

**DEPARTMENT OF ADMINISTRATION  
FY15 - Increment/ Decrement Status**

**Governor's Budget Items Approved as Requested**

Item #	Appropriation/ Allocation	Description	Amount/Fund Source	FY15 CC Book Comment	GF Dec?	LFD Notes/ Questions	Agency Comments
1	Centralized Administrative Services/ Retirement and Benefits	Reinsurance Fee Mandated by Patient Protection and Affordable Care Act	Total Other: \$3,200.0	The legislature approved the Governor's request for \$3.2 million to meet the mandatory, temporary, three-year transitional reinsurance program under the Patient Protection and Affordable Care Act to help stabilize premiums in the individual health insurance market from 2014 to 2016. This program is funded by contributions from insurers in the individual, small group, and large group markets, as well as by self-insured health plans such as the AlaskaCare Employee and Retiree Health Plans. It is estimated that Alaska health insurance plans will pay approximately \$46.5 million in reinsurance fees to the federal government during the next three years. These fees are intended to be used to subsidize the cost of health insurance premiums provided through Affordable Care Act exchanges.		Is this projection still on track? If not, what is the latest projection?  What has been expended to date by fund source?	This project is still on track.  With final language from the federal Health & Human Services received, the initial payment for 5/6 (83%) of total Reinsurance Fee is not due until January 2015. The remaining 1/6 (17%) of the payment due for 2014 is not payable until December 2015. Therefore, there have been no expenditures to date.
2	Centralized Administrative Services/ Health Plans Administration	Third Party Administrator Costs	\$5,500.0 Group Benefits (Other)	The legislature approved an anticipated \$5.5 million increase in the overall contract costs for health care. The new AlaskaCare contracts with the third party administrator (TPA), became effective on January 1, 2014. The Request for Proposals separated the current TPA services into four separate components. Aetna, winner of three components, and Moda Health (formerly Oregon Dental Services), winner of the dental component, are the new contractors. The department estimated the additional cost at \$5.5 million for the new contracts and an anticipated increase in the number of covered individuals.		Please revise this estimate based on to-date expenditures and by the four components.  What is the basis for the additional cost?  What is the change in the number of covered individuals?	Current estimate is an increase of \$3.7 million. The FY2015 estimate for the components is the following: Medical - \$16.817 million, Pharmacy - \$1.300 million, Wellness - \$0.467 million, and Dental - \$1.935 million with an overall lapse of \$2.019. Due to fee increases and the timing of earn back payments we estimate the following costs in FY2016: Medical - \$19.152 million, Pharmacy - \$1.481 million, Wellness - \$0.532, and Dental - \$2.196 resulting in a deficit of \$0.821 million.  The additional cost is due to an overall increase in total administrative fees paid and an increase in the number of covered lives.  The numbers of lives covered varies depending on the service provided. Based on counts from the September 2013 and September 2014 TPA invoices, the active member count has changed from 6,254 to 6,659. The Retiree member count has changed from 38,046
3	Alaska Oil and Gas Conservation Commission/ Alaska Oil and Gas Conservation Commission	Technical Support for Custody Transfers and Well Testing	\$750.0 AOGCC Receipts (DGF)	The legislature approved the Alaska Oil and Gas Conservation Commission's request for additional funding authority for professional petroleum measurement technical consulting support associated with custody transfer and well testing and allocation metering applications submitted by operators. Consultants will also assist in the analysis of current industry standards for petroleum measurement practices, revisions to AOGCC regulations and industry guidance documents, development of petroleum measurement inspection procedures, and training AOGCC staff in new measurement technologies.		Have additional consulting contracts been executed?  Will the additional receipt authority be needed?	A contract for consulting services was awarded 9/1/13 and is tentatively due for completion on 6/30/15. In addition to the consulting services contract, two Petroleum Inspector positions have been added to implement the new procedures anticipated from the consulting contract and that a portion of these funds will be necessary to cover these two positions. At this time, it is anticipated that no additional receipt authority will be needed.

