

02/03/16

BUDGET

OVERVIEW

FY 17:

DEPARTMENT

OF LAW

<TARGET><BILL></BILL><SUBJECT>02-03-16 BUDGET OVERVIEW
FY 17 DEPARTMENT OF
LAW</SUBJECT><COMM>HF IN29</COMM></TARGET>



Department of Law

Department Overview
House Finance Committee

Craig Richards
Attorney General

Organizational Chart

Attorney General

Craig Richards

Deputy Attorney General

James Cantor



Criminal

John Skidmore, Director

Administrative Services

Dave Blaisdell, Director

Civil

Steven DeVries, Director



MISSION

The Alaska Department of Law prosecutes crime and provides legal services to state government for the protection and benefit of Alaska's citizens.

Core Services

- Protecting the safety and financial well-being of Alaskans
- Fostering conditions for responsible development of our natural resources
- Protecting the fiscal integrity of the State of Alaska
- Promoting good governance

Protecting Alaskans

- Securing safe living conditions for Alaska's children:
 - The Civil Division represents OCS in CINA proceedings, substantiation cases and appeals
 - CINA case filings are increasing – up 55% in FY15 over FY14
 - Substantiation cases are increasing – 64 in FY15 compared to 21 in FY14
 - CINA appeals are increasing – 34 in CY15 versus 25 in CY14
- Safeguarding Alaska's consumers:
 - The Commercial and Fair Business section participated in settlement of 10 multi-state consumer protection cases, resulting more than \$850,000 to the state.
 - The Regulatory Affairs and Public Advocacy section yielded approximately \$12 million in quantifiable consumer benefits in FY15.
- Prosecuting criminals and shielding Alaska's vulnerable citizens:
 - Pursuing PFD and Medicaid fraud cases, and a continued focus on domestic violence and sexual assault. The Department of Health and Social Services analyzed the impact of Law's Medicaid fraud prosecutions and determined that the cost savings from (federal) FY13-15 was over \$30.7 million.

Protecting Alaskans

Referrals and Accepted in CY13-CY15

FELONIES	Referred for Prosecution	Accepted for Prosecution	Percentage Accepted	Percentage Declined
2013	6,887	5,701	82.7%	17.3%
2014	6,752	5,538	82.0%	18.0%
2015	6,974	5,472	78.4%	21.6%

MISDEMEANORS	Referred for Prosecution	Accepted for Prosecution	Percentage Accepted	Percentage Declined
2013	24,833	23,016	92.6%	7.4%
2014	23,347	21,315	91.2%	8.8%
2015	20,592	17,762	86.2%	13.8%

Protecting Alaskans

SA Referrals and Accepted in CY13-CY15

SEXUAL ASSAULT	Referred for Prosecution	Accepted for Prosecution	Percentage Accepted	Percentage Declined
2013	316	186	58.8%	41.2%
2014	301	157	52.1%	47.9%
2015	434	303	69.8%	30.2%

SEXUAL ABUSE OF MINORS	Referred for Prosecution	Accepted for Prosecution	Percentage Accepted	Percentage Declined
2013	282	181	64.1%	35.9%
2014	267	179	67.0%	33.0%
2015	284	198	69.7%	30.3%

Fostering Economic Development

- Ensuring Alaska's Resources are accessible:
 - Continued efforts to preserve and enhance access throughout the state, including the U.S. Secretary of the Interior's denial of a land exchange to build a road to Cold Bay and successfully appealed the D.C. District Court's dismissal of the state's challenge to the validity of the Roadless Rule affecting both the Tongass and the Chugach, allowing this challenge to the Roadless Rule to now move forward.
- Defending Alaska's right to manage its resources:
 - Protecting the state's claim to title to navigable waters and water beds against the federal government and others, as well as its rights and obligations under the public trust doctrine.
- Representing the economic interest of all Alaskans:
 - Successfully led objections to applying EPA rules to Alaska that would have required Railbelt utilities to reduce CO2 emissions from existing power plants. EPA's final rule did not include Alaska.

