

# **State of Alaska FY2004 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 reasonable but not excessive 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**

The Division of Motor Vehicles will improve working relationships with private vendors and other groups to deliver more efficient vehicle registration and licensing services.

Work with client state agencies to identify administrative efficiencies and related cost savings in the day to day administering of state governmental programs, including savings from procurements, more efficient and effective management of administrative appeals, and other programs.

Negotiate labor agreements with any bargaining units that did not agree to a contract during FY2003 and implement the terms of any approved labor agreements.

### **Key Department Issues for FY2003 – 2004**

**Division of Finance:** The State's accounting and payroll systems are aging, stand-alone programs that will need to be replaced within the next several years. The State has selected a contractor to assist us with performing a needs assessment and developing a Request for Proposals (RFP) for development of an integrated human resources system. This project will go out for bid in late FY2003 with a contractor to be selected in FY2004.

**Homeland Security:** The Information Technology Group (ITG) is working with emergency responders as part of the Alaska Land Mobile Radio (ALMR) communications system. After a demonstration project is completed in the second half of FY2003, the system equipment will be installed, tested, and brought online in the North Zone (Fairbanks area), with some additional test sites in Anchorage, Valdez, Juneau, and possibly other locations. ALMR will ensure adequate communications capability for emergency response teams from State and Federal agencies, local governments, and non-profit organizations throughout the state without respect to the particular types of radios being used.

**Motor Vehicles:** The Division of Motor Vehicles (DMV) will finish developing a digital driver licensing system to replace the antiquated system currently in place. This will improve data storage and will provide a faster response time to law enforcement inquiries.

### **Major Department Accomplishments in 2002**

Initiated the One Card Alaska program with First National Bank Alaska. This state-of-the-art credit card program allows state agencies to tailor their purchasing and travel expenditure programs within statewide standards to best meet their individual needs.

Began implementing the telecommunications partnership with Alaska Communications Systems Group. When fully implemented, the partnership will result in improved telecommunications services for all state agencies.

Received the Cronin Club Gold Medal award for procurement innovation from the National Association of State Procurement Officers. This award recognized the outstanding training provided by the Division of General Services via its Distance Learning Program.

The Facilities program began regular, proactive maintenance of Public Building Fund facilities in Juneau, Anchorage, and Fairbanks, as well as responding to unanticipated emergencies such as leaking underground storage tanks. This maintenance effort will minimize the amount of deferred maintenance issues and associated risk of building or building-systems failure.

The Division of Personnel and Labor Relations in conjunction with AFCSME Local 52/ASEA have developed and conducted joint supervisor-steward training. The goal for the training is to develop working relationships based on mutual respect and understanding of the roles and responsibilities of both parties under the terms of the collective bargaining agreement, state law and the policies of the employer. To date more than 1,000 supervisors have received training in locations throughout the state.

## **Governor's Key Department-wide Performance Measures for FY2004**

### **Measure:**

**Improve telecommunications services for state agencies and provide increased telecommunications access to all Alaskan communities.**

#### **Alaska's Target & Progress:**

The department set out to develop a partnership with the private sector that would provide cost effective telecommunications services to all state agencies, enable the state to take advantage of technological changes, and that would ultimately lead to improved telecommunications services for all Alaskan communities by providing for a statewide telecommunications infrastructure.

A five year telecommunications partnering contract with Alaska Communications Services Group (ACS) was signed on December 10, 2001. ACS will invest more than \$29 million in telecommunications technology and equipment for state agencies, at no additional cost to the state.

The contract went into effect on April 1, 2002. The department is now working with ACS to switch services from existing vendors to ACS, install new video teleconferencing equipment and sites, and begin installing new telephone equipment .

#### **Benchmark Comparisons:**

Alaska is the only state to have entered into a partnership agreement with a private vendor to provide virtually all telecommunications services for state business.

#### **Background and Strategies:**

State agencies have not been able to take full advantage of telecommunications technology changes for a variety of reasons, including long lag times between technology changes and the appropriations process, lack of funding for infrastructure and equipment, and many services not being available in rural areas.

Private enterprise is better able to quickly respond to technology changes, and may be better able to provide telecommunications infrastructure if the state is available as an anchor tenant.

