

**2018 Legislature - Operating Budget
Transaction Compare - Governor Structure
Between 19Adj Base and 19GovAdj**

Numbers and Language Differences Agencies: Admin

Agency: Department of Administration

	Column	Trans Type	Total Expenditure	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants	Misc	PFT	PPT	TMP
Centralized Administrative Services													
Retirement and Benefits													
Stakeholder Engagement for Alaska Health System Reform	19GovAdj	IncOTI	250.0	0.0	0.0	250.0	0.0	0.0	0.0	0.0	0	0	0
<p>Participate in a stakeholder process to develop a plan for Alaska's health care system that improves population health and the patient experience of care while reducing the per capita cost. The stakeholder process should include members from the legislature, state agencies and the provider community and produce actionable recommendations. Reform efforts currently emerging include:</p> <ol style="list-style-type: none"> 1. Increase primary care utilization 2. Coordinate patient care among providers 3. Pursue payment reform 4. Promote the use of evidence-based medicine 5. Increase health care data analytics capacity <p>Existing Division of Retirement and Benefits (DRB) staff will manage these funds and may pursue contracts with other entities. DRB staff will be responsible for contract management and tracking work product. Office of Management and Budget will continue to serve as a liaison among departments on broad health care reform efforts.</p>													
1248 ACHI Fund (DGF)			250.0										
Evaluate Consolidated Purchasing and Health Care Cost Reduction Strategies	19GovAdj	IncOTI	750.0	0.0	0.0	750.0	0.0	0.0	0.0	0.0	0	0	0
<p>Evaluate and execute strategies to reduce the growth of state health care spending across state agencies and other public payers. Current budget estimates indicate that state health care spending growth must be reduced from 5 to 2.25 percent over the next five years to avoid displacing other budget priorities. This equates to a \$200 million reduction from projections based on the 5 percent growth trend. These funds may be used to procure actuarial and legal analysis for coordinated administration and purchasing across state agencies and public payers for health services, including third-party benefit administrators and pharmaceutical purchasing. These analyses may also be used to implement recommendations from the Health Care Authority feasibility studies required by SB74.</p> <p>Additionally, these funds may be used to evaluate and influence changes in federal health care policy that impact the state budget and Alaska health care system as a whole.</p> <p>This is a continuation of efforts pursued by the administration and legislature, which include SB74 Medicaid redesign and Health Care Authority feasibility studies, creating the Alaska Comprehensive Health Insurance (ACHI) Fund, and obtaining a 1332 Innovation Waiver to receive federal funding to offset state contributions to the ACHI fund. To date, these activities have resulted in reduced per capita general fund expenditures in the Medicaid program as well as reductions in the cost of monthly health insurance premiums in the individual market. Additionally, the Department of Administration's Division of Retirement and Benefits (DRB) has pursued reforms to AlaskaCare employee plan design that have resulted in savings to the health trust and prevented an increase in the employer contribution rate to employee health premiums. DRB is also working toward implementation of the Employer Group Waiver Program (EGWP) for its retiree health plan, which increases Medicare reimbursements to the plan for pharmaceuticals and will result in reductions to the state assistance payment to retirement by an estimated \$25.5 million in fiscal year 2019.</p> <p>These funds will be managed by existing DRB staff and may pursue contracts with other entities. DRB staff will be</p>													

