

**State of Alaska
FY2003 Governor's Operating Budget**

**Department of Revenue
Permanent Fund Dividend
BRU/Component Budget Summary**

BRU/Component: Permanent Fund Dividend

(There is only one component in this BRU. To reduce duplicate information, we did not print a separate BRU section.)

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Component Mission

The mission of the Permanent Fund Dividend Division is to administer the Permanent Fund dividend program.

Component Services Provided

- Process over 600,000 applications resulting in payment of dividends to eligible Alaska residents.
- Publish an application booklet that includes detailed instructions for completing the dividend application; additional information is provided through our web site and the applicant status inquiry program available on the internet. All dividend forms are also available online. Applicants can also file an application by using the internet.
- Assist applicants with questions regarding their applications, the direct-deposit program, garnishments and other PFD-related issues at the dividend information offices.
- Conduct informal conferences with applicants who file an appeal.

Component Goals and Strategies

The Permanent Fund Dividend Division in 2002 will increase to 79% the number of Alaskans who select direct deposit for their check.

- Advertise the benefits of direct deposit
- Reduce by 20% the number of applications held in the review process at the time of the dividend calculation.
 - Redesign computer edits
 - Cross-train personnel in document processing and in the dividend information offices
- Improve applicants' accessibility to Information pertaining to their dividend applications.
 - Add additional information to the internet-based status inquiry system
 - Explore ways to enhance and expand the existing telephone service
- Enhance the online application.
 - Make it accessible to Macintosh computer users
 - Make it user friendly

Key Component Issues for FY2002 – 2003

- The division continues to experience a large volume of applications that require a higher level of examination to determine an applicant's eligibility. A further analysis of the criteria that initiates this review system needs to be performed. After that is done, it is the desire of the division to spread the workload across the division to achieve faster processing time.
- The 2001 version of the online web based application fell short of the expectations to bring to applicants a user-friendly, quick and easy method of filing for a Permanent Fund dividend on the internet. The division is working on a version that will be simple to use and will allow applicants to use both IBM and Macintosh computers. This new application system will go online in January 2002.

Major Component Accomplishments in 2001

- In spite of the cumbersome model of the online dividend application for the 2001 filing period, 48,000 people filed applications via the internet. The division's 2002 online application will be easy to use and we expect to see at least 100,000 applications via the internet in 2002.
- There was a decrease in the number of repetitive requests for information sent to applicants. The numbers went down from 84,000 in 2000 to 73,402 in 2001. We will continue to refine the instructions and other information we give to the public.

Statutory and Regulatory Authority

AS 43.23
15 AAC 23

Key Performance Measures for FY2003

Measure:

The percentage of dividend payments sent out on time to eligible applicants.
Sec 138 (b) (1) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

- In 2001, 95% of applicants (563,491) were paid in the October dividend distribution period vs. 93% (544,940) all eligible in 2000. As we gain efficiencies in processing applications, we expect to increase the percentage to 97% in 2002.
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Background and Strategies:

- As we gain efficiencies in processing cases held in review, we will be able to increase the number of dividends sent out in the initial distribution.
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Measure:

The average time taken to process dividend applications.
Sec 138 (b) (2) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

- The normal processing year begins with the application period in January until we get every application on the mainframe system. The ideal time is five months, to ensure adequate time for review before the distribution period in October. In 2000 we had all applications on the system by mid-April. In 2001 we took slightly longer and had all applications on the system by mid-May.
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Background and Strategies:

- The delay in processing for 2001 was due in part to the decrease in the number of temporary employees who stayed through the entire processing season. With the increased use of technology, we hope to replace the need for temporary workers by offering electronic filing.
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Measure:

The average time taken to resolve informal appeals.
Sec 138 (b) (3) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

- The statutory time limit to complete an appeal from the time it is filed with the division is one year. The division is striving to further reduce the aging of appeal inventory to a period not to exceed six months. In FY 02, our case inventory did exceed six months old 58% of the time, vs. 25% of the time in FY 01.
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Background and Strategies:

- Vacancies and an increase in the number of appeals received resulted in an increase in the number of appeals older than six months in inventory. We have hired temporary help to alleviate the backlog in inventories.
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Measure:

The average number of applications in review at the time of the dividend calculation.
Sec 138 (b) (4) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

The division continues to experience a large volume of applications that require a higher level of examination to determine an applicant's eligibility. In 2001 there were 12,727 applications in review at payment time vs. 8,116 in 2000.

