

State of Alaska FY2025 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 2023

- HB102 (SB88) was passed to allow the state to self-insure property losses by increasing the Catastrophic Reserve Account (Catfund) from \$5 million to \$50 million, equaling the amount of catastrophic excess insurance we purchased in the past for state assets. This allows the division to self-insure property losses, which decreased our budget by \$3 million in FY2023 and up to \$6 million by FY2027.
- The division successfully contracted a Web-Based Risk Management Information System on 12/13/2022 and are working through implementation of an intake portal for submitting Report of Occupational Injury/Illness, CORA reporting, and property GIS to better serve our stakeholders and provide more interactive participation with state agencies.
- The division successfully brokered coverage for our excess insurance needs. The state solicits with the university for additional buying power. The broker did an excellent job in reviewing all current policies to identify anything that could be changed that would not increase risk but reduce cost. They were able to point out sections in both aviation and marine that helped reduce costs.

Key Component Challenges

Airport Contamination Claims (AFFF Fire Suppressant) - The Division of Risk Management continues to assist Department of Transportation and Public Facilities (DOT&PF) with providing clean water to specific communities affected by the PFAS contamination. Wells that exceeded the EPA's prior Health Advisory Standards in Fairbanks have been hooked up to public utility. We continue to work to a final solution for Gustavus, Dillingham, and King Salmon. Due to the limited ability to provide access to public utilities in these communities as we did in Fairbanks, we are reviewing filtration systems, catchment systems and water holding tank systems. DOT&PF and Department of Environmental Conservation will need to work together to solve the PFAS issue for all affected communities. These claims fall under the law of products liability due to defective products use required by the FAA and the manufacturer or seller is liable rather than the State.

Excess insurance - Marine, and aviation markets have seen a sharp increase this year. The division will need to re-evaluate how we manage our risks and whether we can self-insure more of the state's risk. Property assets are self-insured thanks to the passage of HB102 which increased the Catastrophic Reserve Account (Catfund) balance from \$5 million to \$50 million. This higher balance is equal to the catastrophic coverage we were purchasing from excess insurance of \$50 million. We will also need to evaluate whether we need to insure for marine and aviation hull insurance due to the increase in those areas. By self-insuring the risks that are acceptable, the division can reduce its budget and maintain better control over the claims.

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.

Return to Work - The Division is also looking at expanding the Light Duty Return to Work program to a Full Return to Work Program. This means if an injured employee has a permanent injury that prevents them from returning to their pre-injury position, we will work with Division of Personnel to place them in another position that meets the new physical capacity restrictions of their permanent injury. This will reduce the cost of workers compensation claims by eliminating the retraining cost, which rarely is successful, provide work security to the injured worker and allow the

State as an employer to retain a valued employee.

Significant Changes in Results to be Delivered in FY2025

Risk Management's most significant change will be how we insure or self-insure the state's assets. Our self-insurance program has worked well in the last 20 plus years for Workers Compensation and General Liability and we believe with HB102 changes in the Catfund statute it can work for property as well. With carry forward language, this will allow the division to reduce their budget and any savings to go directly back to the agencies, which allows them to control their risk management costs.

The division will also complete the final phase of implementation for the new Claims Management System including Cost of Risk Allocation (CORA) reporting and a GIS system that allows us at a glance to see where all state insured assets are including structures, aircraft and vessels. In addition, this new system will also allow the state to automate electronic Report of Occupational Illness/Injury reporting through an intake/portal link with Single Sign On (SSO) capability for reporting workers' compensation claims via EDI to Department of Labor as required.

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>FY2024</u> <u>Management</u> <u>Plan</u>	<u>FY2025</u> <u>Governor</u>		
Full-time	6	6	Annual Salaries	553,552
Part-time	0	0	COLA	21,397
Nonpermanent	0	0	Premium Pay	0
			Annual Benefits	338,849
			<i>Less 2.46% Vacancy Factor</i>	(22,498)
			Lump Sum Premium Pay	0
Totals	6	6	Total Personal Services	891,300

Position Classification Summary					
Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Accountant 4	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

