

02/04/15

BUDGET

OVERVIEW

FY 16:

DEPARTMENT

OF LAW

<TARGET><BILL></BILL><SUBJECT>02-04-15 BUDGET OVERVIEW
FY 16 DEPARTMENT OF
LAW</SUBJECT><COMM>HFIN29</COMM></TARGET>



Department of Law FY16 Budget Overview

Craig W. Richards
Attorney General



MISSION

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

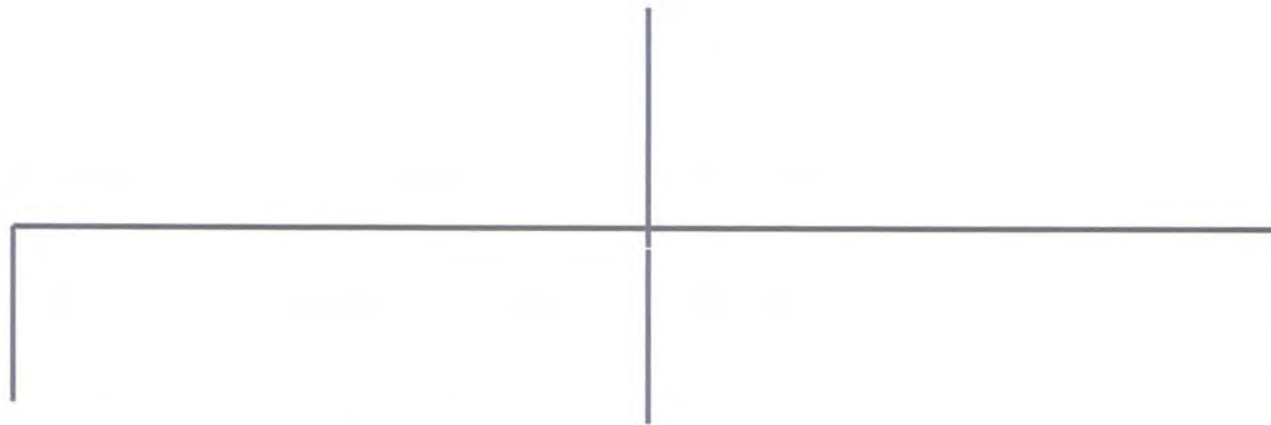
Core Services

- 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

Organizational Chart

Attorney General

Craig Richards



Criminal

Richard Svobodny,
Deputy Attorney General

John Skidmore, Director

Administrative Services

Dave Blaisdell, Director

Civil

James Cantor,
Deputy Attorney General

Nancy Gordon, Director

Protecting Alaskans

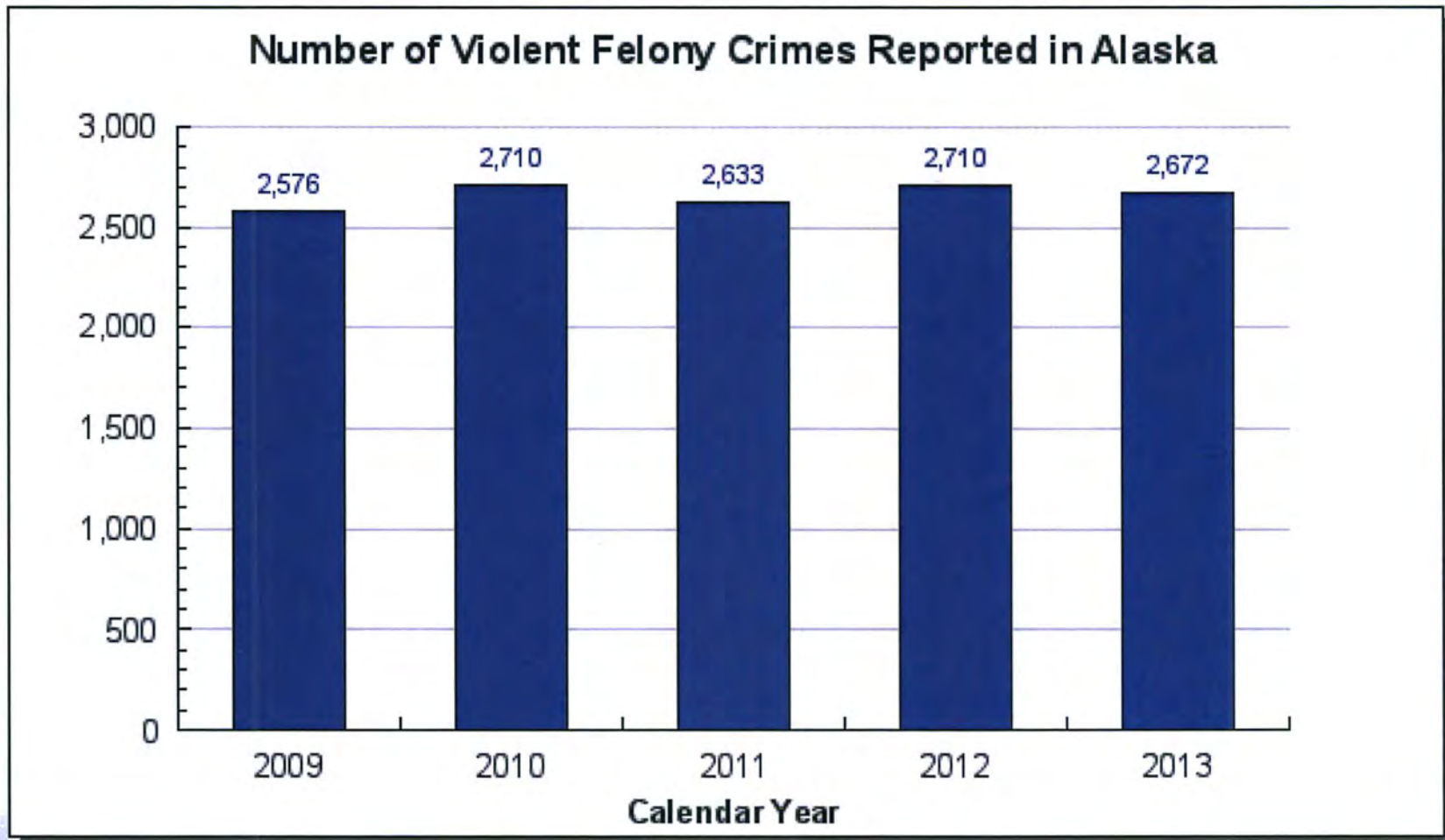
Prosecutions and Convictions in CY13

Case Classification	Accepted	Convictions	Acquittals	Pending
Felonies	5,700	3,937 (69%)	56 (1%)	820 (14%)
Misdemeanors	20,014	13,828 (69%)	59 (0.3%)	1,010 (5%)
Total	25,714	17,765 (69%)	115 (0.4%)	1,830 (7%)

