

State of Alaska FY2009 Governor's Operating Budget

Department of Administration State Travel Office Component Budget Summary

Component: State Travel Office

Contribution to Department's Mission

The State Travel Office provides travel services for state government.

Core Services

Administer state travel office serving travelers within the executive branch, Medicaid beneficiaries, and Alaskacare beneficiaries and their dependents

Manage relationships with providers of travel services to ensure the state is receiving the greatest possible value for its travel expenditures.

Report information about state travel purchases to all interested parties.

End Result	Strategies to Achieve End Result
<p>A: Improved customer satisfaction.</p> <p><u>Target #1:</u> Surveyed respondents who rated STO services as satisfactory or better.</p> <p><u>Measure #1:</u> % of customers rating services as satisfactory or better.</p>	
End Result	Strategies to Achieve End Result
<p>B: Increased savings for state travel expenditures</p> <p><u>Target #1:</u> Annual cumulative net savings report from STO contract</p> <p><u>Measure #1:</u> Percent increase over prior year's savings</p>	

FY2009 Resources Allocated to Achieve Results							
<p>FY2009 Component Budget: \$2,322,600</p>	<p>Personnel:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Full time</td> <td style="text-align: right;">3</td> </tr> <tr> <td>Part time</td> <td style="text-align: right;">0</td> </tr> <tr> <td>Total</td> <td style="text-align: right; border-top: 1px solid black;">3</td> </tr> </table>	Full time	3	Part time	0	Total	3
Full time	3						
Part time	0						
Total	3						

Performance Measure Detail

A: Result - Improved customer satisfaction.

Target #1: Surveyed respondents who rated STO services as satisfactory or better.

Measure #1: % of customers rating services as satisfactory or better.

% of customer satisfaction

Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4
FY 2006	*	*	62%	72%
FY 2007	78%	76%	73%	72%

Data measured on a quarterly basis.

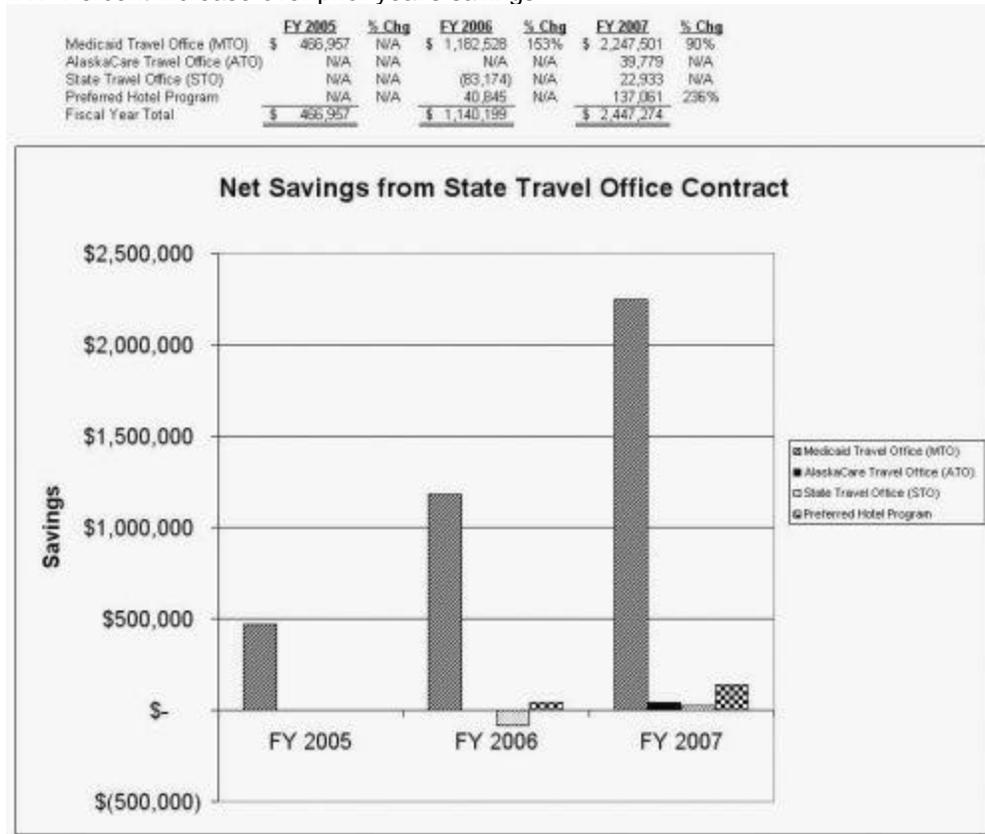
*Data unavailable during this time frame.

Analysis of results and challenges: The customer satisfaction survey is administered quarterly beginning with the January – March 2006 quarter. It is one of the contractual performance measures that affect the fee paid to USTravel for travel arrangements made by the State Travel Office.

B: Result - Increased savings for state travel expenditures

Target #1: Annual cumulative net savings report from STO contract

Measure #1: Percent increase over prior year's savings



Analysis of results and challenges: Analysis of results and challenges:

The STO has strengthened controls and improved service to beneficiaries while saving almost \$4 million for the Medicaid program since it began operations on January 1, 2005. Similar services were extended on July 1, 2006 to active employees and retirees and their dependents covered by AlaskaCare health benefits. State agencies are served by the STO, as well as its preferred hotel program. This segment began showing a net calculated

savings in FY 2007.

