

**BUDGET FUNCTION:** Director's Office

**Agency:** Administrat **CURRENT LEVEL STAFF RESOURCE ALLOCATION TO COST CENTERS**  
**Code:** 200 **( IN FULL TIME POSITIONS)**

	DEDICATED						GENERAL		
	Management Support	Admin. Rules	Small Agency	Group Insurance	Risk Management	ISIF	Management Support	Small Agency Management	Subtotal
<b>Total FTP's</b>	9.75	3	1.05	4	6	2	2	0.25	2.25
<u>Job Title</u>									
Employee 1							136,076.39		136,076.39
Employee 2							58,920.00		58,920.00
Employee 3	82,674.21								
Employee 4	49,798.32								
Employee 5	81,110.84								
Employee 6	36,750.20		26,600.00						
Employee 7	52,634.18								
Employee 8	92,612.26								
Employee 9	40,555.06								
Employee 10	47,765.54								
Employee 11	68,921.55								
Employee 12	57,201.67								
Employee 13	20,653.17								
Employee 14		89,349.77							
Employee 15		58,657.24							
Employee 16		47,519.18							
Employee 17						46,968.06			
Employee 18						67,917.70			
Employee 19						82,925.17			
Employee 20						61,141.76			
Employee 21						57,176.57			
Employee 22						63,651.37			
Employee 23				93,264.76					
Employee 24				71,782.50					
Employee 25				44,437.93					
Employee 26				51,705.63					
Employee 27									84,006.00
Employee 28									63,952.52
<b>TOTAL</b>	630,677.00	195,526.19	26,600.00	261,190.82	379,780.63	147,958.52	194,996.39	26,703.61	221,700.00

Changes to the Original Cost Center Structure  
 Wind-down of ISIF program/cost center; moved Group Insurance and Risk Management from under the Office of Insurance Management to Director's Office.

Agency Administration

Code: \_ 200

Decision Package Title: Management Support

Cost Center Description

This cost center includes the Director, his Support Person and COS, and Department-wide Human Resources/Payroll, and Accounting.

For this decision package, please thoroughly answer, on a separate sheet, the following three questions with as much detail as is necessary:

1. Why is this service/activity performed and why is it performed in this manner?

Government entities require business operations to support their missions. The management/support function provides leadership to the Department, maintains its workforce, ensures compliance with laws, rules, and policies, and provides financial oversight to fund the various operations.

Administration is composed of several units designed to provide various types of support to other state agencies so they can focus on their specific missions on behalf of Idaho citizens. These enterprise management functions are more efficiently operated and consistent if consolidated and managed in one central location--the Department of Administration. The Director's office provides leadership in state enterprise efforts, and communicates and serves as department liaison with legislators, other agencies, and the general public.

The management support unit within Administration provides "internal" enterprise functions by managing the variety of funds transferred in, billing for services provided to the various agencies, and insuring personnel are recruited, retained, recognized, and motivated. This unit offers support services beyond those needed for Administration by fulfilling accounting and human resources needs for two small agencies that do not have the means to do so for themselves. This program will be gearing up to accommodate the Governor's initiative to coordinate financial and HR support services for up to 26 small state entities eventually. As a result, a new cost center has been created (Small Agency Support) in anticipation of this initiative. As this program grows there will be a concurrent reduction in support staff at the small entity level.

2. How does this service/activity and this base level of funding support your agency's strategic plan and fulfill legal mandates?

The Department has identified nine goals in its FY09-FY11 Strategic Plan. While the various Divisions within the Department support only those correlating goals specific to their functions, Management Support is ultimately involved with the successful achievement of each of the nine goals by providing leadership from the top, and financial and human resources support.

The role of this cost center is to insure requirements of legal mandates assigned to the Department are met.

3. What adjustments would be made if this cost center were eliminated?

The Director's function provided by this cost center cannot be eliminated. Functions of support staff would have to be absorbed within the existing resources of the department.

Human Resources/payroll functions and financial functions would continue to be needed, whether combined with another agency or outsourced. If outsourced, someone within the Department would need to provide oversight to the contractors. The financial and human resources support currently offered to two small agencies would have to be absorbed elsewhere. Decentralizing of agencies, however, would go against the grain of the Governor's efforts to consolidate state functions/services when possible.

