

State of Alaska
FY2009 Governor's Operating Budget

Department of Revenue
Permanent Fund Dividend Division
Component Budget Summary

Component: Permanent Fund Dividend Division

Contribution to Department's Mission

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

Core Services

- Administration of the annual Permanent Fund Dividend (PFD) application and eligibility process
- Investigation and prosecution of PFD fraud; collection of dividend payments made to ineligible applicants
- Administration of the appeals process for denied applicants
- Garnishee dividends as appropriate
- Provide information from the PFD database

End Result	Strategies to Achieve End Result
<p>A: All eligible Alaskans, whose applications are not on appeal, receive their Permanent Fund Dividend in October or November.</p> <p><u>Target #1:</u> 100% of eligible applicants not on appeal are paid in October (by direct deposit) or November (by warrant).</p> <p><u>Measure #1:</u> Percentage of eligible applicants not on appeal who are paid in October (by direct deposit) or November (by warrant).</p>	<p>A1: Provide staff with needed training to perform effectively.</p> <p><u>Target #1:</u> 100% of new staff receive standardized training within first three months. <u>Measure #1:</u> Percentage of new staff that receive standardized training within first three months.</p> <p>A2: Maximize use of staff across unit lines throughout the cycle.</p> <p><u>Target #1:</u> 100% of non-managerial eligibility staff are cross-trained to work in at least one other functional area. <u>Measure #1:</u> Percentage of non-managerial eligibility staff trained to work in at least one other functional area.</p> <p>A3: Increase use by the public of online filing and applicant support services.</p> <p><u>Target #1:</u> 80% of applications filed during the application period are filed online by 2009. <u>Measure #1:</u> Percentage of applicants that use online filing.</p>
End Result	Strategies to Achieve End Result
<p>B: Processing cost per application is reduced or maintained.</p> <p><u>Target #1:</u> Maintain actual cost of processing at or below FY2004 cost per application <u>Measure #1:</u> Actual cost per application (in nominal dollars)</p>	<p>B1: Reduce manual linking of supplemental documents.</p> <p><u>Target #1:</u> 50% of supplemental documents are electronically linked by the 2006 dividend cycle. <u>Measure #1:</u> Percentage of documents that are electronically linked.</p>

End Result	Strategies to Achieve End Result
<p>C: Fraudulently filed PFD applications are identified, denied/assessed, and civil or criminal penalties applied as provided by law.</p> <p><u>Target #1:</u> Decrease the percentage of fraudulent applications to net applications.</p> <p><u>Measure #1:</u> Percentage of fraudulent applications identified as compared to net applications received.</p>	<p>C1: Perform audits to identify fraudulently filed applications.</p> <p><u>Target #1:</u> Identify and implement audits as fraudulent patterns emerge.</p> <p><u>Measure #1:</u> New audits initiated or existing audits refined.</p>

Major Activities to Advance Strategies	
<ul style="list-style-type: none"> Expand myAlaska online application to all applicants. Offer early payment incentives to applicants who file online, in January, and select direct deposit. Expand functionality of online applicant status inquiry and information maintenance. Complete DAIS III, the eligibility and case management piece of the applicant database. Complete the new PFD payment system. 	<ul style="list-style-type: none"> Publicize prosecuted criminal activity. Provide standardized training to new staff. Cross train staff to work in more than one functional area. Allocate staff across unit lines to address peak workload.

FY2009 Resources Allocated to Achieve Results							
<p>FY2009 Component Budget: \$6,966,800</p>	<p>Personnel:</p> <table> <tr> <td>Full time</td> <td>76</td> </tr> <tr> <td>Part time</td> <td>14</td> </tr> <tr> <td>Total</td> <td>90</td> </tr> </table>	Full time	76	Part time	14	Total	90
Full time	76						
Part time	14						
Total	90						

Performance Measure Detail

A: Result - All eligible Alaskans, whose applications are not on appeal, receive their Permanent Fund Dividend in October or November.

- Target #1:** 100% of eligible applicants not on appeal are paid in October (by direct deposit) or November (by warrant).
- Measure #1:** Percentage of eligible applicants not on appeal who are paid in October (by direct deposit) or November (by warrant).

Eligible Applicants Paid in October or November

Year	Percentage Paid
2002	93.6%
2003	93.7%
2004	94.0%
2005	96.0%
2006	99.6%

Analysis of results and challenges: The division exceeded the goal of 98% set for 2006. This can be attributed to additional increases in on-line filing, increased use of automation in processing, cross-utilization of staff, and implementation of the new Dividend Application Information System (DAIS II).