These numbers reflect the cases that were accepted in and subsequently resolved within 2013; it does not reflect cases pending from prior years that were resolved in 2013. Additionally, 570 criminal appeals and 6,469 other matters from 2013 were settled by the Criminal Division that year.

Protecting Alaskans

Recent Statistics



Protecting Alaskans

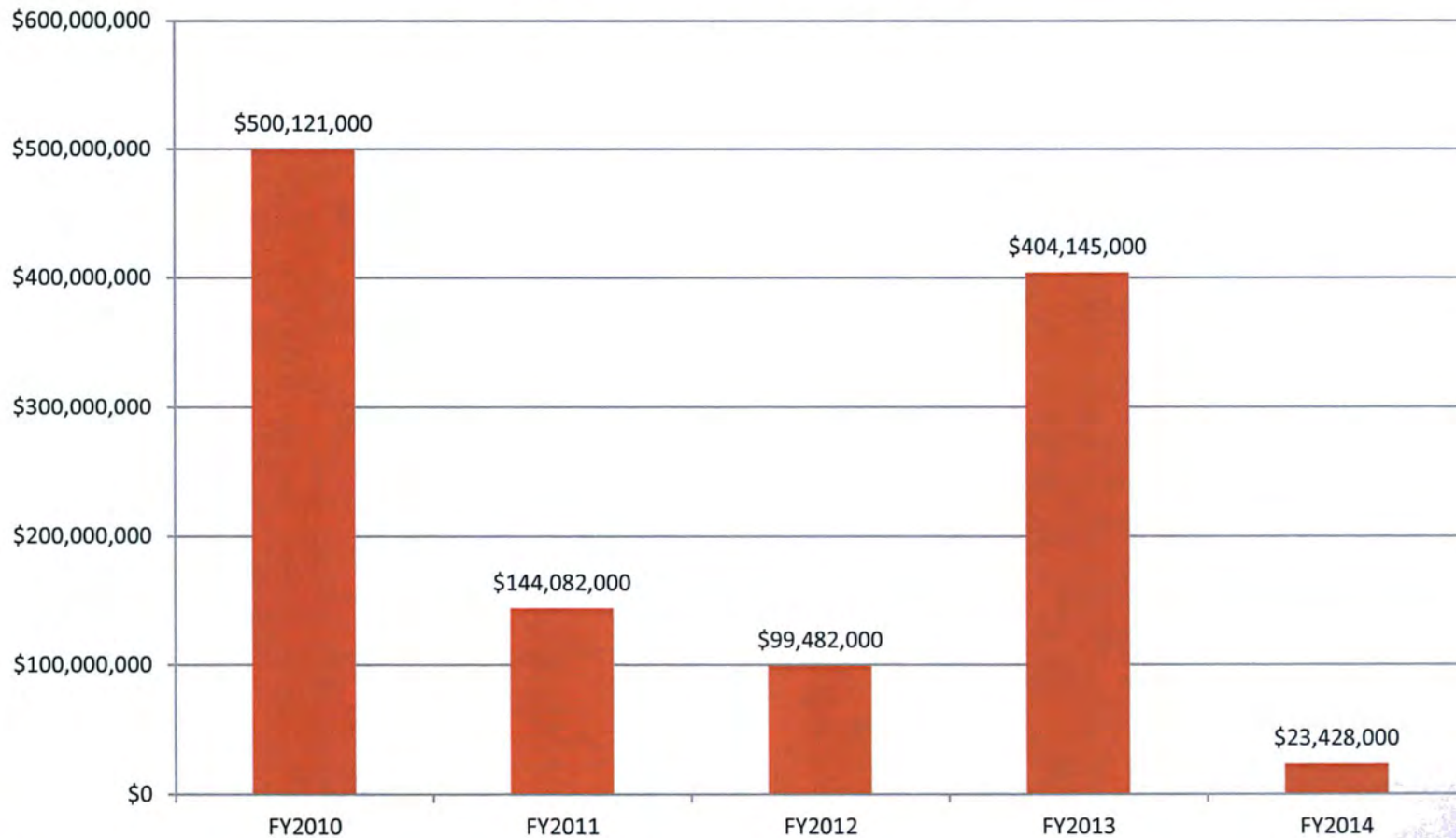
- Securing safe living conditions for Alaska's children:
 - The Alaska Supreme Court resolved 29 appeals in FY14 relating to child protection cases, affirming the position taken by OCS in 28 of those appeals – a 96% success rate.
- Safeguarding Alaska's consumers:
 - The Commercial and Fair Business section participated in settlement of 6 major local and multi-state consumer protection cases, resulting in almost \$6 million to the state. The Regulatory Affairs and Public Advocacy section yielded approximately \$4.4 million in quantifiable consumer benefits in FY14.
- Prosecuting criminals and shielding Alaska's vulnerable adults:
 - Extraditions, probation revocations, pursuing PFD and Medicaid fraud cases, and a continued focus on domestic violence and sexual assault.