Expenditure Category	Amount		Total	Explanation (include details to justify basis for the calculated number attach a separate sheet if needed)
	General Fund 0001	Indirect Cost Recovery 0125		
4000 Total Salary & Benefits	194,996	630,677	825,673	
5001 Subtotal Communication	1,500	6,000	7,500	
5051 Subtotal Employee Development	2,000	6,000	8,000	The budget does not include capital outlay, and projected operating costs are reported at base level with the exception of increases for employee development, and for travel for the director.
5101 Subtotal General Services	0	3,500	3,500	
5151 Subtotal Professional Services	0	36,100	36,100	
5201 Subtotal Repair & Maint Services	50	19,500	19,550	
5251 Subtotal Administrative Service	125	100	225	
5301 Subtotal Computer services	500	80,000	80,500	
5351 Subtotal Employee Travel	2,500	3,000	5,500	
5401 Subtotal Administrative Supplies	700	6,000	6,700	
5451 Subtotal Fuel & Lubricants	0	0	0	
5501 Subtotal Mfg & Merch Costs	0	0	0	
5551 Subtotal Computer supplies	300	1,000	1,300	
5601 Subtotal Repair & Maint Supplies	0	0	0	
5651 Subtotal Instit & Resid supplies	0	0	0	
5701 Subtotal Specific use supplies	0	200	200	
5751 Subtotal Insurance	50	200	250	
5851 Subtotal utility charges	0	0	0	
5901 Subtotal Rentals & Operating leases	4,500	32,000	36,500	
5961 Subtotal Misc Expenditures	50,175	70,000	125,375	
5000 Total Operating Expenses	62,400	263,600	326,000	
6000 Capital Outlay	0	0	0	
7000 Trustee/Benefits	0	0	0	
<b>TOTAL EXPENDITURES</b>	<b>257,396</b>	<b>894,277</b>	<b>1,151,673</b>	

Alternatives

Cost Description (use separate sheet of paper if necessary)

Benefit Description (use separate sheet of paper if necessary)

<p><b>The Preferred Budget</b>, illustrated above, reflects defined cost centers entailing the consolidation of the director's budget (general funds), and the human resources and the OCFO budgets (0125). It also reflects new personnel structuring.</p>	<p>In the past, portions of costs for about five positions in this cost center were shifted to other cost centers in the department where special support was provided. The FY11 budget brings the majority of management/support personnel costs back into this cost center. As a consequence, personnel costs will show higher than for FY10; however, the offset is that other cost centers in the department will have decreased personnel costs. Personnel costs also reflect a reduction of those expenses estimated to be required to support potentially five small agencies. This amount was shifted to the budget for the Small Agency Support cost center.</p>	<p>More accurate reflection of department overhead costs and costs associated with small agency support.</p>
<p><b>The 2nd Alternative Budget</b> would be to outsource financial services, absorb director's support elsewhere in the Department, and transfer Human Resources operation to another agency.</p>	<p>Personnel costs would be reduced but operating costs would increase to fund the outsourced services. Based on the Governor's initiative to consolidate administrative costs of some smaller agencies, and with Administration taking on many of those functions, outsourcing or reducing financial and human resource operations would not be practical.</p>	<p>Again, this alternative would be a reduced benefit to the department by decentralizing its administrative functions and reducing staff levels that would affect the level of service the department would be able to offer its customers.</p>



Agency: Administration  
Code: 200  
Decision Package Title: Group Insurance

Cost Center Description

This program administers group health insurance for state employees.

For this decision package, please thoroughly answer, on a separate sheet, the following three questions with as much detail as is necessary:

1. Why is this service/activity performed and why is it performed in this manner?

The Office of Group Insurance negotiates and purchases group insurance coverages for active and retired state employees. It administers coverages, manages contracts, premium accounting, eligibility and enrollment and communication of the benefit programs. This centralized responsibility for administration of the benefits assures that all employees/retirees receive comprehensive cost effective group insurance benefits. Prior to the statutory responsibility for the group insurance programs was established in the Department of Administration, state agencies and institutions each negotiated their own benefit plans for their employees, resulting in disparity of employee benefits from one agency to the next, and overall higher expenses to the state due to the lack of an economy of scale realized through centralization.

2. How does this service/activity and this base level of funding support your agency's strategic plan and fulfill legal mandates?