Making the same level of services available to all state offices may mean a significant increase in technology available to rural areas that are currently underserved by the telecommunications industry.

By combining many types of services in one contract, Alaska can leverage savings in some services into overall technology improvements at no net cost to the state budget.

**Measure:**

**Employee disputes resolved at the lowest level of the contractual grievance process.**

**Alaska's Target & Progress:**

Employee/employer disputes are inherent to any large organization. The objective for both parties is to reduce the number of disputes and resolve any grievances at the lowest possible level in the organization. The target is to reduce by 50% the number of grievances advancing to the Commissioner of the Department of Administration and to reduce by 50% the number of grievances that ultimately go to arbitration.

Initial grievance filings are down 30% from prior years, and the number of grievances going to arbitration is down about 75%.

**Benchmark Comparisons:**

Grievances filing statistics from 1996-2000 will be used as benchmarks.

**Background and Strategies:**

Over the years the relationship between the state and its largest employee union, AFCSME/ASEA Local 52, was so adversarial that employee grievances and complaints could not be effectively resolved and contract negotiations were measured in years not months. This dysfunctional relationship affected employee productivity, employee retention, and the quality of services to the public.

In January, 2001 the state and the union committed to establishing a working relationship built on mutual respect and understanding of the respective roles and responsibilities of both parties under the terms of the collective bargaining agreement, state law and the policies of the Employer. State labor relations staff, state agency human resource managers, union staff, and the Federal Mediation and Conciliation Service (FMCS) met and developed a "Labor Relations Covenant of Good Faith" which lays out this commitment. The objective of this covenant is to assure that employee disputes are resolved at the lowest possible level.

Recognizing that the project could not be successful without the commitment of all players in the business of employee dispute resolution, the covenant calls for joint training of all state supervisors and union stewards. These training sessions are being held in various locations throughout the state and are partially funded by a grant from the FMCS. More than 1,000 state supervisors and union stewards have been trained since the program began.

Annual training/workshops will be held with union staff, state labor relations staff, and human resource managers, the parties to the original covenant, to keep the relationship on track.

**Measure:**

**Protect the state's investment in facilities by performing timely maintenance of state-owned buildings in the Public Buildings Fund.**

**Alaska's Target & Progress:**

The department has begun performing routine maintenance on state-owned facilities to minimize the amount of deferred maintenance issues and associated risk of building or building-systems failure.

The Public Buildings Fund (PBF) has been established and is used to cover the management and maintenance costs for eight buildings in Juneau, Anchorage, and Fairbanks. Additionally, the department has responsibility for management and maintenance of six other state-owned facilities in Juneau.

As a result of the success of the PBF, the legislature passed legislation during the 2002 session changing the PBF from a pilot program restricted to certain buildings and allowed the department to add other buildings to the PBF pool.

The department has been able to begin to proactively address some facilities needs, such as exterior cleaning, renewing vapor seals, non-emergency roof repair and renewal, and proactive maintenance on elevators.

**Benchmark Comparisons:**

Comparisons with other states are not available at this time. However, we do know that many other states use an internal services fund and cost allocation plan methodology similar to the Public Buildings Fund to provide ongoing funding for maintenance and facilities management.

**Background and Strategies:**

Funding for routine building maintenance and management has been very difficult to obtain in the past because the source of funds has been primarily requested from the general fund which has a host of other, higher priority programs to support. As a result, the deferred maintenance backlog at state-owned buildings has grown to the point that the state has identified hundreds of millions of dollars of deferred maintenance needs in our facilities. This need has been confirmed and reiterated many times by all branches of government and was the subject of a legislative task force several years ago.

The state developed the plan to fund ongoing maintenance by using a cost allocation plan methodology whereby all tenant agencies pay occupancy costs, much as they would if they were leasing space from a private vendor. This allows the state to charge a significant amount of the cost to non-general fund programs, including federally funded programs, thereby leveraging the few general fund dollars available.

Although this program addresses ongoing maintenance issues, the huge list of deferred maintenance problems cannot be resolved without additional funding.