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.
- Defending the Alaska's right to manage its resources:
 - Obtained a favorable decision vacating the NMFS decision, based on projections 100 years into the future, to list the Beringia population of bearded seal as threatened.
- Representing the state's interests in resource development:
 - Worked with multiple state agencies to provide comments on the EPA's proposed rule to enforce a reduction of CO2 emissions from existing power plants.

Protecting Fiscal Integrity

Awards and Collections



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. The development of this resource is vital to strengthening Alaska's economic future.
- Collecting on monies owed to the state:
 - Represented the Department of Revenue (DOR) in tax disputes.
- Securing an equitable share to Alaska for its resources:
 - 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:
 - Advised the Office of the Lieutenant Governor regarding certification of four ballot measures and a referendum.
- 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 will commence in 2015.
- Providing consistent legal opinions:
 - The department plays an integral role in the success of many state programs and operations that are under the purview of our sister agencies.

Status of FY15 Increments

Amount Approved	FY15 CC Book Comment	Agency Comments
\$3.8 million UGF (IncOTI)	For several years, the majority of oil and gas funding has been requested as base increments by the Governor and funded as one-time items by the legislature. For FY15, this practice continued.	<ul style="list-style-type: none"> • A decision was issued on February 28, 2014. The parties filed exceptions, and a final decision by the FERC commissioners is expected in early 2015. We anticipate increased activity once a decision is issued, including a court appeal. • Efforts for the SARB and property tax appeals start gearing up in the springtime. We anticipate using substantially all of these funds.
\$1.5 million UGF (IncOTI)	Funding for gasline related costs have mostly been appropriated on a one-time basis and in FY15 this continued.	<ul style="list-style-type: none"> • The gasline activity has been higher than expected, so DNR has agreed to reimburse Law up to \$3.0 million for the additional efforts. • Department attorneys and outside counsel are engaged with other AKLNG project stakeholders on commercial, regulatory, fiscal and other issues relating to a large LNG project, under the authority of SB 138.

Facing Tough Times

- We plan to continue to meet our core functions
- The department is committed to delivering the same level of excellent service
- We can't define the details for all operations in a reduction environment at this time
- Maintain current flexibility in our budget allows movement to respond to the state's priorities

Current Budget is not all GF

- Operating reductions by sister agencies may impact Law:
 - 34% 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, past experience indicates that program elimination or downsizing generally has a short-term uptick in level of legal work that is necessary.
 - Legal efforts required by other agencies are not predictably parallel to reductions – an area of concern is that sister agencies may “cut corners” when seeking Law's expertise, potentially leading to greater legal trouble in the future.