The Department of Administration has identified nine separate goals in our FY2009 - FY2011 Strategic Plan. One of those goals is to move to a market competitive healthcare package for state employees. This involves reducing the unfunded GASB liability on the Retiree Medical plans, moving to a 70/30 cost share between the state and employees, enhancing administrative efficiencies in enrollment and premium collection processes, and enhancing education and communications for both agency HR staff and employees. Currently the state pays 92% of the annual medical premium, which for FY2010 is expected to total just over \$200 million. When looking at total covered charges which also includes deductible, co-payments, and co-insurance amounts paid by employees the cost share for FY2010 is 75/25. Employee paid premiums for dependent coverage are much less than those required by other employers. Other employers, on average pay just 80% of the cost of dependent coverage. These low rates result in a high amount of dependent coverage on our plans where they might also have coverage available through a spouse's employer plan. The additional members increase the claims exposure on the state's plan and thus the cost of the plan. By moving to a 90/80 cost share on employees and dependents the state could save approximately \$10 million.

3. What adjustments would be made if this cost center were eliminated?

Absent the Office of Group Insurance there would be two options available for the provision and administration of the employee benefits program. The first would be to allow agencies to negotiate their own benefit programs as was the case prior to centralizing the employee group insurance benefits program administration within Administration. This option would lead to inequity in the benefits provided to employees, increased benefit costs as a result of losing the economy of spreading the risk over a single large group and additional administrative costs at the agency level. The second option would be to outsource the management and administration of the programs. Currently the cost of the provision and administration of the employee benefits amounts to \$3.00 per employee per month; the cost to outsource the administration of the group insurance programs by a third party would be approximately \$8 per employee per month. In addition, someone in the department would have to provide oversight of the third party contractors. The current centralized benefit program is actually a hybrid of outsourcing and a fully centralized internal administration of the programs. We outsource the claims payment, premium reconciliation, member file maintenance, and data collection relative to the cost of the programs to our insurance carriers. We utilize outside actuaries and consultants for budget projections, rate calculations, suggestions for benefit modifications and carrier selection when bidding coverages.

Expenditure Category	0461	Total	Explanation (include details to justify basis for the calculated number attach a separate sheet if needed)
4000 Total Salary & Benefits	-		
5001 Subtotal Communication	21,965		Based on FY2009 projected actuals. Communications are a critical part of administering the employee benefits programs.
5051 Subtotal Employee Development	2,700		
5101 Subtotal General Services	-		
5151 Subtotal Professional Services	304,000		
5201 Subtotal Repair & Maint Services	1,225		
5251 Subtotal Administrative Service	5,900		This is primarily printing services related to benefit communications
5301 Subtotal Computer services	25,000		Funding for necessary programming to maintain and enhance the online payroll enrollment and deduction programs.
5351 Subtotal Employee Travel	905		This travel allows for greater out reach opportunities such as agency
5401 Subtotal Administrative Supplies	5,500		
5451 Subtotal Fuel & Lubricants	-		
5501 Subtotal Mfg & Merch Costs	-		
5551 Subtotal Computer supplies	500		
5601 Subtotal Repair & Maint Supplies	-		
5651 Subtotal Instit & Resid supplies	-		
5701 Subtotal Specific use supplies	40		
5751 Subtotal Insurance	22		
5851 Subtotal utility charges	-		
5901 Subtotal Rentals & Operating leases	15,500		
5961 Subtotal Misc Expenditures	105,700		Govt Overhead, and risk insurance.
5000 Total Operating Expenses	488,957		
6000 Capital Outlay	-		
7000 Trustee/Benefits	-		
<b>TOTAL EXPENDITURES</b>	<b>488,957</b>		

Alternatives	Cost Description	Benefit Description (use separate sheet of paper if necessary)

<p><b>The Preferred Budget</b>, illustrated above, is the program's base budget including annual actuarial and consulting expenses.</p>	<p>N/A</p>	<p>Government regulation and increasingly complicated plan administration requires greater involvement of outside actuaries, which represent 86% of the projected costs. Over FY2010 the Department will be meeting with all other agencies that utilize the services of the actuarial firm to discuss negotiating more economical fees. Those agencies are PERSI, State Insurance Fund and possibly Department of Labor.</p>
<p><b>The 2nd Alternative</b> would be to run a portion of the actuarial expenses through the carrier for reimbursement.</p>	<p>\$200,000 reduction in initial costs.</p>	<p>Although there would be an initial cost savings in running actuarial costs through the carrier, the costs for this comes back to the state in plan costs.</p>

Agency: Office of the Administrative Rules Coordinator  
Code: 1401  
Decision Package Title: Administrative Rules

This program coordinates the promulgation and publication of all state agencies' administrative rules. It also offers training and assistance to agencies.

