

Department of Administration

Analyst: Lockett

Historical Summary

OPERATING BUDGET	FY 2015 Total App	FY 2015 Actual	FY 2016 Approp	FY 2017 Request	FY 2017 Gov Rec
BY PROGRAM					
Management Services	1,464,700	1,262,200	1,194,000	1,258,800	1,284,900
Administrative Rules	440,200	385,400	399,700	413,400	416,700
Information Technology	3,650,300	3,440,500	3,462,300	3,540,200	3,598,300
Idaho Education Network	2,626,900	2,533,300	0	0	0
Public Works	10,140,000	9,492,700	9,993,600	10,105,900	10,203,800
Purchasing	3,544,700	3,302,100	3,142,500	3,271,700	3,324,000
Insurance Management	1,647,900	1,517,800	1,410,400	1,494,000	1,433,000
Total:	23,514,700	21,934,000	19,602,500	20,084,000	20,260,700
BY FUND CATEGORY					
General	4,981,800	4,818,900	3,393,700	3,468,000	3,510,700
Dedicated	18,532,900	17,115,100	16,208,800	16,616,000	16,750,000
Total:	23,514,700	21,934,000	19,602,500	20,084,000	20,260,700
Percent Change:		(6.7%)	(10.6%)	2.5%	3.4%
BY OBJECT OF EXPENDITURE					
Personnel Costs	10,133,500	9,479,800	9,918,400	10,372,700	10,558,100
Operating Expenditures	13,307,200	12,236,800	9,412,800	9,601,100	9,595,400
Capital Outlay	74,000	217,400	271,300	110,200	107,200
Total:	23,514,700	21,934,000	19,602,500	20,084,000	20,260,700
Full-Time Positions (FTP)	145.00	145.00	139.50	139.50	138.50