	FY2023 Actuals	FY2024 Enrolled	FY2024 Authorized	FY2024 Management Plan	FY2025 Governor Adjusted Base	FY2025 Governor	FY2024 Management Plan vs FY2025 Governor	
1000 Personal Services	623.0	846.6	846.6	857.9	891.3	891.3	33.4	3.9%
2000 Travel	0.0	7.3	7.3	8.6	8.6	8.6	0.0	0.0%
3000 Services	30,817.0	37,172.0	37,172.0	37,159.4	35,159.4	35,159.4	-2,000.0	-5.4%
4000 Commodities	9.4	13.5	13.5	13.5	13.5	13.5	0.0	0.0%
5000 Capital Outlay	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
7000 Grants, Benefits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
8000 Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Totals	31,449.4	38,039.4	38,039.4	38,039.4	36,072.8	36,072.8	-1,966.6	-5.2%
Fund Sources:								
1007 I/A Rcpts (Other)	31,449.4	38,039.4	38,039.4	38,039.4	36,072.8	36,072.8	-1,966.6	-5.2%
Unrestricted General (UGF)	0.0	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	0.0%
Other Funds	31,449.4	38,039.4	38,039.4	38,039.4	36,072.8	36,072.8	-1,966.6	-5.2%
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Positions:								
Permanent Full Time	6	6	6	6	6	6	0	0.0%
Permanent Part Time	0	0	0	0	0	0	0	0.0%
Non Permanent	0	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 FY2024 Enrolled To FY2024 Authorized *****												
FY2024 Enrolled												
1007 I/A Rcpts	Enrolled	38,039.4	846.6	7.3	37,172.0	13.5	0.0	0.0	0.0	6	0	0
		38,039.4										
	Subtotal	38,039.4	846.6	7.3	37,172.0	13.5	0.0	0.0	0.0	6	0	0
***** Changes From FY2024 Authorized To FY2024 Management Plan *****												
Align Authority with Anticipated Expenditures												
	LIT	0.0	11.3	1.3	-12.6	0.0	0.0	0.0	0.0	0	0	0
Transfer authority from services to cover anticipated personal services and travel costs. The remaining services authority is sufficient to cover anticipated expenditures.												
	Subtotal	38,039.4	857.9	8.6	37,159.4	13.5	0.0	0.0	0.0	6	0	0
***** Changes From FY2024 Management Plan To FY2025 Governor Adjusted Base *****												
Reverse Reduce State Insurance Catastrophe Reserve Account for Fiscal Note SLA 2022 HB 102												
1007 I/A Rcpts	OTI	-2,000.0	0.0	0.0	-2,000.0	0.0	0.0	0.0	0.0	0	0	0
Reduce interagency receipt authority for the Division of Risk Management associated with the fiscal note for SLA 2022 House Bill 102.												
FY2025 Salary, Health Insurance, and PERS Rate Adjustments												
1007 I/A Rcpts	SalAdj	33.4	33.4	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
FY2025 Salary, Health Insurance, and PERS Rate Adjustments: \$33.4												
FY2025 AlaskaCare insurance from \$1,793 to \$1,908 per member per month: \$2.7												
FY2025 GGU health insurance from \$1,573.50 to \$1,579.50 per member per month: \$0.3												
FY2025 GGU 5% Cost of Living Adjustment: \$21.0												
FY2025 PERS Rate Adjustment from 25.10% to 26.76%: \$9.4												
	Subtotal	36,072.8	891.3	8.6	35,159.4	13.5	0.0	0.0	0.0	6	0	0
***** Changes From FY2025 Governor Adjusted Base To FY2025 Governor *****												
	Totals	36,072.8	891.3	8.6	35,159.4	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		FY2023 Actuals	FY2024 Management Plan	FY2025 Governor
2000	Travel		0.0	8.6	8.6
Object Class	Servicing Agency	Explanation	FY2023 Actuals	FY2024 Management Plan	FY2025 Governor
2000 Travel Detail Totals			0.0	8.6	8.6
2000	In-State Employee Travel	Transportation costs for travel relating to administration, training, conventions and meetings, boards and commissions.	0.0	1.4	5.0
2002	Out of State Employee Travel	Transportation costs for staff travel out of state to national organization meetings, conferences, and training.	0.0	7.2	3.6

Line Item Detail (1676)
Department of Administration
Services

Component: Risk Management (71)

