

State of Alaska FY2013 Governor's Operating Budget

Department of Administration Risk Management RDU/Component Budget Summary

RDU/Component: Risk Management

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

Contribution to Department's Mission

Mitigate state's risk of financial loss (cost of risk) from accidental loss and injury.

Core Services

- Claims processing, litigation management, contract review, insurance administration and consulting.

Key Component Challenges**Increased Costs**

Risk Management continues to face increasing costs for excess property insurance premiums due to the natural disasters in the world reinsurance market this past year. FY2012 will see a sharp increase of 30% for excess property coverage. If the market continues on this course Risk Management may need to consider alternatives such as an increase in our Self Insured Retention (SIR) level or lower excess limits.

Worker's Compensation

Risk Management also is continuing to explore a reduction in workers compensation costs by working with Division of Personnel to implement a Return to Work program which includes light duty returns. These programs are proven benefits to employers in both cost and morale of employees.

Contractor Liability

We have noticed a marked increase in the requests from contractors to limit their liability exposures in State contracts. We are working with state contracting officers to continue to protect the interests of the state, but not be so restrictive as to limit the potential bidders on these contracts. This is accomplished by reviewing each individual contract and its risks presented to us, and tailoring the final terms to the unique activity of that agreement.

Significant Changes in Results to be Delivered in FY2013

No significant changes in results are to be delivered.

Major Component Accomplishments in 2011

- Successfully implemented Center for Medicaid/Medicare Services (CMS) reporting on schedule
- Negotiated lower excess premiums on both aviation and marine policies
- Underwrite marine employee safety response, vessel safety inspections, and safety signage aboard the AMHS ferry vessels
- Continued training leasing/contract officers on indemnity terms; insurance requirements; and acceptable certificates of insurance

Statutory and Regulatory Authority

AS 23.30.045 Employer's liability for compensation
AS 23.30.090 Self-insurance certificates
AS 37.05.287 Insurance for State assets
AS 37.05.289 State insurance catastrophe reserve account
AS 09.50.250 Actionable claims against the State
AS 44.21.040 Records or accounts of claims and warrants
AS 09.50.270 Payment of judgment against the State

Contact Information

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**Risk Management
Component Financial Summary**

All dollars shown in thousands

	FY2011 Actuals	FY2012 Management Plan	FY2013 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	558.1	593.2	619.7
72000 Travel	6.5	17.4	17.4
73000 Services	36,317.1	36,350.0	36,350.0
74000 Commodities	10.5	13.5	13.5
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	36,892.2	36,974.1	37,000.6
Funding Sources:			
1004 General Fund Receipts	0.0	4.4	4.4
1007 Inter-Agency Receipts	36,892.2	36,969.7	36,996.2
Funding Totals	36,892.2	36,974.1	37,000.6

Estimated Revenue Collections

Description	Master Revenue Account	FY2011 Actuals	FY2012 Management Plan	FY2013 Governor
Unrestricted Revenues				
None.		0.0	0.0	0.0
Unrestricted Total		0.0	0.0	0.0
Restricted Revenues				
Interagency Receipts	51015	36,892.2	36,969.7	36,996.2
Restricted Total		36,892.2	36,969.7	36,996.2
Total Estimated Revenues		36,892.2	36,969.7	36,996.2

**Summary of Component Budget Changes
From FY2012 Management Plan to FY2013 Governor**

All dollars shown in thousands

	<u>Unrestricted Gen (UGF)</u>	<u>Designated Gen (DGF)</u>	<u>Other Funds</u>	<u>Federal Funds</u>	<u>Total Funds</u>
FY2012 Management Plan	4.4	0.0	36,969.7	0.0	36,974.1
Adjustments which will continue current level of service:					
-FY2013 Salary Increases	0.0	0.0	21.6	0.0	21.6
-FY2013 Health Insurance Increases	0.0	0.0	4.9	0.0	4.9
FY2013 Governor	4.4	0.0	36,996.2	0.0	37,000.6

Risk Management Personal Services Information				
Authorized Positions			Personal Services Costs	
	FY2012 Management Plan	FY2013 Governor		
Full-time	5	5	Annual Salaries	398,759
Part-time	0	0	COLA	3,094
Nonpermanent	0	0	Premium Pay	0
			Annual Benefits	222,429
			<i>Less 0.73% Vacancy Factor</i>	(4,582)
			Lump Sum Premium Pay	0
Totals	5	5	Total Personal Services	619,700

Position Classification Summary					
Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Accounting Tech I	0	0	1	0	1
Claims Administrator	0	0	2	0	2
Division Director	0	0	1	0	1
Risk Manager	0	0	1	0	1
Totals	0	0	5	0	5