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4	Legal and Advocacy Services/ Office of Public Advocacy	Caseload Capacity and Appellant Backlog	\$193.0 UGF	An amended request by the Governor for \$193.0 UGF to meet cost increases and to address the appellant backlog in the Office of Public Advocacy (OPA) was approved by the legislature. In FY13, specific areas of OPA experienced a continuous and significant caseload increase. Child in Need of Aid (CINA) cases increased by nearly 300 cases statewide over FY12 and continued to increase in FY14. In addition to the increased caseload, OPA is facing additional scrutiny from the Court System related to delays associated with timely pursuing of cases. No new positions were requested and funding is being used to hire contract attorneys.		Is another supplemental request anticipated or is the increment sufficient to meet expenditures in FY15?	Office of Public Advocacy is going to do everything they can to avoid a supplemental request but at this time, they do anticipate the need for additional funds. The Office of Public Advocacy (OPA) has continued to see a rise in caseload in FY2015 which adds to the consistent increases over the last three years. Despite substantial progress in reducing expenditures and streamlining the delivery of services, it is anticipated that OPA will need additional funds to address the continuing overload. Although nearly all case types have registered an increase, of particular concern are criminal appeals (up 19% in FY2014) and Post-Conviction relief cases (up 47% in FY2014). OPA has also been experiencing a continued substantial rise in Child in Need of Aid (CINA) cases which are anticipated to reach an additional 15% of 20% increase statewide in FY2015. CINA cases are particularly expensive as OPA provides a Guardian ad Litem as well as at least one of the parents' attorneys and also has responsibility for CINA appeals.
5	Legal and Advocacy Services/ Public Defender Agency	Caseload Capacity and Appellant Backlog	\$650.0 UGF	The Public Defender Agency (PDA) received legislative approval for a base funding increase of \$650.0 UGF. As with the Office of Public Advocacy, PDA requested funds to handle increased caseloads and the appellant backlog. The appellate division has a backlog of over 130 appellate matters. Criminal appellate matters have increased significantly from FY10 to FY13 and the growth in criminal appeals in FY14 was projected to be an additional 45 cases over the FY13 number. No new positions were requested.		Is another supplemental request anticipated or is the increment sufficient to meet expenditures in FY15?	It is anticipated that a supplemental request will be necessary for FY2015. This increase for FY2015 will be necessary to align the budget with increased workloads and the appellate backlog. The division is under significant pressure due to an increasing trial rate and increased open sentencing hearing from the DOL's plea agreement policy. Trials have increased 60% over the last 6 years and appellate matters have increased 82% over the last 5 years. In FY14 alone, felony merit appeals increased 7%, misdemeanor appeals increased 56%, and sentence appeals increased 100%.
6	Alaska Public Offices Commission	Add GF/PR to Fully Realize Receipts Related to Lobbyist Registration	\$75.2 GF/Program Receipts (DGF)	The legislature approved the Governor's request for additional GF/PR authority for the APOC. An additional \$75.2 was included in the FY15 budget to allow for the expenditure of lobbyist registration receipts. APOC anticipates an increase in staff overtime to meet statutory timelines for all complaints and advisory opinion requests. The Commission is held to a timeline of one day to accept or reject all complaints and advisory requests. When filers request expedited consideration (generally during an election period), the Commission must turn the request around within two days. APOC also must provide a staff report within 30 days of receiving a complaint and respond within seven days of accepting a request for an advisory opinion request.		What are the lobbyist registration receipts to date?  How many expedited consideration requests have been received this fiscal year?  How many advisory opinions have been requested?	Lobbyist receipts as of October 31, 2014 are \$2,250. The bulk of these receipts come in December and January when lobbyists begin to register for the upcoming legislative session.  There have been 0 expedited consideration requests this fiscal year as of November 20, 2014. Fourteen complaints have been filed by members of the public and accepted by staff. Another 200 complaints have been filed by members of the public and rejected by staff.  There have been 18 advisory opinions requested to date this fiscal year.  Alaska Public Offices Commission has experienced significant unexpected costs due to litigation this fiscal year.

