

# **State of Alaska FY2024 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

The Centralized Administrative Services Results Delivery Unit contributes to the department's mission by providing consistent administrative, financial, budget, procurement and policy support services across the department to ensure the delivery of high-quality services that support agencies in an efficient and cost-effective manner.

### 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 spokesperson 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 2022

- To ensure worker safety and maximize continuity of government operations during the COVID-19 pandemic, Governor Dunleavy asked the Department of Administration to implement a Pandemic Preparedness Plan (PPP). The PPP improves telework capabilities for public employees to enable compliance with COVID-19 health precautions and continue delivery of government services. Approximately 40% of the State workforce teleworked during COVID; with the implementation of PPP, the State hopes more employees will be able to do so. The PPP digitizes and automates government processes and services, and it provides tools necessary for supervisors to manage a telework workforce.
- Provided IT, HR, Procurement, and Financial reporting support through the COVID-19 pandemic, pivoting the SOA workforce to a telework environment, supporting up to 40% of the executive branch teleworking. Throughout the pandemic, the State of Alaska was able to continue providing services to Alaskans, and State employees were kept safe at work.

### Key RDU Challenges

**Complete Consolidations and Attain Greater Cost and Productivity Savings** – With the completion of HR, Procurement, and IT consolidations, the State can save approximately \$26.2-\$83.9 Million annually in current duplicate procurement spend;<sup>1</sup> resolve 57% of identified HR process inefficiencies through process standardization;<sup>2</sup> and save approximately \$10 Million cumulative in IT spend.<sup>3</sup> The OIT consolidation is a particular challenge. Many positions that transferred to OIT as part of the initial phase of the consolidation continue to perform functions for their previous departments because there was no full reconciliation of IT roles and responsibilities. The rising costs associated with organizational growth is perceived as unsustainable by departments who have experienced reduced budgets and are paying for OIT costs and IT not yet transferred from their respective agencies.

**Expand Digitization and Automation of Government Services and Processes** – Departments identified 163 constituent services and 79 internal optimization processes that could be improved to better support pandemic preparedness through digitization and automation. With sufficient funding, the prioritized projects are estimated to

<sup>1</sup> Calculated through the AAPEX assessment.

<sup>2</sup> Identified through enterprise-wide assessment conducted by all departments' HR staff.

<sup>3</sup> Calculated through the AAPEX assessment.

take 40 weeks to complete. This would continue to make government services increasingly accessible to Alaskans remotely, while also protecting State workers and expanding the State's ability to support telework.

**Labor Contract Negotiations** – Achieve the Administration's objective of long-term agreements that meet the economic and managerial objectives for remaining units. Finalize contracts with Marine Engineers Beneficial Association (MEBA and Masters, Mates, and Pilots (MMP), in time for submission to the 2021 Alaska State Legislature (COVID-19 delayed these negotiations from last year resulting in a pause since March 2020 in talks). Initiate negotiation of successor agreements with Alaska Public Employees Association-Supervisors Unit (APEA-SU), Labor Trades and Crafts, Local 71 (LTC), Alaska Correctional Officers Association (ACOA), in time for submission to the 2021 Alaska State Legislature.

**IRIS Upgrade** - Completed the Envision stage of the IRIS 4.0 upgrade but need to complete the development and deployment stages, including receiving the necessary funding to ensure success, training and adaption of the State of Alaska Enterprise to the new upgrade.

**Active Members' Employee Health Plan** – Identify best practices in vendor management towards mitigating expenses among high-cost claimants. Understand and manage cost-drivers behind rising pharmaceutical spend. Increase member involvement, promote the use of evidence-based medicine in plan design, and expand available decision support tools. Expand Preferred Providers Network development in key geographic areas of the state. Continue an aggressive management of the AlaskaCare Employee health plan to bend the increasing cost curve down, improve value and quality and promote effective member health care consumerism. Continue implementation of wellness/preventive initiatives in the AlaskaCare Employee health plan to encourage and continue developing a culture of wellness in State of Alaska workplaces.

### Significant Changes in Results to be Delivered in FY2024

**Complete Consolidations** – Human Resources, Procurement, Office of Information Technology, and Shared Services will be consolidated to reduce redundancies, improve enforcement of policies, achieve cost savings, and standardize and streamline processes.

**Telework** - Maintaining a robust telework infrastructure to ensure worker safety and maintain continuity of government operations during the COVID-19 pandemic, data warehousing services, and other supportive services.