Protecting Fiscal Integrity

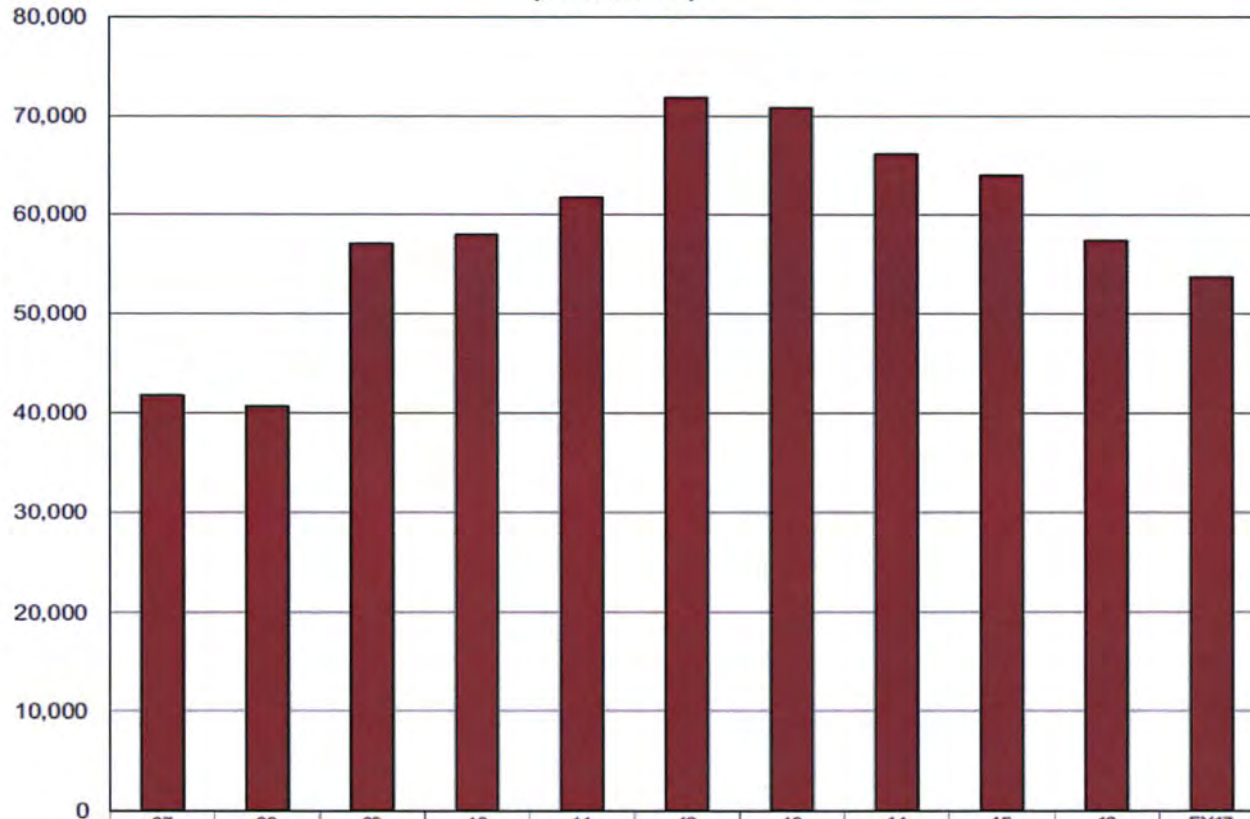
- Providing legal support in the development of a gasline:
 - Continued to furnish legal guidance to develop a gas line to transport Alaska North Slope gas to markets in and outside of Alaska. Development of this resource is vital to strengthening Alaska's economic future.
- Collecting on monies owed to the state:
 - In FY15, collections soared to \$13.4 million, a 59% leap from FY14. This increase is mostly attributed to the increase in the PFD from \$900 in FY14 to \$1,884 in FY15. Of the \$13.4 million, \$2.8 was for crime victim restitution and \$10.6 went to the state.
- Securing an equitable share to Alaska for its resources:
 - The Oil, Gas and Mining section negotiated a number of corporate income, production and property tax disputes, resulting in more than \$40 million collected in FY15.
 - Monitoring and participating, where appropriate, in state and federal regulatory oversight of tariffs on common carrier pipelines in the state. This vigilance can earn the state millions of dollars in royalties and production taxes each year.

