

State of Alaska
FY2003 Governor's Operating Budget

Department of Revenue
Administration and Support
Budget Request Unit Budget Summary

Administration and Support Budget Request Unit

Contact: Larry Persily, Deputy Commissioner, Dept. of Revenue

Tel: (907) 465-5469 **Fax:** (907) 465-2389 **E-mail:** Larry_Persily@revenue.state.ak.us

BRU Mission

The mission of the Office of the Commissioner is to provide support and policy direction to the department's divisions. The commissioner's office assists the divisions in setting and reaching their goals at the lowest possible cost and with the best service to the public; to provide information and expertise as needed by the Office of the Governor, other departments, and the legislature in managing the state's finances; and to operate the hearing officer section for the child support, Permanent Fund dividend, and charitable gaming appeals.

Renewed emphasis has been added to the following missions recently:

- To manage the state's research and analysis-and response-to fiscal, tax and financing issues related to encouraging and promoting development of Alaska's North Slope natural gas resources.
- To assist the Office of the Governor, the Legislature and others in developing options for a long-term state fiscal plan.

The mission of the Division of Administrative Services is to provide support services for departmental programs. The Administrative Services Division provides divisions and agencies with administrative support in the most cost effective manner. The division is responsible for ensuring that all accounting, personnel, and procurement actions initiated within the department are in compliance with statutes, regulation and administrative policy.

BRU Services Provided

The commissioner's office provides management oversight to all operating agencies within the department. Key responsibilities include providing policy direction and oversight of the divisions responsible for the administration of the Permanent Fund Dividend program; administration and enforcement of charitable gaming laws; administration and enforcement of state tax laws; investment and management of nearly all state funds; and oversight of enforcement and collection of child support obligations and orders.

The commissioner or his designee serves on various boards and commissions including the Alaska Permanent Fund Corporation, Alaska State Pension Investment Board, Alaska Housing Finance Corporation, Alaska Industrial Development and Export Authority, Alaska Municipal Bond Bank Authority, Alaska Student Loan Corporation and State Bond Committee.

The Administrative Services Division is comprised of three sections. The Human Resource Section provides centralized personnel and payroll services to the line divisions and other agencies within the department for administrative purposes. The Fiscal/Budget/Procurement Section serves as the general accounting section for the department and is responsible for budget preparation, expenditure projections, accounts payable, travel accounting, records management, contract administration and general accounting transactions. The section also implements the department's purchasing policies and is responsible for general supply support, lease management and property control. The Information Technology Team is responsible for programming and maintenance support for department-wide information systems. All data processing equipment and software purchases are reviewed and approved by the data processing manager to ensure conformity with the department's established standards and long term plans.

BRU Goals and Strategies

We continue to assess and evaluate the way we do business in the operating divisions of the Department of Revenue. Our management philosophy stresses ongoing reassessment of our programs to provide better service to the public in a cost effective way. We continue to identify cost-saving ways to consolidate, innovate, and streamline our functions. This approach must be balanced, however, with continued perseverance of the department's main mission to collect and invest funds for public purposes. A delicate balance must be achieved in which we can continue to fund operating efficiencies without jeopardizing our ability to collect and invest funds for public purposes.

Key BRU Issues for FY2002 – 2003

- The commissioner's office will devote a substantial amount of its resources to assisting the Office of the Governor and the Legislature in developing a long-term fiscal plan for the state. This will include research and analysis of revenue issues and proposals, and assisting in presenting that information to the public.
- The commissioner's staff will continue to assist the Child Support Enforcement Division in meeting its goal of providing prompt, courteous and accurate service to the public. Collections are up substantially at the child support division, and the backlog in the accounting section has been resolved. The next step will be to improve our customer service work to the high standards the public deserves.
- The commissioner's staff will help direct the Permanent Fund Dividend Division toward implementing an effective audit procedure for random selection of dividend applicants to verify their eligibility information. The dividend program has never had an audit program for verifying the accuracy of random applications, and we believe it is important to adopt such a program to show the public that we have adequate safeguards in place and deter fraudulent applicants.
- The commissioner's office is concerned that a growing number of Alaskans may be purchasing untaxed cigarettes via the Internet or through mail-order promotions to avoid the state's \$1-a-pack cigarette tax. In addition to the loss of state revenue, such access to cigarettes is contrary to the state's efforts to reduce smoking - especially by minors. The commissioner's office will be actively involved in the Tax Division's effort to secure legislative approval of a tax stamp program for Alaska. Under the proposed legislation, all cigarettes brought into Alaska would be required to have a state tobacco tax stamp. Such a visible proof that taxes have been paid would help the Tax Division in its enforcement efforts, while also producing upward of an estimated million dollars a year in revenue to the state.

Major BRU Accomplishments in 2001

- The Tax Division, working with the Commissioner's Office, embarked on a major revision to its twice-yearly state revenue forecast booklets. The expanded format is intended to acknowledge the growing role in Alaska's budget filled by federal funding and investment earnings, and to help educate policy makers and the public on the state's fiscal future. The fall 2000 and spring 2001 forecast books were a good start in this effort, which will continue through Fiscal 2002.
- The formal hearing staff has succeeded in reducing the time it takes to hold a hearing and issue a decision in dividend and child support appeals. We have more work to do in this area, however, and will continue looking for ways to speed up the delivery of appeal answers to the public.
- The commissioner's office and the Tax Division devoted substantial resources in 2001 to assisting the Legislature and the Office of the Governor in understanding the fiscal issues of a natural gas project, including devoting a significant amount of staff time for the Joint Legislative Committee on Natural Pipeline and the Governor's Alaska Highway Natural Gas Advisory Council.
- Working with the governor's Office of Management and Budget and the Legislature, the commissioner's office assisted in a statewide series of town meetings to educate people on the state's fiscal problems. This work will continue during the 2002 legislative session.

