

State of Alaska
FY2007 Governor's Operating Budget

Department of Law
Labor and State Affairs
Component Budget Summary

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, investment of treasury and Permanent Fund Corporation funds, and homeland security. 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 and election campaigns, as well as education, child care licensing, occupational safety, employment rights, and revocation of driver licenses.

Legal services are provided to virtually every department of state government. The recipients of the majority of the legal services include the Departments of Administration, Education and Early Development, Health and Social Services, Labor and Workforce Development, Community and Economic Development, and 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.

FY2007 Resources Allocated to Achieve Results		
FY2007 Component Budget: \$5,359,700	Personnel:	
	Full time	30
	Part time	0
	Total	30

Key Component Challenges

The Labor and State Affairs section is representing the state in two education 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. A second education case claims that public education is inadequately funded and seeks significant additional funds for education. The section will continue to represent the state in two retirement and health benefits cases with potentially significant impacts on employee benefits trust funds: one concerns the claim by retired employees that their health benefits diminished in violation of the state constitution and a second concerns a claim for benefits to same sex domestic partners.

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 experiencing a surge in the number of voter initiatives requiring review and, in many instances, involving litigation. Because of the statewide elections in 2006, the section anticipates an increased need for assistance to the Division of Elections and the Alaska Public Offices Commission, including an increase in election-related litigation.

The section will assist AIDEA with the Healy Clean Coal project, including the pursuit of litigation against Golden Valley Electric Association.

The new public employee benefits claims procedures are expected to increase the workload because of shorter time frames to prepare and take a case to administrative hearing before the Office of Administrative Hearings and the greater need for discovery.

Significant Changes in Results to be Delivered in FY2007

We are requesting an increment for \$176,400 to add funding to pay for a growing caseload in procurement/breach-of-contract law suits. The work associated with responding to these lawsuits is complex because it involves a large amount of discovery that can cost many thousands of dollars in copying charges. Additionally the work is very time consuming for both attorneys and paraprofessionals since it involves claims of breach where highly customized procurement is under dispute. We are seeking \$15,000 of the total amount to cover the cost of software licenses to purchase the capability to automate discovery by exploring the use of new copier technology that can create electronic versions of documents by scanning them using the copier. The caseload has grown by the equivalent of one attorney and the remainder of the request is to staff this growing and ongoing workload.

Major Component Accomplishments in 2005

The section advised the Division of Retirement and Benefits relating to legislative changes to add a new tier to the retirement and survivor's benefits system based on a defined contribution system and to restructure the claims procedures.

The section assisted the Department of Labor with the implementation of SB 130, creating a Workers' Compensation Appeals Commission.

Attorneys of the section represented the state in court and administrative proceedings 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.

The section provided legal advice to the Department of Military and Veteran's Affairs, Division of Homeland Security and Emergency Management 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, and represented the department in suits involving claims of disability discrimination and inadequate funding.

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
<p>Contact: Jan DeYoung, Chief Assistant Attorney General Phone: (907) 269-5100 Fax: (907) 258-4978 E-mail: Jan_Deyoung@law.state.ak.us</p>

**Labor and State Affairs
Component Financial Summary**

All dollars shown in thousands

	FY2005 Actuals	FY2006 Management Plan	FY2007 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	2,656.7	2,884.8	3,381.8
72000 Travel	55.7	27.2	28.1
73000 Services	801.0	1,591.2	1,862.0
74000 Commodities	54.4	58.4	64.4
75000 Capital Outlay	35.9	14.8	23.4
77000 Grants, Benefits	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	3,603.7	4,576.4	5,359.7
Funding Sources:			
1004 General Fund Receipts	1,565.0	1,744.4	2,106.7
1007 Inter-Agency Receipts	2,038.7	2,624.4	3,045.4
1108 Statutory Designated Program Receipts	0.0	207.6	207.6
Funding Totals	3,603.7	4,576.4	5,359.7

Estimated Revenue Collections

Description	Master Revenue Account	FY2005 Actuals	FY2006 Management Plan	FY2007 Governor
Unrestricted Revenues				
None.		0.0	0.0	0.0
Unrestricted Total		0.0	0.0	0.0
Restricted Revenues				
Interagency Receipts	51015	2,038.7	2,624.4	3,045.4
Statutory Designated Program Receipts	51063	0.0	207.6	207.6
Restricted Total		2,038.7	2,832.0	3,253.0
Total Estimated Revenues		2,038.7	2,832.0	3,253.0

**Summary of Component Budget Changes
From FY2006 Management Plan to FY2007 Governor**

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2006 Management Plan	1,744.4	0.0	2,832.0	4,576.4
Adjustments which will continue current level of service:				
-PCN 03-2002 from Human Services Section	101.6	0.0	0.0	101.6
-I/A Receipt Authority from Commercial and Fair Business	0.0	0.0	217.0	217.0
-FY 07 Wage Increases for Bargaining Units and Non-Covered Employees	26.9	0.0	26.7	53.6
-FY 07 Health Insurance Cost Increases for Bargaining Units and Non-Covered Employees	2.4	0.0	2.4	4.8
-FY 07 Retirement Systems Cost Increase	52.4	0.0	51.3	103.7
Proposed budget increases:				
-Motor Vehicle Reimbursable Services Agreement for driver's license revocation appeals	0.0	0.0	121.0	121.0
-Increased Procurement Caseload	176.4	0.0	0.0	176.4
-Risk Management Self-Insurance Funding Increase	2.6	0.0	2.6	5.2
FY2007 Governor	2,106.7	0.0	3,253.0	5,359.7

**Labor and State Affairs
Personal Services Information**

Authorized Positions		Personal Services Costs		
	<u>FY2006</u> <u>Management</u> <u>Plan</u>	<u>FY2007</u> <u>Governor</u>		
Full-time	28	30	Annual Salaries	2,324,195
Part-time	0	0	COLA	61,224
Nonpermanent	0	0	Premium Pay	0
			Annual Benefits	1,094,056
			<i>Less 2.81% Vacancy Factor</i>	(97,675)
			Lump Sum Premium Pay	0
Totals	28	30	Total Personal Services	3,381,800

Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Assoc Attorney I	1	1	1	0	3
Attorney III	1	0	0	0	1
Attorney IV	6	0	6	0	12
Attorney V	5	0	2	0	7
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
Totals	18	1	11	0	30