

**Department of Administration
FY25 Midyear Status Report**

Item No.	Appropriation / Allocation	Description	Amount / Fund Source	LFD Questions
1	Centralized Administrative Services / Office of Administrative Hearings	Replace I/A Receipts with General Funds to Avoid Significant Rate Increases to Clients Due to FY24 Salary Increases	Net Zero \$262.5 Gen Fund (UGF) (\$262.5) I/A Rcpts (Other) FndChg	<p>From last session discussions, the FY23 billable rate was \$228/hour. The legislature did not approve the FY24 supplemental request and only approved half the amount for FY25 with the intention that the agency utilize the rate smoothing language appropriation of the operating bill which will allow rates to transition over two years without an immediate spike.</p> <p>Has this process been followed? What were the hourly rates adjusted to for FY24 and what are they for FY25? How much funding is expected to be used from the rate smoothing language section?</p> <p>Agency Response The FY2024 and FY2025 billing rate is \$273/hour. This increase in rate was necessary due to the increased salaries for judges/lawyers working for the State, and the non-approval of the FY2024 supplemental request and the lower GF approval for FY2025. In addition, OAH has significant judicial vacancies that the new Chief Administrative Law Judge is trying to redress. At full staff, the Office of Administrative Hearings (OAH) should be able to increase its hourly production and in turn reduce rates. However, it must be remembered that OAH is the statutorily mandated adjudicate body for over 51 case matters. The office must have staff available to adjudicate these matters, whether the agencies refer them or not. To address this issue, OAH is also actively seeking discretionary referrals from agencies and local governments.</p>
2	Centralized Administrative Services / Finance	Recruitment and Retention Incentives to Payroll Staff to Ensure Accurate and Timely Processing of Payroll	\$600.0 I/A Rcpts (Other) Inc	<p>Please provide an update as to what incentives have been implemented to recruit and retain payroll staff. How many positions are currently vacant or in recruitment? Has this added authority helped to stabilize division staffing?</p> <p>Has payroll been processed on time, or have there been some exceptions?</p> <p>Agency Response This request was a continuation of an FY2024 incentive to provide Statewide Payroll Services staff a 4-step increase. The original LOA request was sent to DOPLR on 8/16/2023 for review and approval and is awaiting response. The division also requested an extension of an overtime allowance and hiring incentive payment for new employees on 4/21/2024 and are awaiting a response. Despite maintaining a 30-40% vacancy rate, payroll has been processed on time, with DOF successfully processing 99.84% of timesheets on schedule.</p>

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3	Centralized Administrative Services / Finance	Large Screen Monitors for Payroll Section	\$45.0 Gen Fund (UGF) Inc	Have the monitors been purchased for the payroll staff to more efficiently perform their duties?
Agency Response Yes, all the monitors have been purchased and issued to Statewide Payroll Services staff. The funds were fully expended.				
4	Centralized Administrative Services / Finance	Project Manager for Employee Self Service System (ESS) Implementation (FY25-27)	\$206.5 Gen Fund (UGF) 1 PFT Position IncT	Has this new position been recruited for and filled? Please provide details of progress and the hiring date, if available.
Agency Response The position approval form was submitted on 8/15/2024 and approved by OMB on 9/9/2024. The position description was submitted on 10/3/2024 and approved by classification on 11/13/2024. We anticipate this position will be open for recruitment by 1/6/2025.				
5	Centralized Administrative Services / Finance	Additional Resources for Payroll Training Costs	\$50.0 I/A Rcpts (Other) Inc	Have additional resources been implemented to relieve the training burden on existing staff and thereby improve payroll processing?
Agency Response Two positions within the division were reclassified to training specialists who have been primarily focused on Statewide Payroll Services staff training and process improvement.				
6	Centralized Administrative Services / Finance	Move Payroll Services into the State Office Building	\$130.0 Gen Fund (UGF) IncOTI	Has the division been moved to the State Office Building or what is the current plan and timeline?
Agency Response The Division of Finance completed the move of the Statewide Payroll Services staff to the 8th floor of the State Office Building at the beginning of November. The division is now working to address the remaining personnel files that need to be transitioned to a new location. This work is on track and will be completed by the end of our lease on June 30th, 2025.				