Current Actions

- Working with the Alaska Court System (48-hour notice on arraignments) to eliminate Fairbanks and Anchorage overtime
- Reviewing current cases to determine if there are any that shouldn't be pursued
- Establishing a protocol to fill positions as they become vacant
- Reviewing existing structure at Law – does it make sense to look at a re-organization
- Restructure of Anchorage criminal cases (potentially eliminate the pre-indictment hearing process)

FY16 Budget - Key Personnel Statistics

Division	FY16 Budget	FY15 Management Plan	Total
Civil	300	310	(10)
Criminal	232	241	(9)
Administrative Services	23	23	-0-
Total	555	574	(19)

Department offices: Anchorage, Barrow, Bethel, Dillingham, Fairbanks, Juneau, Kenai, Ketchikan, Kodiak, Kotzebue, Nome, Palmer, and Sitka

FY16 Governor's Budget

(in thousands)

Division	FY16 Governor's Budget Request	FY15 Management Plan	Change
Civil	52,090.2	57,493.9	(5,403.7)
Criminal	32,004.6	33,387.0	(1,382.4)
Administrative Services	4,348.8	4,520.5	(171.7)
Total	88,443.6	95,401.4	(6,957.8)

FY15 Management Plan to FY16 Governor's Request Line Item Detail – All Funds

(in thousands)

Objects of Expenditure	FY16 Governor's Budget Request	FY15 Management Plan	Change
Personal Services	67,471.6	69,887.3	(2,405.7)
Travel	1,321.4	1,178.0	(143.4)
Contractual Services	18,700.2	23,116.7	(4,416.5)
Commodities	829.8	1,041.6	(211.8)
Capital Outlay	120.6	177.8	(57.2)
Total	88,443.6	95,401.4	(6,957.8)

FY16 Reductions

(in thousands)

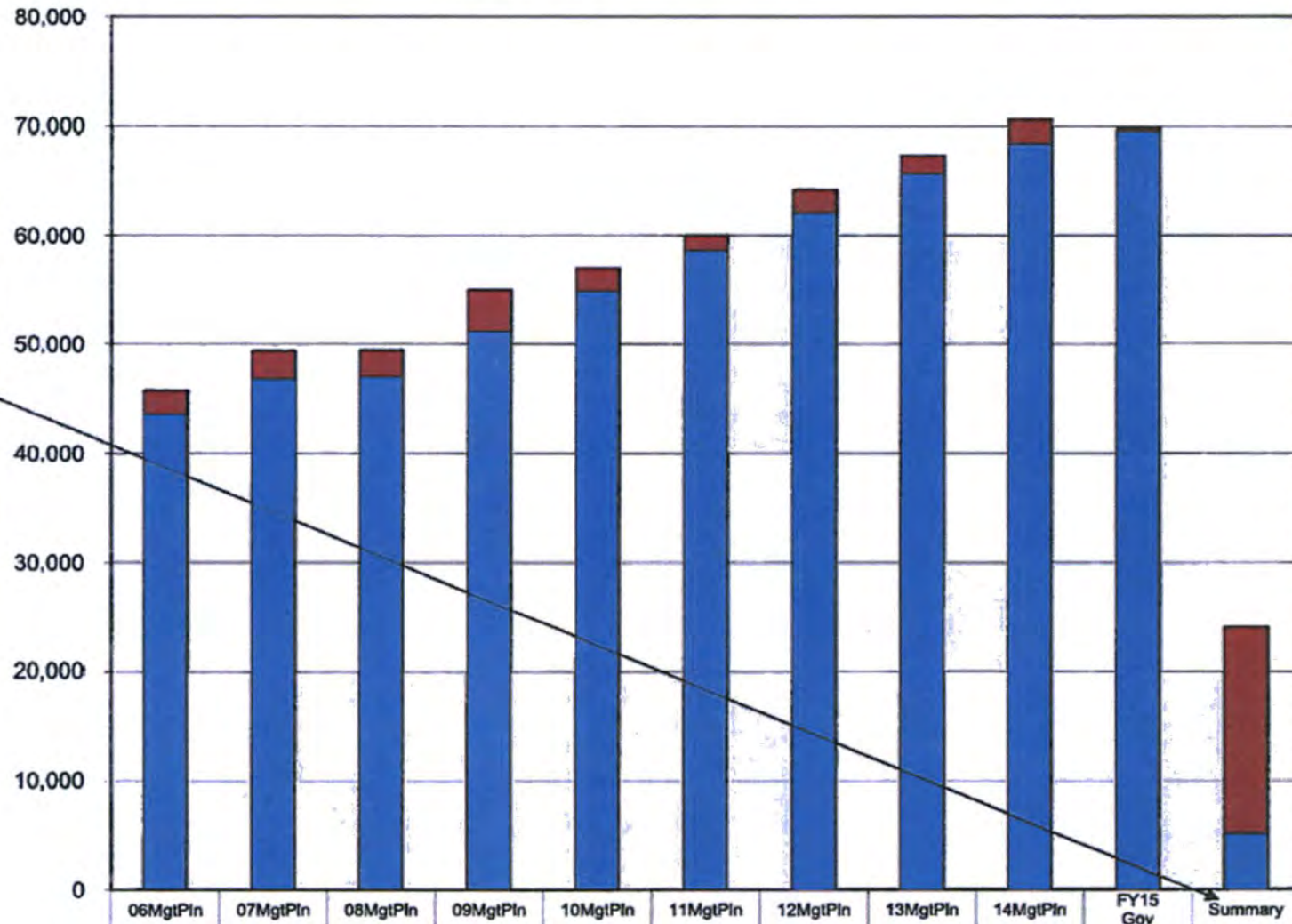
<u>Proposed Reductions</u>	<u>Criminal</u>	<u>Civil</u>	<u>Admin Svcs</u>	<u>Total</u>	<u>Reductions Include:</u>
Reduction in operating costs	237.6	207.2	132.1	576.9	<ul style="list-style-type: none"> • Slowing pace of internal IT refresh • Attorney and staff training • Travel
Eliminate uncollectible authorization (non-GF)	50.0	256.4		306.4	<ul style="list-style-type: none"> • Fund sources appropriated to Law have historically exceeded Law's charges to the fund source • Reductions to client agencies.
Reduced use of outside counsel		1,900.0		1,900.0	<ul style="list-style-type: none"> • In-house expertise • Current status of large cases
Change service delivery method for some rural DA offices	916.7			916.7	<ul style="list-style-type: none"> • Realignment of attorneys who provide services to some rural offices by moving some staff to hub offices.
Staff reductions	829.3	1,652.1	95.0	2,576.4	<ul style="list-style-type: none"> • Most of these reductions will be achieved through attrition
(Subtotals)	1,896.1	4,015.7	227.1	6,276.4	

