

State of Alaska FY2021 Governor's Operating Budget

Department of Administration Risk Management RDU/Component Budget Summary

RDU/Component: Risk Management**Contribution to Department's Mission**

Mitigate the 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.

Major Component Accomplishments in 2019

- Established the Oversight & Review Section within Risk Management to better detect waste, fraud and abuse.
- Worked with the Governor's Office, Department of Environmental Conservation, Department of Transportation and Public Facilities, and Department of Health and Social Services to establish per- and polyfluoroalkyl substances (PFAS) standards based on the U.S. Environmental Protection Agency's Health Advisory.
- Provided emergency funding as well as permanent repairs funding to state agencies for damages caused by the 7.0 magnitude Earthquake on November 30, 2018.
- Closed out the Builders Risk Policy with the completion of the new Alaska Class Ferries with no claims.
- Continued to see success in getting injured workers back to work sooner through the Light Duty Return to Work Program than if they had to wait for a full recovery. All departments have been instrumental in making this a success.

Key Component Challenges

Airport Contamination Claims - One of the significant challenges facing the division as well as the Department of Transportation and Public Facilities will be the liability exposures due to the FAA required usage PFAS in Aqueous Film-Foaming Foam Concentrates (AFFF). The state has tested several communities and has found levels that exceed the EPA's Health Advisory standards in Fairbanks, Gustavus, Dillingham, and King Salmon. The state is working with those communities both a short-term resolution as well as a permanent solution to the contaminated water sources. Some communities can be hooked up to local public water systems, however, some of these communities do not have that resource, therefore, other solutions such as filtration or catchment systems will need to be used.

Oversight & Review - A new Oversight & Review section has been added to the Division of Risk Management. This section is tasked with promoting economy, efficiency, and effectiveness through the detection of waste, fraud, and abuse with the state's programs and operations.

Data Analytics - Another new section has been added recently to the Division of Risk Management as the Data Analytics Section. This section is tasked with creating a data hub that can be centrally located and allow staff to mine and analyze the data to help fight waste and abuse, improve efficiencies, and correct discrepancies across state departments.

Contractor Liability - Risk Management continues to work with state contracting officers 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 and tailoring the final terms to the unique activity of that agreement. Currently Risk Management is assisting the Department of Law on the Tribal Sovereign Immunity issue as it relates to tribal contracts with the state.

Significant Changes in Results to be Delivered in FY2021

Risk Management will continue to develop its new sections. Risk Management will also work with the Division of Personnel in keeping and placing injured workers back into state service with the addition of the Injured Worker

Program. This program could significantly reduce costs to all agencies and will benefit injured state employees.

Statutory and Regulatory Authority

AS 09.50.250 Actionable claims against the State
AS 09.50.270 Payment of judgment against the State
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 44.21.040 Records or accounts of claims and warrants

Contact Information
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Risk Management Personal Services Information					
Authorized Positions			Personal Services Costs		
	<u>FY2020</u> <u>Management</u> <u>Plan</u>	<u>FY2021</u> <u>Governor</u>			
Full-time	6	6	Annual Salaries		548,691
Part-time	0	0	COLA		3,880
Nonpermanent	0	0	Premium Pay		0
			Annual Benefits		300,434
			<i>Less 2.95% Vacancy Factor</i>		(25,205)
			Lump Sum Premium Pay		0
Totals	6	6	Total Personal Services		827,800

Position Classification Summary					
Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Accountant III	0	0	1	0	1
Claims Administrator	0	0	2	0	2
Division Director - Px	0	0	1	0	1
Project Assistant	0	0	1	0	1
Risk Manager	0	0	1	0	1
Totals	0	0	6	0	6