Promoting Good Governance

- Defending the state's elections process:
 - Law defends certification decisions for ballot measures, and four were successfully defended in FY15.
- Upholding the public interest in programmatic investments:
 - On behalf of DHSS, brought an administrative claim against Xerox State Healthcare, for the company's failure to provide a functional Medicaid Management Information System. Proceedings commenced in 2015.
- Providing consistent legal advice and defending agency actions:
 - The department plays an integral role in the success of many state programs and operations that are under the purview of our sister agencies.

Budget Comparison: UGF Only

Department of Law's Share of Total Agency Operations
(GF Only)
(\$ Thousands)



The Department's GF budget grew by \$11.9 million between FY07 and the FY17 Governor's Request -- an average annual growth rate of 2.5%.

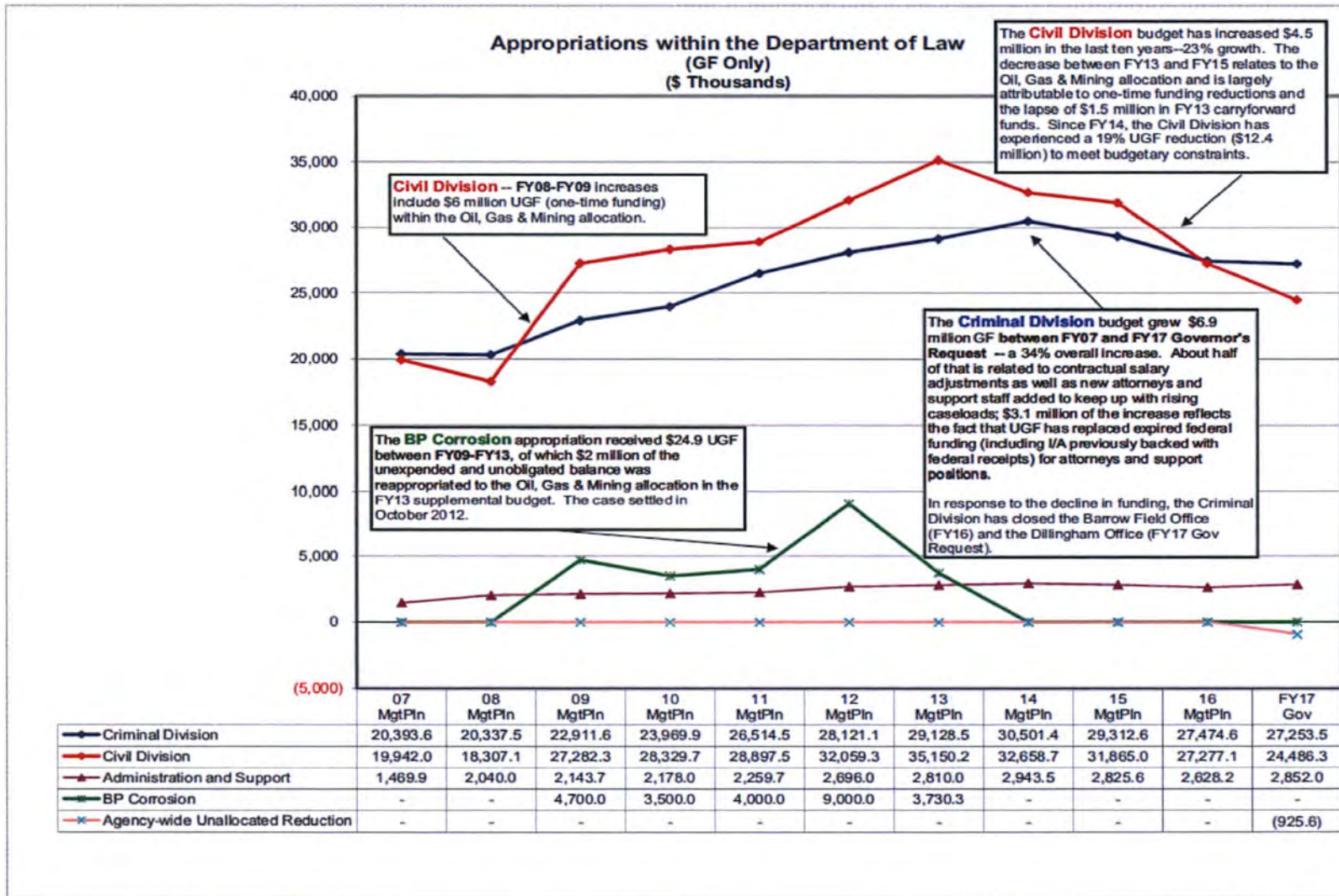
The Department's total FY17 Governor's Request GF budget equals \$161 per resident worker.*