A1: Strategy - Provide staff with needed training to perform effectively.

Target #1: 100% of new staff receive standardized training within first three months.

Measure #1: Percentage of new staff that receive standardized training within first three months.

Standardized Training of Staff Within First Three Months

Year	% of Staff Trained
2004	50%
2005	100%
2006	100%

Analysis of results and challenges: Standardized training was developed and implemented between December 2003 and January 2004. This training is proving to be effective for all staff and is updated with each session taught. All new employees were given this training in 2006.

A2: Strategy - Maximize use of staff across unit lines throughout the cycle.

Target #1: 100% of non-managerial eligibility staff are cross-trained to work in at least one other functional area.

Measure #1: Percentage of non-managerial eligibility staff trained to work in at least one other functional area.

Staff Trained to Work in Other Units

Year	% of Staff
2004	75%
2005	100%
2006	100%

Analysis of results and challenges: This target has been accomplished and procedures put in place to assure that new employees are cross-trained during their first year. The new PFD job classification scheme is based on cross-training of all technical staff.

A3: Strategy - Increase use by the public of online filing and applicant support services.

Target #1: 80% of applications filed during the application period are filed online by 2009.

Measure #1: Percentage of applicants that use online filing.

Applicants Using Online Filing

Year	% of Online Filers	% Change from Prior Year
2002	14.0%	--
2003	24.9%	10.9%
2004	25.2%	0.3%
2005	34.0%	8.8%
2006	57.1%	23.1%
2007	66.6%	9.5%
2008	Forecast: 71%	

Analysis of results and challenges: The number of PFD applicants applying online in 2007 exceeded the 2007 forecast of 63%. The forecast for 2008 is that 71% of all applicants filing during the application period will file online.

B: Result - Processing cost per application is reduced or maintained.

Target #1: Maintain actual cost of processing at or below FY2004 cost per application
Measure #1: Actual cost per application (in nominal dollars)

Actual Cost per Application (in nominal dollars)

Year	Cost per Application
FY 2003	\$9.73
FY 2004	\$9.42
FY 2005	\$9.39
FY 2006	\$9.77
FY 2007	\$11.11

B1: Strategy - Reduce manual linking of supplemental documents.

Target #1: 50% of supplemental documents are electronically linked by the 2006 dividend cycle.
Measure #1: Percentage of documents that are electronically linked.

Analysis of results and challenges: This target was met during the 2006 dividend cycle. Over 53% of the 1 million documents associated with the 2006 application cycle were electronically linked. The division does not have the technology to electronically link the remaining documents which include such things as birth certificates, immigration papers, and travel documents.

C: Result - Fraudulently filed PFD applications are identified, denied/assessed, and civil or criminal penalties applied as provided by law.

Target #1: Decrease the percentage of fraudulent applications to net applications.
Measure #1: Percentage of fraudulent applications identified as compared to net applications received.

Fraudulent PFD Applications Identified

Year	# Fraudulent App's ID'd	# Net Applications	% of Fraudulent App's
2005	1,760	627,342	0.28%
2006	2,249	623,531	0.36%

Net applications are total applications filed, less invalid (duplicate) applications.

Analysis of results and challenges: Although there was an increase in the percentage of applications determined to be fraudulent from 2005 to 2006, this was due in large part to the division's refinement of the "Out-of-State Internet Provider" audit that identified over 700 additional fraudulent applications. This audit identifies applicants who file online from out-of-state while claiming to be in Alaska.

In addition to improved audit results, fraud tips decreased and fewer applications were filed in 2006, indicating fewer fraudulent individuals filing for the dividend. Once the division reaches a plateau using pattern analysis and deterrence measures, the percentage of applications filed that are determined to be fraudulent should decrease.

C1: Strategy - Perform audits to identify fraudulently filed applications.

Target #1: Identify and implement audits as fraudulent patterns emerge.
Measure #1: New audits initiated or existing audits refined.

Analysis of results and challenges: Two special audits were conducted during 2006:

A new audit was implemented that focused on direct deposit advices returned by the Postal Service with out-of-state forwarding information. This audit resulted in denial of 73 applications.

The "Out-of-State Internet Provider" audit was conducted for the second year. This audit identifies applicants who

file online from out-of-state while claiming to be in Alaska. Refinements made to the audit process resulted in 925 fraudulent applications identified, an increase of 776 when compared to 2005.

Key Component Challenges

The PFD program is entirely dependent on computer technology to process 630,000 applications and another 1.5 million supporting documents annually. Our biggest challenges and issues are technology related.