**Department Budget Summary by BRU**

*All dollars in thousands*

	FY2002 Actuals				FY2003 Authorized				FY2004 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
<b>Formula Expenditures</b>												
Special Systems	1,168.9	0.0	0.0	1,168.9	1,168.9	0.0	0.0	1,168.9	1,568.9	0.0	0.0	1,568.9
Longevity Bonus	50,958.0	0.0	0.0	50,958.0	47,519.3	0.0	0.0	47,519.3	0.0	0.0	0.0	0.0
<b>Non-Formula Expenditures</b>												
Commissioner's Office	0.0	0.0	0.0	0.0	133.0	0.0	354.0	487.0	0.0	0.0	0.0	0.0
Centralized Admin. Services	9,488.2	282.8	27,143.0	36,914.0	9,600.5	409.5	31,445.4	41,455.4	9,316.6	475.7	31,912.5	41,704.8
Leases	27,888.3	0.0	12,188.9	40,077.2	25,877.4	0.0	12,834.4	38,711.8	25,891.5	0.0	16,100.0	41,991.5
DMV Leases-Dowling/Benson	1,044.9	0.0	0.0	1,044.9	1,044.9	0.0	0.0	1,044.9	0.0	0.0	0.0	0.0
DMV Leases-Fairbanks Street	64.4	0.0	0.0	64.4	64.4	0.0	0.0	64.4	0.0	0.0	0.0	0.0
DMV Leases-Downtown Core Area	27.9	0.0	0.0	27.9	28.5	0.0	0.0	28.5	0.0	0.0	0.0	0.0
DMV Leases-Eagle River Office	26.6	0.0	0.0	26.6	26.6	0.0	0.0	26.6	0.0	0.0	0.0	0.0
Facilities	4,662.6	0.0	6,679.2	11,341.8	1,029.8	0.0	6,153.4	7,183.2	926.8	0.0	6,612.2	7,539.0
State Facilities Rent	440.8	0.0	0.0	440.8	464.3	0.0	0.0	464.3	417.9	0.0	0.0	417.9
Information Technology Group	249.3	0.0	19,782.7	20,032.0	0.0	0.0	33,896.9	33,896.9	0.0	0.0	34,007.6	34,007.6
Information Services Fund	325.0	0.0	0.0	325.0	325.0	0.0	55.0	380.0	0.0	0.0	55.0	55.0
Public Communications Services	4,547.0	0.0	364.6	4,911.6	4,660.7	0.0	1,223.7	5,884.4	4,660.7	0.0	1,223.7	5,884.4
AIRRES Grant	76.0	0.0	0.0	76.0	76.0	0.0	0.0	76.0	76.0	0.0	0.0	76.0
Risk	0.0	0.0	23,823.7	23,823.7	0.0	0.0	24,427.2	24,427.2	0.0	0.0	24,479.6	24,479.6

	FY2002 Actuals				FY2003 Authorized				FY2004 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
Management Alaska	22,842.5	0.0	12,984.8	35,827.3	23,443.6	0.0	13,179.5	36,623.1	0.0	0.0	0.0	0.0
Longevity Programs												
Senior Services	11,323.8	7,524.9	4,027.1	22,875.8	11,910.7	8,865.6	3,870.6	24,646.9	0.0	0.0	0.0	0.0
AK Oil & Gas	0.0	100.0	3,201.1	3,301.1	0.0	105.0	4,046.2	4,151.2	0.0	119.9	4,106.6	4,226.5
Conservation Comm												
Legal & Advocacy Services	22,126.6	50.0	1,324.6	23,501.2	19,447.2	52.1	1,212.8	20,712.1	23,952.9	52.1	1,522.5	25,527.5
Violent Crimes Comp Board	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	408.6	1,175.7	1,584.3
Alaska Public Offices Comm	801.4	0.0	0.0	801.4	752.6	0.0	0.0	752.6	0.0	0.0	0.0	0.0
Division of Motor Vehicles	9,991.1	0.0	488.0	10,479.1	3,877.9	0.0	6,573.3	10,451.2	3,366.2	0.0	6,120.1	9,486.3
Pioneers' Homes FacilitiesMaint	0.0	0.0	2,634.5	2,634.5	0.0	0.0	2,125.0	2,125.0	0.0	0.0	0.0	0.0
General Srvcs Facilities Maint.	0.0	0.0	39.7	39.7	0.0	0.0	39.7	39.7	0.0	0.0	39.7	39.7
ITG Facilities Maintenance	0.0	0.0	9.7	9.7	0.0	0.0	23.0	23.0	0.0	0.0	23.0	23.0
<b>Totals</b>	<b>168,053.3</b>	<b>7,957.7</b>	<b>114,691.6</b>	<b>290,702.6</b>	<b>151,451.3</b>	<b>9,432.2</b>	<b>141,460.1</b>	<b>302,343.6</b>	<b>70,177.5</b>	<b>1,056.3</b>	<b>127,378.2</b>	<b>198,612.0</b>

