

# **State of Alaska FY2008 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 the Alaska Industrial Development and Export Authority (AIDEA).

### FY2008 Resources Allocated to Achieve Results

**FY2008 Component Budget: \$5,774,200**

**Personnel:**

Full time	30
Part time	1
<b>Total</b>	<b>31</b>

### 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. The second education case is a challenge under the Alaska Constitution that public education is inadequately funded and seeks significant additional funds for education. A decision from the trial court is expected in FY2007.

The section will continue to assist with implementation of the significant changes to public employee benefits systems that were adopted by the legislature in 2005 and that were required by the Alaska Supreme Court's decision in *ACLU v. State*, which requires the state to provide benefits to its employees for their same sex domestic partners. It will continue to address the increase in workload from the changes to public employee benefits claims procedures, requiring that those claims be heard on shorter notice and with greater formality.

The section will assist the Department of Health and Social Services and the Department of Administration, Division of General Services, with issues arising from the purchase of information technology systems and computer hardware, including representation in litigation when necessary. The need for assistance in breach of contract and procurement

disputes continues to grow and require substantial legal resources.

The election in 2006 brought a surge in the number of voter initiatives requiring review and, in many instances, involving litigation, and increased need for assistance to the Division of Elections and the Alaska Public Offices Commission, including election-related litigation. Some of the litigation may carry into FY2007.

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

## Significant Changes in Results to be Delivered in FY2008

The section does not anticipate significant changes in results to be delivered in FY2008.

## Major Component Accomplishments in 2006

The section advised the Division of Retirement and Benefits relating to changes required by the Alaska Supreme Court's order to provide public employees with benefits for same sex domestic partners. It represented the department at trial, successfully defeating a claim that health benefits for retirees had diminished in violation of the Alaska Constitution.

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, including an original action in the Alaska Supreme Court over a close primary election in one of the legislative districts that was ultimately decided by the flip of a coin and a dispute over the availability of the touch screen voting database.

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 represented the Department of Education and Early Development in a month-long trial involving a challenge under the Alaska Constitution that public education is inadequately funded.

The section assisted the Department of Health and Social Services' Office of Rate Review toward settlement of a significant dispute with one medical provider covering ten years of Medicaid reimbursement.

Attorneys of the section represented the state in court and administrative proceedings involving employment-related claims and obtained just results.

## 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*

	FY2006 Actuals	FY2007 Management Plan	FY2008 Governor
<b>Non-Formula Program:</b>			
<b>Component Expenditures:</b>			
71000 Personal Services	3,129.3	3,360.8	3,799.0
72000 Travel	92.7	28.2	28.2
73000 Services	2,134.3	1,865.7	1,865.7
74000 Commodities	47.5	65.1	65.1
75000 Capital Outlay	26.5	16.2	16.2
77000 Grants, Benefits	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
<b>Expenditure Totals</b>	<b>5,430.3</b>	<b>5,336.0</b>	<b>5,774.2</b>
<b>Funding Sources:</b>			
1004 General Fund Receipts	1,678.6	2,141.8	2,633.0
1007 Inter-Agency Receipts	3,751.7	2,986.6	2,933.6
1108 Statutory Designated Program Receipts	0.0	207.6	207.6
<b>Funding Totals</b>	<b>5,430.3</b>	<b>5,336.0</b>	<b>5,774.2</b>

### Estimated Revenue Collections

Description	Master Revenue Account	FY2006 Actuals	FY2007 Management Plan	FY2008 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	3,751.7	2,986.6	2,933.6
Statutory Designated Program Receipts	51063	0.0	207.6	207.6
<b>Restricted Total</b>		<b>3,751.7</b>	<b>3,194.2</b>	<b>3,141.2</b>
<b>Total Estimated Revenues</b>		<b>3,751.7</b>	<b>3,194.2</b>	<b>3,141.2</b>

**Summary of Component Budget Changes  
From FY2007 Management Plan to FY2008 Governor**

*All dollars shown in thousands*

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
<b>FY2007 Management Plan</b>	<b>2,141.8</b>	<b>0.0</b>	<b>3,194.2</b>	<b>5,336.0</b>
<b>Adjustments which will continue current level of service:</b>				
-Transfer of funds to Timekeeping and Litigation Support to adjust personal services vacancy factor	0.0	0.0	-55.2	-55.2
-FY 08 Health Insurance Increases for Exempt Employees	2.3	0.0	2.2	4.5
-Fund Source Adjustment for Retirement Systems Increases	230.1	0.0	-230.1	0.0
<b>Proposed budget increases:</b>				
-FY 08 Retirement Systems Rate Increases	258.8	0.0	230.1	488.9
<b>FY2008 Governor</b>	<b>2,633.0</b>	<b>0.0</b>	<b>3,141.2</b>	<b>5,774.2</b>

**Labor and State Affairs  
Personal Services Information**

Authorized Positions			Personal Services Costs	
	<u>FY2007</u> <u>Management</u> <u>Plan</u>	<u>FY2008</u> <u>Governor</u>		
Full-time	30	30	Annual Salaries	2,325,609
Part-time	1	1	Premium Pay	1,693
Nonpermanent	0	0	Annual Benefits	1,561,954
			<i>Less 2.32% Vacancy Factor</i>	(90,256)
			Lump Sum Premium Pay	0
<b>Totals</b>	<b>31</b>	<b>31</b>	<b>Total Personal Services</b>	<b>3,799,000</b>

**Position Classification Summary**

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Assoc Attorney I	2	0	1	0	3
Attorney III	1	0	0	0	1
Attorney IV	7	0	6	0	13
Attorney V	3	0	4	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
<b>Totals</b>	<b>18</b>	<b>0</b>	<b>13</b>	<b>0</b>	<b>31</b>