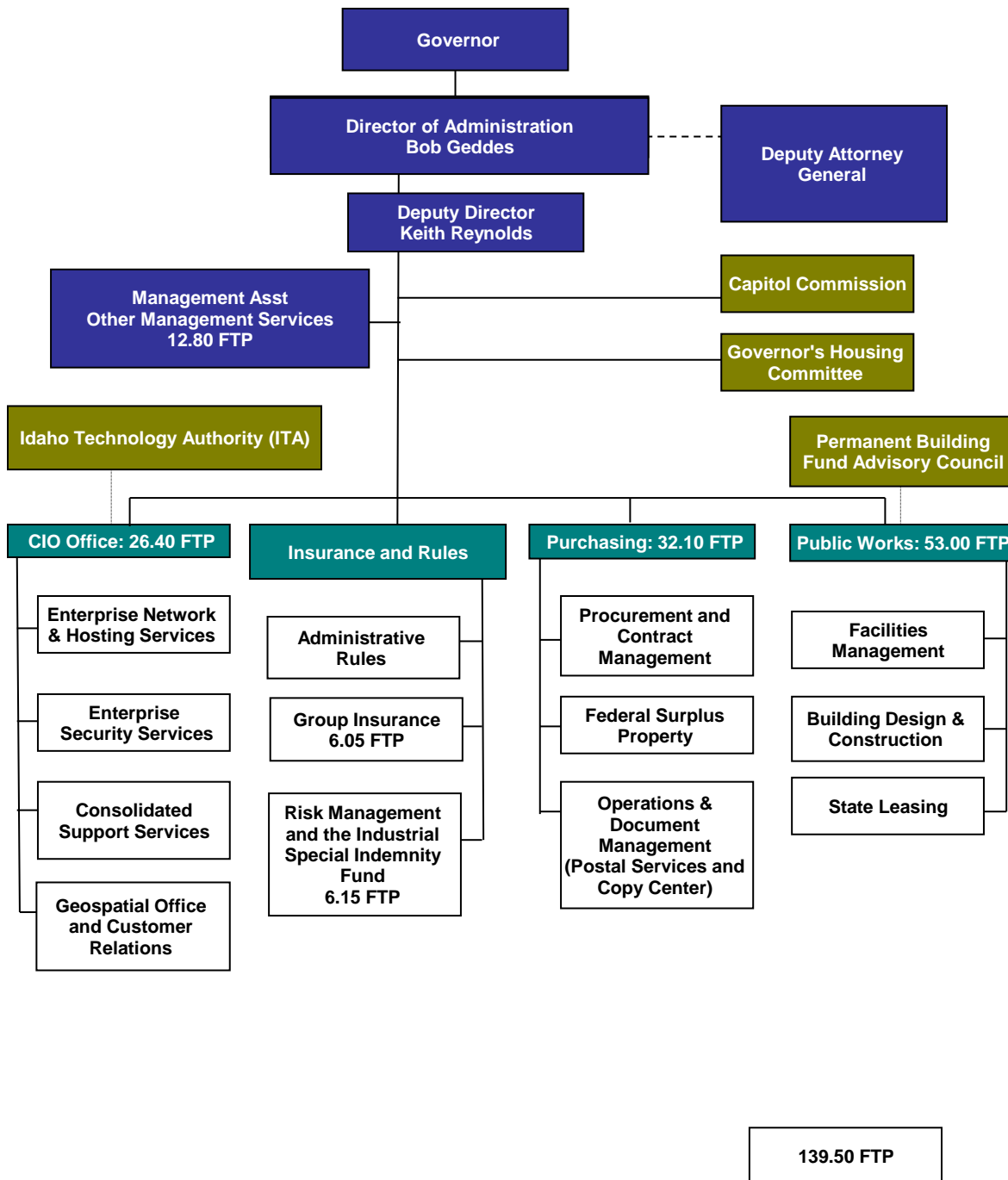
Division Description

- 1) **MANAGEMENT SERVICES:** Provides administrative, fiscal, legal, and human resource services to the department.
- 2) **ADMINISTRATIVE RULES:** Structures, promulgates, and disseminates all administrative rules subject to the Idaho Administrative Procedure Act.
- 3) **INFORMATION TECHNOLOGY:** Operates the Idaho state network, coordinates internet, consolidated messaging, telephone, and data and video transmission services. Includes the Idaho Technology Authority (ITA), which facilitates a centralized and coordinated approach to the design, procurement and implementation of information technology and telecommunications systems for both state government and the public.
- 4) **IDAHO EDUCATION NETWORK (IEN):** The IEN was not funded in FY 2016. It no longer provides the state's telecommunications distribution system for each public high school, rather broadband services are now procured independently by each school district through the High School Broadband Project. The project is administered by the Superintendent of Public Instruction which received an appropriation for a portion of these services in FY 2016.
- 5) **PUBLIC WORKS:** Develops and oversees construction and renovation projects for state buildings, and manages leases for all state-leased office, retail, and warehouse space.
- 6) **PURCHASING:** Acquires property for all state agencies through the competitive bidding process, assists in the donation of surplus federal property to state and local government and eligible non-profits, and provides mail and copy center services to most state agencies.
- 7) **INSURANCE MANAGEMENT:** Negotiates and administers medical, dental, life and disability insurance programs for state employees, and provides property and casualty insurance services to state government via insurance and self-insurance.

Department of Administration Agency Profile

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Organizational Chart



Department of Administration

Agency Profile

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Source of Funds and Description