Key Performance Measures for FY2003

Measure:

Commissioner's Office: The percentage of divisions that meet assigned performance measures.
Sec 136 (b) (1) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

- All of the divisions are meeting most, if not all, of their assigned performance measures. The commissioner's office will continue tracking the measures and will work with those divisions in any areas where they come up short during the year.

Measure:

Commissioner's Office: The average time taken to respond to complaints and questions that have been elevated to the commissioner's office.

Sec 136 (b) (2) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

The average time for a written response to dividend complaints and questions addressed to the commissioner's

- office was 7.7 calendar days in Fiscal 2001. This follows the Fiscal 2000 response time of 6.6 days.
- The average time for a written response to child support complaints and questions addressed to the commissioner's office was 11.5 calendar days in Fiscal 2001. This is consistent with the 11.23 days it took for a response in Fiscal 2000.

Measure:

Commissioner's Office: The average time taken to issue decisions in child support and permanent fund dividend appeals.

Sec 136 (b) (3) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

The average time to issue a child support formal appeal decision is 20 days after the hearing.

- The average time to issue a dividend formal appeal decision is 30 days after the hearing.
-

Measure:

Commissioner's Office: The number of decisions sustained as compared to all decisions appealed to the commissioner's office.

Sec 136 (b) (4) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

The hearing officer section overturns or amends about 8 percent of the dividend and child support decisions

- appealed to formal hearing.

Measure:

Administrative Services: The percentage of employee grievances that are overturned by a hearing officer from the Department of Administration or by an arbitrator.

Sec 137 (b) (1) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

A log is being maintained to track the number of grievances overturned by an arbitrator. Thus far in FY 2002, two

- grievances have been filed. Neither has been overturned.

Measure:

Administrative Services: The percentage of employee complaints and grievances filed at the department level that are resolved at that level.

Sec 137 (b) (2) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

A log is being kept on grievance filings and their outcome. Thus far in FY 2002, two have been filed and neither

- has been resolved.

Measure:

Administrative Services: The cost of administrative services as compared to total personnel costs for the department.

Sec 137 (b) (3) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

Total FY2002 Admin. Services Budget \$1,072.4

- Total FY2002 Dept. Personal Service \$49,063.9
-

For FY 2002, the Administrative Services total budget is 2.20% of total agency personal services.

- For FY 2001, the Administrative Services total budget was 2.28% of total agency personal services.
-

Measure:

Administrative Services: The number and amount of late penalties assessed for payroll or vendor payment.
Sec 137 (b) (4) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

- A copy of penalty pay documents will be kept on file with notation if penalty pay was issued. No late penalties for payroll have been assessed in FY 2002.
- An AKSAS report will be maintained for late penalties for vendor payments. No penalties have been assessed for late vendor payments in FY 2002.

Measure:

Administrative Services: The number of audit exceptions resolved for the department.
Sec 137 (b) (5) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

- A log is being maintained to track the number of audit exceptions or findings resolved for the department.
- For FY 2001, the department had 7 exceptions/findings and all 7 were resolved. Thus far in FY 2002 the due date for responding to any findings has not been reached.

**Administration and Support
BRU Financial Summary by Component**

All dollars in thousands

	FY2001 Actuals				FY2002 Authorized				FY2003 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
<u>Formula Expenditures</u>	None.											
<u>Non-Formula Expenditures</u>												
Commissioner's Office	172.8	447.6	333.5	953.9	346.0	451.4	806.0	1,603.4	151.7	511.1	321.8	984.6
Administrative Services	375.5	296.1	417.4	1,089.0	372.1	329.1	371.2	1,072.4	384.5	334.4	463.0	1,181.9
REV State Facilities Rent	206.6	0.0	0.0	206.6	206.6	0.0	0.0	206.6	223.0	0.0	0.0	223.0
Totals	754.9	743.7	750.9	2,249.5	924.7	780.5	1,177.2	2,882.4	759.2	845.5	784.8	2,389.5

Administration and Support

Proposed Changes in Levels of Service for FY2003

No anticipated change

Administration and Support

Summary of BRU Budget Changes by Component

From FY2002 Authorized to FY2003 Governor

All dollars in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2002 Authorized	924.7	780.5	1,177.2	2,882.4
Adjustments which will continue current level of service:				
-Commissioner's Office	-196.8	8.6	13.8	-174.4
-Administrative Services	10.8	8.2	8.5	27.5
-REV State Facilities Rent	16.4	0.0	0.0	16.4
Proposed budget decreases:				
-Commissioner's Office	0.0	0.0	-498.6	-498.6
Proposed budget increases:				
-Commissioner's Office	2.5	51.1	0.6	54.2
-Administrative Services	1.6	-2.9	83.3	82.0
FY2003 Governor	759.2	845.5	784.8	2,389.5