

DEPARTMENT OF ADMINISTRATION
FY2015 HOUSE FINANCE BUDGET SUBCOMMITTEE NARRATIVE REPORT

February 27, 2014

SUBCOMMITTEE MEMBERS:

Rep. Holmes, Chair 	Rep. Olson	Rep. Johnson
Rep. Lynn	Rep. Millett	Rep. Drummond
Rep. Tuck		

RECOMMENDATIONS:

The House Finance Budget Subcommittee for the Department of Administration submits a recommended operating budget for FY2015 to the House Finance Committee as follows:

Unrestricted General Funds (UGF)	\$ 87,451.0
Designated General Funds (DGF)	\$ 25,171.3
Other Funds	\$230,877.2
Federal Funds	\$ 3,799.1
TOTAL	\$ 347,298.6

BUDGET ACTION:

The House Finance Budget Subcommittee for the Department of Administration held 4 meetings with the Department and analyzed all of the Governor's budget transactions. The following are budget action highlights:

- The Subcommittee recommends authorizing \$294.4 less Unrestricted General Funds and \$275.2 less Designated General Funds as the Governor's FY2015 request.
- The Subcommittee recommends a total increase from the FY2015 Adjusted Base of \$281.6 UGF, \$625.7 DGF and \$8,470.2 Other Funds. The total increase from the Adjusted Base is \$9,377.5.

Accepted

1. Health Plans Administration

Third Party Administrator Contract Increase for New Health Contract: \$5,500.0
Group Health and Life Fund

The new AlaskaCare contracts for third party administrator services became effective on January 1, 2014. With the assistance of the Department's health consultant, the Department has come up with \$5,500.0 as the amount needed to cover new contracts and an increase in the number of lives covered.

2. Motor Vehicles

Maintenance and Software Expenditures: \$78.0 GF/Program Receipts DGF

This increment accounts for two enhancements including a maintenance contract for a driver's license testing system and the automation of the vehicle identification number (VIN) decoder. Both of these contribute to improving services and creating efficiencies within the division.

3. Vacant Position Deletions and Health Insurance and Working Reserve Rate Decreases: (\$1,005.2) Various

The Governor's FY15 budget request contains several reductions common to all agencies. The following is a breakdown of these reductions:

- Position Deletions: (\$609.2) Various
- Health Insurance and Working Reserve Rate Decreases: (\$396.0) Various

4. Transfer Responsibility for the Nome Office Building from Department of Transportation & Public Facilities: \$201.1 UGF

The Nome Office Building has historically been managed by the Department of Transportation and Public Facilities. In FY14, the management of the building and funding for operations is being transferred to the Department of Administration, Division of General Services.

Denied

1. Alaska Public Offices Commission (APOC)

Add GF/PR to Fully Realize Receipts Related to Lobbyist Registration: \$75.2
GF/Program Receipts

The subcommittee believes that the Alaska Public Offices Commission can manage funds and provide services with their current level of funding.

Modified

1. Alaska Oil and Gas Conservation Commission

Petroleum Measurement Technical Support: \$550.0 AOGCC Rcpts

Due to the recent increase in new developments in Alaska and the aging of the equipment in existing fields, AOGCC has been receiving a large number of applications to install or alter custody transfer measurement equipment and facilities for well testing and allocation purposes. This increment will allow the AOGCC to contract with an expert in petroleum measurement to conduct technical reviews and assist in updating regulations, develop a more robust petroleum measurement inspection program, and train AOGCC staff in some of the newer technologies in the oil and gas industry. The Department believes that they can reduce their original request of \$750.0 to \$550.0 without hampering services.

OTHER SUBCOMMITTEE ACTION:

1. Centralized ETS Services

General Fund Reduction from Services Line: (\$194.3) GF

The Department believes that by shifting funds from other allocations within the Division, they will be able to both cut general funds and maintain their current level of services.

2. Alaska Public Offices Commission (APOC)

General Fund Reduction from Personal Services Line: (\$100.0) GF

This reduction is due to lapsed funds in previous fiscal years.

3. Division of Motor Vehicles

General Fund Reduction from Personal Services Line: (\$0.1) GF

This reduction reflects some accounting clean-up on behalf of the Department.

AMENDMENT ACTION:

1. Centralized Administrative Services – Division of Finance

Patient Centered Outcomes Research Institute Mandated by ACA: \$61.3 GF

The Affordable Care Act imposes a fee for self-insured active health plans to fund the Patient-Centered Outcomes Research Institute (PCORI) trust fund.

2. Centralized Administrative Services – Division of Retirement and Benefits

Patient Centered Outcomes Research Institute Mandated by ACA: \$68.0 GF

The Affordable Care Act imposes a fee for self-insured retiree health plans to fund the Patient-Centered Outcomes Research Institute (PCORI) trust fund.

Reinsurance Fee Mandated by ACA: \$1,121.4 Group Benefits Trust Fund, \$1,485.0 PERS Trust Fund, \$588.0 TRS, \$5.6 JRS

The Affordable Care Act imposes a mandatory, temporary three-year transitional reinsurance program to help stabilize premiums in the individual health insurance market from 2014-2016.

3. Special Systems – Elected Public Officers Retirement System Benefits

Elected Public Officers Retirement System Cost Savings: (\$150.0) GF

This amendment reduces the authority needed for Elected Public Officials Retirement System due to the reduction of members.

4. Legal and Advocacy Services – Office of Public Advocacy

Caseload Capacity and Appellant Backlog: \$193.0 GF

This funding is intended to accommodate caseload increases and to ameliorate the appellant backlog.

5. Legal and Advocacy Services – Public Defender Agency

Caseload Capacity and Appellant Backlog: \$650.0 GF

This funding is intended to accommodate caseload increases and to ameliorate the appellant backlog.

ATTACHED REPORTS:

The House Finance Budget Subcommittee for the Department of Administration adopts the attached reports:

Subcommittee generated reports

Budget Action Worksheet

Legislative Finance Division Reports (Numbers Only) – House Structure

1. Agency Totals – FY2015 Operating Budget
2. Appropriation/Allocation Summary (All Funds)
3. Appropriation/Allocation Summary (GF)
4. Transaction Comparison between Adj Base and H Subcomm
5. Transaction Comparison between Gov Amd and H Subcomm
6. Wordage Report – FY2015 Operating Budget



Representative Lindsey Holmes, Chair
House Finance Budget Subcommittee for the Department of Administration
February 27, 2014