

State of Alaska FY2015 Governor's Operating Budget

Department of Administration Centralized Administrative Services Results Delivery Unit Budget Summary

Centralized Administrative Services Results Delivery Unit

Contribution to Department's Mission

No mission statement.

Core Services

- Conduct hearing and alternative dispute resolution processes to resolve administrative cases (appeals and original actions) and provide training for administrative adjudicators.
- Administer E-Travel program serving travelers within the executive branch including Medicaid beneficiaries.
- Recruitment and re-employment.
- Contract Negotiation - Negotiations for the State's 11 bargaining unit contracts and subsequent amendments to the contracts. Staff act as chief spokesmen for the State's bargaining teams and handle all associated logistics. The section is responsible for issuing contract interpretive memoranda as needed.
- Contract Administration - Labor Relations staff investigate complaints and grievances that reach the Commissioner of Administration level and represent the State's interests in resolution or adjudication of these disputes. Responsible for interpreting and applying labor agreements and ensuring consistency of application throughout State government.
- Health, dental, vision, audio, and long-term care claim processing.

Major RDU Accomplishments in 2013

- Began implementation of new space standards, which if fully implemented will result in savings of more than \$125 million in 20 years.
- Increased rebate on OneCard from 1.0% to 1.8% returning additional funds to the state by leveraging existing purchasing power.
- Medicaid beneficiary travel savings of \$2,466,431 and Executive branch employee travel savings of \$2,027,255.
- Completed 16 classification studies encompassing 57 job classifications and 804 positions.
- Completed negotiations of successor agreements with Alaska State Employees Association (ASEA), Alaska Public Employees Association (APEA) and Confidential Employees Association (CEA)
- Established the LearnAlaska computer-based training platform to train new staff, further develop current staff skills and ensure compliance with required training programs.

Key RDU Challenges

Retirement Systems Unfunded Liability - The PERS and TRS retirement systems are short funded in the amount of \$11 billion. The Commissioner's office continues to work with stakeholder groups on how to address this issue.

Healthcare - The State of Alaska is one of the largest, if not the largest, purchasers of healthcare services in the state. The State's currently spending more than \$2 billion/year on healthcare amongst its various populations (Medicaid, active employees, retired, workers' compensation, and corrections). The rate of annual increase of between 7 and 9 percent is not sustainable. The Commissioner's Office is working to address this issue through active management of the employee and retiree health plans.

Administrative Systems Replacement - The time has come to replace two critical but aging administrative systems: AKSAS and AKPAY. AKSAS is the state's general ledger and is used by all state departments. AKPAY is the state's payroll system it is used to process payroll for all state employees. The Division of Finance is leading this effort. The Commissioner's Office is actively involved in supervision of this project, as well as promoting the benefits of this project for the entire executive branch.

Collective Bargaining Agreements - The department negotiates collective bargaining agreements with each of the 11 unions that represent employees in the executive branch. Each year we negotiate 3 to 4 of these agreements. The Commissioner's Office is actively involved in these negotiations. The primary challenge is to negotiate agreements that are consistent, fair and fiscally prudent.

Significant Changes in Results to be Delivered in FY2015

Negotiations - The State expects to reach agreement with five bargaining units: Alaska Vocation Technical Center Teachers' Association (AVTECTA), Inlandboatmen's Union of the Pacific (IBU), Marine Engineers' Beneficial Association (MEBA), Masters, Mates and Pilots (MM&P) and Public Safety Employees Association (PSEA) in FY2014, which will be implemented in FY2015. The State will begin negotiations for successor agreements for three bargaining unit contracts [Alaska Correctional Officers Association (ACOA), Teachers' Education Association of Mt. Edgecumbe (TEAME) and Labors, Trades and Crafts, Local 71 (LTC)] during FY2015 with implementation in FY2016.

Integrated Resource Information System (IRIS) - An integrated financial, payroll, human resource, and procurement Enterprise Resource Planning (ERP) system has been procured after a lengthy process to ensure the proper selection of the application that will sustain the state for the foreseeable future. The effort associated with the IRIS project is substantial, and will involve all agencies and impact every state employee and the vendor community that the state does business. In order to manage change, the IRIS project has multiple implementation phases over the life of the project:

Phase 1 – Enterprise Readiness: Prepares the state for significant business process change, initiates a statewide change management structure, establishes a governance structure, documents “as is” business processes, and identifies opportunities for efficiencies in operational costs across agencies.

Phase 2 – Envision: Prepares a blueprint design for configuring the software, data conversion, interfaces, define data warehouse reporting, and re-engineering of business processes to their “to be” state.

Phase 3 – Financial Management and Procurement: Implements the financial management and procurement components of the application, including general ledger, accounts payable, project and grant management, inventory and asset management, accounts receivable, procurement, and vendor self-service. The scheduled deployment date is July 1, 2015.