	07 MgtPin	08 MgtPin	09 MgtPin	10 MgtPin	11 MgtPin	12 MgtPin	13 MgtPin	14 MgtPin	15 MgtPin	16 MgtPin	FY17 Gov
Total Agency Budget	41,805.5	40,684.6	57,037.6	57,977.6	61,671.7	71,876.4	70,819.0	66,103.6	64,003.2	57,379.9	53,666.2
% of Agency Budget to Total Agencies' budgets	1.2%	1.1%	1.4%	1.4%	1.4%	1.5%	1.4%	1.3%	1.2%	1.2%	1.1%

* According to the Department of Labor and Workforce Development, there were 333,174 resident workers in Alaska in 2013.

The \$18.5 million for AKLNG outside counsel in FY17 is not reflected here.

Budget Comparison: UGF Only



The \$18.5 million for AKLNG outside counsel in FY17 is not reflected here.

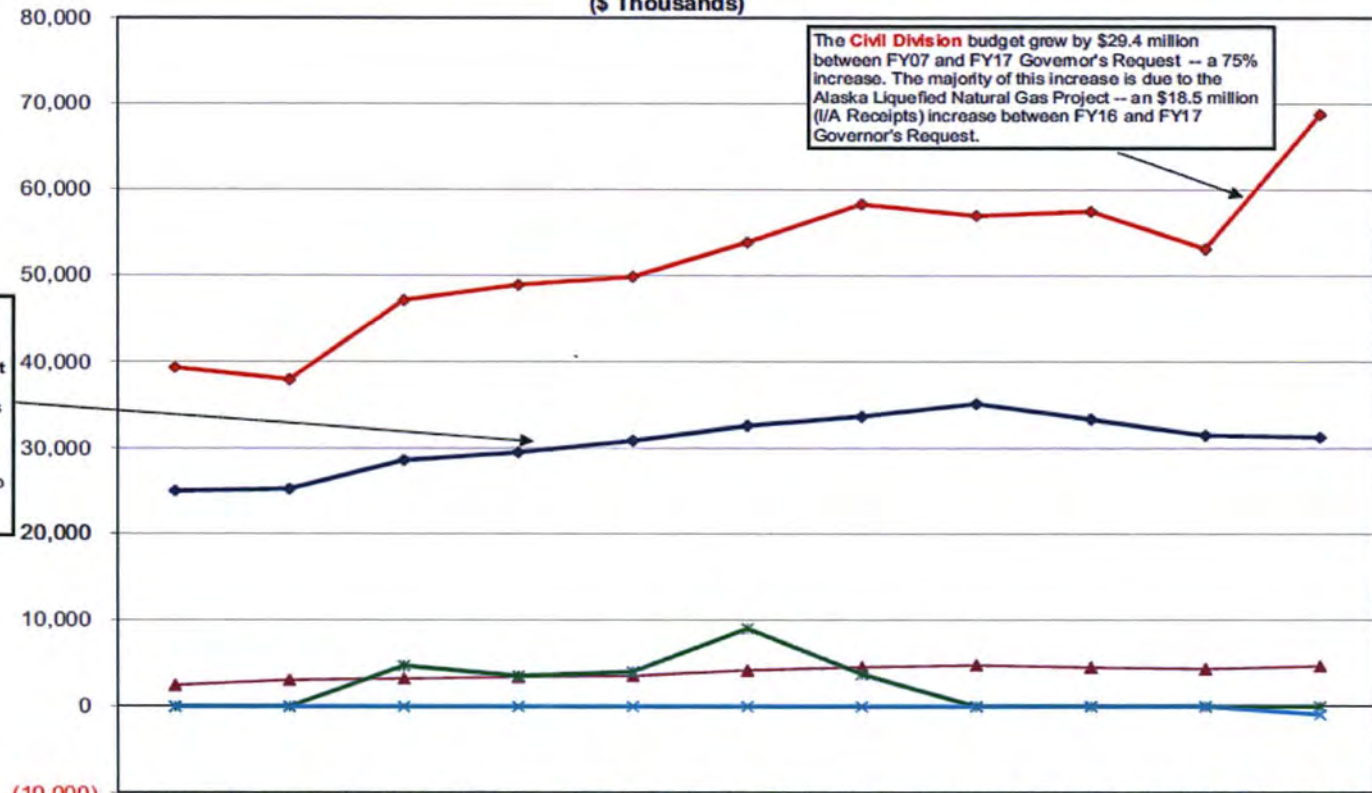
Budget Comparison: All Funds

(in thousands)

Appropriations within the Department of Law
(All Funds)
(\$ Thousands)

The **Criminal Division** budget grew by \$6.3 million between FY07 and FY17 Governor's Request -- a 25% increase. The majority of these increases are related to contractual salary adjustments as well as new attorneys and support staff added to keep up with rising caseloads.