## Funding Source Summary

*All dollars in thousands*

Funding Sources	FY2002 Actuals	FY2003 Authorized	FY2004 Governor
1002 Federal Receipts	7,674.9	9,022.7	580.6
1003 General Fund Match	1,291.4	1,291.4	
1004 General Fund Receipts	144,488.4	134,725.8	67,978.1
1005 General Fund/Program Receipts	7,555.4	716.0	661.7
1007 Inter-Agency Receipts	48,402.0	49,014.4	48,234.1
1017 Benefits Systems Receipts	13,791.4	17,435.1	17,457.0
1023 FICA Administration Fund Account	112.7	143.0	144.2
1029 Public Employees Retirement Fund	5,166.7	5,674.1	5,711.5
1033 Surplus Property Revolving Fund	282.8	409.5	475.7
1034 Teachers Retirement System Fund	1,958.1	2,252.9	2,267.1
1037 General Fund / Mental Health	14,718.1	14,718.1	1,537.7
1042 Judicial Retirement System	22.9	28.4	28.6
1045 National Guard Retirement System	93.3	100.5	101.3
1061 Capital Improvement Project Receipts	299.2	131.4	391.0
1081 Information Service Fund	19,610.2	33,896.9	34,007.6
1092 Mental Health Trust Authority Authorized Receipts	2,664.4	2,262.0	350.3
1108 Statutory Designated Program Receipts	477.2	1,542.1	1,391.2
1147 Public Building Fund	5,989.6	5,654.7	5,928.2
1156 Receipt Supported Services	12,902.8	19,278.4	6,083.8
1162 Alaska Oil & Gas Conservation Commission Rcpts	3,201.1	4,046.2	4,106.6
1171 PF Dividend Appropriations in lieu of Dividends to Criminals			1,175.7
<b>Totals</b>	<b>290,702.6</b>	<b>302,343.6</b>	<b>198,612.0</b>

## Position Summary

Funding Sources	FY2003 Authorized	FY2004 Governor
Permanent Full Time	1,394	763
Permanent Part Time	111	28
Non Permanent	112	44
<b>Totals</b>	<b>1,617</b>	<b>835</b>

### FY2004 Capital Budget Request

Project Title	General Funds	Federal Funds	Other Funds	Total Funds
Payroll and Accounting Systems Replacement Analysis	400,000	0	0	400,000
Labor Contract Negotiations Support	250,000	0	0	250,000
License Plates, Tabs, and Manuals	0	0	400,000	400,000
Alaska Land Mobile Radio	680,000	0	0	680,000
Priority Maintenance for Facilities not in the Public Building Fund	300,000	0	0	300,000
Public Building Fund Projects	0	0	2,500,000	2,500,000
Information Technology Group Equipment Replacement	0	0	2,465,000	2,465,000
<b>Department Total</b>	<b>1,630,000</b>	<b>0</b>	<b>5,365,000</b>	<b>6,995,000</b>

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

## Overview of Departmental Budget Changes

This overview highlights the most significant changes in the budget for FY2004. A detailed description of all changes is available in the budget for each of the Department's programs.

The Division of Alaska Longevity Programs (Pioneers' Homes) is transferred to the Department of Health and Social Services by Executive Order No. 108.

The Division of Senior Services is transferred to the Department of Health and Social Services by Executive Order No. 108.

The Alaska Longevity Bonus is proposed for elimination at the end of FY2003. The required statutory change is proposed in HB 158/SB 117. No grants funding is included in the FY2004 budget for this program. (If legislation is not adopted to eliminate the program, the Longevity Bonus program is transferred to the Department of Health and Social Services by Executive Order.)