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7	Motor Vehicles/ Motor Vehicles	Maintenance Contract for Drivers' License Testing System  <i>and</i>  Automate Vehicle Identification Number Decoder to Improve Services	\$78.0 GF/Program Receipts (DGF)	<p>The following increases to the Motor Vehicles budget were approved by the legislature for FY15:</p> <p><b><u>--Maintenance Contract for Drivers' License Testing System: \$50.0 GF/PR</u></b>  This increment funds an annual maintenance fee for the new Knowledge Test System (KTS). AS 28.15.081 requires DMV to examine every applicant's knowledge of traffic laws, driving safety, and the effects of drinking and driving. The existing testing system is available in 13 of 31 offices, and those offices without a KTS must administer a paper test, which is then scored manually by DMV clerks who enter the data into a web-based program. Capital project funds (\$550.0) have already been approved for a new KTS replacement and invitations to bid were initiated in FY14. This funding will be used to cover an annual maintenance fee for the software required to run this system.</p> <p><b><u>--Automate Vehicle Identification Number Decoder to Improve Services: \$28.0 GF/PR</u></b>  The legislature also approved the use of an additional \$28.0 in GF/PR to purchase VIN decoding software. Currently, DMV processes approximately 750,000 vehicle transactions a year and multiple pieces of information must be manually entered for each vehicle. VIN decoding software will allow a VIN number to be entered with the remaining information to populate automatically. Use of this software will not only decrease data entry time and errors, it will improve the accuracy of the data reported to the National Motor Vehicle Title Information System (NMVTIS).</p>			<p>DMV will post the Knowledge Testing System Request for Proposal (RFP) in early 2015. Due to an onsite installation requirement we have found it is difficult to have contractors travel to remote communities in the winter season. The software/maintenance contract will be put in place upon award and purchase of the equipment and software.</p> <p>It is likely the VIN decoder system we purchase will be a stand alone system until our new version of ALVIN comes on line in FY2017 and then we will fully integrate it. All of the DMV office locations will have access to this program, although because the initial version may not be fully integrated our more remote offices may have slight delays due to internet connection speed. We should have a system in place by the end of the FY2015.</p>

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**Fiscal Notes**

Item #	Bill #	Title	Amount/Fund Source	FY15 CC Book Comment	GF Dec?	LFD Notes/ Questions	Agency Comments
8	HB 278 (Chapter 15, SLA 2014)	EDUCATION (relating to funding for the Salary Schedule & Benefits Study and Evaluation of, and recommendations for, Teacher Tenure)	\$610.6 UGF <b>1 Temp position</b>	<b>Centralized Administrative Services/ Personnel</b> Section 52 of this legislation requires the Department of Administration to prepare and present to the legislature a written proposal for a salary and benefits schedule for school districts that includes an evaluation of, and recommendations for, teacher tenure. Funding approved by the legislature for this fiscal note includes costs associated with one full-time, non-permanent position (range 20F) plus travel to meet with school districts to gain an understanding of current pay structures. This position will be responsible for researching current salary and benefit structures and identifying supplemental pay provisions for all 53 school districts in addition to identifying impediments to implementation and suggested resolutions. Also included is the cost of utilizing a contractor (\$500.0 in FY15 only) to assist with the development of the salary and benefits schedule. Department of Administration funding for the temporary position will extend through FY16.	\$250.00	When was the non-permanent position hired? (Total funding anticipated in FY15 only)  Is the contract in place? Date originated and total amount of the contract.	The non-permanent position was hired on August 7, 2014, the salary for this position for FY15 is estimated at \$96.0. The contract was signed on November 18, 2014. The total amount of contract is \$93,000. We were able to contract internally which provided significant saving for the initial contract amount. At this time, it is anticipated that the contract may need to be amended up but that the full amount appropriated will not be required.
9	HB 293 (Chapter 98, SLA 2014)	LICENSE PLATES	\$3.2 DGF	<b>Motor Vehicles/ Motor Vehicles</b> This bill amends AS 28.10.161 and requires the Division of Motor Vehicles to provide an additional standard license plate design with a bear graphic in the middle which would be based on the 1976 bicentennial plate. Currently, there is only one standard plate for the State of Alaska which is a blue and gold design based on the colors of the Alaska flag. Due to the timeframe the bear graphic was created, it is unlikely the image could be used in a format that would utilize today's technology and, therefore, \$3.2 UGF was provided to fund a similar bear design and create sample plates. This is one-time funding for FY15.		Has the updated graphic been created? Total anticipated cost?	The bear license plate has been created and sent to our contractor. We are waiting for a sample plate and will then authorize production. The total cost of the design and production service is \$1,150.
10	HB 378 (Chapter 80, SLA 2014)	MOTOR VEHICLES: REGISTRATION, COMMERCIAL	\$11.4 DGF	<b>Motor Vehicles/ Motor Vehicles</b> HB 378 brings the State of Alaska into compliance with federal regulations and mandates that will be effective July 2015. Additionally, this legislation will entitle current members of the Alaska National Guard free vehicle registration for a passenger vehicle or motorcycle. The DMV database will require programming to add a field to identify the motor vehicles or motorcycles registered to Alaska National Guard members and allow the department to account for the fee exemption waiver. Funding is for contract hours to complete this change. Additionally, revenue loss is projected to result in approximately (\$100.0) per fiscal year.		Please provide a status on this programming project.	The National Guard free license plate registration programming has been completed and is ready to go live on January 1, 2015.