Component Detail All Funds
Department of Administration

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

Non-Formula Component

	FY2019 Actuals	FY2020 Conference Committee	FY2020 Authorized	FY2020 Management Plan	FY2021 Governor	FY2020 Management Plan vs FY2021 Governor	
71000 Personal Services	779.8	695.7	695.7	815.2	827.8	12.6	1.5%
72000 Travel	5.7	9.2	9.2	7.3	7.3	0.0	0.0%
73000 Services	38,714.4	40,061.1	40,061.1	39,943.5	39,936.1	-7.4	0.0%
74000 Commodities	13.6	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	39,513.5	40,779.5	40,779.5	40,779.5	40,784.7	5.2	0.0%
Fund Sources:							
1007 I/A Rcpts (Other)	39,513.5	40,779.5	40,779.5	40,779.5	40,784.7	5.2	0.0%
Unrestricted General (UGF)	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Designated General (DGF)	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Other Funds	39,513.5	40,779.5	40,779.5	40,779.5	40,784.7	5.2	0.0%
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Positions:							
Permanent Full Time	5	5	5	6	6	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 FY2020 Conference Committee To FY2020 Authorized *****												
FY2020 Conference Committee	ConfCom	40,779.5	695.7	9.2	40,061.1	13.5	0.0	0.0	0.0	5	0	0
1007 I/A Rcpts		40,779.5										
Subtotal		40,779.5	695.7	9.2	40,061.1	13.5	0.0	0.0	0.0	5	0	0
***** Changes From FY2020 Authorized To FY2020 Management Plan *****												
Transfer Accountant III (02-0014) from Administrative Services for Department Reorganization Efforts	Trin	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1	0	0
Transfer full-time Accountant III (02-0014), range 18, located in Juneau, from Administrative Services to Risk Management.												
Align Authority with Anticipated Expenditures	LIT	0.0	119.5	-1.9	-117.6	0.0	0.0	0.0	0.0	0	0	0
Transfer authority from travel and services to cover anticipated personal services costs associated with transferring in the Accountant III (02-0014) from Administrative Services. The remaining travel and services authority is sufficient to cover anticipated expenditures due to a corresponding reduction in the reimbursable services agreement with Administrative Services for support.												
Subtotal		40,779.5	815.2	7.3	39,943.5	13.5	0.0	0.0	0.0	6	0	0
***** Changes From FY2020 Management Plan To FY2021 Governor *****												
FY2021 Salary and Health Insurance Increases	SalAdj	5.2	5.2	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
1007 I/A Rcpts		5.2										
FY2021 GGU Salary Increases: \$3.9												
FY2021 increase to GGU Health Insurance from \$1530 to \$1555 per member per month: \$1.3												
Align Authority with Anticipated Expenditures	LIT	0.0	7.4	0.0	-7.4	0.0	0.0	0.0	0.0	0	0	0
Transfer authority from services to cover anticipated personal services costs. The remaining services authority is sufficient to cover anticipated expenditures.												
Totals		40,784.7	827.8	7.3	39,936.1	13.5	0.0	0.0	0.0	6	0	0

Line Item Detail (1676)
Department of Administration
Travel

Component: Risk Management (71)

Line Number	Line Name		FY2019 Actuals	FY2020 Management Plan	FY2021 Governor
2000	Travel		5.7	7.3	7.3
Object Class	Servicing Agency	Explanation	FY2019 Actuals	FY2020 Management Plan	FY2021 Governor
2000 Travel Detail Totals			5.7	7.3	7.3
2000	In-State Employee Travel	Transportation costs for travel relating to administration, training, conventions and meetings, boards and commissions	5.7	7.3	7.3

Line Item Detail (1676)
Department of Administration
Services

Component: Risk Management (71)

Line Number	Line Name		FY2019 Actuals	FY2020 Management Plan	FY2021 Governor
3000	Services		38,714.4	39,943.5	39,936.1
Object Class	Servicing Agency	Explanation	FY2019 Actuals	FY2020 Management Plan	FY2021 Governor
3000 Services Detail Totals			38,714.4	39,943.5	39,936.1
3000	Education Services	Training, educational conferences, agency memberships, and employee tuition	0.5	0.5	0.4
3001	Financial Services	Management and consulting services	32,196.7	32,681.7	33,231.1
3003	Information Technology	Data Analytics program - Contracts for data Analytics	103.0	353.0	84.6
3004	Telecommunications	Local, long distance, and cellular telephone charges, television, data/network, telecommunication equipment, and other wireless charges from outside vendors	0.6	0.6	0.6
3008	Utilities	Electricity, heating fuel, water, sewage and disposal services	0.1	0.1	0.1
3009	Structure/Infrastructure/Land	Structure, infrastructure and land repairs, maintenance, rental, and leases	0.4	0.4	0.4
3010	Equipment/Machinery	Machinery, furniture and office equipment purchase, repairs, maintenance, rentals, and leases	1.4	1.5	1.5
3011	Other Services	Professional service contracts for claims adjusting services, insurance, data science consultant.	1,832.7	2,200.0	1,911.6
3017	Inter-Agency Information Technology Non-Telecommunications	Admin - Alaska Division of IT (3141) Enterprise Productivity Rate (EPR) computer services	13.5	13.5	13.5
3018	Inter-Agency Information Technology Telecommunications	Admin - Alaska Division of IT (3141) Enterprise Productivity Rate (EPR) telecommunications and telephone	2.4	2.4	2.4