Line Number	Line Name		FY2023 Actuals	FY2024 Management Plan	FY2025 Governor
3000	Services		30,817.0	37,159.4	35,159.4
Object Class	Servicing Agency	Explanation	FY2023 Actuals	FY2024 Management Plan	FY2025 Governor
3000 Services Detail Totals			30,817.0	37,159.4	35,159.4
3000	Education Services	Training, educational conferences, agency memberships, and employee tuition.	0.1	0.5	0.5
3001	Financial Services	Insurance Claims, and Insurance Premiums.	24,332.7	30,000.7	28,000.7
3003	Information Technology	Software licensing and maintenance, training, and consulting.	0.0	486.7	486.7
3004	Telecommunications	Local, long distance, and cellular telephone charges, television, data/network, telecommunication equipment, and other wireless charges from outside vendors.	1.8	2.0	2.0
3008	Utilities	Electricity, heating fuel, water, sewage, and disposal services.	3.8	0.1	0.1
3009	Structure/Infrastructure/Land	Structure, infrastructure and land repairs, maintenance, rental, and leases.	0.4	1.2	1.1
3010	Equipment/Machinery	Machinery, furniture and office equipment purchase, repairs, maintenance, rentals, and leases.	0.4	0.4	0.4
3011	Other Services	Professional service contracts for claims adjusting services, and insurance.	2,049.5	2,076.7	2,076.7
3017	Inter-Agency Information Technology Non-Telecommunications	Admin - Alaska Division of IT (3141) OIT Core Services.	16.2	18.7	18.7
3018	Inter-Agency Information Technology Telecommunications	Admin - Alaska Division of IT (3141) OIT Telecommunications (CISCO device config, deployment,	2.5	3.4	3.4

Line Item Detail (1676)
Department of Administration
Services

Component: Risk Management (71)

Object Class	Servicing Agency	Explanation	FY2023 Actuals	FY2024 Management Plan	FY2025 Governor
3000 Services Detail Totals			30,817.0	37,159.4	35,159.4
		maintenance, replacements, and other telephone line services).			
3021	Inter-Agency Mail	Admin - Print Services (2333)	12.3	11.7	11.6
3022	Inter-Agency Human Resources	Admin - Personnel (56)	4.8	3.5	3.6
3023	Inter-Agency Building Leases	Trans - Department-wide	74.7	37.8	37.8
3024	Inter-Agency Legal	Law - Department-wide	3,508.4	3,657.2	3,657.2
3026	Inter-Agency Insurance	Admin - Risk Management (71)	445.9	13.0	13.0
3026	Inter-Agency Insurance	Labor - Department-wide	227.1	725.0	725.0
3027	Inter-Agency Financial	Admin - Accounting (3134)	57.7	8.7	8.7
3027	Inter-Agency Financial	Admin - Finance (59)	7.0	5.0	5.0
3028	Inter-Agency Americans with Disabilities Act Compliance	Admin - Personnel (56)	0.1	0.1	0.1
3038	Inter-Agency Management/Consulting	Admin - Administrative Services (46)	41.9	44.0	44.0
3038	Inter-Agency Management/Consulting	Admin - OFC of Procure. Property. Mngmt. (3291)	29.7	19.0	19.1
3038	Inter-Agency Management/Consulting	Admin - Office of the Commissioner (45)	0.0	44.0	44.0

Line Item Detail (1676)
Department of Administration
Commodities

Component: Risk Management (71)

Line Number	Line Name		FY2023 Actuals	FY2024 Management Plan	FY2025 Governor
4000	Commodities		9.4	13.5	13.5
Object Class	Servicing Agency	Explanation	FY2023 Actuals	FY2024 Management Plan	FY2025 Governor
		4000 Commodities Detail Totals	9.4	13.5	13.5
4000	Business	General business supplies such as office consumables, furniture, and computer equipment.	9.4	13.5	13.5

Revenue Detail (1681)
Department of Administration

Component: Risk Management (71)