The FY15 budget included a multi-year appropriation, \$2.0M of which will also be reduced under this budget.

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

Personal services increased by \$24.1 million from FY06 to FY15 Governor's Request – an increase of 53%.

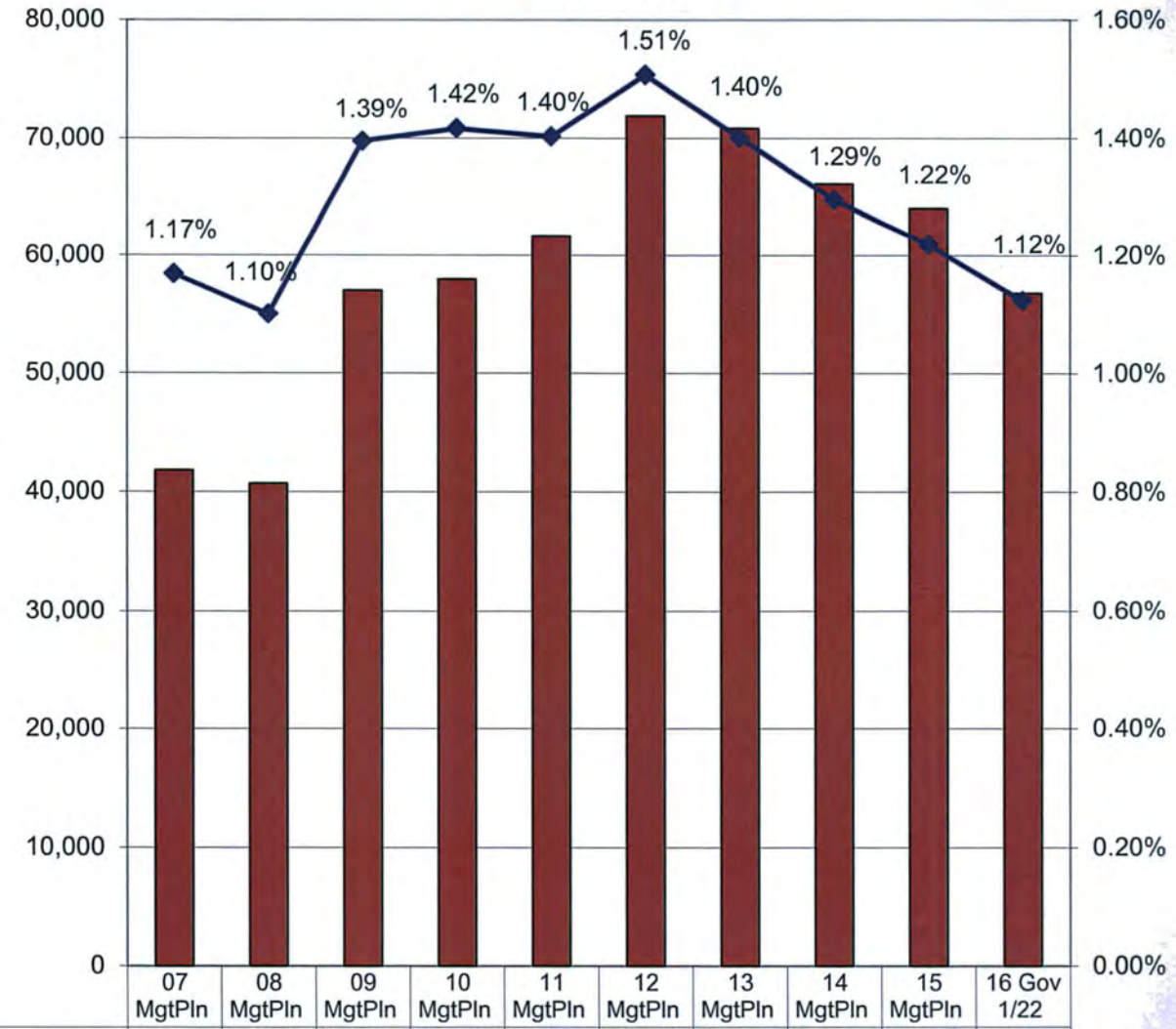
Summary *
 The change consists of a \$18.9 million increase for contractual salary adjustments and a \$5.2 million increase in non-contractual personal service costs.