	% of Total for FY 2015 Actual	FY 2015 Actual	FY 2016 Estimated Expenditures	FY 2017 Request
1. General Fund (0001-00)	22%	\$ 4,818,900	\$ 3,603,200	\$ 3,468,000
Consists of moneys received into the treasury and not specifically appropriated to any other fund.				
2. Indirect Cost Recovery (0125-00)	6%	1,336,000	0	0
Consists of charges to other bureaus within the department to allocate administrative overhead costs.				
3. Permanent Building (0365-00)	11%	2,334,500	2,805,000	2,660,200
Consists of a \$10 tax paid by every person and corporation required to file an income tax return; \$5 million per year comes from the Sales Tax; 17.3% of 47 cents of the per pack cigarette tax; 33% of the \$4.65 tax per barrel of 31 gallons of beer sold; one-half of state lottery earnings; interest from the Budget Stabilization Fund as well as interest from the PBF itself. Moneys are dedicated to building, renovating, or repairing existing structures. It also is used in support of certain Public Works activities and for some building bond payments.				
4. Administration & Acct. Services (0450-00)	49%	10,761,700	10,503,700	10,904,200
Revenue derived from billing for services including telephone, postal, building space, parking, and purchasing. It also includes funding for interagency services provided by the department. Some building bond payments come from this fund.				
5. Employee Group Insurance (0461-00)	4%	956,400	943,100	979,700
Funded by a per-eligible employee payment by each agency, to fund the Office of Group Insurance Program.				
6. Retained Risk (0462-00)	3%	561,400	637,500	691,300
Funds from all premiums and surcharges received according to Section 67-5777, Idaho Code. Used solely for personnel costs, operating expenditures, and capital outlay to manage the Risk Management Program.				
7. Administrative Code (0475-05)	2%	385,400	427,100	441,700
Moneys generated from user fees to cover the ongoing operational costs of the program.				
8. Industrial Indemnity (0519-00)	1%	223,600	295,600	313,800
Used to pay claimants who have suffered an industrial injury subsequent to either a pre-existing physical impairment or condition that renders the claimant totally and permanently disabled.				
9. Surplus Property (0456-00)	3%	556,100	616,600	625,100
Used to manage federal surplus personal property, available for donation to eligible health and educational institutions, units of state and local government, and to civil defense organizations. Funds are derived from charges assessed on any recipient of federal surplus property for the acquisition, warehousing, distribution or transfer of such property.				
10. Idaho Education Network (0120-05)	0%	0	0	0
Moneys in the fund were from state and federal appropriations, grants, donations, and interest earnings or funds from any other source for the costs related to the Idaho Education Network. The fund got the majority of its money from the General Fund, but the program was discontinued in FY 2016.				
Total	100%	\$ 21,934,000	\$ 19,831,800	\$ 20,084,000

Department of Administration

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Selected Measures and Services Provided

	FY 2012	FY 2013	FY 2014	FY 2015
Internal Management Systems				
Number of rules promulgated	211	189	173	194
No. of property, casualty, liability and auto ins. claims reported*	912	962	919 to date	840 to date
No. of active employees enrolled in state's group insurance	17,570	17,847	17,987	18,270
No. of active employee dependents enrolled in state's group insurance	24,415	26,206	26,742	29,912
No. of retirees enrolled in state's group insurance	991	956	938	870
No. of retiree dependents in state's group insurance	271	265	269	222
Public Works				
Dollars appropriated for public works projects, not including agency funds	\$21.2 million	\$36.6 million	\$36.3 million	\$38.7 million
No. of new public works projects	160	150	182	140
No. of closed public works projects	125	196	219	205
Square feet of office space leased statewide	1,357,410	1,612,745	1,629,112	1,677,299
Dollars for office space leased statewide (per year)	\$18,038,300	\$20,838,000	\$21,059,000	\$22,180,100
Information Technology & Communications				
No. of visits to the state of Idaho home page	2,936,977	2,937,000	1,610,953	1,510,084
No. of unique visitors to the state of Idaho homepage	n/a	983,284	936,357	922,605
Purchasing				
No. of contracts issued	709	793	756	756
Dollar value of contracts issued	\$316,000,000	\$650,000,000	\$482,000,000	\$534,000,000

* Claims are tracked by the date of the incident, so claims from FY 2014 and FY 2015 could still change due to statute of limitations laws.