Background and Strategies:

- The division will continue to analyze the criteria that determines whether or not an application needs the higher level evaluation process. In addition, personnel from other units within the division are being cross-trained in order to help with this level of review.

Measure:

The number of application denials upheld on appeal.
Sec 138 (b) (5) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

In 2001, 1,480 denials were upheld out of 2,064 cases closed. This amounts to an uphold rate of 71.7%.

Background and Strategies:

- Denials are overturned for several reasons. The highest number of denials that are overturned are the result of an error made either on the part of the applicant or within the division when the application was processed. Because of the need to correct any errors, the uphold rate will never be 100%.

Measure:

The cost to administer the program compared to the number of applications processed.
Sec 138 (b) (6) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

In 2001 the cost per application processed was \$8.04 vs. \$8.08 in 2000.

Background and Strategies:

- The cost to administer the program for 2001 was \$4,974.2 and the number of applications processed was 618,065. In 2000, the cost was \$4,979.7 and the total applications were 616,608. The cost to administer the program has been relatively consistent between fiscal years. Increases result from capital appropriations.

Permanent Fund Dividend
Component Financial Summary

All dollars in thousands

Non-Formula Program:	FY2001 Actuals	FY2002 Authorized	FY2003 Governor
Component Expenditures:			
71000 Personal Services	2,965.4	2,993.7	3,143.8
72000 Travel	36.8	25.5	25.5
73000 Contractual	1,906.7	2,047.8	2,043.2
74000 Supplies	53.5	64.2	64.2
75000 Equipment	0.0	0.0	0.0
76000 Land/Buildings	0.0	0.0	0.0
77000 Grants, Claims	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	4,962.4	5,131.2	5,276.7
Funding Sources:			
1007 Inter-Agency Receipts	32.0	32.0	32.0
1050 Permanent Fund Dividend Fund	4,930.4	5,099.2	5,244.7
Funding Totals	4,962.4	5,131.2	5,276.7

Estimated Revenue Collections

Description	Master Revenue Account	FY2001 Actuals	FY2002 Authorized	FY2002 Cash Estimate	FY2003 Governor	FY2004 Forecast
Unrestricted Revenues						
None.		0.0	0.0	0.0	0.0	0.0
Unrestricted Total		0.0	0.0	0.0	0.0	0.0
Restricted Revenues						
Interagency Receipts	51015	32.0	32.0	32.0	32.0	35.0
Restricted Total		32.0	32.0	32.0	32.0	35.0
Total Estimated Revenues		32.0	32.0	32.0	32.0	35.0

Permanent Fund Dividend
Proposed Changes in Levels of Service for FY2003

No service changes.

Summary of Component Budget Changes
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	0.0	0.0	5,131.2	5,131.2
Adjustments which will continue current level of service:				
-Year 3 Labor Costs - Net Change from FY2002	0.0	0.0	75.1	75.1
Proposed budget increases:				
-FY2003 State Facilities Rent increase	0.0	0.0	6.8	6.8
-Increase in funding for administrative functions per the Administrative Cost Allocation Plan	0.0	0.0	63.6	63.6
FY2003 Governor	0.0	0.0	5,276.7	5,276.7

Permanent Fund Dividend

Personal Services Information

	Authorized Positions		Personal Services Costs	
	<u>FY2002</u> <u>Authorized</u>	<u>FY2003</u> <u>Governor</u>		
Full-time	54	60	Annual Salaries	2,456,535
Part-time	3	3	COLA	49,459
Nonpermanent	42	30	Premium Pay	0
			Annual Benefits	873,797
			<i>Less 6.98% Vacancy Factor</i>	<i>(235,991)</i>
			Lump Sum Premium Pay	0
Totals	99	93	Total Personal Services	3,143,800

Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Accounting Tech I	0	0	2	0	2
Administrative Clerk II	0	0	29	0	29
Administrative Clerk III	2	1	12	0	15
Administrative Manager I	0	0	1	0	1
Analyst/Programmer III	0	0	1	0	1
Analyst/Programmer IV	0	0	2	0	2
Analyst/Programmer V	0	0	2	0	2
Chf Perm Fund Div Oper	0	0	1	0	1
Division Director	0	0	1	0	1
Investigator III	1	0	0	0	1
Microfilm Equip Op II	0	0	1	0	1
PFD Specialist I	0	0	2	0	2
PFD Specialist II	0	0	2	0	2
PFD Technician I	6	1	12	0	19
PFD Technician II	0	0	9	0	9
PFD Unit Supervisor	1	0	3	0	4
Secretary	0	0	1	0	1
Totals	10	2	81	0	93