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Centralized Administrative Services (continued)													
Retirement and Benefits (continued)													
Evaluate Consolidated Purchasing and Health Care Cost Reduction Strategies (continued)													
responsible for contract management and tracking work product. The Office of Management and Budget will continue to serve as a liaison among departments on broad health care reform efforts.													
	1248	ACHI Fund (DGF)	750.0										
	19GovAdj	FndChg	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
Realign Funding with Cost Allocation Plan													
A net-zero reallocation of fund sources is periodically necessary to align funds with actual expenditures. This realignment is based on the Retirement and Benefits (DRB) cost allocation plan.													
	1017	Group Ben (Other)	-25.0										
	1023	FICA Acct (Other)	-20.0										
	1029	PERS Trust (Other)	-170.0										
	1034	Teach Ret (Other)	175.0										
	1042	Jud Retire (Other)	5.0										
	1045	Nat Guard (Other)	35.0										
L	19GovAdj	Lang	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
Plan Sponsor and Actuarial Costs for Retirement System Activities													
If the amount necessary to cover plan sponsor costs, including actuarial costs, for retirement system benefit payment calculations exceed the amount appropriated for that purpose in sec. 1 of this Act, after all allowable payments from retirement system fund sources, the amount, estimated to be \$0, is appropriated from the general fund to the Department of Administration for that purpose for the fiscal year ending June 30, 2019.													
The pension and retiree health plans are trust funds and must adhere to federal and state rules regarding benefit trusts. The rules make a clear distinction between expenses that are for the benefit of the plan participants and expenses that are for the benefit of the plan sponsor. The expenses which benefit the plan sponsor are called Settlor expenses or costs. Costs which benefit the plan sponsor cannot be paid for by retiree health trust funds as these expenses are for the benefit of the plan sponsor.													
* Allocation Difference *			1,000.0	0.0	0.0	1,000.0	0.0	0.0	0.0	0.0	0	0	0
Health Plans Administration													
	19GovAdj	Inc	3,750.0	0.0	0.0	3,750.0	0.0	0.0	0.0	0.0	0	0	0
Administrative Fee Increase due to Medicare Part D Employer Group Waiver Plan Participation													
The AlaskaCare retiree health plan currently files for federal subsidies for Medicare eligible retirees through the Retiree Drug Subsidies. Implementing Medicare Part D Employer Group Waiver Plan (EGWP) increases Medicare reimbursements to the plan for pharmaceuticals and will result in reductions to the state assistance payment to retirement by an estimated \$25.5 million in FY2019. In addition, the future liabilities for Other Post-Employment Benefits (OPEB) will be reduced.													
Aetna contract negotiations were recently completed and the Division has estimated an increase to the administrative fees of \$3,750.0 beginning January 1, 2019, for a six-month period and \$7,500.0 for a full fiscal year. If funding is not received, the Division will not be able to pursue this cost savings initiative. This cost-saving measure cannot be pursued without the corresponding administrative fee payment.													
	1017	Group Ben (Other)	3,750.0										

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Centralized Administrative Services (continued)													
Health Plans Administration (continued)													
* Allocation Difference *			3,750.0	0.0	0.0	3,750.0	0.0	0.0	0.0	0.0	0	0	0
** Appropriation Difference **			4,750.0	0.0	0.0	4,750.0	0.0	0.0	0.0	0.0	0	0	0
Shared Services of Alaska													
Business Transformation Office													
Debt Collection and Vendor Fees	19GovAdj	Inc	500.0	0.0	0.0	500.0	0.0	0.0	0.0	0.0	0	0	0
<p>Shared Services of Alaska (SSoA) is funded by inter-agency receipts based on the back-office work (travel and account payable) that is being completed by the positions transferred from other departments. Offsets to this are general fund program receipts derived from a 5% assessment on debt collections and vendor fees assessed on statewide contracts that are in excess of what is needed to fund the Purchasing Component. The SSoA is researching additional fees that may be available under applicable Court rules.</p> <p>The total amount of receipt revenue that will be available is unknown until there is more experience with Account Control Technology, Inc. (ACT) and their efficiency at collecting debts on behalf of the State. Debt has been transferred to SSoA from the Department of Law and the Permanent Fund Dividend division. SSoA has had initial meetings with several other departments to begin the process of analyzing and transferring additional state debt to ACT.</p> <p>SSoA is a start-up operation. Any revenue that can be generated through general fund program receipts will help to make this effort a success and will offset the cost for this work to state agencies.</p>													
1005 GF/Prgm (DGF)			500.0										
* Allocation Difference *			500.0	0.0	0.0	500.0	0.0	0.0	0.0	0.0	0	0	0
Purchasing													
State Surplus Property Sales Growth	19GovAdj	Inc	138.0	0.0	0.0	138.0	0.0	0.0	0.0	0.0	0	0	0
<p>Data shows the sale of State of Alaska surplus property has increased and is projected to continue to increase with additional marketing efforts through FY2019. Additional general fund program receipt authority is necessary to align the budget with projected revenue collection.</p>													
1005 GF/Prgm (DGF)			138.0										
* Allocation Difference *			138.0	0.0	0.0	138.0	0.0	0.0	0.0	0.0	0	0	0
Leases													
Reduce Lease Funding to Align with Projected Costs	19GovAdj	Dec	-1,000.0	0.0	0.0	-1,000.0	0.0	0.0	0.0	0.0	0	0	0
<p>Reduce lease funding to align with projected costs. Costs are projected to decrease as Leases staff work with customer agencies to make the most efficient use of leased space and continue to shrink agency footprint wherever possible.</p>													
1007 I/A Rcpts (Other)			-1,000.0										
* Allocation Difference *			-1,000.0	0.0	0.0	-1,000.0	0.0	0.0	0.0	0.0	0	0	0
** Appropriation Difference **			-362.0	0.0	0.0	-362.0	0.0	0.0	0.0	0.0	0	0	0