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Group Insurance Costs and Reserve Balances

	<u>FY 2016</u> <u>Original Est</u>	<u>FY 2016 Est for</u> <u>Gov's Rec</u>	<u>FY 2017 Est for</u> <u>Gov's Rec</u>	<u>FY 2018 Est</u>
Active Enrollees	18,335	18,424	18,609	18,795
Active Dependents	30,000	72	30,000	30,000
COBRA Enrollees	71	72	73	73
Retiree Enrollees	857	856	858	858
REVENUE				
Employer Premium	200,640,000	201,610,000	223,540,000	242,460,000
Employer Premium - Sweep	13,360,000	13,120,000	15,450,000	16,740,000
Employee Premium - Cash	24,170,000	24,140,000	28,740,000	32,140,000
COBRA Premium - Cash	700,000	620,000	710,000	770,000
Retiree Premium - Cash	7,180,000	7,260,000	8,200,000	8,830,000
Interest	320,000	110,000	350,000	380,000
Other Revenue/Adjustments	(10,000)	10,000	10,000	30,000
Add'l GF Transfer Rec by the Governor	-	13,140,000	-	-
Total Revenue	246,360,000	260,010,000	277,000,000	301,350,000
EXPENSES				
Claims for Active Employees	207,070,000	217,750,000	237,430,000	258,870,000
Claims for Retirees	9,150,000	10,520,000	11,620,000	12,780,000
Federal Health Care Reform Fees	9,200,000	9,220,000	4,940,000	5,300,000
State Administration	900,000	900,000	860,000	900,000
Wellness	1,150,000	1,150,000	-	-
Medical Disability Continuation	2,110,000	2,120,000	2,310,000	2,520,000
FSA Funding	20,000	20,000	20,000	20,000
Blue Cross Admin for Active Employees	9,090,000	9,140,000	9,210,000	9,630,000
Blue Cross Admin for Retirees	190,000	190,000	200,000	210,000
State Premium Tax for Active Employees	3,210,000	3,470,000	3,670,000	4,000,000
State Premium Tax for Retirees	150,000	150,000	180,000	190,000
Risk Charge	-	-	-	-
Total Expenses	242,240,000	254,630,000	270,440,000	294,420,000
RESERVE FUND BALANCE PROJECTIONS				
Beginning Reserve Balance	23,750,000	21,100,000	26,480,000	33,040,000
Total Cash Contributions (Revenue)	246,360,000	260,010,000	277,000,000	301,350,000
Total Costs (Premiums + Reserves)	(242,240,000)	(254,630,000)	(270,440,000)	(294,420,000)
<i>Net Change in Reserves</i>	<i>4,120,000</i>	<i>5,380,000</i>	<i>6,560,000</i>	<i>6,930,000</i>
Ending Reserve Balance	27,870,000	26,480,000	33,040,000	39,970,000
The Blue Cross of Idaho contractual reserve requirement (equal to 10% of expected premiums). The "Risk Charge" was eliminated in FY 2016 when the state opted to hold 10% in reserves versus the 5% that was held for the previous three fiscal years.		23,750,000	26,940,000	29,320,000

Source of data: Milliman Actuarial Report dated 06/11/2015 and revised report dated 12/11/2015. Additional information from the Office of Group Insurance dated 12/18/2015 re: health care reform fee savings of \$4.1 million in FY 2017 and \$4.7 million in FY 2018.

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Comparative Summary

Decision Unit	Agency Request			Governor's Rec		
	FTP	General	Total	FTP	General	Total
FY 2016 Original Appropriation	139.50	3,393,700	19,602,500	139.50	3,393,700	19,602,500
1. Legal Fees for IEN Lawsuit	0.00	229,300	229,300	0.00	229,300	229,300
2. Transfer Grant Funds to Public Schools	0.00	0	176,000	0.00	0	176,000
3. Return Albertson Foundation Grant	0.00	0	0	0.00	0	461,800
4. GF for Insurance Reserves Shortfall	0.00	0	0	0.00	13,140,000	13,140,000
Cash Transfers & Adjustments	0.00	0	(176,000)	0.00	(13,140,000)	(13,316,000)
FY 2016 Total Appropriation	139.50	3,623,000	19,831,800	139.50	3,623,000	20,293,600
Removal of One-Time Expenditures	0.00	(229,300)	(530,600)	0.00	(229,300)	(992,400)
Base Adjustments	0.00	(19,800)	0	0.00	(19,800)	0
FY 2017 Base	139.50	3,373,900	19,301,200	139.50	3,373,900	19,301,200
Benefit Costs	0.00	9,600	55,600	0.00	25,600	148,500
Replacement Items	0.00	0	110,200	0.00	0	107,200
Statewide Cost Allocation	0.00	9,000	140,200	0.00	9,000	140,200
Change in Employee Compensation	0.00	13,500	86,500	0.00	40,200	258,600
27th Payroll	0.00	62,000	312,200	0.00	62,000	312,200
FY 2017 Program Maintenance	139.50	3,468,000	20,005,900	139.50	3,510,700	20,267,900
1. Change Personnel Cost Appropriations	0.00	0	0	0.00	0	0
2. Rent Increases to Match Cash	0.00	0	78,100	0.00	0	78,100
3. Discontinue Wellness Program	0.00	0	0	(1.00)	0	(85,300)
FY 2017 Total	139.50	3,468,000	20,084,000	138.50	3,510,700	20,260,700
Change from Original Appropriation	0.00	74,300	481,500	(1.00)	117,000	658,200
% Change from Original Appropriation		2.2%	2.5%		3.4%	3.4%