For this decision package, please thoroughly answer, on a separate sheet, the following three questions with as much detail as is necessary:

1. Why is this service/activity performed and why is it performed in this manner?

Rule promulgation by the executive branch agencies is necessary to carry out the constitutional responsibilities of the executive branch of executing the laws passed by the legislature and enacted by the Governor. The Rules Coordinator is responsible for the publication and dissemination of these rules to the public and the legislature and its support staff.

This service is performed because it is statutorily mandated. The duties and activities of the Rules Coordinator's Office are carried out in accordance with the Administrative Procedure Act that governs agency rulemaking and other administrative procedures of state agencies. Publication of rules and rules related documents must follow a very structured legal process in order for administrative rules to have the force and effect of law. Without rules state agencies could not carry out their statutorily required duties, fulfill their stated missions, implement the laws or any process or procedural requirements they have, or perform functions vital to the operation of state government.

**The state has considered several options for operation of this program in the past:**

**a. Agencies to administer their own programs (no consistency or economy of scale in related costs, for example)**

Agencies did administer their own rulemaking functions prior to the enactment of the 1992 Administrative Procedure Act. The 1992 Act consolidated and centralized the publication and dissemination processes into a single office. The result is more transparency, easier access to the rules, and increased participation in the rulemaking process by the public. Rules are much less confusing now because they are consistent in format and style and use the same numbering schematic. Electronic access through the state web portal to the administrative rules website provides unprecedented access to agency rules and the rulemaking process. Substantial cost savings have been realized as well because of economies of scale. Agencies are no longer printing, binding, and disseminating their own rules and are not entering into individual contracts for these services. All rules and rule changes are published in the official bulletin and the official regulatory code that are the judicially recognized legal records. Printing and binding costs alone have been greatly reduced, along with the costs for publication of the required legal notices. As importantly, the promulgating agency, the public and the legislature all have a single source for procuring whatever information or assistance they need regarding the rules or the rulemaking process. This is true whether one is seeking to publish rules or if one is subject to them.

**b. Move operation to the Secretary of State (no expertise)**

Locating the rules office in the Sec of State's office was originally proposed prior to the 1992 enactment but the sitting Secretary did not want the function in his office. The Sec of State, a constitutional office in Idaho, does control the rulemaking functions in 26 of the 50 states. This is because the Secretary of State is generally the defacto publisher of many official state publications, such as the State's Blue Book, so it is a natural fit for the publication of administrative rules. However, in many of these states the Sec of State office only publishes the rules, whereas in Idaho the rules coordinator's duties are greatly expanded beyond that. It makes some political sense to have this function reside in a constitutional office if neutrality is the desired outcome. If the office does not reside in either the executive or legislative branches of government and is beholden to neither branch, it clearly indicates that the function operates as a neutral third party with no inherent conflict of interest. The office was originally in the State Controller's office but was statutorily moved to the Dept of Administration in 1996. If this move were to be made, the rules coordinator's staff would have to follow because of the lack of expertise in the Secretary of State's office in this area of administrative law. The office could be moved, as it was in 1996, with very little disruption to the overall process,

because it is small and very flexible. However, retaining current staff would be essential if such a move were made to avoid disruptions in service delivery or publication work.

**c. Consolidated approach (as it is now)**

The consolidated approach has proven to be the most effective and efficient for rule promulgation. The legislative intent of the 1992 Act has been realized and now it seems counter productive to consider devolving back to a de-centralized approach. The current system has proven to be the most efficient in streamlining the timelines involved in getting a rule from start to finish and in providing the most cost effective method of publication, dissemination, and delivery of services. Operational costs have never been lower for the coordinator's office and the goal is to keep them as low as possible without compromising the services provided. decentralizing rulemaking in Idaho would simply result in the same situation that existed prior to 1992. Deconstructing the coordinator's office would reverse the gains that have been made in providing open and free access to the rules and the rulemaking process and it would make rule promulgation more expensive and more cumbersome for state agencies. Lack of a central location for accessing rules, lack of a single publication for rule changes, no administrative code, and diminished trust in state government are a few of the downsides that would result if this centralized approach to rule promulgation and dissemination were abandoned.