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7	Centralized Administrative Services / Finance	Add Fund Accountant to Assist with Fund Tracking and the Annual Comprehensive Financial Report (ACFR) (FY25-27)	\$154.1 Gen Fund (UGF) 1 PFT Position IncT	<p>Has this new position been recruited for and filled? Please provide details of progress and the hiring date if available.</p> <p>Does the agency require additional resources to enhance the timeliness of the ACFR?</p>
<p>Agency Response</p> <p>The position approval form was submitted on 8/13/2024 and approved by OMB on 10/7/2024. The position description was submitted on 11/22/2024 and approved by classification on 11/25/2024. We anticipate it being open for recruitment by 1/6/2025. Due to additional turnover in the section, the division has utilized former DOF Accountants in temporary positions to assist with the 2024 ACFR completion. The unit needs to be fully staffed and supported with additional resources to enhance system improvements. During the off-season, various tools and resources will be assessed as part of project planning for the upcoming year.</p>				
8	Legal and Advocacy Services / Office of Public Advocacy	Add Four Permanent Full-time Positions to Address Increased Caseloads - 2 Public Guardians, and 2 Support Staff	\$429.7 Gen Fund (UGF) 4 PFT Positions Inc	<p>Have these new positions been recruited for and filled? Please provide details of progress and hiring dates.</p>
<p>Agency Response</p> <p>All remaining vacant Public Guardian PCNs are scheduled for interviews and should be filled soon. The Eligibility Technician 2 position was filled as of 9/16/2024. The Paralegal 1 position was delayed due to an OPD error, but the agency is actively working to resolve it.</p>				

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9	FY25 Capital	Benefits And Retirement Systems (BEARS) Enhancement	\$9,000.0 Various Retirement System Funding (Other)	<p>Will the initial implementation of BEARS occur in December 2024 as previously stated? Have the second phase "additional enhancements" as a result of the Supreme Court decision begun and is the implementation timeline still expected in FY2028?</p> <p>Agency Response Phase 1 implementation of BEARS, originally scheduled for December 2024, has been delayed to September 2025 due to issues with User Acceptance Testing complicated by staffing vacancies. To accommodate this extended timeline, the Division of Retirement and Benefits has collaborated with Sagitec to move two Phase 2 tasks to the Phase 1 implementation. The secondary implementation remains on track for FY2028 and will include the planned additional enhancements, with work starting in January 2025 as scheduled.</p>
10	FY25 Capital	Expand and Complete Digitization of Payroll Services and Recruitment	\$2,050.0 Gen Fund (UGF)	<p>Has the initial \$2.2 million appropriated in FY24 been fully expended and has the digital timesheet auditing function been implemented? Please describe the next phase, progress and timeline for completion and implementation toward timesheet electronic storage, payroll data entry and Personnel Action Request Forms (PARFs). Has there been a revision to the estimate for ongoing support and cloud costs of \$760.4 (which was stated will be absorbed through attrition and cost savings from digitization)?</p> <p>Agency Response Half of the initial funding has been expended. The timesheet audit process is currently being digitized, and Statewide Payroll Services has successfully processed multiple pay periods using the new paperless system. The next phase includes electronic file storage and archiving as well as automating forms. Payroll data entry and PARFs are also part of the next phase. However, there currently isn't a timeframe for these items, as they were unfunded requests and resources are unavailable to address them at this time. Alternative solutions are being explored in the interim. Ongoing support and cloud costs remain unchanged, though additional costs are expected. This has not yet been fully analyzed or determined.</p>

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11	FY25 Capital	Replace Aging IT Infrastructure	\$1,000 Gen Fund (UGF)	Please describe the planned "end of life" IT infrastructure to be replaced with this funding. Why were general funds required for these replacements and is there an ongoing UGF expectation? Is the intent to replace aging infrastructure with new and then adjust ISF rates for future replacement as would be expected from an internal service fund? When will the 5-year asset management replacement schedule be completed?
<p>Agency Response</p> <p>The funding is used to replace aging equipment that no longer meets functional requirements, exhibits unacceptable vulnerability or is not under support. Priority is determined by security and operational risk. Current priorities include equipment used to provide connectivity to most of the state's remote or rural offices (switches, connection points and wireless systems), enterprise data storage and core networking/connectivity equipment.</p> <p>Increasing digitization, consumption of technical services and inflationary IT contract costs have resulted in deferred replacements. Additional funding will be required moving forward, the specific nature of which is flexible.</p> <p>The funding is to replace deferred aging infrastructure with new. We model equipment depreciation costs each year for inclusion in the ISF rates, or inclusion as a UGF request based on agency budget priorities.</p> <p>The average lifecycle for telecom/network equipment is seven years. The Office of Information Technology (OIT) centrally manages approximately \$50 million in enterprise IT equipment (excluding additional department IT assets) and maintains a running multi-year replacement projection. OIT operates a continuous 5-year asset management replacement schedule for funding which is ongoing and updated each year based on prioritization of assets.</p>				

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12	FY25 Capital	Statewide Public Service Digital Assistant - Requirements, Definition, and Road Mapping	\$300.0 Gen Fund (UGF)	<p>What is the timeline for expenditure of this funding? Please clarify the intended outcome of the project? Will this amount of funding accomplish the end goal?</p>
<p>Agency Response This funding will be completely expended by the end of FY2025. This project defined the requirements and plan to build a 'myAlaska Mobile Application' to provide improved access to digital services consumed by constituents. The app will allow users to access multiple myAlaska supported services through the myAlaska portal, and provide additional directory services. These funds were intended to fulfill the planning phase of this project which is complete and were also able to be leveraged to support the initial build phase. Incorporation of an Artificial Intelligence supported chatbot and post-launch improvements will exceed these specified funds but the initial project is considered complete.</p>				