

Legislative Fiscal Analyst's Overview of the Governor's FY2018 Request

| Department of Law | | | | |
|--|--|--|---|------------------|
| All Dollars in Thousands | | | | |
| | (GF Only) | Change | % Change | See Note: |
| FY17 Conference Committee (GF Only) | \$52,968.1 | | | |
| FY17 Fiscal Notes | 91.3 | | | |
| CarryForward | 1,465.2 | | | |
| Misc Adjustments | - | | | |
| Multi-Years/Specials | - | | | |
| Vetoed | (907.0) | | | |
| FY17 Management Plan (GF only) | \$53,617.6 | \$649.5 | 1.2% | |
| One-time Items Removed | (4,015.2) | | | |
| Misc Adjustments | - | | | |
| Agency Transfer In/ Out | - | | | |
| Temporary Increments (IncTs) | - | | | |
| Maintenance Increments | - | | | |
| FY18 Contractual Salary Increases | 534.8 | | | |
| FY18 Adjusted Base Budget (GF only) | \$50,137.2 | (\$3,480.4) | -6.5% | |
| Lang/Lang OTIs/MiscAdj/Carryforward/MultiYears/Contingent | - | | | |
| FY18 Governor's GF Increments/Decrements/Fund Changes | 3,110.4 | | | |
| FY18 Governor's Agency Request (GF only) | \$53,247.6 | \$3,110.4 | 6.2% | |
| | | | | |
| FY18 Governor's Increments, Decrements, Fund Changes and Language | FY18 Adjusted Base Budget (GF Only) | FY18 Governor's Request (GF only) | Change from FY18 Adj Base to FY18 Governor's Request | See Note: |
| Allocation | | | \$3,110.4 | |
| Collections and Support | 682.4 | - | (682.4) | 5 |
| Commercial and Fair Business | 869.1 | 919.1 | 50.0 | |
| Natural Resources | 3,305.1 | 6,895.3 | 3,590.2 | 3 |
| Reg Affairs Public Advocacy | 2,428.5 | 2,803.5 | 375.0 | 4 |
| Administrative Services | 1,229.3 | 1,006.9 | (222.4) | 2,5,6 |
| | | | | |
| Non-General Fund Agency Summary | FY18 Adjusted Base Budget | FY18 Governor's Request | Change from FY18 Adj Base to FY18 Governor's Request | See Note: |
| Other State Funds (all allocations) | 31,323.4 | 31,607.0 | 283.6 | 2,5 |
| Federal Funds (all allocations) | 1,301.7 | 1,489.4 | 187.7 | 1 |
| Total Non-General Funds (all allocations) | \$32,625.1 | \$33,096.4 | \$471.3 | |
| | | | | |
| Position Changes (From FY17 Authorized to Gov) | 548 | 503 | (45) | |
| PFT | 547 | 503 | (44) | 2,5 |
| PPT | 1 | - | (1) | |
| Temp | - | - | - | |
| | | | | |
| Governor's Capital Request | State Funds (GF + Other) | Federal Funds | Total | See Note: |
| Planning and Research | - | - | - | |
| Maintenance and Repairs | - | - | - | |
| Remodel, Reconstruction and Upgrades | - | - | - | |
| New Construction and Land Acquisition | - | - | - | |
| Equipment and Materials | - | - | - | |
| Information Systems and Technology | - | - | - | |
| Other | - | - | - | |
| TOTAL CAPITAL | \$0.0 | \$0.0 | \$0.0 | |

Department of Law

The mission of the Alaska Department of Law is to prosecute crime and provide legal services to state government for the protection and benefit of Alaska's citizens. The department represents the State in:

- protecting the safety and physical and financial well-being of Alaskans;
- fostering the conditions for economic opportunity and responsible development and use of our natural resources;
- protecting the fiscal integrity of the State; and
- promoting and defending good governance.

The Criminal Division protects the public by prosecuting violations of state criminal law committed by adults and juveniles, and by placing them under appropriate controls. The Civil Division serves the interest of Alaska's citizens by providing legal counsel to the executive branch in all civil actions. The Administrative Services Division provides the core administrative services that are essential to the day-to-day management of the department.

BUDGET SUMMARY

The FY18 Department of Law general fund operating budget as submitted by the Governor is \$3,110.4 (6.2%) above the FY18 Adjusted Base [an increase of \$3,485.2 Unrestricted General Funds (UGF)/ and a decrease of \$374.8 Designated General Funds (DGF)]. Significant issues are highlighted in the notes below and correspond to the numbers in the last column on the preceding spreadsheet.