Legislation has been proposed to eliminate the Alaska Public Office Commission, transfer its record keeping functions to the Office of the Lieutenant Governor, and transfer the enforcement role to the Department of Law. This budget eliminates \$500 GF and 7 PFT positions from the APOC budget and transfers the remaining funding and positions to the Governor's Office budget.

Administrative savings of more than \$2 million GF in internal program operations is included in the FY2004 budget.

DMV's budget is reduced by \$494.9 GF, which is expected to have a minimal impact on services to the public. Although this may mean a reduction in staffing, the division is committed to providing the public with a level of service that will minimize any impact to vehicle ownership documentation and driver safety for Alaska's residents.

Additional information about specific budget changes for the various programs is contained in the detailed budget for each component.

**Summary of Department Budget Changes by BRU**  
**From FY2003 Authorized to FY2004 Governor**

*All dollars shown in thousands*

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
<b>FY2003 Authorized</b>	<b>151,451.3</b>	<b>9,432.2</b>	<b>141,460.1</b>	<b>302,343.6</b>
<b>Adjustments which will continue current level of service:</b>				
-Centralized Admin. Services	-28.6	1.2	-599.0	-626.4
-Leases	1,104.7	0.0	0.6	1,105.3
-DMV Leases- Dowling/Benson	-1,044.9	0.0	0.0	-1,044.9
-DMV Leases- Fairbanks Street	-64.4	0.0	0.0	-64.4
-DMV Leases- Downtown Core Area	-28.5	0.0	0.0	-28.5
-DMV Leases- Eagle River Office	-26.6	0.0	0.0	-26.6
-Facilities	0.0	0.0	3.4	3.4
-Information Technology Group	0.0	0.0	110.7	110.7
-Risk Management	0.0	0.0	6.5	6.5
-Alaska Longevity Programs	-24,113.6	0.0	-13,179.5	-37,293.1
-Senior Services	-11,610.7	-8,865.6	-3,430.2	-23,906.5
-AK Oil & Gas Conservation Comm	0.0	0.6	20.4	21.0
-Legal & Advocacy Services	78.7	0.0	4.4	83.1
-Alaska Public Offices Comm	9.0	0.0	0.0	9.0
-Division of Motor Vehicles	-16.8	0.0	-453.2	-470.0
-Pioneers' Homes FacilitiesMaint	0.0	0.0	-2,125.0	-2,125.0
<b>Proposed budget decreases:</b>				
-Centralized Admin. Services	-388.3	0.0	0.0	-388.3
-Leases	-1,092.3	0.0	0.0	-1,092.3
-Facilities	-103.0	0.0	0.0	-103.0
-State Facilities Rent	-46.4	0.0	0.0	-46.4
-Information Services Fund	-325.0	0.0	0.0	-325.0
-Longevity Bonus	-47,519.3	0.0	0.0	-47,519.3
-Senior Services	-300.0	0.0	-1,275.3	-1,575.3
-Legal & Advocacy Services	0.0	0.0	-45.0	-45.0
-Violent Crimes Comp Board	0.0	408.6	1,175.7	1,584.3
-Alaska Public Offices Comm	-761.6	0.0	0.0	-761.6
-Division of Motor Vehicles	-494.9	0.0	0.0	-494.9
<b>Proposed budget increases:</b>				
-Centralized Admin. Services	0.0	65.0	712.1	777.1
-Leases	1.7	0.0	3,265.0	3,266.7
-Facilities	0.0	0.0	455.4	455.4
-Special Systems	400.0	0.0	0.0	400.0
-Risk Management	0.0	0.0	45.9	45.9
-Alaska Longevity Programs	670.0	0.0	0.0	670.0
-Senior Services	0.0	0.0	834.9	834.9
-AK Oil & Gas Conservation Comm	0.0	14.3	40.0	54.3
-Legal & Advocacy Services	4,427.0	0.0	350.3	4,777.3
<b>FY2004 Governor</b>	<b>70,177.5</b>	<b>1,056.3</b>	<b>127,378.2</b>	<b>198,612.0</b>