

**Change Record Detail with Description (285)**  
**Department of Administration**

**Scenario:** FY2015 Supplemental (12199)  
**Component:** Finance (AR 11725) (59)  
**RDU:** Centralized Administrative Services (13)

Scenario/Change Record Title	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		
										PFT	PPT	NP

**FY2015 Supplemental**

**Affordable Care Act Reporting Compliance**

	Suppl	110.0	0.0	0.0	110.0	0.0	0.0	0.0	0.0	0	0	0
1004 Gen Fund		110.0										

Part of the Affordable Care Act (ACA) compliance includes Internal Revenue Service (IRS) reporting, Employer Shared Responsibility Penalty compliance, and annual employee tax forms. Each of these components has specific requirements and rules that govern compliance. An analysis of historical employment records was conducted using various Initial Measurement Period and the Standard Measurement Period (IMP/SMP) that determine ACA compliance for new and ongoing employees. The results revealed a potential penalty of \$5,634.0 to \$26,091.5 depending on the IMP/SMP selected (i.e. 3-month, 6-month, 9-month, or 12-month). It is clear that an active management of employee status and pay history must be performed with a toolset that contains rules, tracks, identifies, and allows proactive action by management to prevent this severe penalty for non-compliance.

A variety of toolsets exist with compliance rules, detailed employee tracking for select IMP/SMP, and management reporting. A supplemental budget for \$110.0, which includes a \$30.0 setup cost, is needed to implement a solution to comply with ACA requirements.

The impact of this supplemental request is being considered for a FY2016 budget amendment.

**Outsource Single Audit for Health and Social Services Major Federal Programs (FY15-FY17)**

(Language)	MultiYr	1,317.9	0.0	0.0	1,317.9	0.0	0.0	0.0	0.0	0	0	0
1004 Gen Fund		1,317.9										

Division of Legislative Audit (DLA) has conducted the single audit on the State of Alaska since the fiscal year ended June 30, 1989. DLA has had ongoing difficulties in acquiring and retaining sufficient audit staff to continue the number of audits performed annually to support the statewide single audit. Outsourcing the audit of major federal programs for Department of Health and Social Services (DHSS) will provide the most relief to DLA staffing shortage and was proposed in late September 2014. DLA will serve as group auditor and conduct the single audit of the State of Alaska in accordance with the Single Audit Act Amendments of 1996, U.S. OMB Circular A-133, and other federal requirements.

The DHSS single audit is performed annually. It is anticipated that the contract will be for three years with four optional one year renewals for a total contract period of seven years. Currently, it is DLA's intent to resume the DHSS audit after the IRIS audit and a number of CAFR audits have been performed using the IRIS structures and system.

The outsourcing of DHSS single audit of major federal programs will commence with the FY2015 Single Audit and therefore requires timely acquisition of a suitable audit firm. The memorandum billing for FY2014 DLA audit services to DHSS totaled \$1,317.9 which is being used as the basis for this supplemental budget increment. This is a multi-year increment.

Language: The sum of \$1,317,900 is appropriated from the general fund to the Department of Administration, centralized administrative services, finance, for the purpose of paying for the single audit for the Department of Health and Social Services for the fiscal year ending June 30, 2015, June 30, 2016, and June 30, 2017.

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**Scenario:** FY2015 Supplemental (12199)  
**Component:** Finance (AR 11725) (59)  
**RDU:** Centralized Administrative Services (13)

Scenario/Change Record Title	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		
										PFT	PPT	NP
<b>Component Totals</b>		<b>1,427.9</b>	<b>0.0</b>	<b>0.0</b>	<b>1,427.9</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Change Record Detail With Description**  
**Department of Administration**

**Scenario:** FY2015 Supplemental (12199)  
**Component:** Retirement and Benefits (AR 11765) (64)  
**RDU:** Centralized Administrative Services (13)

Scenario/Change Record Title	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		
										PFT	PPT	NP
<b>Net Zero Fund Source Reallocation</b>												
	Suppl	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
1007 I/A Rcpts		-1.5										
1017 Ben Sys		2,050.0										
1029 P/E Retire		-1,168.5										
1034 Teach Ret		-900.0										
1042 Jud Retire		-10.0										
1045 Nat Guard		30.0										
<b>Component Totals</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>

A net-zero fund source reallocation is based on the Division of Retirement and Benefits (DRB) cost allocation plan and is necessary to stay within the authorized fund source amounts. A net zero realignment has been historically requested and approved approximately every three to four years. This change will align projected expenditures with budgeted authorization.