- The division continues to use and maintain the PFD payment system that was developed in 1982; initial funding has been obtained for the first phase of a new payment system that will provide more flexibility in issuing payments and responding to new initiatives.
- Complete DAIS III, the new PFD eligibility and case management system.
- Communicate PFD rules and processes clearly and timely to the public.
- Develop and implement procedures to bring the division into compliance with the federal Office of Foreign Asset Control (OFAC), and perform ongoing due diligence to ensure that the division does not issue payments to individuals being sanctioned by the federal government.

Significant Changes in Results to be Delivered in FY2009

- Absent issues beyond the division's control, the projected increase in early online filing and DAIS III implementation will result in completion of eligibility work through the final review stage before payment dates for the first time in the history of the program.

Major Component Accomplishments in 2007

- Payment incentives for applying online, in January, and selecting direct deposit resulted in an increase in online applications from 57% in 2006 to 66% in 2007.
- Developed and implemented a web based program for governmental agencies to submit garnishments electronically.

Statutory and Regulatory Authority

AS 43.23 Permanent Fund Dividends
15 AAC 23 Alaska Permanent Fund Dividends

Contact Information
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**Permanent Fund Dividend Division
Component Financial Summary**

All dollars shown in thousands

	FY2007 Actuals	FY2008 Management Plan	FY2009 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	4,670.7	4,629.5	4,924.7
72000 Travel	55.9	25.5	25.5
73000 Services	2,011.6	2,015.7	1,952.4
74000 Commodities	126.3	64.2	64.2
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	6,864.5	6,734.9	6,966.8
Funding Sources:			
1007 Inter-Agency Receipts	41.8	20.0	20.0
1050 Permanent Fund Dividend Fund	6,822.7	6,714.9	6,946.8
Funding Totals	6,864.5	6,734.9	6,966.8

Estimated Revenue Collections

Description	Master Revenue Account	FY2007 Actuals	FY2008 Management Plan	FY2009 Governor
Unrestricted Revenues				
General Fund Program Receipts	51060	226.2	255.0	255.0
Unrestricted Fund	68515	59.4	75.0	75.0
Unrestricted Total		285.6	330.0	330.0
Restricted Revenues				
Interagency Receipts	51015	41.8	20.0	20.0
Restricted Total		41.8	20.0	20.0
Total Estimated Revenues		327.4	350.0	350.0

**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	6,734.9	6,734.9
Adjustments which will continue current level of service:				
-FY 09 Health Insurance Increases for Exempt Employees	0.0	0.0	0.2	0.2
-FY 09 Bargaining Unit Contract Terms: General Government Unit	0.0	0.0	231.7	231.7
FY2009 Governor	0.0	0.0	6,966.8	6,966.8

**Permanent Fund Dividend Division
Personal Services Information**

Authorized Positions		Personal Services Costs		
	<u>FY2008</u>	<u>FY2009</u>		
	<u>Management</u>	<u>Governor</u>		
	<u>Plan</u>			
Full-time	76	76	Annual Salaries	3,284,941
Part-time	14	14	COLA	230,190
Nonpermanent	0	0	Premium Pay	20,132
			Annual Benefits	1,932,079
			<i>Less 9.93% Vacancy Factor</i>	<i>(542,642)</i>
			Lump Sum Premium Pay	0
Totals	90	90	Total Personal Services	4,924,700

Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Accounting Tech I	0	0	2	0	2
Administrative Clerk II	0	0	16	0	16
Administrative Clerk III	0	0	4	0	4
Administrative Officer I	0	0	1	0	1
Administrative Supervisor	0	0	1	0	1
Analyst/Programmer I	0	0	1	0	1
Analyst/Programmer III	2	0	1	0	3
Analyst/Programmer IV	1	0	2	0	3
Analyst/Programmer V	0	0	2	0	2
Data Processing Mgr II	0	0	1	0	1
Division Director	0	0	1	0	1
Investigator III	1	0	1	0	2
Investigator IV	0	0	1	0	1
Microfilm/Imaging Oper I	0	0	1	0	1
Microfilm/Imaging Oper II	0	0	1	0	1
PFD Manager	0	0	1	0	1
PFD Specialist I	0	0	6	0	6
PFD Specialist II	0	0	3	0	3
PFD Technician I	2	0	5	0	7
PFD Technician II	6	3	17	0	26
PFD Technician III	1	0	3	0	4
PFD Technician IV	1	1	1	0	3
Totals	14	4	72	0	90