Line Item Detail (1676)
Department of Administration
Services

Component: Risk Management (71)

Object Class		Servicing Agency	Explanation	FY2019 Actuals	FY2020 Management Plan	FY2021 Governor
			3000 Services Detail Totals	38,714.4	39,943.5	39,936.1
			line services			
3021	Inter-Agency Mail	Admin - Print Services (2333)	Centralized mail services chargeback	14.3	18.0	18.0
3022	Inter-Agency Human Resources	Admin - Personnel (56)	Human resource and payroll services provided by the Division of Personnel	87.2	0.0	0.0
3023	Inter-Agency Building Leases	Admin - Stwd Contracting and Property (3262)	Rent for state-owned facilities and lease payments	37.7	37.7	37.7
3024	Inter-Agency Legal	Law - Department-wide	Legal services provided by the Department of Law	3,439.4	3,650.0	3,650.0
3026	Inter-Agency Insurance	Admin - Risk Management (71)	Division of Risk Management - Risk management insurance charges	0.1	0.0	0.1
3026	Inter-Agency Insurance	Labor - Department-wide	Workers Safety and Compensation Administration Account fee and Second Injury Fund payment	939.6	939.6	939.6
3027	Inter-Agency Financial	Admin - Finance (59)	State payroll and accounting system chargeback	3.2	3.2	3.2
3029	Inter-Agency Education/Training	Admin - Purchasing (60)	Internal department cost allocation chargeback, desktop support, procurement services	0.3	0.0	0.0
3038	Inter-Agency Management/Consulting	Admin - Accounting (3134)	SSoA Travel chargeback	2.9	2.9	2.9
3038	Inter-Agency Management/Consulting	Admin - Administrative Services (46)	Administrative chargeback	18.6	18.6	18.6
3038	Inter-Agency Management/Consulting	Admin - Office of the Commissioner (45)	Commissioner Office chargeback	10.6	10.6	10.6
3038	Inter-Agency Management/Consulting	Admin - Purchasing (60)	SSoA Procurement chargeback	9.2	9.2	9.2

Line Item Detail (1676)
Department of Administration
Commodities

Component: Risk Management (71)

Line Number	Line Name		FY2019 Actuals	FY2020 Management Plan	FY2021 Governor
4000	Commodities		13.6	13.5	13.5
Object Class	Servicing Agency	Explanation	FY2019 Actuals	FY2020 Management Plan	FY2021 Governor
		4000 Commodities Detail Totals	13.6	13.5	13.5
4000	Business	General business supplies such as office consumables, furniture, and computer equipment	13.6	13.5	13.5

Revenue Detail (1681)
Department of Administration

Component: Risk Management (71)

Revenue Type (OMB Fund Code) Revenue Source	Component	Comment	FY2019 Actuals	FY2020 Management Plan	FY2021 Governor
5007 I/A Rcpts (1007 I/A Rcpts)			39,513.5	40,779.5	40,784.7
5301 Inter-Agency Receipts	Admin - Accounting (3134)	Risk Management insurance premiums	1.3	1,133.4	1.5
5301 Inter-Agency Receipts	Admin - Administrative Hearings (2771)	Risk Management insurance premiums	0.4	0.0	0.4
5301 Inter-Agency Receipts	Admin - Administrative Services (46)	Risk Management insurance premiums	0.5	0.0	0.4
5301 Inter-Agency Receipts	Admin - AK Oil & Gas Conservation Comm (2010)	Risk Management insurance premiums	2.7	0.0	2.7
5301 Inter-Agency Receipts	Admin - Alaska Division of IT (3141)	Risk Management insurance premiums	21.5	0.0	19.8
5301 Inter-Agency Receipts	Admin - Alaska Public Offices Comm (70)	Risk Management insurance premiums	0.5	0.0	0.5
5301 Inter-Agency Receipts	Admin - Business Transformation Office (3136)	Risk Management insurance premiums	0.1	0.0	0.1
5301 Inter-Agency Receipts	Admin - E-Travel (2966)	Risk Management insurance premiums	0.0	0.0	0.1
5301 Inter-Agency Receipts	Admin - Facilities (2429)	Risk Management insurance premiums	215.7	0.0	244.9
5301 Inter-Agency Receipts	Admin - Facilities Administration (2430)	Risk Management insurance premiums	0.8	0.0	0.3
5301 Inter-Agency Receipts	Admin - Finance (59)	Risk Management insurance premiums	1.2	0.0	1.1
5301 Inter-Agency Receipts	Admin - Labor Relations (58)	Risk Management insurance premiums	0.2	0.0	0.2
5301 Inter-Agency Receipts	Admin - Lease Administration (2304)	Risk Management insurance premiums	0.2	0.0	0.2
5301 Inter-Agency Receipts	Admin - Motor Vehicles (2348)	Risk Management insurance premiums	12.1	0.0	12.1
5301 Inter-Agency Receipts	Admin - NPBF Facilities (2558)	Risk Management insurance premiums	37.4	0.0	0.0
5301 Inter-Agency Receipts	Admin - Office of Public Advocacy (43)	Risk Management insurance premiums	0.0	0.0	9.4
5301 Inter-Agency Receipts	Admin - Office of the Commissioner (45)	Risk Management insurance premiums	0.0	0.0	0.2
5301 Inter-Agency Receipts	Admin - Personnel (56)	Risk Management insurance premiums	5.1	0.0	5.2