Revenue Type (OMB Fund Code) Revenue Source	Component	Comment	FY2023 Actuals	FY2024 Management Plan	FY2025 Governor
5007 I/A Rcpts (1007 I/A Rcpts)			31,449.4	38,039.4	36,072.8
5301 Inter-Agency Receipts		Catastrophic Fund Revenue Sweep.	-17,983.5	-6,957.2	-8,923.8
5301 Inter-Agency Receipts	Admin - Accounting (3134)	Risk Management chargeback.	31.7	3.5	3.5
5301 Inter-Agency Receipts	Admin - Administrative Hearings (2771)	Risk Management chargeback.	6.3	0.7	0.7
5301 Inter-Agency Receipts	Admin - Administrative Services (46)	Risk Management chargeback.	7.3	0.8	0.8
5301 Inter-Agency Receipts	Admin - Alaska Division of IT (3141)	Risk Management chargeback.	135.9	15.0	15.0
5301 Inter-Agency Receipts	Admin - Alaska Public Offices Comm (70)	Risk Management chargeback.	6.3	0.7	0.7
5301 Inter-Agency Receipts	Admin - Finance (59)	Risk Management chargeback.	72.5	8.0	8.0
5301 Inter-Agency Receipts	Admin - Labor Relations (58)	Risk Management chargeback.	3.6	0.4	0.4
5301 Inter-Agency Receipts	Admin - Motor Vehicles (2348)	Risk Management chargeback.	171.2	18.9	18.9
5301 Inter-Agency Receipts	Admin - OFC of Procure. Property. Mngmt. (3291)	Risk Management chargeback.	27.2	3.0	3.0
5301 Inter-Agency Receipts	Admin - Office of the Commissioner (45)	Risk Management chargeback.	2.7	0.3	0.3
5301 Inter-Agency Receipts	Admin - Personnel (56)	Risk Management chargeback.	68.8	7.6	7.6
5301 Inter-Agency Receipts	Admin - Print Services (2333)	Risk Management chargeback.	2.7	0.3	0.3
5301 Inter-Agency Receipts	Admin - Public Defender Agency (1631)	Risk Management chargeback.	108.7	12.0	12.0
5301 Inter-Agency Receipts	Admin - Retirement and Benefits (64)	Risk Management chargeback.	76.1	8.4	8.4
5301 Inter-Agency Receipts	Admin - Risk Management (71)	Risk Management chargeback.	90.6	10.0	10.0
5301 Inter-Agency Receipts	Commerce - Department-wide	Risk Management chargeback.	303.3	200.0	200.0
5301 Inter-Agency Receipts	Correct - Department-wide	Risk Management chargeback.	4,813.7	5,000.0	5,000.0
5301 Inter-Agency Receipts	Courts - Department-wide	Risk Management chargeback.	715.7	500.0	500.0
5301 Inter-Agency Receipts	E&ED - Department-wide	Risk Management chargeback.	124.7	308.0	308.0
5301 Inter-Agency Receipts	EnvCon - Department-wide	Risk Management chargeback.	284.7	200.0	200.0
5301 Inter-Agency Receipts	FCS - Department-wide	Risk Management chargeback.	6,492.4	4,000.0	4,000.0
5301 Inter-Agency Receipts	FishGm - Department-wide	Risk Management chargeback.	1,427.1	1,000.0	1,000.0
5301 Inter-Agency Receipts	Gov - Department-wide	Risk Management chargeback.	211.1	99.0	99.0
5301 Inter-Agency Receipts	Health - Department-wide	Risk Management chargeback.	995.1	3,000.0	3,000.0
5301 Inter-Agency Receipts	Labor - Department-wide	Risk Management chargeback.	481.8	0.0	0.0
5301 Inter-Agency Receipts	Law - Department-wide	Risk Management chargeback.	0.7	300.0	300.0

Revenue Detail (1681)
Department of Administration

Component: Risk Management (71)

Revenue Type (OMB Fund Code) Revenue Source	Component	Comment	FY2023 Actuals	FY2024 Management Plan	FY2025 Governor
5301 Inter-Agency Receipts	Legis - Department-wide	Risk Management chargeback.	254.8	200.0	200.0
5301 Inter-Agency Receipts	M&VA - Department-wide	Risk Management chargeback.	659.1	1,000.0	1,000.0
5301 Inter-Agency Receipts	NatRes - Department-wide	Risk Management chargeback.	2,260.4	1,500.0	1,500.0
5301 Inter-Agency Receipts	PubSaf - Department-wide	Risk Management chargeback.	3,559.3	3,000.0	3,000.0
5301 Inter-Agency Receipts	Rev - Department-wide	Risk Management chargeback.	229.0	2,000.0	2,000.0
5301 Inter-Agency Receipts	Trans - Department-wide	Risk Management chargeback.	13,244.7	10,000.0	10,000.0
5301 Inter-Agency Receipts	Admin - Risk Management (71)	DOA Payroll Deductions Transfer to Risk Management.	0.0	600.0	600.0
5301 Inter-Agency Receipts	Admin - Risk Management (71)	Prior Year Carryforward.	12,563.7	12,000.0	12,000.0

Inter-Agency Services (1682)
Department of Administration

Component: Risk Management (71)