The **Civil Division** budget grew by \$29.4 million between FY07 and FY17 Governor's Request -- a 75% increase. The majority of this increase is due to the Alaska Liquefied Natural Gas Project -- an \$18.5 million (I/A Receipts) increase between FY16 and FY17 Governor's Request.



(10,000)

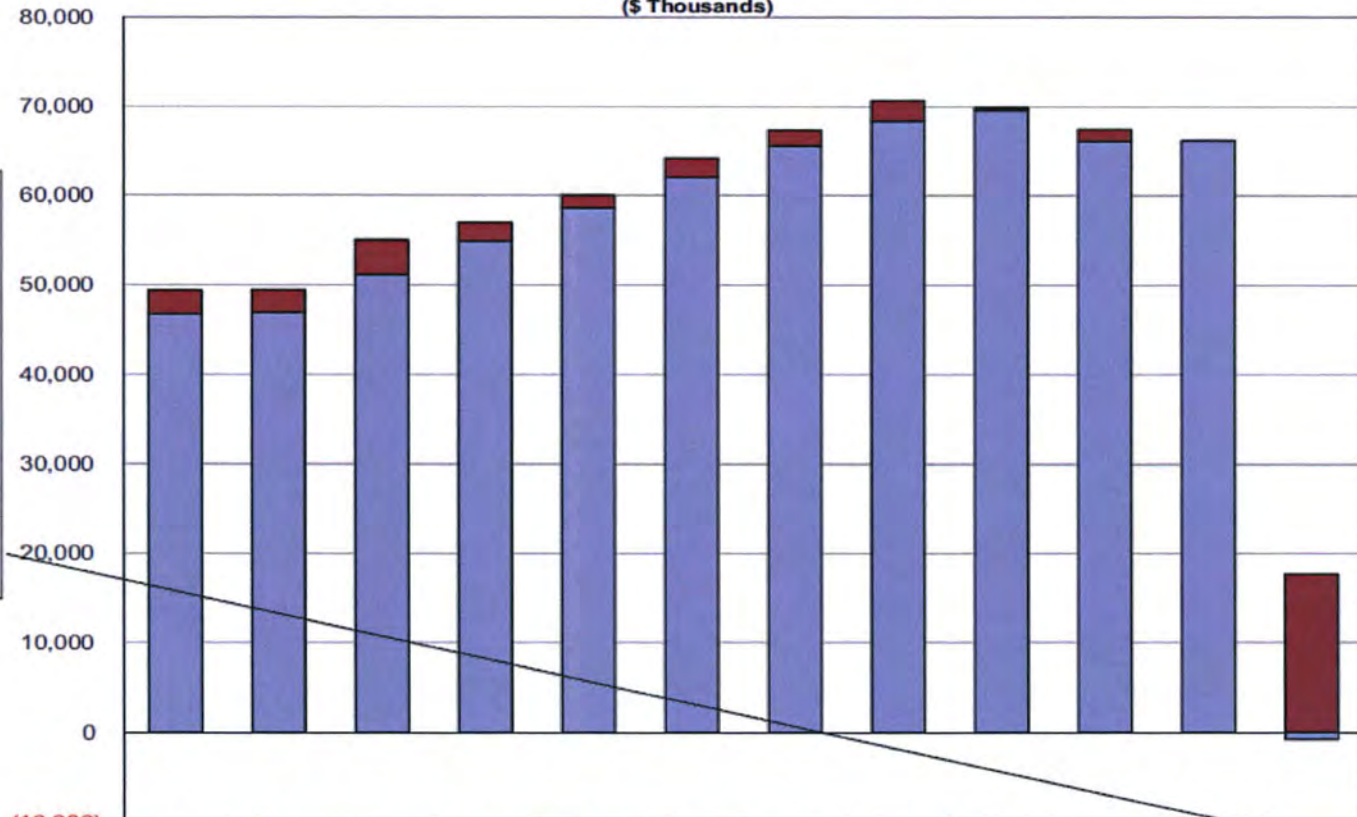
	07MgtPin	08MgtPin	09MgtPin	10MgtPin	11MgtPin	12MgtPin	13MgtPin	14MgtPin	15MgtPin	16MgtPin	FY17 Gov
Civil Division	39,327.4	37,928.6	47,132.0	48,937.7	49,877.9	53,832.1	58,327.5	56,982.3	57,493.9	53,112.2	68,719.3
Criminal Division	25,002.3	25,246.4	28,595.5	29,528.1	30,909.0	32,631.5	33,684.7	35,170.2	33,387.0	31,554.6	31,333.5
Administration and Support	2,477.3	3,059.1	3,224.7	3,391.8	3,538.6	4,188.6	4,542.2	4,770.1	4,520.5	4,348.8	4,674.7
BP Corrosion	-	-	4,700.0	3,500.0	4,000.0	9,000.0	3,730.3	-	-	-	-
Agency-wide Unallocated Reduction	-	-	-	-	-	-	-	-	-	-	(925.6)