Component Detail All Funds
Department of Administration

Component: Risk Management (71)
RDU: Risk Management (23)

	FY2011 Actuals	FY2012 Conference Committee	FY2012 Authorized	FY2012 Management Plan	FY2013 Governor	FY2012 Management Plan vs FY2013 Governor	
71000 Personal Services	558.1	593.2	593.2	593.2	619.7	26.5	4.5%
72000 Travel	6.5	17.4	17.4	17.4	17.4	0.0	0.0%
73000 Services	36,317.1	36,345.6	36,350.0	36,350.0	36,350.0	0.0	0.0%
74000 Commodities	10.5	13.5	13.5	13.5	13.5	0.0	0.0%
75000 Capital Outlay	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
77000 Grants, Benefits	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
78000 Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Totals	36,892.2	36,969.7	36,974.1	36,974.1	37,000.6	26.5	0.1%
Fund Sources:							
1004 Gen Fund (UGF)	0.0	0.0	4.4	4.4	4.4	0.0	0.0%
1007 I/A Rcpts (Other)	36,892.2	36,969.7	36,969.7	36,969.7	36,996.2	26.5	0.1%
Unrestricted General (UGF)	0.0	0.0	4.4	4.4	4.4	0.0	0.0%
Designated General (DGF)	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Other Funds	36,892.2	36,969.7	36,969.7	36,969.7	36,996.2	26.5	0.1%
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Positions:							
Permanent Full Time	5	5	5	5	5	0	0.0%
Permanent Part Time	0	0	0	0	0	0	0.0%
Non Permanent	0	0	0	0	0	0	0.0%

Change Record Detail - Multiple Scenarios With Descriptions
Department of Administration

Component: Risk Management (71)

RDU: Risk Management (23)

Scenario/Change Record Title	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		NP
										PFT	PPT	
***** Changes From FY2012 Conference Committee To FY2012 Authorized *****												
FY2012 Conference Committee												
	ConfCom	36,969.7	593.2	17.4	36,345.6	13.5	0.0	0.0	0.0	5	0	0
1007 I/A Rcpts		36,969.7										
ETS/HR Chargeback Transfer to Risk Management ADN 02-12-0028												
	Trin	2.0	0.0	0.0	2.0	0.0	0.0	0.0	0.0	0	0	0
1004 Gen Fund		2.0										
<p>Pursuant to Section 1, Chapter 3, FSSLA 2011, pages 2, lines 22-25, \$1,328,200 is distributed to state departments and agencies in order to pay service costs charged by the Department of Administration in FY2012, primarily for Personnel and Enterprise Technology Services.</p> <p>The DOA portion of \$94.4 is distributed as follows:</p> <ul style="list-style-type: none"> Office of Administrative Hearings: .9 Office of the Commissioner: .6 Division of Administrative Services: 1.5 DOA Information Technology Support: .6 Division of Finance: 5.3 E-Travel: 1.7 Division of Personnel: 6.5 Labor Relations: .6 Purchasing: .8 Property Management: .3 Central Mail: 2.2 Retirement and Benefits: 8.7 Lease Administration: .8 Facilities: 7.7 Facilities Administration: .8 Enterprise Technology Services: 9.5 Risk Management: 2.0 Alaska Oil and Gas Conservation Commission: 3.3 Office of Public Advocacy: 14.7 Public Defender Agency: 14.1 Violent Crimes Compensation Board: .2 Alaska Public Offices Commission: .9 Motor Vehicles: 10.7 												
ETS/HR Transfer within Department of Administration ADN 02-12-0044												
	Trin	2.4	0.0	0.0	2.4	0.0	0.0	0.0	0.0	0	0	0
1004 Gen Fund		2.4										

Change Record Detail - Multiple Scenarios With Descriptions
Department of Administration

Component: Risk Management (71)
RDU: Risk Management (23)