Revenue Detail (1681)
Department of Administration

Component: Risk Management (71)

Revenue Type (OMB Fund Code) Revenue Source	Component	Comment	FY2019 Actuals	FY2020 Management Plan	FY2021 Governor
5301 Inter-Agency Receipts	Admin - Print Services (2333)	Risk Management insurance premiums	0.1	0.0	0.1
5301 Inter-Agency Receipts	Admin - Public Defender Agency (1631)	Risk Management insurance premiums	6.4	0.0	6.5
5301 Inter-Agency Receipts	Admin - Purchasing (60)	Risk Management insurance premiums	0.3	0.0	0.3
5301 Inter-Agency Receipts	Admin - Retirement and Benefits (64)	Risk Management insurance premiums	4.0	0.0	4.0
5301 Inter-Agency Receipts	Admin - Risk Management (71)	Risk Management insurance premiums	27,731.8	0.0	28,111.0
5301 Inter-Agency Receipts	Admin - Violent Crimes Comp Board (2694)	Risk Management insurance premiums	0.1	0.0	0.1
5301 Inter-Agency Receipts	Commerce - Department-wide	Risk Management insurance premiums	18.5	300.5	19.3
5301 Inter-Agency Receipts	Correct - Department-wide	Risk Management insurance premiums	908.0	8,425.9	1,479.3
5301 Inter-Agency Receipts	Courts - Department-wide	Risk Management insurance premiums	192.0	747.2	193.0
5301 Inter-Agency Receipts	E&ED - Department-wide	Risk Management insurance premiums	317.6	457.0	318.0
5301 Inter-Agency Receipts	EnvCon - Department-wide	Risk Management insurance premiums	70.0	289.0	70.3
5301 Inter-Agency Receipts	FishGm - Department-wide	Risk Management insurance premiums	497.9	1,343.6	521.0
5301 Inter-Agency Receipts	Gov - Department-wide	Risk Management insurance premiums	139.5	115.2	6.3
5301 Inter-Agency Receipts	H&SS - Department-wide	Risk Management insurance premiums	706.7	6,553.4	715.7
5301 Inter-Agency Receipts	Labor - Department-wide	Risk Management insurance premiums	191.7	609.8	192.6
5301 Inter-Agency Receipts	Law - Department-wide	Risk Management insurance premiums	23.2	314.4	23.2
5301 Inter-Agency Receipts	Legis - Department-wide	Risk Management insurance premiums	53.3	263.5	52.6
5301 Inter-Agency Receipts	M&VA - Department-wide	Risk Management insurance premiums	241.6	617.2	241.9
5301 Inter-Agency Receipts	NatRes - Department-wide	Risk Management insurance	276.0	1,386.4	419.5

Revenue Detail (1681)
Department of Administration

Component: Risk Management (71)

Revenue Type (OMB Fund Code) Revenue Source	Component	Comment	FY2019 Actuals	FY2020 Management Plan	FY2021 Governor
5301 Inter-Agency Receipts	PubSaf - Department-wide	premiums Risk Management insurance	654.7	3,779.7	1,000.0
5301 Inter-Agency Receipts	Rev - Department-wide	premiums Risk Management insurance	15.3	315.0	11.7
5301 Inter-Agency Receipts	Trans - Department-wide	premiums Risk Management insurance	7,165.1	14,128.3	7,099.2

Inter-Agency Services (1682)
Department of Administration

Component: Risk Management (71)