Personal Services Cost Comparison

Department of Law
Salary Adjustment Increases and Personal Services Costs
(All Funds)
(\$ Thousands)

Personal Services increased by \$16.8 million from FY07 to FY17 Governor's Request -- an increase of 34%.

Summary *
The change consists of a \$17.6 million increase for contractual salary adjustments and a (\$787.5) decrease in non-contractual personal services costs.



	07MgtPIn	08MgtPIn	09MgtPIn	10MgtPIn	11MgtPIn	12MgtPIn	13MgtPIn	14MgtPIn	15MgtPIn	16MgtPIn	FY17 Gov	Summary
Salary Adjustments	2,601.0	2,458.4	3,845.6	2,146.4	1,348.8	2,165.1	1,764.3	2,254.5	294.0	1,329.7	-	17,606.8
Personal Svcs less Salary Adjustments	46,781.6	46,995.4	51,173.5	54,890.3	58,676.5	62,066.4	65,599.6	68,416.1	69,593.3	66,109.6	66,201.9	(787.5)

*Changes in the personal services line from FY07 to FY17 Governor's Request are segregated into two parts: (1) base increases (primarily due to contractual negotiations) and (2) other personal services increases such as transfers between line items or increases from new positions. The final column sums the two types of changes during the period.

Potential Impacts of Client Agency Budgets

- 52% of the Department's budget is funded from sources other than undesignated general fund. Substantially all of those funds are from other agencies.
- As other departments draw down or eliminate programs, the amount of legal support required may be reduced. However, current trends indicate that program elimination or downsizing has led to an uptick in level of legal work that is necessary.
- Legal efforts required by other agencies are not predictably parallel to reductions – the department continues to caution sister agencies against “cutting corners” when seeking Law's expertise, potentially leading to greater legal trouble in the future.

Strategies for Tough Times

- Restructuring service delivery - Criminal Division:
 - Fewer cases statewide
 - Rebuild Special Prosecutions
 - Closing Dillingham and Barrow offices
 - Automated witness and victim notification system
 - PBK: deploy system to electronically manage, preserve and share cases quickly and easily, as well interface with other Law criminal justice agencies in the future
- Restructuring service delivery - Civil Division:
 - Reducing outside counsel costs (other than gasoline)
 - Merge attorney expertise and subject matter workload
 - Oil, Gas and Mining/Natural Resources
 - Pipeline tariff /Regulatory Affairs and Public Advocacy
 - Special Litigation

Budget Detail



FY17 Budget Development

(in thousands)