Key Component Challenges

Managed travel – Better management of travel expenditures remains a goal of the Department of Administration. The state travel office was established in FY 2005 within the Division of Finance to reach that goal. The initiative includes several aspects to improve efficiency and cut costs: automation of the travel request and approval process; policy development and enforcement; negotiations with key vendors for reduced prices based on volume; and the ability to report travel data. Some of these management goals may not be readily acceptable to state travelers who historically have been able to make their own arrangements. The challenge is to meet their customer service expectations while taking management control of the travel process.

Significant Changes in Results to be Delivered in FY2009

The managed travel initiative is still a new area of management for state government. Administering this effort in an efficient, fair, and firm manner continues as a priority for the office in FY 2008. Improvements to the service model are implemented based on customer input. An online booking tool is being piloted in FY 2008.

Major Component Accomplishments in 2007

Enhanced booking request form and created online feedback/complaint system to improve communication between STO and its customers.

Monthly State Travel Office newsletters provide important travel information to state employees. Introduced new “Test Your STO Knowledge” feature with random drawing from correct answers to increase knowledge retention.

Travel Alerts to statewide travel contacts regarding changes in airline regulations, disruption to service due to natural disasters, and other important information state travelers need to know.

Created a profile database for state travelers that contains information on department, division, form of payment, email addresses, mileage accumulation, and any other information pertaining to the profiled traveler.

Continued travel services to Medicaid clients which began January 1, 2005. Calculated savings for FY 2007 is \$2,247,501.

Continued expansion of service to executive branch agencies. Calculated savings for FY 2007 is \$22,933.

Initiated services to AlaskaCare beneficiaries for health care travel. Calculated savings for FY 2007 is \$39,779.

Expanded hotel program to several communities within Alaska. Calculated savings over government rate is \$137,061.

Maintained contracts with Alaska Airlines, Northwest Airlines, and rural air carriers within Alaska, which generate most of the calculated savings. Purchases of airfare during FY 2007 demonstrate that the State of Alaska is saving money in a rising cost environment. Facts supporting this accomplishment:

- State travel on Alaska Airlines increased 24%, with 0% increase in cost, reflecting a decrease of \$6.35 in average ticket price. Similarly state travel on other airlines increased by 14%, with only 6% increase in cost.
- Medicaid air travel increased 3%, with 0% increase in cost, reflecting a decrease of \$9.78 in average ticket price.
- These savings were achieved in a year when fares at Anchorage airport increased 5.7% and USTravel’s customers overall experienced average ticket price increases of \$9.99.

Statutory and Regulatory Authority

AS 36.30.005 Centralization of Procurement Authority
AS 39.20.110-190 Travel Regulations.

Contact Information

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**State Travel Office
Component Financial Summary**

All dollars shown in thousands

	FY2007 Actuals	FY2008 Management Plan	FY2009 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	250.4	262.9	274.2
72000 Travel	5.2	5.0	5.0
73000 Services	1,903.5	1,518.4	2,018.4
74000 Commodities	13.2	25.0	25.0
75000 Capital Outlay	0.0	0.0	0.0
77000 Grants, Benefits	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	2,172.3	1,811.3	2,322.6
Funding Sources:			
1007 Inter-Agency Receipts	2,172.3	1,811.3	2,322.6
Funding Totals	2,172.3	1,811.3	2,322.6

Estimated Revenue Collections

Description	Master Revenue Account	FY2007 Actuals	FY2008 Management Plan	FY2009 Governor
Unrestricted Revenues				
Interagency Receipts	51015	2.7	0.0	0.0
Unrestricted Total		2.7	0.0	0.0
Restricted Revenues				
Interagency Receipts	51015	2,172.3	1,811.3	2,322.6
Restricted Total		2,172.3	1,811.3	2,322.6
Total Estimated Revenues		2,175.0	1,811.3	2,322.6

**Summary of Component Budget Changes
From FY2008 Management Plan to FY2009 Governor**

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2008 Management Plan	0.0	0.0	1,811.3	1,811.3
Adjustments which will continue current level of service:				
-FY 09 Bargaining Unit Contract Terms: General Government Unit	0.0	0.0	11.3	11.3
Proposed budget increases:				
-State Travel Office Operations - Align Budget with Expenditures	0.0	0.0	500.0	500.0
FY2009 Governor	0.0	0.0	2,322.6	2,322.6

**State Travel Office
Personal Services Information**

Authorized Positions		Personal Services Costs		
FY2008 Management Plan		FY2009 Governor		
Full-time	3	3	Annual Salaries	182,947
Part-time	0	0	COLA	10,781
Nonpermanent	1	1	Premium Pay	0
			Annual Benefits	91,534
			<i>Less 3.88% Vacancy Factor</i>	(11,062)
			Lump Sum Premium Pay	0
Totals	4	4	Total Personal Services	274,200

Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Accountant IV	0	0	1	0	1
College Intern II	0	0	1	0	1
State Travel Manager	0	0	1	0	1
State Travel Office Assistant	0	0	1	0	1
Totals	0	0	4	0	4