**Health Plans** – Leverage health plan volume to develop and implement direct value-based contracts with key Alaskan provider and facility partners. Address imbalanced pricing from network facilities in the Mat-Su area. Rebidding additional contracts for services including long-term care administration.

Contact Information
<p><b>Contact:</b> Leslie Isaacs, Division Director, Administrative Services <b>Phone:</b> (907) 465-5655 <b>E-mail:</b> leslie.isaacs@alaska.gov</p>

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

*All dollars shown in thousands*

	FY2022 Actuals				FY2023 Management Plan				FY2024 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
<b>Formula Expenditures</b> None.												
<b>Non-Formula Expenditures</b>												
Administrative Hearings	95.7	2,572.3	0.0	2,668.0	193.8	2,786.4	0.0	2,980.2	194.5	2,932.4	0.0	3,126.9
DOA Leases	1,066.1	0.0	0.0	1,066.1	1,131.8	0.0	0.0	1,131.8	1,131.8	0.0	0.0	1,131.8
Office of the Commissioner	6.3	1,130.4	0.0	1,136.7	6.3	1,510.8	0.0	1,517.1	6.3	1,522.4	0.0	1,528.7
Administrative Services	655.7	1,582.6	0.0	2,238.3	654.1	2,104.9	0.0	2,759.0	659.4	2,337.0	0.0	2,996.4
Finance	7,412.5	12,298.2	0.0	19,710.7	7,255.5	14,437.9	0.0	21,693.4	7,422.5	14,678.2	0.0	22,100.7
E-Travel	0.0	113.1	0.0	113.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Personnel	2,433.6	9,572.6	0.0	12,006.2	468.3	10,777.0	0.0	11,245.3	468.3	11,107.3	0.0	11,575.6
Labor Relations	1,361.3	0.0	0.0	1,361.3	1,645.3	0.0	0.0	1,645.3	1,431.1	0.0	0.0	1,431.1
Centralized HR	112.0	0.0	0.0	112.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Retirement and Benefits	665.7	19,991.8	0.0	20,657.5	754.6	20,583.5	0.0	21,338.1	756.6	20,892.8	0.0	21,649.4
Health Plans Administration	0.0	30,586.4	0.0	30,586.4	0.0	35,678.9	0.0	35,678.9	0.0	35,678.9	0.0	35,678.9
Labor Agreements	37.5	0.0	0.0	37.5	37.5	0.0	0.0	37.5	37.5	0.0	0.0	37.5
Misc Items												
<b>Totals</b>	<b>13,846.4</b>	<b>77,847.4</b>	<b>0.0</b>	<b>91,693.8</b>	<b>12,147.2</b>	<b>87,879.4</b>	<b>0.0</b>	<b>100,026.6</b>	<b>12,108.0</b>	<b>89,149.0</b>	<b>0.0</b>	<b>101,257.0</b>

**Centralized Administrative Services**  
**Summary of RDU Budget Changes by Component**  
**From FY2023 Management Plan to FY2024 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>
<b>FY2023 Management Plan</b>	<b>10,629.8</b>	<b>1,517.4</b>	<b>87,879.4</b>	<b>0.0</b>	<b>100,026.6</b>
<b>One-time items:</b>					
-Finance	-55.0	0.0	0.0	0.0	-55.0
-Labor Relations	-246.7	0.0	0.0	0.0	-246.7
-Retirement and Benefits	-669.0	0.0	0.0	0.0	-669.0
<b>Adjustments which continue current level of service:</b>					
-Administrative Hearings	0.7	0.0	26.0	0.0	26.7
-Office of the Commissioner	0.0	0.0	11.6	0.0	11.6
-Administrative Services	5.3	0.0	232.1	0.0	237.4
-Finance	193.4	28.6	240.3	0.0	462.3
-Personnel	0.0	0.0	330.3	0.0	330.3
-Labor Relations	32.5	0.0	0.0	0.0	32.5
-Retirement and Benefits	671.0	0.0	309.3	0.0	980.3
<b>Proposed budget increases:</b>					
-Administrative Hearings	0.0	0.0	120.0	0.0	120.0
<b>FY2024 Governor</b>	<b>10,562.0</b>	<b>1,546.0</b>	<b>89,149.0</b>	<b>0.0</b>	<b>101,257.0</b>