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Alaska Oil and Gas Conservation Commission													
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L	Reverse Settlement of Claims Against Reclamation Bonds Sec26e Ch1 SSSLA2017 P100 L7 (HB57)	19GovAdj	OTI	-150.0	0.0	0.0	-150.0	0.0	0.0	0.0	0	0	0
	Reverse authority for reclamation of state land by utilizing bonding funds if necessary in FY2018.												
	1108 Stat Desig (Other)			-150.0									
L	Settlement of Claims Against Reclamation Bonds	19GovAdj	IncM	150.0	0.0	0.0	150.0	0.0	0.0	0.0	0	0	0
	The amount received in settlement of a claim against a bond guaranteeing the reclamation of state, federal, or private land, including the plugging or repair of a well, estimated to be \$150,000, is appropriated to the Alaska Oil and Gas Conservation Commission for the purpose of reclaiming the state, federal, or private land affected by a use covered by the bond for the fiscal year ending June 30, 2019, and includes the unexpended and unobligated balance on June 30, 2018.												
	1108 Stat Desig (Other)			150.0									
L	Reduce Federal Authority to Align with Projected Revenue	19GovAdj	Dec	-24.9	-24.9	0.0	0.0	0.0	0.0	0.0	0	0	0
	Over the past several years, the amount of funding provided by the Federal Government for oversight of the Underground Injection Control Program for Class II Underground Injection Control (UIC) wells has declined, and the Alaska Oil and Gas Conservation Commission (AOGCC) can no longer collect the full budgeted federal amount of \$144.9. The adjustment brings the budget into alignment with estimated receipts.												
	1002 Fed Rcpts (Fed)			-24.9									
	* Allocation Difference *			-24.9	-24.9	0.0	0.0	0.0	0.0	0.0	0	0	0
	** Appropriation Difference **			-24.9	-24.9	0.0	0.0	0.0	0.0	0.0	0	0	0
Legal and Advocacy Services													
Office of Public Advocacy													
	MH Trust: Public Guardian Position Support (FY19-FY23)	19GovAdj	IncT	86.7	0.0	0.0	86.7	0.0	0.0	0.0	0	0	0
	Public guardians provide guardianship and/or conservatorship services for vulnerable Alaskans who are found by the court to be in need of a protective order. When compared to other states, national standards and guidelines, the current caseloads for Public Guardians significantly exceeds the client-guardian ratio (20:1), and has been identified as among the highest caseloads (100:1) in the country. These funds would be used to add an additional public guardian position.												
	1092 MHTAAR (Other)			86.7									
	Public Guardian Personal Services Support and the Addition of 10 PFT Positions	19GovAdj	Inc	1,000.0	1,000.0	0.0	0.0	0.0	0.0	0.0	10	0	0
	The Public Guardian (PG) section of the Office of Public Advocacy is failing to meet its statutory and ethical obligations due to caseload growth and static staff levels. The PG section serves adults found to be incapacitated by the Superior court. The PG is required to maintain benefits, manage finances, make medical decisions, and insure suitable housing for each ward. A rising caseload is approaching 100 cases per public guardian. This is over double the recommended national maximum of 40 cases per public guardian.												
	The additional public guardian support allows the section to hire nine Public Guardians and one Guardian Ad Litem. While caseloads will remain higher than the national recommended maximum, the addition of staff to												