**d. How do other states handle this?**

Each state does rulemaking differently because, like most statutes, the Administrative Procedure Act, or similar laws which govern rulemaking, have been structured to meet the needs and desires of that state government. Because the Model State APA has been around since 1946, and has been amended many times since, states that use the model act have adapted it to suit their particular needs and continue to change it as needed. Idaho is no exception. Our APA is substantially different today than it was in 1992. Competing interests have also reshaped Idaho's APA. Increased legislative oversight was the result of the 1996 amendments, whereas some states have prohibited legislative oversight of executive branch rules altogether. Several states have rules review commissions that have varying degrees of authority over rules, while in others there is no review or approval process of rules prior to enforcement. Not all states have a centralized office for rulemaking nor do they have the legislative involvement that Idaho has. The commonality that exists for most states is that there is an official publication where rule changes are published and made available to the public. Beyond that, the processes used for a rule to become final and effective with the force and effect of law couldn't be more different.

2. How does this service/activity and this base level of funding support your agency's strategic plan and fulfill legal mandates?

This base budget provides sufficient resources to carry out and support the department's strategic goal of providing cost effective and timely publication of our client agencies' rules which, in turn, allows them to carry out their statutory mandates and missions. It also fulfills the Rules Coordinator's legal mandate to publish the rules and rules-related documents of state agencies in order that the laws and statutes of the state are properly and legally executed by the agencies of the state and that their process and procedural requirements are clearly stated and made available to Idaho's citizens.

3. What adjustments would be made if this cost center were eliminated?

Because this is a function that is legislated to the executive branch, the Governor is ultimately responsible for rulemaking. Therefore, if the APA were not repealed or changed substantially, this cost center would have to be absorbed by another state entity or the legislature. If eliminated as a function of the Department of Administration only, all state entities with rulemaking authority would be responsible for their own rule promulgation. The Governor's office would have to provide direction on the rule promulgation process to the agencies as would the Legislative Services Office on behalf of the Legislature. Because of the legislative oversight of the rules process, the legislature might take over the publishing function also as part of their approval process. If rulemaking were eliminated altogether, the onus would be on the law makers to provide sufficient detail in statute to guarantee proper execution and adequate enforcement of statutory law by state agencies.

Expenditure Category	0450	Total	Explanation (include details to justify basis for the calculated number attach a separate sheet if needed)
Total Salary & Benefits		0	
4000 Subtotal Communication		1,500	
5001 Subtotal Employee Development		3,000	
5051 Subtotal General Services		150	
5101 Subtotal Professional Services		220,000	
5151 Subtotal Repair & Maint Services		1,000	
5201 Subtotal Administrative Service		528	
5251 Subtotal Computer services		0	
5301 Subtotal Employee Travel		4,000	
5351 Subtotal Administrative Supplies		2,000	
5401 Subtotal Fuel & Lubricants		0	
5451 Subtotal Mfg & Merch Costs		0	
5501 Subtotal Computer supplies		1,200	
5551 Subtotal Repair & Maint Supplies		500	
5601 Subtotal Instit & Resid supplies		0	
5651 Subtotal Specific use supplies		50	
5701 Subtotal Insurance		25	
5751 Subtotal utility charges		0	
5851 Subtotal Rentals & Operating leases		5,500	
5901 Subtotal Misc Expenditures		59,500	
5961 Total Operating Expenses		<b>298,953</b>	
5000 Capital Outlay		0	
6000 Trustee/Benefits		0	
<b>7000 TOTAL EXPENDITURES</b>		<b>298,953</b>	

Alternatives	Cost Description	Benefit Description (use separate sheet of paper if necessary)
<p>In FY11 the Department is proposing three pieces of legislation that would affect this budget. <b>The Preferred Budget</b>, illustrated above, is based on the passage of two of those proposals. One allows for electronic publishing of the Code and the Bulletin and the other changes newspaper legal notice requirements allowing only electronic notices.</p>	<p>By publishing electronically and eliminating hard copies and mailing of the Administrative Code and Bulletin, <b>\$25,000 to \$30,000</b> could be saved annually. By publishing legal notices online and not in newspapers, the state would save an additional <b>\$221,000</b> annually.</p>	<p>The administration of Administrative Rules would be much more cost effective and efficient under this preferred budget. However, the public would be required to change the method in which they access publications and notices.</p>
<p><b>The 2nd Alternative Budget</b> would be based on passage of either one of the pieces of legislation listed above.</p>	<p>The budget would need to be increased by <b>\$25,000 to \$30,000</b> if the legislation allowing electronic publishing is not passed, and it would need to be increased by <b>\$221,000</b> if the legislation allowing electronic legal notices is not passed.</p>	<p>The administration of Administrative Rules would be much more cost effective and efficient if either piece of legislating is passed. However, the public would be required to change the method in which they access publications and/or notices.</p>
<p><b>The 3rd Alternative Budget</b> is contingent upon passage of a third piece of legislation that changes the format currently required in newspapers for legal notices to a less expensive font and format.</p>	<p>About <b>\$91,000</b> would need to be added to this budget (rather than \$221,000 if no changes are made to advertising criteria). The annual savings would be \$130,000 with this new formatting.</p>	<p>Cost savings to tax payers.</p>