Scenario/Change Record Title	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		NP	
										PFT	PPT		
Pursuant to Section 1, Chapter 3, FSSLA 2011, pages 2, lines 22-25, \$1,328,200 is distributed to state departments and agencies in order to pay service costs charged by the Department of Administration in FY2012. DOA's Unrealizable Fund Sources for Personal Services and DOA Internal Core Services Allocation totals \$291.2 and is shown below:													
Office of Administrative Hearings: 34.8													
Office of the Commissioner: .7													
Division of Administrative Services: .7													
DOA Information Technology Support: .6													
Division of Finance: 29.0													
E-Travel: 21.0													
Division of Personnel: 11.8													
Labor Relations: .9													
Purchasing: 1.0													
Property Management: 22.8													
Central Mail: 2.5													
Retirement and Benefits: 10.4													
Lease Administration: 34.3													
Facilities: 9.3													
Facilities Administration: 1.0													
Enterprise Technology Services: 32.4													
Risk Management: 2.4													
Alaska Oil and Gas Conservation Commission: 4.0													
Office of Public Advocacy: 29.0													
Public Defender Agency: 16.8													
Violent Crimes Compensation Board: 12.2													
Alaska Public Offices Commission: 1.0													
Motor Vehicles: 12.6													
Subtotal		36,974.1	593.2	17.4	36,350.0	13.5	0.0	0.0	0.0	5	0	0	
*****		Changes From FY2012 Authorized To FY2012 Management Plan						*****					
Subtotal		36,974.1	593.2	17.4	36,350.0	13.5	0.0	0.0	0.0	5	0	0	
*****		Changes From FY2012 Management Plan To FY2013 Governor						*****					
FY2013 Salary Increases													
	SalAdj	21.6	21.6	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0	
1007 I/A Rcpts		21.6											
FY2013 Salary Increases: \$21.6													

Change Record Detail - Multiple Scenarios With Descriptions
Department of Administration

Component: Risk Management (71)
RDU: Risk Management (23)

Scenario/Change Record Title	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		NP
										PFT	PPT	
FY2013 Health Insurance Increases												
1007 I/A Rcpts	SalAdj	4.9	4.9	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
FY2013 Health Insurance Increases: \$4.9												
Totals		37,000.6	619.7	17.4	36,350.0	13.5	0.0	0.0	0.0	5	0	0

Department of Administration

Scenario: FY2013 Governor (9494)
Component: Risk Management (71)
RDU: Risk Management (23)

PCN	Job Class Title	Time Status	Retire Code	Barg Unit	Location	Salary Sched	Range / Step	Comp Months	Split / Count	Annual Salaries	COLA	Premium Pay	Annual Benefits	Total Costs	GF Amount
02-0010	Division Director	FT	A	XE	Juneau	NAA	27J	12.0		119,640	3,094	0	57,573	180,307	0
02-0015	Claims Administrator	FT	1	GP	Juneau	205	19D / E	12.0		68,531	0	0	40,898	109,429	0
02-0017	Accounting Tech I	FT	A	GP	Juneau	205	12C / D	12.0		41,564	0	0	31,341	72,905	0
02-0020	Risk Manager	FT	A	SS	Juneau	205	22D / E	12.0		89,110	0	0	47,685	136,795	0
02-0022	Claims Administrator	FT	A	GP	Juneau	205	19J / K	12.0		79,914	0	0	44,932	124,846	0
Total													Total Salary Costs:	398,759	
Positions													Total COLA:	3,094	
Full Time Positions:													Total Premium Pay:	0	
Part Time Positions:													Total Benefits:	222,429	
Non Permanent Positions:															
Positions in Component:													Total Pre-Vacancy:	624,282	
													Minus Vacancy Adjustment of 0.73%:	(4,582)	
Total Component Months:													Total Post-Vacancy:	619,700	
													Plus Lump Sum Premium Pay:	0	
													Personal Services Line 100:	619,700	

PCN Funding Sources:	Pre-Vacancy	Post-Vacancy	Percent
1007 Inter-Agency Receipts	624,282	619,700	100.00%
Total PCN Funding:	624,282	619,700	100.00%

Line Item Detail
Department of Administration
Travel

Component: Risk Management (71)
RDU: Risk Management (23)

Line Number	Line Name		FY2011 Actuals	FY2012 Management Plan	FY2013 Governor
72000	Travel		6.5	17.4	17.4
Expenditure Account	Servicing Agency	Explanation	FY2011 Actuals	FY2012 Management Plan	FY2013 Governor
72000 Travel Detail Totals			6.5	17.4	17.4
72110	Employee Travel (Instate)	Instate travel cost	6.5	9.5	9.5
72410	Employee Travel (Out of state)	Out of state travel cost	0.0	7.9	7.9

Line Item Detail
Department of Administration
Services

Component: Risk Management (71)
RDU: Risk Management (23)