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Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
FY 2016 Original Appropriation					
	139.50	3,393,700	16,208,800	0	19,602,500
1. Legal Fees for IEN Lawsuit Purchasing					
The department requests \$229,300 one-time from the General Fund for legal fees related to the Idaho Education Network lawsuit. This is the amount the department estimates will be necessary to complete the appeal of Syringa Networks, LLC versus Idaho Department of Administration. The items being contested are the ruling by the District Court regarding the validity of two state-wide blanket purchase orders and the award of legal fees, all of which are yet to be determined.					
Agency Request	0.00	229,300	0	0	229,300
<i>Governor's Recommendation</i>	<i>0.00</i>	<i>229,300</i>	<i>0</i>	<i>0</i>	<i>229,300</i>
2. Transfer Grant Funds to Public Schools Information Technology					
The department requests \$176,000 in one-time grant funds currently in the Idaho Education Network Fund be appropriated and transferred to the Public Instruction Fund at the Superintendent of Public Instruction. The funds are what remain of a Title II grant used for the payment of teacher stipends and training formerly under the Idaho Education Network.					
Agency Request	0.00	0	176,000	0	176,000
<i>Governor's Recommendation</i>	<i>0.00</i>	<i>0</i>	<i>176,000</i>	<i>0</i>	<i>176,000</i>
3. Return Albertson Foundation Grant Information Technology					
Agency Request	0.00	0	0	0	0
<i>The Governor recommends that funds originally granted to the state by the J.A. and Kathryn Albertson Family Foundation for the build out of the Idaho Education Network be returned to the foundation because the funds weren't used.</i>					
<i>Governor's Recommendation</i>	<i>0.00</i>	<i>0</i>	<i>461,800</i>	<i>0</i>	<i>461,800</i>
4. GF for Insurance Reserves Shortfall Insurance Management					
Agency Request	0.00	0	0	0	0
<i>The Governor recommends an FY 2016 appropriation of \$13,140,000 from the General Fund to maintain the contractually required minimum beginning reserve fund balance in FY 2017 with Blue Cross of Idaho. The amount is based on projected estimates, as of December 2015, related to utilization and plan costs.</i>					
<i>For informational purposes, the contractually required reserve fund balance is approximately \$26 million, which is equal to 10% of the projected plan premium value in FY 2016. The FY 2017 contract with Blue Cross of Idaho is expected to be negotiated in March or April of 2016.</i>					
<i>Governor's Recommendation</i>	<i>0.00</i>	<i>13,140,000</i>	<i>0</i>	<i>0</i>	<i>13,140,000</i>
Cash Transfers & Adjustments					
Transfers \$176,000 from the Idaho Education Network Fund at the Department of Administration to the Public Instruction Fund at the Superintendent of Public Instruction.					
Agency Request	0.00	0	(176,000)	0	(176,000)
<i>In addition to the transfer of IEN grant funds to the Superintendent, the Governor recommends a transfer of \$13,140,000 from the General Fund to the Group Insurance Fund for the supplemental number 4 recommended above.</i>					
<i>Governor's Recommendation</i>	<i>0.00</i>	<i>(13,140,000)</i>	<i>(176,000)</i>	<i>0</i>	<i>(13,316,000)</i>
FY 2016 Total Appropriation					
Agency Request	139.50	3,623,000	16,208,800	0	19,831,800
<i>Governor's Recommendation</i>	<i>139.50</i>	<i>3,623,000</i>	<i>16,670,600</i>	<i>0</i>	<i>20,293,600</i>
Removal of One-Time Expenditures					
Agency Request	0.00	(229,300)	(301,300)	0	(530,600)
<i>Governor's Recommendation</i>	<i>0.00</i>	<i>(229,300)</i>	<i>(763,100)</i>	<i>0</i>	<i>(992,400)</i>