Agency Department of Administration  
Code: \_ 200  
Decision Package Title: Industrial Special Indemnity Fund

Cost Center Description

ISIF adjudicates claims and administers total and permanent disability benefits for injured workers who suffer a "second injury" in the workplace and are unable to return to work. The Fund protects the employer who has been encouraged to hire workers with pre-existing conditions.

For this decision package, please thoroughly answer, on a separate sheet, the following three questions with as much detail as is necessary:

1. Why is this service/activity performed and why is it performed in this manner?

The Industrial Special Indemnity Fund was created in 1927 to encourage employers to hire disabled or physically impaired persons. That function is outdated and is more effectively performed by the Americans with Disabilities Act. Idaho employers would save approximately \$1.2 million per year by deactivating the Fund and moving its claims functions to the private sector.

2. How does this service/activity and this base level of funding support your agency's strategic plan and fulfill legal mandates?

This function is unique to other functions within Administration and does not directly support the goals of the Department. The customers of ISIF and the rest of Administration differ.

3. What adjustments would be made if this cost center were eliminated?

A business plan is in place to eliminate the program and wind down the operations over the next two years. There would be an annual savings to the business community of about \$1 million. In order to wind down ISIF operations in an orderly manner and to avoid disruptions to the workers compensation system, it is proposed that the ISIF not accept claims occurring after 7/1/2010. Nevertheless, it will continue to process claims that have occurred between 7/1/2008 and 6/30/2010.

The ISIF currently pays annuity payments to 144 persons who are totally and permanently disabled. This is primarily an accounts payable activity that will be required for many years to come. The handling of these payments will be divided between the Industrial Commission and the Department of Administration.

Expenditure Category	0519	Total	Explanation (include details to justify basis for the calculated number attach a separate sheet if needed)
4000 Total Salary & Benefits	0.00		This budget represents what would be needed in FY11 to wind-down the program, including 2 FTP's.
5001 Subtotal Communication	3,100.00		
5051 Subtotal Employee Development	3,150.00		
5101 Subtotal General Services	250.00		
5151 Subtotal Professional Services	45,000.00		
5201 Subtotal Repair & Maint Services	2,000.00		
5251 Subtotal Administrative Service	4,000.00		
5301 Subtotal Computer Services	4,000.00		
5351 Subtotal Employee Travel	3,000.00		
5401 Subtotal Administrative Supplies	4,000.00		
5451 Subtotal Fuel & Lubricants	0.00		
5501 Subtotal Mfg & Merch Costs	0.00		
5551 Subtotal Computer supplies	2,000.00		
5601 Subtotal Repair & Maint Supplies	0.00		
5651 Subtotal Instit & Resid supplies	0.00		
5701 Subtotal Specific use supplies	150.00		
5751 Subtotal Insurance	90.00		
5851 Subtotal utility charges	0.00		
5901 Subtotal Rentals & Operating leases	10,000.00		
5961 Subtotal Misc Expenditures	28,960.00		
5000 Total Operating Expenses	109,700.00		
6000 Capital Outlay			
7000 Trustee/Benefits			
<b>TOTAL EXPENDITURES</b>	109,700.00		

Alternatives	Cost Description	Benefit Description (use separate sheet of paper if necessary)
<p><b>The preferred budget</b>, illustrated above, is based on passage of proposed legislation in FY11 to wind-down the ISIF program over a two-year period. The budget would include two FTP's for the first year.</p>	<p>It is anticipated that during the second year wind-down only one FTP will be needed which will reduce the budget in FY12 by about \$84,000.</p>	<p>This initiative will eliminate a program that has outlived its purpose, saving the business community about \$1 million annually.</p>
<p>The <b>2nd Alternative Budget</b> would be based on defeat of the proposed legislation to eliminate this program.</p>	<p>The total budget would need to be restored indefinitely and would possibly include the need to fill a third position, left vacant based on anticipation of program elimination. This would add an additional \$45,000 to the above budget.</p>	<p>The ISIF would continue duplicating a service. Other federal laws, such as the ADA, now serve this purpose.</p>

Agency: Department of Administration  
Code: \_\_ 200  
Decision Package Title: Risk Management

Cost Center Description

The Risk Management Program acts as the property/casualty insurance manager for the state; determining needs, placing and maintaining self-funded and commercially insured coverage, and adjudicating claims and providing defense for suits brought against the state arising from these exposures. (Workers Compensation and Employee Benefits are not a part of this program.)