NEW PROGRAMS/ PROGRAM EXPANSION

1. **Criminal Appeals/ Special Litigation – Medicaid Fraud Control Unit: \$187.7 Federal Receipts.** Recent Medicaid expansion in the State of Alaska, as well as legislation to expand the criminal and civil enforcement of Medicaid fraud, has increased the workload of the Department of Law's Medicaid Fraud Control Unit (MFCU). Expanded enforcement efforts will require more federal receipt authority.

Legislative Fiscal Analyst Comment: In FY17, the Legislative Finance Division created a fund code (1247 Medicaid Monetary Recoveries) to track appropriations of monetary recoveries (civil penalties, damages, and reasonable attorney fees and costs) used to match federal receipts. The Governor's budget submittal did not include a switch from G/F Match to the new fund code.

Legislative Fiscal Analyst Recommendation: Replace \$91.3 used to match federal receipts with fund code 1247.

MAINTENANCE OF SERVICES AND FUNDING REDUCTIONS

2. **Transfers to Shared Services of Alaska (SSoA) and Office of Information Technology (OIT).** In order to provide internal services at a reduced cost, the Executive Branch will implement phased consolidation of (1) cross-department services such as travel, accounts payable, P-Cards, procurement, facilities management, collection of delinquent accounts and centralized mail and print services and of (2) information technology services. Departments

transferred a total of 77 positions to SSoA (3 PFTs from Law) and another 68 positions to OIT (1 PFT from Law).

Departments have decremented a total of \$763.8 (\$332.8 UGF) in the FY18 budget. This represents a 10% cut related to transferred positions with the remaining 90% of funding transferred to the contractual line to fund Reimbursable Services Agreements with the SSoA. The FY18 share of savings attributable to the Department of Law is \$23.5 (\$14.2 UGF/ \$9.3 Other). For more information, see the Operating Budget Overview in the *FY18 Legislative Fiscal Analyst's Overview of the Governor's Request*.

3. **Civil Division/ Natural Resources – Restore One-Time Funding for Outside Counsel for Specialized Expertise on Oil, Gas and Mining Issues: \$2,125.0 UGF.** The Governor's request includes the restoration of one-time funding (previously in the Oil, Gas and Mining allocation) for representation of the Departments of Revenue and Natural Resources in disputes relating to the collection of oil and gas taxes and royalties. Taxes (\$1,184.0) and Royalty Reopeners (\$941.0) will be handled in the department's Natural Resources allocation.
4. **Civil Division/ Regulatory Affairs Public Advocacy (RAPA) – In-House Legal Services and Outside Counsel for Specialized Expertise on Pipeline Tariff Issues: \$375.0 UGF.** As the department adapts and refines case management under the organizational structure begun in FY17, some work will be brought in-house while contracts with outside counsel and consultant experts having expertise in specialized oil, gas and mining issues will continue to be used as necessary. This increment will provide funding for Pipeline Tariff Proceedings handled by RAPA.
5. **Elimination of Collections Functions.** As part of the Shared Services of Alaska process, the department's collections functions are eliminated in FY18. Agency collections will be migrated to an outside contractor as part of the efficiency efforts led by the Department of Administration's Shared Services Division, and victim restitution collections are transitioned to the Alaska Court System. Two appropriations/allocation are affected by this change as follows:
 - **Civil Division/ Collections and Support:** (\$789.5) Total [(\$314.0) UGF/ (\$368.4) GF/Prgm (DGF)/ (\$107.1) Interagency Rcpts (Other)] and the deletion of (9) PFT Positions
 - **Administration and Support/ Administrative Services:** (\$96.4) GF/Prgm (DGF)
6. **Administration and Support/ Administrative Services – Vacate Lease Space for Juneau Offices: (\$111.8) UGF.** Given the current fiscal situation and to better accommodate the reduced number of staff, the Administrative Services Division's Juneau offices will move from a leased facility into the Dimond Courthouse, which is a state-owned facility.

ORGANIZATIONAL CHANGES

Restructuring of the Civil Division is reflected in the Governor's request. The Collections and Support allocation no longer exists due to the elimination of the collections and victim restitution functions. The remaining legal services and assistance that the department provides the Department of Revenue's Child Support Services Division will now be provided by the Commercial and Fair Business allocation. These changes are part of a broader reorganization effort led by the Department of Administration's Shared Services Division.

CAPITAL BUDGET

No capital projects are included for the Department of Law in the Governor's FY18 Capital budget submission.