	06MgtPin	07MgtPin	08MgtPin	09MgtPin	10MgtPin	11MgtPin	12MgtPin	13MgtPin	14MgtPin	FY15 Gov	Summary
■ Salary Adjustments	2,175.6	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	18,878.1
■ Personal Svcs less Salary Adjustments	43,608.5	46,781.6	46,995.4	51,173.5	54,890.3	58,676.5	62,066.4	65,599.6	68,416.1	69,579.6	5,211.4

*The numbers in this column highlight the total change in the personal services line from FY06 to FY15 Governor's Request and breaks it into two parts: (1) the change attributable to approved salary adjustments (primarily due to existing employees' salary negotiations), and (2) other personal services increases (perhaps from transfers between line items or increases from new positions).

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



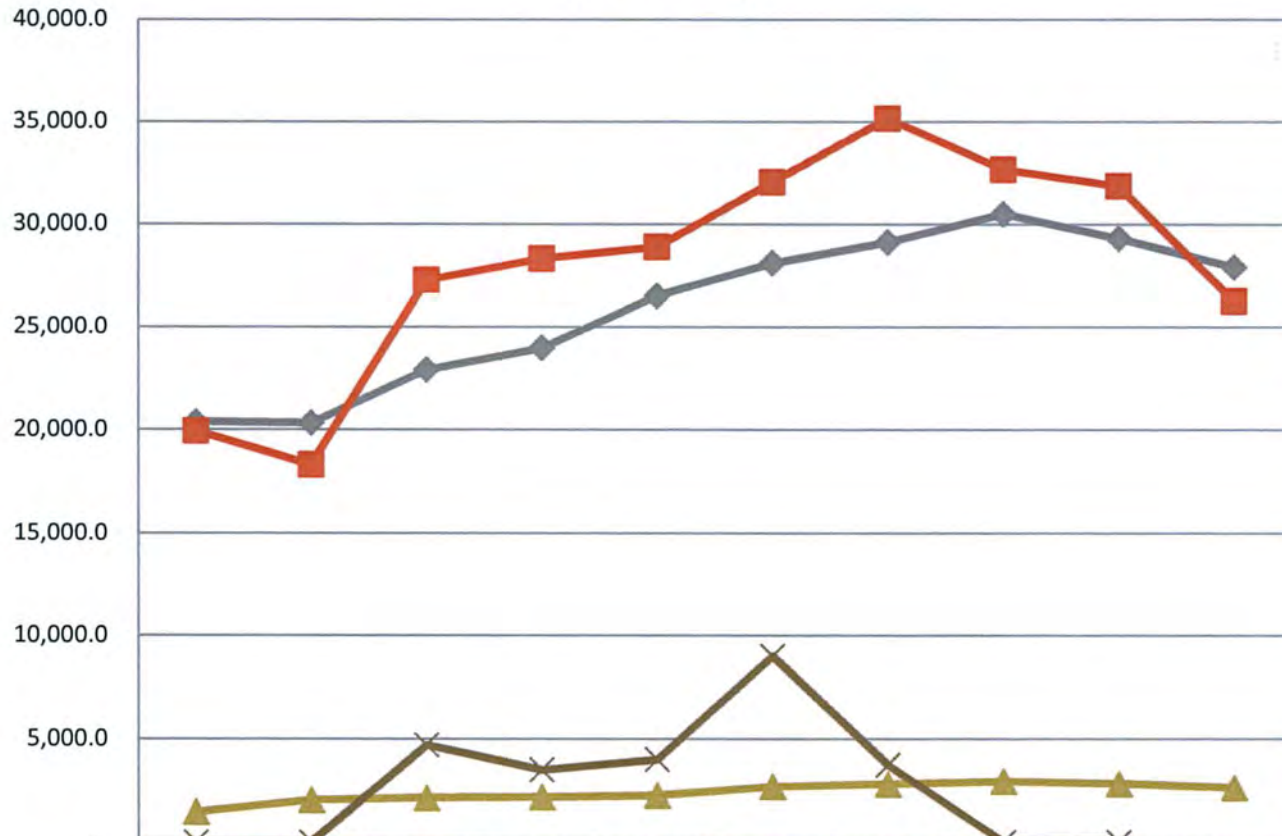
The department's GF budget grew by \$XX million between FY07 Mgt Plan and FY16 Governor's Request - an average annual growth rate of X%.