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Legal and Advocacy Services (continued)													
Office of Public Advocacy (continued)													
Public Guardian Personal Services Support and the Addition of 10 PFT Positions (continued)													
support the public guardians is the start of an effort to provide the resources in order to properly manage the affairs of each ward over time.													
	1004	Gen Fund (UGF)	1,000.0										
* Allocation Difference *			1,086.7	1,000.0	0.0	86.7	0.0	0.0	0.0	0.0	10	0	0
Public Defender Agency													
	19GovAdj	IncOTI	193.8	193.8	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
MH Trust: Dis Justice - Holistic Defense - Bethel													
Funds will be used to implement the Holistic Defense model in Bethel, in a partnership between the Public Defender Agency and Alaska Legal Service Corporation. The model addresses a defendant's criminal legal needs by criminal attorney, a social worker to address unmet social support needs, and a civil legal aid attorney will work with the team to address any civil legal needs. All program services are designed to address the defendant's obstacles to successful reintegration and thus reduce the likelihood of future criminal activity/recidivism.													
The FY2019 Mental Health Trust Authority Authorized Receipt (MHTAAR) increment maintains the FY2018 level of funding and momentum of effort.													
	1092	MHTAAR (Other)	193.8										
	19GovAdj	Inc	453.5	453.5	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
Public Defense Support to Reduce Delay, Litigation, and Case Costs													
The Public Defender Agency's current caseloads exceed the American Bar Association (ABA) guidelines for maximum ethically permissible caseloads. Continued increases in civil case appointments combined with staff reductions resulted in caseloads that remain above guideline maximums even though criminal case appointments declined in FY2017. The Agency projects that caseloads will remain above guideline limits in FY2018 and FY2019.													
The Agency experienced a reduction in Criminal Rule 39 fee revenue in FY2017, and this is projected to continue into FY2018 and FY2019. An increase of \$453.5 general funds is necessary to replace the reduced program receipt revenue and to maintain staffing levels. This allows the Agency to fill three positions for public defense and will aid the Agency in meeting its obligations. This will reduce delay, litigation, and case costs.													
Criminal Rule 39 fees are assessed to reimburse the Public Defender Agency for the costs of appointed counsel. The fees are charged to clients on a schedule depending upon the outcome of their case as specified in the rule. The Department of Law then collects these from the client when possible.													
	1004	Gen Fund (UGF)	453.5										
* Allocation Difference *			647.3	647.3	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
** Appropriation Difference **			1,734.0	1,647.3	0.0	86.7	0.0	0.0	0.0	0.0	10	0	0
*** Agency Difference ***			6,097.1	1,622.4	0.0	4,474.7	0.0	0.0	0.0	0.0	10	0	0
**** All Agencies Difference ****			6,097.1	1,622.4	0.0	4,474.7	0.0	0.0	0.0	0.0	10	0	0

Column Definitions

19Adj Base (FY19 Adjusted Base) - FY18 Management Plan less one-time items, plus FY19 adjustments for position counts, funding transfers, line item transfers, temporary increments (IncT) from prior years, and additions for statewide items (risk management and most salary and benefit increases). The Adjusted Base is the "first cut" of the FY19 budget; it is the base to which the Governor's and the Legislature's increments, decrements, and fund changes are added.

19GovAdj (FY19 Governor w/LFD Adjust) - FY19 Governor's Request with LFD Adjustments for proposed legislation and budget actions that require a supermajority vote.