This realignment will also correct the fund source allocation for the authorization requested and received for the Patient Protection and Affordable Care Act reinsurance program. The authorization requested should have been 100% Benefits Systems Receipts.

A similar net zero fund change is in the Governor's budget.

**Change Record Detail With Description**  
**Department of Administration**

**Scenario:** FY2015 Supplemental (12199)  
**Component:** Office of Public Advocacy (AR 11890) (43)  
**RDU:** Legal and Advocacy Services (11)

Scenario/Change Record Title	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		
										PFT	PPT	NP
<b>Guardian Ad Litem and Appellant Caseload Backlog</b>												
	Suppl	150.0	0.0	0.0	150.0	0.0	0.0	0.0	0.0	0	0	0
1004 Gen Fund		150.0										
<p>The Office of Public Advocacy (OPA) requires supplemental funding for FY2015 due to continued caseload increases, specifically appellate caseloads and Guardian Ad Litem (GAL) appointments.</p> <p>Appellate caseloads are up 70% since FY2012. Due to the no plea policy initiated by the Department of Law, the appellate and Post-Conviction Relief caseload will continue to rise for the foreseeable future. New deadlines were imposed by the Court of Appeals in FY2014 preventing multiple extensions of time to file the appeal. These hard deadlines cause OPA to outsource many more appeals when staff attorneys cannot meet these deadlines.</p> <p>Guardian Ad Litem (GAL) appointments are up 30% in the last 6 months and up from 1,076 cases in FY2012 to 1,684 projected cases in FY2015. Parent attorney appointments are up 44% in the last six months and up from 720 cases in FY2012 to 1,218 projected cases in FY2015. The GAL and the parent attorney appointments represent hundreds of additional appointments and are triggered by the filing of petitions by the Office of Children's Services.</p> <p>GALs are appointed in Child In Need of Aid (CINA) cases to represent the best interest of the children involved. In order to do their jobs properly a GAL needs to spend significant time with the children. They also need to conduct independent investigations regarding the child's home, school, relatives, family and friends, OCS and any other institutions significant to the particular child. In the case of older children, OPA is often also required to provide an attorney for each older child in addition to a GAL. The child's attorney represents the child's desires which are sometimes different than what is in their best interest as determined by the GAL.</p> <p>Increasingly, GAL's are also appointed in Domestic Violence Restraining Order (DVRO) Cases when a petition is filed on behalf of a minor. These GAL appointments are up 83% since FY2012.</p> <p>In parent attorney appointments, indigent parents of children in the CINA system have a constitutional right to an attorney just as in the criminal realm. In many cases there are more than two parents involved. For example, many cases have multiple children with different parents such as in a three or four (or more) child case with one mother and three or four different fathers - one for each child in the case. OPA provides attorneys for all indigent parents so in this example they would provide three or four parent attorneys and a GAL assuming the PDA does not conflict out of the other parent as well. In that case OPA would be responsible and pay for all four or five lawyers in addition to the GAL.</p> <p>OPA is also responsible for taking cases from the Public Defender Agency when there is a conflict. The criminal trial rate has been increasing since the Department of Law went to a no plea policy in July of 2013. The increase in the criminal trial rate causes OPA to spend more in contract attorney costs, expert costs, travel, investigation etc. The increase in trials also increases appeals and Post-Conviction Relief cases.</p> <p>This is a one-time increment.</p>												
<b>Component Totals</b>		<b>150.0</b>	<b>0.0</b>	<b>0.0</b>	<b>150.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Change Record Detail With Description**  
**Department of Administration**

**Scenario:** FY2015 Supplemental (12199)  
**Component:** Public Defender Agency (AR 11895) (1631)  
**RDU:** Legal and Advocacy Services (11)

Scenario/Change Record Title	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		
										PFT	PPT	NP
<b>Caseload Capacity and Appellant Backlog</b>												
	Suppl	150.0	127.9	25.6	146.5	0.0	0.0	0.0	-150.0	0	0	0
1004 Gen Fund		150.0										

The Public Defender Agency is currently maintaining five vacant positions to meet the authorized budget authority. Trial rate increases for the Criminal Division, case load increases for the Civil Division, and new deadlines imposed by the Alaska court of appeals to address appellate delay require the agency to obtain supplemental funding in order to meet constitutional obligations.