The department's total FY16 Governor's Request GF budget

■ 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	56,807.9
◆ % of Agency Budget to Total Agencies' budgets	1.17%	1.10%	1.39%	1.42%	1.40%	1.51%	1.40%	1.29%	1.22%	1.12%

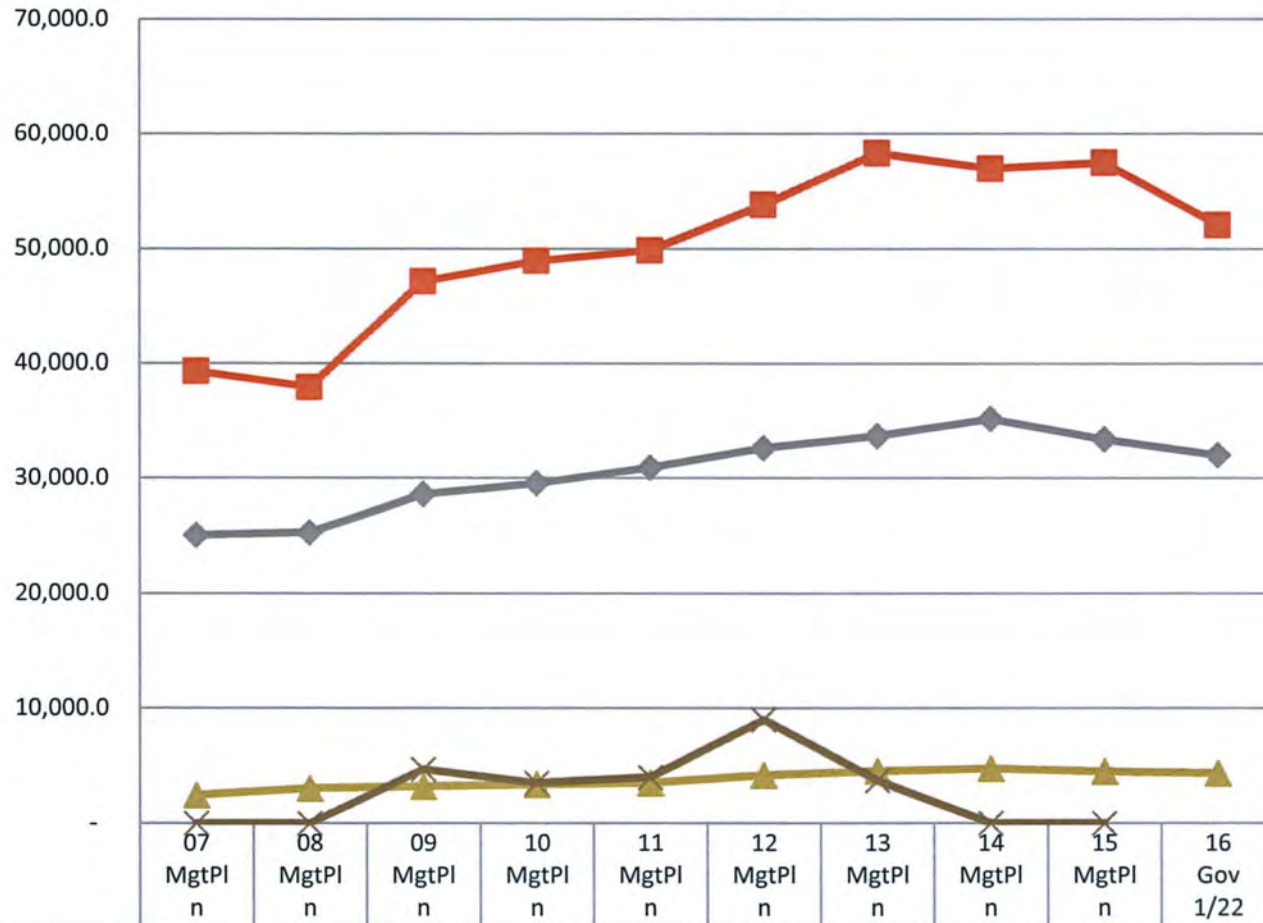
* According to the Department of Labor and Workforce Development, there were 333,283 resident workers in Alaska in 2012.