Line Number	Line Name			FY2011 Actuals	FY2012 Management Plan	FY2013 Governor
73000	Services			36,317.1	36,350.0	36,350.0
Expenditure Account				FY2011 Actuals	FY2012 Management Plan	FY2013 Governor
73000 Services Detail Totals				36,317.1	36,350.0	36,350.0
73025	Education Services		State Risk and Insurance Management Association Conference Fees	0.3	0.2	0.3
73050	Financial Services		Insurance premium, bonds and claims	30,177.9	30,200.0	30,200.0
73150	Information Technlgy		Software maintenance and hosting support fees	73.5	74.0	75.0
73156	Telecommunication		Long distance telephone costs	0.1	0.1	0.2
73225	Delivery Services		Freight and courier costs	0.1	0.1	0.1
73525	Utilities		Confidential documentation burn services	0.5	0.4	0.5
73650	Struc/Infstruct/Land		Costs for room storage	4.3	4.3	1.4
73675	Equipment/Machinery		Repair and maintenance of office furniture and equipment	0.4	0.3	0.8
73750	Other Services (Non IA Svcs)		Professional service contracts for claims adjusting services, insurance brokers and actuarial services	1,456.0	1,483.6	1,490.0
73805	IT-Non-Telecommunication	Enterprise Technology Services	Enterprise Productivity Rate (EPR) - Computer Services	3.0	2.7	2.8
73806	IT-Telecommunication	Enterprise Technology Services	Enterprise Productivity Rate (EPR) - Telecommunications and telephone line costs	7.0	7.0	7.1
73809	Mail	Central Mail	Costs for central mail room services	22.1	22.1	23.0
73810	Human Resources	Personnel	Human Resource services	69.9	69.9	75.0
73811	Building Leases	Facilities	Building facility rent	22.0	22.0	23.0
73812	Legal	Torts and Workers' Compensation	Tort claims RSA with Department of Law	3,332.8	3,312.5	3,300.0
73814	Insurance	Risk Management	Workers compensation and liability claims reimbursement	1,106.7	1,100.0	1,100.0

Line Item Detail
Department of Administration
Services

Component: Risk Management (71)

RDU: Risk Management (23)

Expenditure Account	Servicing Agency	Explanation	FY2011 Actuals	FY2012 Management Plan	FY2013 Governor	
73000 Services Detail Totals			36,317.1	36,350.0	36,350.0	
73815	Financial	Finance	Division of Finance chargeback for services	0.9	0.9	0.9
73816	ADA Compliance	Americans With Disabilities	Workers compensation and liability claims reimbursement	0.1	0.1	0.1
73819	Commission Sales (IA Svcs)	E-Travel	US Travel service fees	0.1	0.1	0.1
73979	Mgmt/Consulting (IA Svcs)	Admin	Commissioner's Office, Administrative Services and Information Technology (IT) desktop chargeback for services	39.4	49.7	49.7

Line Item Detail
Department of Administration
Commodities

Component: Risk Management (71)
RDU: Risk Management (23)

Line Number	Line Name		FY2011 Actuals	FY2012 Management Plan	FY2013 Governor
74000	Commodities		10.5	13.5	13.5
			FY2011 Actuals	FY2012 Management Plan	FY2013 Governor
Expenditure Account	Servicing Agency	Explanation			
74000 Commodities Detail Totals			10.5	13.5	13.5
74200	Business	Business and office supplies	10.5	13.5	13.5

Restricted Revenue Detail
Department of Administration

Component: Risk Management (71)
RDU: Risk Management (23)

Master Account	Revenue Description				FY2011 Actuals	FY2012 Management Plan	FY2013 Governor
51015	Interagency Receipts				36,892.2	36,969.7	36,996.2
Detail Information							
Revenue Amount	Revenue Description	Component	Collocation Code	AKSAS Fund	FY2011 Actuals	FY2012 Management Plan	FY2013 Governor
59015	Office Of The Governr Risk Management insurance premiums	Department-wide	2050200	11100	10.1	9.9	10.0
59020	Administration Risk Management insurance premiums	Department-wide	2050200	11100	157.4	178.2	178.4
59025	Worker'S Comp Risk Management insurance premiums	Department-wide	2050200	11100	26,067.0	26,067.0	26,086.0
59030	Law Risk Management insurance premiums	Department-wide	2050200	11100	11.4	14.3	14.3
59040	Revenue Risk Management insurance premiums	Department-wide	2050200	11100	6.7	7.3	7.3
59050	Education Risk Management insurance premiums	School Finance & Facilities	2050200	11100	90.2	87.1	87.2
59060	Health & Social Svcs Risk Management insurance premiums	Department-wide	2050200	11100	318.4	322.3	322.5
59070	Labor Risk Management insurance premiums	Department-wide	2050200	11100	86.3	93.6	93.7
59080	Commrc & Economc Dev Risk Management insurance premiums	Department-wide	2050200	11100	56.3	8.5	8.6
59090	Military & Vet Affrs Risk Management insurance premiums	Department-wide	2050200	11100	93.2	153.0	153.1
59100	Natural Resources	Department-wide	2050200	11100	255.2	255.6	255.7