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Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
Base Adjustments			Information Technology, Purchasing		
The department requests a transfer of 1.00 FTP from the General Fund to the Administration & Accounting Services Fund in the Information Technology Program. The department also requests a reduction of \$19,800 in personnel costs from the General Fund and an increase to the Administration & Accounting Services Fund in the Division of Purchasing to more accurately reflect the actual spending projections of the department.					
Agency Request	0.00	(19,800)	19,800	0	0
<i>A transfer of 1.00 FTP is recommended by the Governor, as well as the request in personnel costs.</i>					
Governor's Recommendation	0.00	(19,800)	19,800	0	0
FY 2017 Base					
Agency Request	139.50	3,373,900	15,927,300	0	19,301,200
Governor's Recommendation	139.50	3,373,900	15,927,300	0	19,301,200
Benefit Costs					
Employer-paid benefit changes including a 3% increase (or \$340 per eligible FTP) for health insurance, reductions in unemployment insurance, and adjustments in workers' compensation that vary by agency.					
Agency Request	0.00	9,600	46,000	0	55,600
<i>Based on the most recent actuarial analysis, the Governor recommends \$1,040 for each eligible FTP for a 9.3% increase in health insurance, and discontinuing thriveidaho, the state's wellness program.</i>					
Governor's Recommendation	0.00	25,600	122,900	0	148,500
Replacement Items					
Administrative Rules: The department requests \$3,000 from the Administrative Code Fund to replace a CD burner used for publishing the state's administrative code. Receipts to the Administrative Code Fund come from fees charged to agencies for providing services related to rule making and from fees charged to agencies and the public for printed materials.					
Public Works: The department requests \$47,200 from the Permanent Building Fund for two light duty trucks. They also request \$10,000 for a landscape utility vehicle and \$20,000 for a 48" landscape mower from the Administration & Accounting Services Fund.					
Purchasing: The department requests \$30,000 from the Administration & Accounting Services Fund to purchase a web-based software package used for managing postal billings and receipts.					
Agency Request	0.00	0	110,200	0	110,200
<i>The Governor's recommendation does not include \$3,000 to replace a CD burner used to publish administrative code due to proposed legislation that would eliminate the need for it.</i>					
Governor's Recommendation	0.00	0	107,200	0	107,200
Statewide Cost Allocation					
This request includes adjustments to recover the cost of services provided by other agencies in accordance with federal and state guidelines on cost allocation. Risk management fees will increase by \$99,600, State Controller fees will increase by \$3,900, Attorney General fees will increase by \$38,700, and State Treasurer fees will decrease by \$2,000, for a net increase of \$140,200 across the entire department.					
Agency Request	0.00	9,000	131,200	0	140,200
Governor's Recommendation	0.00	9,000	131,200	0	140,200
Change in Employee Compensation					
For calculation purposes agencies were directed to include the cost of a 1% salary increase for permanent and temporary employees. The total includes \$2,900 for the one-time cost of a 1% CEC on the 27th payroll.					
Agency Request	0.00	13,500	73,000	0	86,500
<i>The Governor recommends a 3% increase in compensation, distributed on merit. He does not recommend a compensation increase for group and temporary positions. The total includes \$8,700 for the one-time cost of a 3% CEC on the 27th payroll.</i>					
Governor's Recommendation	0.00	40,200	218,400	0	258,600

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Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
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27th Payroll

Includes the cost of the 27th payroll that will occur in FY 2017 for all state agencies using a bi-weekly payroll. Payroll costs accrue, but are unpaid at the rate of one day per year for ten years, to be paid out in the eleventh year. This request is calculated using FY 2016 payroll costs.