				FY2023 Actuals	FY2024 Management Plan	FY2025 Governor
Component Totals				4,428.3	4,591.1	4,591.2
With Department of Administration				618.1	171.1	171.2
With Department of Transportation and Public Facilities				74.7	37.8	37.8
With Department of Law				3,508.4	3,657.2	3,657.2
With Department of Labor and Workforce Development				227.1	725.0	725.0
Object Class	Servicing Agency	Explanation		FY2023 Actuals	FY2024 Management Plan	FY2025 Governor
3017	Inter-Agency Information Technology Non-Telecommunications	Admin - Alaska Division of IT (3141)	OIT Core Services.	16.2	18.7	18.7
3018	Inter-Agency Information Technology Telecommunications	Admin - Alaska Division of IT (3141)	OIT Telecommunications (CISCO device config, deployment, maintenance, replacements, and other telephone line services).	2.5	3.4	3.4
3021	Inter-Agency Mail	Admin - Print Services (2333)	Centralized mail services chargeback.	12.3	11.7	11.6
3022	Inter-Agency Human Resources	Admin - Personnel (56)	Centralized Human Resource chargeback.	4.8	3.5	3.6
3023	Inter-Agency Building Leases	Trans - Department-wide	Rent for state-owned facilities and lease payments.	74.7	37.8	37.8
3024	Inter-Agency Legal	Law - Department-wide	Legal services provided by the Department of Law.	3,508.4	3,657.2	3,657.2
3026	Inter-Agency Insurance	Admin - Risk Management (71)	Division of Risk Management - Risk management insurance charges.	445.9	13.0	13.0
3026	Inter-Agency Insurance	Labor - Department-wide	Workers Safety and Compensation Administration Account fee and Second Injury Fund payment.	227.1	725.0	725.0
3027	Inter-Agency Financial	Admin - Accounting (3134)	SSoA Accounts Payable and Travel Chargeback.	57.7	8.7	8.7
3027	Inter-Agency Financial	Admin - Finance (59)	Division of Finance chargeback for IRIS FIN, HRM, and ALDER.	7.0	5.0	5.0
3028	Inter-Agency Americans with	Admin - Personnel (56)	Americans with Disabilities Act	0.1	0.1	0.1

Inter-Agency Services (1682)
Department of Administration

Component: Risk Management (71)

Object Class	Servicing Agency	Explanation	FY2023 Actuals	FY2024 Management Plan	FY2025 Governor	
	Disabilities Act Compliance	(ADA) chargeback.				
3038	Inter-Agency Management/Consulting	Admin - Administrative Services (46)	Administrative Services Chargeback.	41.9	44.0	44.0
3038	Inter-Agency Management/Consulting	Admin - OFC of Procure. Property. Mngmt. (3291)	SSoA Procurement Chargeback.	29.7	19.0	19.1
3038	Inter-Agency Management/Consulting	Admin - Office of the Commissioner (45)	Commissioner Office Chargeback.	0.0	44.0	44.0

Personal Services Expenditure Detail
Department of Administration

Scenario: FY2025 Governor (20959)
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	N05	27D	12.0		126,146	0	0	72,270	198,416	0
02-0014	Accountant 4	FT	A	GP	Juneau	205	20D / E	12.0		85,389	5,940	0	52,483	143,812	0
02-0015	Claims Administrator	FT	A	GP	Juneau	205	19F / G	12.0		84,981	5,912	0	52,324	143,217	0
02-0017	Project Assistant	FT	A	GP	Juneau	205	16B / C	12.0		60,154	4,185	0	42,609	106,948	0
02-0020	Risk Manager	FT	A	SS	Juneau	205	22L	12.0		119,829	0	0	69,942	189,771	0
02-0022	Claims Administrator	FT	A	GP	Juneau	205	19C / D	12.0		77,053	5,360	0	49,221	131,634	0
													Total Salary Costs:	553,552	
													Total COLA:	21,397	
													Total Premium Pay:	0	
													Total Benefits:	338,849	
													Total Pre-Vacancy:	913,798	
													Minus Vacancy Adjustment of 2.46%:	(22,498)	
													Total Post-Vacancy:	891,300	
													Plus Lump Sum Premium Pay:	0	
													Personal Services Line 100:	891,300	

PCN Funding Sources:	Pre-Vacancy	Post-Vacancy	Percent
1007 Interagency Receipts	913,798	891,300	100.00%
Total PCN Funding:	913,798	891,300	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
Risk Management (71)
RDU: Risk Management (23)
FY2024 Governor's Budget
Position Totals PFT - 6