	FY2019 Actuals	FY2020 Management Plan	FY2021 Governor
Component Totals	4,579.0	4,705.7	4,705.8
With Department of Administration	200.0	116.1	116.2
With Department of Law	3,439.4	3,650.0	3,650.0
With Department of Labor and Workforce Development	939.6	939.6	939.6

Object Class	Servicing Agency	Explanation	FY2019 Actuals	FY2020 Management Plan	FY2021 Governor
3017 Inter-Agency Information Technology Non-Telecommunications	Admin - Alaska Division of IT (3141)	Enterprise Productivity Rate (EPR) computer services	13.5	13.5	13.5
3018 Inter-Agency Information Technology Telecommunications	Admin - Alaska Division of IT (3141)	Enterprise Productivity Rate (EPR) telecommunications and telephone line services	2.4	2.4	2.4
3021 Inter-Agency Mail	Admin - Print Services (2333)	Centralized mail services chargeback	14.3	18.0	18.0
3022 Inter-Agency Human Resources	Admin - Personnel (56)	Human resource and payroll services provided by the Division of Personnel	87.2	0.0	0.0
3023 Inter-Agency Building Leases	Admin - Stwd Contracting and Property (3262)	Rent for state-owned facilities and lease payments	37.7	37.7	37.7
3024 Inter-Agency Legal	Law - Department-wide	Legal services provided by the Department of Law	3,439.4	3,650.0	3,650.0
3026 Inter-Agency Insurance	Admin - Risk Management (71)	Division of Risk Management - Risk management insurance charges	0.1	0.0	0.1
3026 Inter-Agency Insurance	Labor - Department-wide	Workers Safety and Compensation Administration Account fee and Second Injury Fund payment	939.6	939.6	939.6
3027 Inter-Agency Financial	Admin - Finance (59)	State payroll and accounting system chargeback	3.2	3.2	3.2
3029 Inter-Agency Education/Training	Admin - Purchasing (60)	Internal department cost allocation chargeback, desktop support, procurement services	0.3	0.0	0.0
3038 Inter-Agency Management/Consulting	Admin - Accounting (3134)	SSoA Travel chargeback	2.9	2.9	2.9

Inter-Agency Services (1682)
Department of Administration

Component: Risk Management (71)

Object Class	Servicing Agency	Explanation	FY2019 Actuals	FY2020 Management Plan	FY2021 Governor
3038 Inter-Agency Management/Consulting	Admin - Administrative Services (46)	Administrative chargeback	18.6	18.6	18.6
3038 Inter-Agency Management/Consulting	Admin - Office of the Commissioner (45)	Commissioner Office chargeback	10.6	10.6	10.6
3038 Inter-Agency Management/Consulting	Admin - Purchasing (60)	SSoA Procurement chargeback	9.2	9.2	9.2

Personal Services Expenditure Detail
Department of Administration

Scenario: FY2021 Governor (16414)
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	UGF Amount
02-0010	Division Director - Px	FT	A	XE	Juneau	99	27N	12.0		153,007	0	0	70,327	223,334	0
02-0014	Accountant III	FT	A	GP	Juneau	205	18G	12.0		75,936	1,021	0	44,912	121,869	0
02-0015	Claims Administrator	FT	A	GP	Juneau	205	19E / F	12.0		76,396	1,027	0	45,071	122,494	0
02-0017	Project Assistant	FT	A	GP	Juneau	205	16D / E	12.0		61,176	822	0	39,835	101,833	0
02-0020	Risk Manager	FT	A	SS	Juneau	205	22J	12.0		107,016	0	0	55,644	162,660	0
02-0022	Claims Administrator	FT	A	GP	Juneau	205	19D / E	12.0		75,160	1,010	0	44,645	120,815	0
													Total Salary Costs:	548,691	
													Total COLA:	3,880	
													Total Premium Pay:	0	
													Total Benefits:	300,434	
													Total Pre-Vacancy:	853,005	
													Minus Vacancy Adjustment of 2.95%:	(25,205)	
													Total Post-Vacancy:	827,800	
													Plus Lump Sum Premium Pay:	0	
													Personal Services Line 100:	827,800	

PCN Funding Sources:	Pre-Vacancy	Post-Vacancy	Percent
1007 Interagency Receipts	853,005	827,800	100.00%
Total PCN Funding:	853,005	827,800	100.00%

Note: If a position is split, an asterisk (*) will appear in the Split/Count column. If the split position is also counted in the component, two asterisks (**) will appear in this column. [No valid job title] appearing in the Job Class Title indicates that the PCN has an invalid class code or invalid range for the class code effective date of this scenario.

Department of Administration
Division of Risk Management