Restricted Revenue Detail
Department of Administration

Component: Risk Management (71)
RDU: Risk Management (23)

Master Account	Revenue Description				FY2011 Actuals	FY2012 Management Plan	FY2013 Governor
51015	Interagency Receipts				36,892.2	36,969.7	36,996.2
Detail Information							
Revenue Amount	Revenue Description	Component	Collocation Code	AKSAS Fund	FY2011 Actuals	FY2012 Management Plan	FY2013 Governor
	Risk Management insurance premiums						
59110	Fish & Game Risk Management insurance premiums	Department-wide	2050200	11100	276.1	309.7	309.8
59120	Public Safety Risk Management insurance premiums	Department-wide	2050200	11100	2,117.3	2,140.0	2,141.0
59180	Environmental Consvn Risk Management insurance premiums	Department-wide	2050200	11100	19.3	19.1	19.2
59200	Corrections Risk Management insurance premiums	Department-wide	2050200	11100	301.2	294.1	294.2
59250	Dotpf Op, Tpb,& Othr Risk Management insurance premiums	Department-wide	2050200	11100	6,889.7	6,879.9	6,885.0
59310	Legislative Affairs Risk Management insurance premiums	Department-wide	2050200	11100	20.1	19.6	19.6
59330	Legislative Audit Risk Management insurance premiums	Legislative Audit	2050200	11100	0.4	0.4	0.4
59410	Alaska Court System Risk Management insurance premiums	Department-wide	2050200	11100	115.9	110.1	110.2

**Inter-Agency Services
Department of Administration**

Component: Risk Management (71)
RDU: Risk Management (23)

Expenditure Account	Service Description	Service Type	Servicing Agency	FY2012			
				FY2011 Actuals	Management Plan	FY2013 Governor	
73805	IT-Non-Telecommunication	Enterprise Productivity Rate (EPR) - Computer Services	Intra-dept	Enterprise Technology Services	3.0	2.7	2.8
				73805 IT-Non-Telecommunication subtotal:	3.0	2.7	2.8
73806	IT-Telecommunication	Enterprise Productivity Rate (EPR) - Telecommunications and telephone line costs	Intra-dept	Enterprise Technology Services	7.0	7.0	7.1
				73806 IT-Telecommunication subtotal:	7.0	7.0	7.1
73809	Mail	Costs for central mail room services	Intra-dept	Central Mail	22.1	22.1	23.0
				73809 Mail subtotal:	22.1	22.1	23.0
73810	Human Resources	Human Resource services	Intra-dept	Personnel	69.9	69.9	75.0
				73810 Human Resources subtotal:	69.9	69.9	75.0
73811	Building Leases	Building facility rent	Intra-dept	Facilities	22.0	22.0	23.0
				73811 Building Leases subtotal:	22.0	22.0	23.0
73812	Legal	Tort claims RSA with Department of Law	Inter-dept	Torts and Workers' Compensation	3,332.8	3,312.5	3,300.0
				73812 Legal subtotal:	3,332.8	3,312.5	3,300.0
73814	Insurance	Workers compensation and liability claims reimbursement	Intra-dept	Risk Management	1,106.7	1,100.0	1,100.0
				73814 Insurance subtotal:	1,106.7	1,100.0	1,100.0
73815	Financial	Division of Finance chargeback for services	Intra-dept	Finance	0.9	0.9	0.9
				73815 Financial subtotal:	0.9	0.9	0.9
73816	ADA Compliance	Workers compensation and liability claims reimbursement	Inter-dept	Americans With Disabilities	0.1	0.1	0.1
				73816 ADA Compliance subtotal:	0.1	0.1	0.1
73819	Commission Sales (IA Svcs)	US Travel service fees	Intra-dept	E-Travel	0.1	0.1	0.1
				73819 Commission Sales (IA Svcs) subtotal:	0.1	0.1	0.1
73979	Mgmt/Consulting (IA Svcs)	Commissioner's Office, Administrative Services and Information Technology (IT) desktop chargeback for services	Intra-dept	Admin	39.4	49.7	49.7
				73979 Mgmt/Consulting (IA Svcs) subtotal:	39.4	49.7	49.7
				Risk Management total:	4,604.0	4,587.0	4,581.7
				Grand Total:	4,604.0	4,587.0	4,581.7