For this decision package, please thoroughly answer, on a separate sheet, the following three questions with as much detail as is necessary:

1. Why is this service/activity performed and why is it performed in this manner?

Risk Management functions are driven by statute--Idaho Code §67-5773 through 5778, and §6-901 through 929. The purpose is to provide financial protection of state assets from insurable causes of loss, and to defend the state against claims brought against it for negligence. Risk Management balances coverage and costs, and uniformly asserts the state's defenses and immunities in defending claims regardless of the agency involved. It is the most cost-effective and consistent way to provide coverage and defense on a statewide basis.

2. How does this service/activity and this base level of funding support your agency's strategic plan and fulfill legal mandates?

The Risk Management Program supports the mission of the Department by providing cost effective business solutions to state agencies so they can focus on fulfilling their own missions.

3. What adjustments would be made if this cost center were eliminated?

The cost center could not be entirely eliminated. Even if some functions were outsourced, professional oversight of the insurance placement and claim functions would be necessary. The Department considered alternatives such as outsourcing and allowing agencies to place coverage such as property, but found them not fiscally justified and unworkable.

1. The alternative for the State's Broker to manage insurance placement might eliminate one FTP, but not necessarily. It would be more costly and would still require data collection and oversight.

2. The alternative to outsource small first and third-party non-litigated claims might eliminate one FTP. However, the Department did an RFP a few years ago and found that the cost was prohibitive. In fact it was twice what it currently costs and the alternative would lack control and consistency. Oversight would also be required.

3. The alternative to allow agencies to place their own property coverage would cost more and the State would lose the benefit of a consolidated rate and pooled loss history. Claims could not be uniformly and consistently adjusted.

Expenditure Category			Explanation (include details to justify basis for the calculated number attach a separate sheet if needed)
	0462	Total	
4000 Total Salary & Benefits		0	
5001 Subtotal Communication		2,600	
5051 Subtotal Employee Development		4,850	
5101 Subtotal General Services			
5151 Subtotal Professional Services		38,000	
5201 Subtotal Repair & Maint Services		1,500	
5251 Subtotal Administrative Service		750	
5301 Subtotal Computer services			
5351 Subtotal Employee Travel		2,850	
5401 Subtotal Administrative Supplies		4,600	
5451 Subtotal Fuel & Lubricants			
5501 Subtotal Mfg & Merch Costs			
5551 Subtotal Computer supplies		850	
5601 Subtotal Repair & Maint Supplies			
5651 Subtotal Instit & Resid supplies			
5701 Subtotal Specific use supplies		475	
5751 Subtotal Insurance		100	
5851 Subtotal utility charges			
5901 Subtotal Rentals & Operating leases		18,500	
5961 Subtotal Misc Expenditures		160,125	
5000 Total Operating Expenses		235,200	
6000 Capital Outlay			
7000 Trustee/Benefits			
<b>TOTAL EXPENDITURES</b>		<b>235,200</b>	

Alternatives	Cost Description	Benefit Description (use separate sheet of paper if necessary)
1. <b>The Preferred Budget</b> , illustrated above, is the program's base budget.	No budget changes	

Agency Administration

Code: \_200

Decision Package Title: Small Agency Support

Cost Center Description

This cost center represents support functions for several small agencies. Services include human resources/payroll, and accounting.

For this decision package, please thoroughly answer, on a separate sheet, the following three questions with as much detail as is necessary:

1. Why is this service/activity performed and why is it performed in this manner?

Following the Governor's lead, the department is utilizing the zero-based budgeting process to implement more enterprise-wide services. One is to begin co-locating small entities in order to share common spaces, and to coordinate the support services for small agencies to realize an economy of scale. For the past several years Administration has provided financial and human resources support for up to four small commissions at one point--currently two. Because the Commissions were unable to provide those services for themselves, they outsourced those needs to the Department. One of the Governor's current initiatives is to coordinate this similar support for as many small agencies and commissions as possible in attempts to reduce government by sharing resources--human, office space, and equipment. He has charged Administration with providing financial and human resources support for four additional small entities in FY11, and perhaps more in FY12. At the same time, the OCIO is providing IT support to various small entities and Public Works is looking to physically consolidate as many as possible small entities. The statewide outcome is less people to accomplish the same amount of tasks

2. How does this service/activity and this base level of funding support your agency's strategic plan and fulfill legal mandates?