**Appropriations within the Department of Law
(GF Only)
(\$ Thousands)**



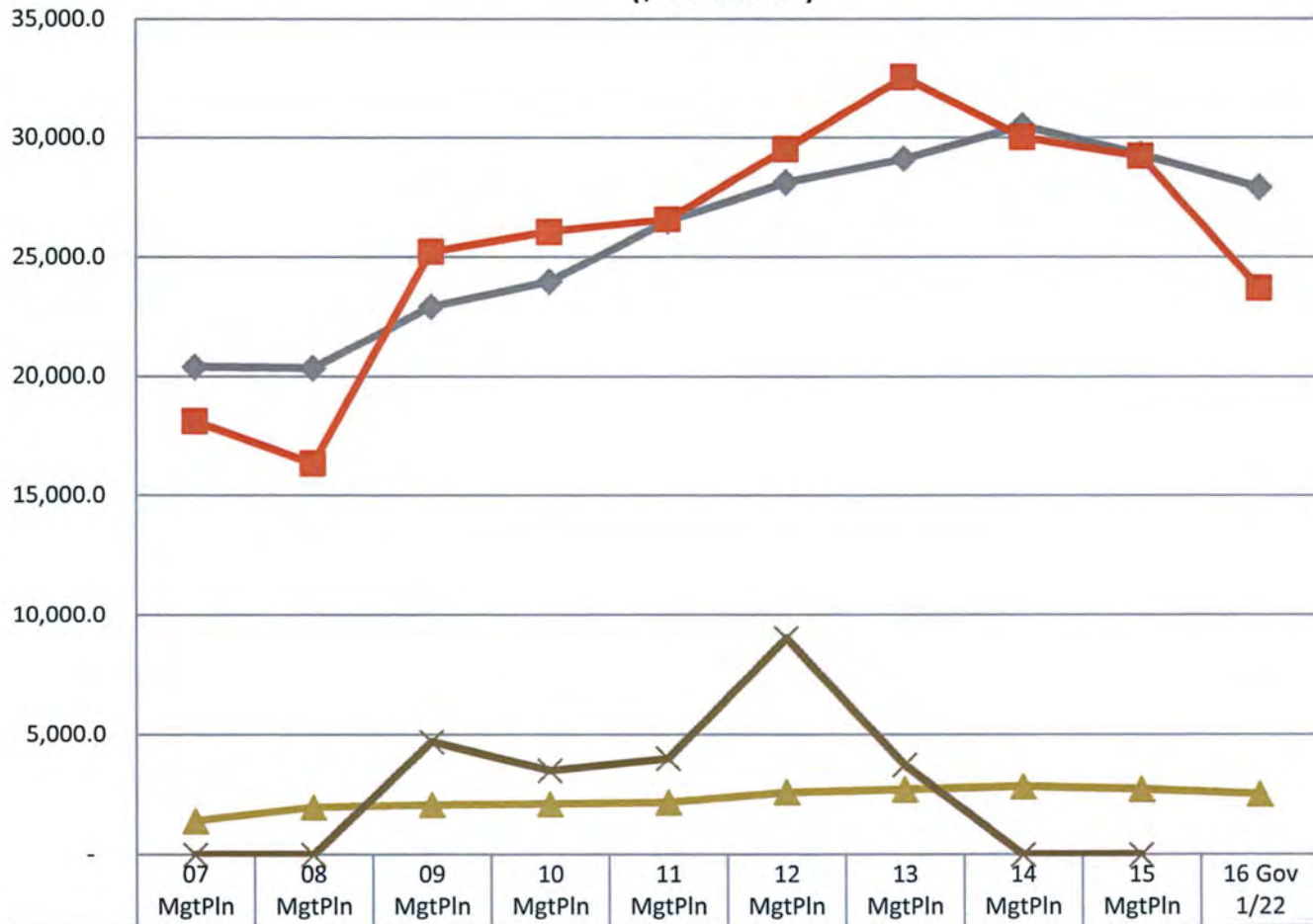
	07	08	09	10	11	12	13	14	15	16 Gov
	MgtPln	MgtPln	MgtPln	MgtPln	MgtPln	MgtPln	MgtPln	MgtPln	MgtPln	1/22
◆ Criminal Division	20,393.6	20,337.5	22,911.6	23,969.9	26,514.5	28,121.1	29,128.5	30,501.4	29,312.6	27,924.6
■ Civil Division	19,942.0	18,307.1	27,282.3	28,329.7	28,897.5	32,059.3	35,150.2	32,658.7	31,865.0	26,255.1
▲ Administration and Support	1,469.9	2,040.0	2,143.7	2,178.0	2,259.7	2,696.0	2,810.0	2,943.5	2,825.6	2,628.2
× BP Corrosion	-	-	4,700.0	3,500.0	4,000.0	9,000.0	3,730.3	-	-	

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



◆ Criminal Division	25,002.	25,246.	28,595.	29,528.	30,909.	32,631.	33,684.	35,170.	33,387.	32,004.
■ Civil Division	39,327.	37,928.	47,132.	48,937.	49,877.	53,832.	58,327.	56,982.	57,493.	52,090.
▲ 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
× BP Corrosion	-	-	4,700.0	3,500.0	4,000.0	9,000.0	3,730.3	-	-	

Appropriations within the Department of Law (UGF Only) (\$ Thousands)



◆ Criminal Division	20,393.6	20,337.5	22,911.6	23,969.9	26,514.5	28,121.1	29,128.5	30,501.4	29,312.6	27,924.6
■ Civil Division	18,116.8	16,339.5	25,225.2	26,057.3	26,575.4	29,532.8	32,547.3	30,024.9	29,230.9	23,705.1
▲ Administration and Support	1,408.2	1,978.5	2,077.4	2,109.6	2,174.8	2,608.2	2,717.9	2,850.2	2,731.8	2,532.5
× BP Corrosion	-	-	4,700.0	3,500.0	4,000.0	9,000.0	3,730.3	-	-	-