Agency Request	0.00	62,000	250,200	0	312,200
Governor's Recommendation	0.00	62,000	250,200	0	312,200

FY 2017 Program Maintenance					
Agency Request	139.50	3,468,000	16,537,900	0	20,005,900
Governor's Recommendation	139.50	3,510,700	16,757,200	0	20,267,900

1. Change Personnel Cost Appropriations **Mgmt Services, Info Tech, Public Works, Insurance Mgmt**

The department requests adjustments in personnel costs which net to zero, to better align appropriations to anticipated expenditures across the entire department. The Insurance Management Program, which includes group insurance and risk management, has experienced management turnover in FY 2016. Attracting new management staff and other program reorganizations have put pressure on an already tight personnel budget. If approved, the changes will accommodate program restructuring and provide sufficient appropriation for vacation payoff, if necessary, without forcing the programs to leave critical positions vacant. This is an ongoing request and all the affected funds are from dedicated sources.

Program	Fund	Amount			
Management Services	Industrial Special Indemnity Fund	\$9,000			
Information Technology	Admin & Accounting Services Fund	(\$25,000)			
Division of Public Works	Permanent Building Fund	(\$15,000)			
Division of Public Works	Admin & Accounting Services Fund	(\$10,000)			
Insurance Management	Employee Group Insurance Fund	\$11,000			
Insurance Management	Retained Risk Fund	\$30,000			
Agency Request		0.00	0	0	0
<i>Recommended by the Governor.</i>					
Governor's Recommendation		0.00	0	0	0

2. Rent Increases to Match Cash **Public Works**

The department is requesting \$78,100 in operating expenditures for maintenance and utility costs from the Administration & Accounting Services Fund. Revenue for the Capitol Mall is increasing in FY 2017 with the addition of new tenants in the Idaho Law & Justice Learning Center. Rent fees pay for repairs, janitorial services, security, landscaping, and utilities necessary to operate the Capitol Mall facilities. Estimated revenues into the Capitol Mall operating budget for FY 2017 include \$4,304,400 from agency billings and \$1,737,500 appropriated for elected officials' from the Permanent Building Fund that is transferred into the Administration & Accounting Services Fund. Additionally, §67-5709, Idaho Code, authorizes carryover of up to \$200,000 in cash annually, for a grand total of \$6,241,900 in requested appropriation for FY 2017. The amount currently in the base is \$6,163,800, which is a shortfall of \$78,100.

In addition to the amount appropriated in the Administration & Accounting Services Fund, there is a \$1 million ongoing appropriation from the General Fund to pay for a portion of the elected officials' Capitol Mall rent costs.

Agency Request	0.00	0	78,100	0	78,100
Governor's Recommendation	0.00	0	78,100	0	78,100

3. Discontinue Wellness Program **Insurance Management**

Agency Request	0.00	0	0	0	0
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Due to the increase in projected healthcare costs, the Governor recommends the discontinuation of the thriveidaho wellness program. This reflects a decrease of \$79,600 in personnel costs and \$5,700 in operating expenditures.

Governor's Recommendation	(1.00)	0	(85,300)	0	(85,300)
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Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
FY 2017 Total					
Agency Request	139.50	3,468,000	16,616,000	0	20,084,000
<i>Governor's Recommendation</i>	138.50	3,510,700	16,750,000	0	20,260,700
Agency Request					
Change from Original App	0.00	74,300	407,200	0	481,500
% Change from Original App	0.0%	2.2%	2.5%		2.5%
<i>Governor's Recommendation</i>					
Change from Original App	(1.00)	117,000	541,200	0	658,200
% Change from Original App	(0.7%)	3.4%	3.3%		3.4%