more staff for Medicaid Waiver processing to assure that all Alaskans eligible for the Medicaid Waivers receive them in a timely manner; and additional grants and training for caregivers supporting adults with dementia who live at home.

Continuing Child In Need of Aid (CINA) caseload growth requires more guardian Ad Litem staff in the Anchorage and Fairbanks offices of the Office of Public Advocacy.

The Public Defender Agency budget is increased to ensure that it is able to keep pace with continuing caseload growth, continues juvenile justice programs, and addresses a variety of issues identified by an audit released last spring by the Division of Legislative Audit.

Emergency communications infrastructure, such as microwave relay sites, will receive improved operations and maintenance with funding included in the Information Technology Group budget. This infrastructure is essential for state, local, and federal government emergency services providers to be able to communicate effectively when responding to accidents and natural disasters such as floods and forest fires.

Public broadcasting satellite transponder costs are expected to increase significantly in FY2002 as the service provider (AT&T Alascom) expects to switch to a new satellite in late FY2001. Public broadcasting, ARCS, Gavel to Gavel, the University's Distance Education service and public radio all rely on this satellite transponder for delivery of service.

SERVICES TO STATE AGENCIES

The Facilities program budget reflects two major changes in FY2002. This budget reflects implementation of the Public Building Fund project started in FY2001, which was funded via fiscal notes to Ch. 19 SLA 2000 (HB 112). This program involves day-to-day management of eight state-owned facilities in Anchorage, Fairbanks, and Juneau. The Facilities program also took over from the Department of Transportation and Public Facilities management of most other state-owned facilities in Juneau in early FY2001. The FY2002 budget formally transfers the funding and positions to the Department of Administration.

The Leasing budget has been historically underfunded by the Legislature, with full funding provided via supplemental appropriations. This FY2002 budget is fully funded based upon the estimated funding needed for the current fiscal year.

Although no changes are currently proposed in this budget for the Information Technology Group, aside from the emergency communications funding discussed above, some budgetary changes are likely to be needed as the state enters into a partnership with private vendors to provide telecommunications services to state agencies. Proposals are due to the state in December, 2000. Any budget amendments necessary to facilitate this partnership will be developed following evaluation of the proposals.

Summary of Department Budget Changes by BRU

From FY2001 Authorized to FY2002 Governor

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2001 Authorized	149,949.6	7,813.9	115,867.9	273,631.4
Adjustments which get you to start of year:				
-Risk Management	0.0	0.0	919.1	919.1
Adjustments which will continue current level of service:				
-Centralized Admin. Services	57.3	-0.5	-2.3	54.5
-Leases	-40.3	0.0	-0.3	-40.6
-Facilities	1,129.6	0.0	436.8	1,566.4
-State Facilities Rent	-23.8	0.0	0.0	-23.8
-Information Technology Group	0.0	0.0	31.7	31.7
-Risk Management	0.0	0.0	-0.2	-0.2
-Alaska Longevity Programs	-185.6	0.0	210.7	25.1
-Senior Services	6.4	1.3	-55.9	-48.2
-AK Oil & Gas Conservation Comm	0.0	0.1	10.6	10.7
-Legal & Advocacy Services	157.2	0.0	-149.5	7.7
-Alaska Public Offices Comm	-69.7	0.0	0.0	-69.7
-Division of Motor Vehicles	7.8	0.0	-70.2	-62.4
Proposed budget decreases:				
-Longevity Bonus	-1,000.0	0.0	0.0	-1,000.0
-General Srvcs Facilities Maint.	0.0	0.0	-2,550.0	-2,550.0
Proposed budget increases:				
-Centralized Admin. Services	52.8	0.0	1,224.9	1,277.7
-Leases	1,900.0	0.0	0.0	1,900.0
-Facilities	0.0	0.0	302.8	302.8
-Information Services Fund	650.0	0.0	0.0	650.0
-Public Communications Services	1,600.0	0.0	0.0	1,600.0
-Alaska Longevity Programs	2,474.7	0.0	2,633.0	5,107.7
-Senior Services	890.8	1,025.0	827.0	2,742.8
-AK Oil & Gas Conservation Comm	0.0	0.0	294.1	294.1
-Legal & Advocacy Services	2,141.4	0.0	100.0	2,241.4
-Division of Motor Vehicles	118.5	0.0	0.0	118.5
FY2002 Governor	159,816.7	8,839.8	120,030.2	288,686.7