**Criminal Division:**

The Criminal Division is under significant pressure due to an increasing trial rate and increased open sentencing hearings from the Department of Law's (DOL) plea agreement policy. The statewide felony caseload declined 3% while the misdemeanor caseload increased 2% in FY2014. Although felony cases are generally down, some offices experienced significant increases: Palmer felonies increased 15% and Bethel felonies increased 18%.

The felony trial rate has been increasing steadily since FY2010. The increasing trial rate is driving up personal services costs and other litigation expenses beyond simple case appointments. Statewide felony trials increased 15% in FY2014. This is a 60% increase over FY2009. During this same period, however, the felony conviction rate fell from 77% to 60%. Felony convictions includes felony cases that result in a felony conviction after trial and exclude felony cases that result in only a misdemeanor conviction or no conviction.

It is worth noting that the 98 additional felony trials conducted in FY2014 over FY2009 resulted in only 31 additional felony convictions: a marginal felony conviction rate of approximately 32%. And the 34 additional felony trials conducted in FY2014 over the prior year resulted in no additional convictions: a marginal felony conviction rate of zero.

This is an important factor to consider when evaluating cost increases. More effective screening and negotiating would result in fewer felony cases going to trial with non-felony outcomes, which would lower overall case processing costs. Cases charged as a felony that proceed to trial are significantly more expensive to process than cases negotiated early or those filed originally as a misdemeanor. An increasing percentage of agency resources--expert expenses, along with witness travel, investigation, and attorney time--are allocated to felony cases that result in no felony conviction.

**Appellate Division:**

Criminal appellate matters have increased significantly from FY2010 to FY2014. Court of appeals matters increased 82% from FY2010 to FY2014. In FY2014, felony merit appeals increased 7%, misdemeanor merit appeals increased 56%, and sentence appeals increased 100%. These increases are likely due to the increasing trial rate and the DOL's plea agreement policy that favors open sentencing hearings.

It currently takes approximately 12 months before a case is assigned to an attorney for review. New deadlines imposed by the court of appeals to address the appellate backlog require the agency to increasingly engage contractors. The agency reallocated one attorney position to the appellate division when the Municipality of Anchorage assumed Anchorage misdemeanors. Nevertheless, continuing to engage contractors in FY2015 is necessary to meet the court's deadlines.

**Civil Division:**

**Change Record Detail With Description**  
**Department of Administration**

**Scenario:** FY2015 Supplemental (12199)  
**Component:** Public Defender Agency (AR 11895) (1631)  
**RDU:** Legal and Advocacy Services (11)

Scenario/Change Record Title	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		
										PFT	PPT	NP
<p>Statewide civil matters increased 32% from FY2010 to FY2014. Civil matters in Anchorage have increased 76% during that same period. Based on the first quarter of FY2015, CINA cases are projected to increase another 43% statewide and 47% in Anchorage. This has a significant impact on PDA statewide because the Anchorage office handles civil cases exclusively and is responsible for oversight of civil litigation statewide.</p> <p>In smaller offices, civil cases are handled by criminal attorneys. Oversight and consultation is a necessary component of competent review and litigation. The Anchorage caseload increases are, accordingly, undermining the agency's ability to manage cases statewide. Supplemental funding is necessary to maintain staffing levels and continue to support representation in smaller offices.</p> <p>This is a one-time increment.</p>												
<b>Component Totals</b>		<b>150.0</b>	<b>127.9</b>	<b>25.6</b>	<b>146.5</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>-150.0</b>	<b>0</b>	<b>0</b>	<b>0</b>