The Small Agency Support cost center will be a prime example of what the Department's mission strives to accomplish--provide cost effective business solutions to state agencies so they can focus on fulfilling their own missions.

3. What adjustments would be made if this cost center were eliminated?

This cost center could be eliminated without affecting the Department's core programs. However, based on the Governor's initiative to coordinate administrative costs of some smaller agencies, and with Administration taking on many of those functions, eliminating this cost center would not be practical. Agencies would need to take back their administrative functions and consequently, may need to hire additional staff members.

Expenditure Category	0450	0001	Total
4000 Total Salary & Benefits	261,191	26,704	287,894
5001 Subtotal Communication	600		600
5051 Subtotal Employee Development			0
5101 Subtotal General Services	400		400
5151 Subtotal Professional Services	3,000		3,000
5201 Subtotal Repair & Maint Services			0
5251 Subtotal Administrative Service	700		700
5301 Subtotal Computer services	6,100		6,100
5351 Subtotal Employee Travel			0
5401 Subtotal Administrative Supplies	800		800
5451 Subtotal Fuel & Lubricants			0
5501 Subtotal Mfg & Merch Costs			0
5551 Subtotal Computer supplies			0
5601 Subtotal Repair & Maint Supplies			0
5651 Subtotal Instit & Resid supplies			0
5701 Subtotal Specific use supplies			0
5751 Subtotal Insurance			0
5851 Subtotal utility charges			0
5901 Subtotal Rentals & Operating leases	2,800		2,800
5961 Subtotal Misc Expenditures	5,600		5,600
5000 Total Operating Expenses	20,000		20,000
6000 Capital Outlay			0
7000 Trustee/Benefits			0
<b>TOTAL EXPENDITURES</b>	<b>281,191</b>	<b>26,704</b>	<b>307,894</b>

Transfer \$20,000 operating spending authority from Facilities 0450 ADAC.

Alternatives	Cost Description (use separate sheet of paper if necessary)	Benefit Description (use separate sheet of paper if necessary)
The <b>Preferred Budget</b> , illustrated above, is a new cost center created to support the Governor's initiative to collaborate on services for small state agencies.	A portion of the internal costs to provide HR, and accounting services, for example, would be charged back to the agency. In return, the agency would receive professional support at a competitive price.	Statewide cost savings by agency collaboration on support services.
<b>Alternative #2 Budget:</b> Should this proposal not be approved, this budget would be reduced by \$20,000 operating cost and by \$36,000 personnel costs.	The alternative budget would reflect what exists today.	No statewide cost efficiencies would be realized through the proposed agency cooperation.

**MANAGEMENT RANKING LIST**

**Agency:** Department of Administration  
**Code:** 200

This ranking spreadsheet is designed to capture the total priority ranking and associated costs of the decision packages. The expenditure total should reflect the newly reconstructed cost for the entire program. Prioritize and rank each decision package according to the degree to which they accomplish your core mission, fulfill your strategic plan and statutory authority, and meet performance expectations.

**(DOLLARS)**

(1 = Top)

Priority Rank	Decision Packages	Full Time Positions		General Fund	Dedicated	Federal	Other	TOTAL \$\$
		Increment	Cumulative Total					
				Increment	Increment	Increment	Increment	
1	Management/Support	11.75	11.75	257,396	894,277	-	-	1,911,871
2	Group Insurance	4.00	15.75	257,396	750,148	-	-	
3	Risk Management	6.00	21.75	257,396	-	-	-	
4	Small Agency Support	1.30	23.05	-	-	-	-	
5	Administrative Rules	3.00	26.05	257,396	50	-	-	
6	ISIF	2.00	28.05	257,396	10,000	-	-	
7						-	-	
8						-	-	
9						-	-	
10						-	-	
11						-	-	
12						-	-	
<b>Total Reconstruction Expenditures</b>		28.05		257,396	1,654,475		-	3,427,100
<b>Total FY 2011 Projected Base Appropriation</b>		30.75		284,100	3,143,000			
<b>Difference</b>		-2.70		-26,704	-1,488,525		0	