2/3/2016

	<u>UGF</u>	<u>DGF</u>	<u>Other</u>	<u>Federal</u>	<u>Total</u>
<u>FY16 Conference Committee</u>	53,973.3	2,645.7	30,615.6	1,020.1	88,254.7
Carryforward multiyear appropriation for Oil, Gas and Mining	1,688.6				1,688.6
Closure of Barrow DA's office, including 2 position deletions	(400.0)				(400.0)
Reimbursement for legal services to AOGCC	(225.0)				(225.0)
Savings from extended employee absences	(302.7)				(152.7)
<u>FY16 Management Plan</u>	54,734.2	2,645.7	30,615.6	1,020.1	89,015.6

FY17 Budget Development

(in thousands)

2/3/2016

	<u>UGF</u>	<u>DGF</u>	<u>Other</u>	<u>Federal</u>	<u>Total</u>
<u>FY16 Management Plan</u>	54,734.2	2,645.7	30,615.6	1,020.1	89,015.6
Reduce outside counsel for specialized expertise	(500.0)				(500.0)
Multi-year appropriation for Flint Hills litigation	(1,688.6)				(1,688.6)
Add one-time items: AK Liquefied Natural Gasline project			18,500.0		18,500.0
Create capacity in OSPA for significant casework	318.7				318.7
Enhanced revenue from DGF sources (RCA, AOGCC)	(600.0)	825.0			225.0
Mandatory furloughs for exempt/partially-exempt employees	(238.7)				(238.7)
Closure of Dillingham DA's office, including 2 position deletions	(340.0)				(340.0)
Staff reductions (est.4)	(564.5)				(564.5)
Reverse FY16 COLA	(925.6)				(925.6)
<u>FY17 Governor</u>	50,195.5	3,470.7	49,115.6	1,020.1	103,801.9

FY15-FY17 Criminal Division Budget Reduction Elements

FY15 Budget Reductions

- Deleted uncollectable federal receipts (\$841.2)
- Four position deletions (\$741.0)
 - 3 attorneys, 1 support staff
- Reduced expenditures in OSPA (\$430.5)

FY16 Budget Reductions

- Reduce expenditures across division (\$671.6)
- Closure of Barrow office (incl. 2 PCNs) (\$400.0)
- Ten position deletions (\$1,608.5)
 - 6 attorneys, 4 support staff

FY17 Budget Reductions

- Close Dillingham office (\$340.0)
- Unallocated reduction (furloughs) (\$92.5)

FY15-FY17 Civil Division Budget Reduction Elements

FY15 Budget Reductions

- Three position deletions (\$543.2)
 - 3 attorney positions
- Reduced expenditures across division (\$285.6)

FY16 Budget Reductions

- Reduced expenditures across division (\$788.6)
- 11 position deletions (\$1,464.6)
- Reduced outside counsel and gasline (\$1,900.0)

FY17 Budget Reductions

- Reduce Outside Counsel for Oil, Gas and Mining issues (\$500.0)
 - Trial portion of litigation cycle is over; appeals portion less costly
- Unallocated reduction (deleted positions) (\$525.6)
- Unallocated reduction (furloughs) (\$143.7)

Re-alignment of Resources (Civil)

2/3/2016

<u>Section</u>	<u>Total</u>	<u>Personal Services</u>	<u>Other</u>	<u>Attorneys</u>	<u>Support Staff</u>
<u>OG&M (Conf. Comm.)</u>	<u>(8,999.6)</u>	<u>(3,386.4)</u>	<u>(5,613.2)</u>	<u>(15)</u>	<u>(11)</u>
Trans to NR - Operating	4,459.3	2,369.0	2,090.3	13	6
Trans to RAPA (now AOGCC Rcpts)	825.0	390.2	434.8	1	
Trans to NR - O/S Counsel	3,000.0		3,000.0		
Trans to Special Litigation	242.4	154.3	88.1	1	
Trans to Child Protection	105.6	105.6	-		1
Trans to Administrative Services	367.3	367.3	-		4
	<u>8,999.6</u>	<u>3,386.4</u>	<u>5,613.2</u>	<u>15</u>	<u>11</u>

In addition, the Criminal Division transferred a paralegal to the Civil Division in Bethel.