Phase 4 – Human Resources and Payroll: Implements the human resources and payroll management components of the application, along with employee self-service. The scheduled deployment date is January 1, 2016.

Contact Information
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**Centralized Administrative Services
RDU Financial Summary by Component**

All dollars shown in thousands

	FY2013 Actuals				FY2014 Management Plan				FY2015 Governor			
	UGF+DGF Funds	Other Funds	Federal Funds	Total Funds	UGF+DGF Funds	Other Funds	Federal Funds	Total Funds	UGF+DGF Funds	Other Funds	Federal Funds	Total Funds
Formula Expenditures None.												
Non-Formula Expenditures												
Administrative Hearings	398.3	1,738.1	0.0	2,136.4	500.3	2,419.5	0.0	2,919.8	470.9	2,302.9	0.0	2,773.8
DOA Leases	1,655.8	0.0	0.0	1,655.8	1,529.8	35.1	0.0	1,564.9	1,529.8	35.1	0.0	1,564.9
Office of the Commissioner	383.6	724.3	0.0	1,107.9	387.3	740.5	0.0	1,127.8	389.2	853.4	0.0	1,242.6
Administrative Services	121.1	2,597.0	0.0	2,718.1	849.1	2,788.9	0.0	3,638.0	848.9	2,788.7	0.0	3,637.6
DOA Info Tech Support	61.9	1,140.0	0.0	1,201.9	62.8	1,329.0	0.0	1,391.8	62.8	1,327.9	0.0	1,390.7
Finance	6,706.9	2,931.0	0.0	9,637.9	6,807.8	4,224.2	0.0	11,032.0	6,608.3	4,228.6	0.0	10,836.9
E-Travel	31.0	2,474.0	0.0	2,505.0	31.1	2,931.7	0.0	2,962.8	31.2	2,857.3	0.0	2,888.5
Personnel	2,044.4	11,092.2	0.0	13,136.6	2,097.7	15,495.2	0.0	17,592.9	2,105.5	15,353.5	0.0	17,459.0
Labor Relations	1,368.7	95.7	0.0	1,464.4	1,552.0	119.8	0.0	1,671.8	1,342.8	119.8	0.0	1,462.6
Centralized HR	281.7	0.0	0.0	281.7	281.7	0.0	0.0	281.7	281.7	0.0	0.0	281.7
Retirement and Benefits	89.6	15,609.0	0.0	15,698.6	161.0	16,858.3	0.0	17,019.3	161.0	16,823.7	0.0	16,984.7
Health Plans Administration	0.0	15,424.7	0.0	15,424.7	0.0	17,040.9	0.0	17,040.9	0.0	22,540.9	0.0	22,540.9
Labor Agreements	38.1	0.0	0.0	38.1	50.0	0.0	0.0	50.0	50.0	0.0	0.0	50.0
Misc Items												
Centralized ETS Services	0.0	0.0	0.0	0.0	204.3	133.9	0.0	338.2	204.3	133.9	0.0	338.2
Totals	13,181.1	53,826.0	0.0	67,007.1	14,514.9	64,117.0	0.0	78,631.9	14,086.4	69,365.7	0.0	83,452.1

Centralized Administrative Services
Summary of RDU Budget Changes by Component
From FY2014 Management Plan to FY2015 Governor

All dollars shown in thousands

	<u>Unrestricted</u> <u>Gen (UGF)</u>	<u>Designated</u> <u>Gen (DGF)</u>	<u>Other Funds</u>	<u>Federal</u> <u>Funds</u>	<u>Total Funds</u>
FY2014 Management Plan	14,001.8	513.1	64,117.0	0.0	78,631.9
Adjustments which will continue current level of service:					
-Administrative Hearings	1.4	0.0	6.5	0.0	7.9
-Office of the Commissioner	1.9	0.0	112.9	0.0	114.8
-Administrative Services	-0.2	0.0	-0.2	0.0	-0.4
-DOA Info Tech Support	0.0	0.0	-1.1	0.0	-1.1
-Finance	6.1	0.0	4.4	0.0	10.5
-E-Travel	0.1	0.0	0.7	0.0	0.8
-Personnel	7.8	0.0	-141.7	0.0	-133.9
-Labor Relations	-209.2	0.0	0.0	0.0	-209.2
-Retirement and Benefits	0.1	0.0	-20.6	0.0	-20.5
Proposed budget decreases:					
-Administrative Hearings	-30.8	0.0	-123.1	0.0	-153.9
-Finance	-205.6	0.0	0.0	0.0	-205.6
-E-Travel	0.0	0.0	-75.1	0.0	-75.1
-Retirement and Benefits	-0.1	0.0	-14.0	0.0	-14.1
Proposed budget increases:					
-Health Plans Administration	0.0	0.0	5,500.0	0.0	5,500.0
FY2015 Governor	13,573.3	513.1	69,365.7	0.0	83,452.1