

**State of Alaska
FY2016 Governor Amended 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 2014

- 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 unfunded liability was reduced in FY2015 from \$11 billion to \$8 billion. The Commissioner's Office continues to work with stakeholder groups on additional strategies for further reductions of the unfunded liability.

Healthcare - Enhancing health, dental and pharmacy networks with increased savings for the health and dental plans and the members as a result of the transition in health care vendors. Continue aggressive management of the health plans is imperative to bend the increasing cost curve down, improve value and quality, and promote effective member health care consumerism.

Administrative Systems Replacement - The existing administrative systems are approaching the end of their useful life cycle and are scheduled to be replaced incrementally beginning with financials in FY2016 with a fully integrated Enterprise Resource Planning (ERP) system. Payroll transition will begin on January 1, 2016 (FY2017).

Negotiations - 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 FY2016

Negotiations - The State expects to reach agreement with three bargaining units: Alaska Correctional Officers Association (ACOA), Labor, Trades, and Crafts (LTC), and Teachers' Education Association of Mt. Edgecumbe (TEAME) in FY2015, which will be implemented in FY2016. The State will begin negotiations for successor agreements for Alaska State Employees Association (ASEA), Alaska Public Employees Association (APEA) and Confidential Employees Association (CEA) during FY2015 with implementation in FY2017.

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 states vendor community. 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

	FY2014 Actuals				FY2015 Management Plan				FY2016 Governor Amended			
	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	450.3	1,980.8	0.0	2,431.1	470.4	2,302.9	0.0	2,773.3	429.1	2,340.3	0.0	2,769.4
DOA Leases	1,397.2	0.0	0.0	1,397.2	1,529.8	35.1	0.0	1,564.9	1,387.4	0.0	0.0	1,387.4
Office of the Commissioner	396.1	740.8	0.0	1,136.9	388.2	853.4	0.0	1,241.6	292.8	865.8	0.0	1,158.6
Administrative Services	849.1	1,787.4	0.0	2,636.5	848.8	2,788.7	0.0	3,637.5	714.2	2,237.6	0.0	2,951.8
DOA Info Tech Support	62.8	1,216.5	0.0	1,279.3	62.8	1,327.9	0.0	1,390.7	0.0	1,347.0	0.0	1,347.0
Finance	6,807.8	3,484.1	0.0	10,291.9	6,668.4	4,228.6	0.0	10,897.0	6,210.7	3,965.5	0.0	10,176.2
E-Travel	31.1	2,596.9	0.0	2,628.0	31.2	2,857.3	0.0	2,888.5	15.5	2,862.4	0.0	2,877.9
Personnel	2,097.7	11,954.1	0.0	14,051.8	2,715.2	15,353.5	0.0	18,068.7	1,843.9	15,451.4	0.0	17,295.3
Labor Relations	1,366.2	6.6	0.0	1,372.8	1,521.2	119.8	0.0	1,641.0	1,296.0	119.8	0.0	1,415.8
Centralized HR	281.7	0.0	0.0	281.7	281.7	0.0	0.0	281.7	249.7	0.0	0.0	249.7
Retirement and Benefits	238.1	16,591.3	0.0	16,829.4	228.9	20,023.7	0.0	20,252.6	251.0	19,356.3	0.0	19,607.3
Health Plans Administration	0.0	17,040.9	0.0	17,040.9	0.0	22,540.9	0.0	22,540.9	0.0	22,540.9	0.0	22,540.9
Labor Agreements	50.0	0.0	0.0	50.0	50.0	0.0	0.0	50.0	50.0	0.0	0.0	50.0
Misc Items												
Centralized ETS Services	192.4	0.0	0.0	192.4	10.0	133.9	0.0	143.9	10.0	133.9	0.0	143.9
Totals	14,220.5	57,399.4	0.0	71,619.9	14,806.6	72,565.7	0.0	87,372.3	12,750.3	71,220.9	0.0	83,971.2

Centralized Administrative Services
Summary of RDU Budget Changes by Component
From FY2015 Management Plan to FY2016 Governor Amended

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>
FY2015 Management Plan	14,293.5	513.1	72,565.7	0.0	87,372.3
One-time items:					
-Personnel	-516.1	0.0	0.0	0.0	-516.1
-Labor Relations	-182.2	0.0	0.0	0.0	-182.2
Adjustments which continue current level of service:					
-Administrative Hearings	8.6	0.0	37.4	0.0	46.0
-Office of the Commissioner	7.8	0.0	12.4	0.0	20.2
-Administrative Services	2.5	0.0	-551.1	0.0	-548.6
-DOA Info Tech Support	1.0	0.0	19.1	0.0	20.1
-Finance	97.8	0.0	131.7	0.0	229.5
-E-Travel	0.2	0.0	5.1	0.0	5.3
-Personnel	37.1	0.0	97.9	0.0	135.0
-Labor Relations	24.2	0.0	0.0	0.0	24.2
-Retirement and Benefits	101.9	0.0	226.2	0.0	328.1
Proposed budget increases:					
-Finance	63.8	0.0	0.0	0.0	63.8
Proposed budget decreases:					
-Administrative Hearings	-49.9	0.0	0.0	0.0	-49.9
-DOA Leases	-142.4	0.0	-35.1	0.0	-177.5
-Office of the Commissioner	-103.2	0.0	0.0	0.0	-103.2
-Administrative Services	-137.1	0.0	0.0	0.0	-137.1
-DOA Info Tech Support	-63.8	0.0	0.0	0.0	-63.8
-Finance	-619.3	0.0	-394.8	0.0	-1,014.1
-E-Travel	-15.9	0.0	0.0	0.0	-15.9
-Personnel	-392.3	0.0	0.0	0.0	-392.3
-Labor Relations	-67.2	0.0	0.0	0.0	-67.2
-Centralized HR	-32.0	0.0	0.0	0.0	-32.0
-Retirement and Benefits	-79.8	0.0	-893.6	0.0	-973.4
FY2016 Governor Amended	12,237.2	513.1	71,220.9	0.0	83,971.2