

# **State of Alaska FY2005 Governor's Operating Budget**

## **Department of Law Labor and State Affairs Component Budget Summary**

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**Component: Labor and State Affairs**

**Contribution to Department's Mission**

The Labor and State Affairs section provides advice and representation to various departments and agencies of state government to assist them in the performance of their functions.

**Core Services**

Attorneys working in the Labor and State Affairs section are some of the department's most senior and experienced staff. The section provides legal assistance needed for governmental management, including budget, public finance, employment, labor relations, civil rights, procurement, retirement programs, Medicaid rate disputes, and investment of treasury and Permanent Fund Corporation funds. The section provides legal assistance for problems associated with institutional relationships within state government, including the separation of powers between the three branches of government and interaction between the state and local governments. It also provides legal assistance on issues associated with voter initiatives and the conduct of elections.

Legal services are provided to the Departments of Administration, Education and Early Development, Health and Social Services, Labor and Workforce Development, Community and Economic Development, Military and Veteran's Affairs; the Offices of the Governor and Lieutenant Governor; the Governor's Office of Management and Budget; the Alaska Court System; and to quasi-government entities such as the Alaska Permanent Fund Corporation and AIDEA.

FY2005 Resources Allocated to Achieve Results		
<b>FY2005 Component Budget: \$3,673,400</b>	<b>Personnel:</b>	
	Full time	25
	Part time	0
	<b>Total</b>	<b>25</b>

**Key Component Challenges**

The Labor and State Affairs section is representing the state in two major cases with potentially significant budget impacts. The first case involves a claim that the state discriminated against rural school districts in the manner used to fund school facilities. This case also involves claims that the state breached fiduciary obligations when it changed the public school trust from a land-based trust to a money-based trust. The second case involves a sweeping claim by tribal organizations that the state has discriminated against 165 isolated Native villages in the way in which it provides police protection through the Alaska State Troopers and village public safety officer program. The latter case was decided favorably to the state in the trial court, and the Alaska Supreme Court is currently considering the appeal of that decision. The court may issue its decision on the appeal during the upcoming fiscal year.

The section will continue to assist with a number of proposals to modify the state's relationships with its employees' unions and change various statutory provisions. The section is also likely to face an increase in the number of employment-related claims because tight budgets are likely to lead to layoffs and, in turn, to wrongful-discharge claims. The section has continued to experience a growth in caseload associated with its work on behalf of the Medical Assistance Division of the Department of Health and Social Services. Hospitals are increasingly challenging limits on Medicaid Rates for reimbursement for health care services. The section is also experiencing a surge in the number of voter initiatives requiring review and, in some instances, involving litigation.

**Significant Changes in Results to be Delivered in FY2005**

Approval to add an attorney to assist in providing the advice and representation needed with employment, labor,

constitutional, and related issues will directly improve the section's ability to assist other state agencies in improving their decision making and thereby positively affect the number of cases in which the state prevailed at the outcome.

### Major Component Accomplishments in 2003

- The section advised the Information Technology Group and the Office of the Governor on issues involving the communications contract with Alaska Communications Systems, and disentanglement from that contract.
- The section represented the Division of Retirement and Benefits before the PERS and TRS boards, and in court, on benefit appeals that are increasing in number and complexity. The outcome of these cases may materially affect the cost of health care benefits to the state and other covered employers.
- Attorneys of the section represented the state in trials involving employment-related claims and obtained just results.
- Attorneys in the section advised and represented the division of elections. This representation involved litigation that was highly visible and fast-paced.
- The section provided legal advice to the Department of Military and Veteran's Affairs, Division of Emergency Services on disaster-related legal issues.
- The section advised the Department of Education and Early Development on difficult issues involving the federal No Child Left Behind act and graduation testing requirements.
- The section advised and represented the Lieutenant Governor in connection with several high-profile voter initiatives.

### Statutory and Regulatory Authority

AS 44.23.020

#### Contact Information

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**Labor and State Affairs  
Component Financial Summary**

*All dollars shown in thousands*

	FY2003 Actuals	FY2004 Authorized	FY2005 Governor
<b>Non-Formula Program:</b>			
<b>Component Expenditures:</b>			
71000 Personal Services	0.0	0.0	2,186.2
72000 Travel	0.0	0.0	15.1
73000 Contractual	0.0	0.0	1,428.6
74000 Supplies	0.0	0.0	37.0
75000 Equipment	0.0	0.0	6.5
76000 Land/Buildings	0.0	0.0	0.0
77000 Grants, Claims	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
<b>Expenditure Totals</b>	<b>0.0</b>	<b>0.0</b>	<b>3,673.4</b>
<b>Funding Sources:</b>			
1004 General Fund Receipts	0.0	0.0	1,344.7
1007 Inter-Agency Receipts	0.0	0.0	2,121.1
1108 Statutory Designated Program Receipts	0.0	0.0	207.6
<b>Funding Totals</b>	<b>0.0</b>	<b>0.0</b>	<b>3,673.4</b>

**Estimated Revenue Collections**

Description	Master Revenue Account	FY2003 Actuals	FY2004 Authorized	FY2005 Governor
<b>Unrestricted Revenues</b>				
None.		0.0	0.0	0.0
<b>Unrestricted Total</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Restricted Revenues</b>				
Interagency Receipts	51015	0.0	0.0	2,121.1
Statutory Designated Program Receipts	51063	0.0	0.0	207.6
<b>Restricted Total</b>		<b>0.0</b>	<b>0.0</b>	<b>2,328.7</b>
<b>Total Estimated Revenues</b>		<b>0.0</b>	<b>0.0</b>	<b>2,328.7</b>

**Summary of Component Budget Changes  
From FY2004 Authorized to FY2005 Governor**

*All dollars shown in thousands*

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
<b>FY2004 Authorized</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Adjustments which will continue current level of service:</b>				
-Positions and Funds from Governmental Affairs Section	1,031.7	0.0	2,413.0	3,444.7
-Changes to Retirement and Other Personal Services Rates	58.4	0.0	63.1	121.5
-PCN 03-0029 to Opinions, Appeals and Ethics	0.0	0.0	-147.4	-147.4
-From Natural Resources to adjust vacancy	89.8	0.0	0.0	89.8
<b>Proposed budget increases:</b>				
-2 New Labor and State Affairs Attorneys	164.8	0.0	0.0	164.8
<b>FY2005 Governor</b>	<b>1,344.7</b>	<b>0.0</b>	<b>2,328.7</b>	<b>3,673.4</b>

**Labor and State Affairs  
Personal Services Information**

Authorized Positions		Personal Services Costs		
	<u>FY2004</u> <u>Authorized</u>	<u>FY2005</u> <u>Governor</u>		
Full-time	0	25	Annual Salaries	1,670,584
Part-time	0	0	Premium Pay	0
Nonpermanent	0	0	Annual Benefits	623,923
			<i>Less 4.72% Vacancy Factor</i>	(108,307)
			Lump Sum Premium Pay	0
<b>Totals</b>	<b>0</b>	<b>25</b>	<b>Total Personal Services</b>	<b>2,186,200</b>

**Position Classification Summary**

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Assoc Attorney I	1	0	1	0	2
Attorney III	0	0	1	0	1
Attorney IV	8	0	4	0	12
Attorney V	2	0	1	0	3
Attorney VI	2	0	0	0	2
Law Office Assistant I	2	0	1	0	3
Law Office Assistant II	1	0	1	0	2
<b>Totals</b>	<b>16</b>	<b>0</b>	<b>9</b>	<b>0</b>	<b>25</b>