

State of Alaska FY2010 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

- 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.
- The section 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 programs, and revocation of driver licenses.
- The majority of recipients 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 Alaska Court System; and to quasi-government entities such as the Alaska Permanent Fund Corporation, Alaska Energy Authority and the Alaska Industrial Development and Export Authority.

FY2010 Resources Allocated to Achieve Results

| | | |
|---|-------------------|-----------|
| FY2010 Component Budget: \$5,811,300 | Personnel: | |
| | Full time | 30 |
| | Part time | 0 |
| | Total | 30 |

Key Component Challenges

The Labor and State Affairs Section will need to support an increasing demand for services by the Alaska Energy Authority (AEA) for reviews of grants and grant contracts, financing, and transactions work as the state responds to the need for more, alternative, and less expensive energy resources and for administrative support for AEA-owned assets.

It will need to support increasing demands for representation in litigation of the Office of the Lieutenant Governor over action on initiative proposals and in a challenge to state election and ballot practices based on the federal Voting Rights and Help America Vote Acts. The claim is that the state is providing inadequate assistance to voters who are Native language speakers and that voting machines should be programmed to provide ballot choices in Native Alaska languages and dialects. The court issued an injunction and legal services will be needed to assist the office in complying with the injunction and in pre-clearance issues with the U.S. Justice Department.

The section will need to address an increase in the workload concerning Alaska's public official and legislative financial disclosure, campaign finance, and lobbying laws that the Alaska Public Offices Commission administers. It will need to support the commission's efforts to change its regulations to implement legislative changes in recent years and to collect unpaid penalty assessments.

The section will continue to represent 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. The court issued its decision in the second case in FY 2007, and the state prevailed on most issues. The court retained jurisdiction on one issue—the sufficiency of state oversight of the school districts—and conducted a hearing on this issue in FY 2009. The section will need to support the Department of Education and Early Development's efforts to expand oversight of the school districts in response to the court's action. In addition, an appeal requiring additional legal services is anticipated.

The section will continue to pursue an action on behalf of the Department of Administration, Division of Retirement and Benefits and the benefits trusts concerning the breach of the professional duties of the state's former actuary.

The section will need to respond to increased demand from the Department of Labor and Workforce Development for services to support the Division of Worker's Compensation's Benefits Guaranty Fund fraud unit in appeals before the Workers' Compensation Appeals Commission; from the Division of Vocational Rehabilitation for representation in litigation over grants disputes; and from the Division of Labor Standards and Safety for actions to collect unpaid administrative penalties.

The section will need to address the increased demand for litigation support to respond to electronic discovery requests, requiring time consuming search and review for electronic files responsive to the request and for confidential or privileged information.

The section will need to respond to the expanding jurisdiction of the Office of Rate Review, which recently assumed from the Division of Senior Services at the Department of Health and Social Services, the rate setting work for Medicaid Waiver services.

Significant Changes in Results to be Delivered in FY2010

The section does not anticipate significant changes in results to be delivered in FY 2010.

Major Component Accomplishments in 2008

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

The section provided legal advice to Alaska Energy Authority regarding the development of new programs to address the state's energy needs.

The section represented the state in court and administrative proceedings involving disputes over the procurement of services and equipment (typically, in bid protests and in breach of contract actions), obtaining just results.

The state prevailed in a constitutional challenge to a law expanding a property tax exemption to nonsecular educational institutions.

The state prevailed in a challenge to the Division of Motor Vehicle's regulatory authority and to the state's identification verification requirements.

The section represented the Department of Education and Early Development in court and administrative proceedings regarding the educational services being provided to special needs children and obtained just results. It also continued to represent the department in proceedings (including hearings and mediation) in *Moore v. State*, in which a number of school districts and individuals challenged the adequacy of educational services under the state constitution.

The section responded to increased demand for legal services from the Alaska Public Offices Commission as the number of complaints filed with the commission grew and the level of public scrutiny of the agency intensified during the U.S. Department of Justice's prosecution of legislative and public officials for corruption.

The state prevailed in a number of challenges to denials of certification of proposals for ballot measure initiatives.

The section represented the administrator of the retirement and benefits trusts in administrative hearings over denials of claims for retirement, disability, and medical benefits 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

| | FY2008 Actuals | FY2009 Management Plan | FY2010 Governor |
|--|----------------|---------------------------|-----------------|
| Non-Formula Program: | | | |
| Component Expenditures: | | | |
| 71000 Personal Services | 3,362.6 | 3,644.9 | 3,736.4 |
| 72000 Travel | 94.5 | 28.9 | 28.9 |
| 73000 Services | 1,129.8 | 1,953.7 | 1,953.7 |
| 74000 Commodities | 70.8 | 68.4 | 68.4 |
| 75000 Capital Outlay | 43.2 | 23.9 | 23.9 |
| 77000 Grants, Benefits | 0.0 | 0.0 | 0.0 |
| 78000 Miscellaneous | 0.0 | 0.0 | 0.0 |
| Expenditure Totals | 4,700.9 | 5,719.8 | 5,811.3 |
| Funding Sources: | | | |
| 1004 General Fund Receipts | 2,099.1 | 2,385.9 | 2,446.7 |
| 1007 Inter-Agency Receipts | 2,601.8 | 3,126.3 | 3,157.0 |
| 1108 Statutory Designated Program Receipts | 0.0 | 207.6 | 207.6 |
| Funding Totals | 4,700.9 | 5,719.8 | 5,811.3 |

Estimated Revenue Collections

| Description | Master Revenue Account | FY2008 Actuals | FY2009 Management Plan | FY2010 Governor |
|---------------------------------------|------------------------------|----------------|---------------------------|-----------------|
| Unrestricted Revenues | | | | |
| None. | | 0.0 | 0.0 | 0.0 |
| Unrestricted Total | | 0.0 | 0.0 | 0.0 |
| Restricted Revenues | | | | |
| Interagency Receipts | 51015 | 2,601.8 | 3,126.3 | 3,157.0 |
| Statutory Designated Program Receipts | 51063 | 0.0 | 207.6 | 207.6 |
| Restricted Total | | 2,601.8 | 3,333.9 | 3,364.6 |
| Total Estimated Revenues | | 2,601.8 | 3,333.9 | 3,364.6 |

**Summary of Component Budget Changes
From FY2009 Management Plan to FY2010 Governor**

All dollars shown in thousands

| | <u>General Funds</u> | <u>Federal Funds</u> | <u>Other Funds</u> | <u>Total Funds</u> |
|--|----------------------|----------------------|--------------------|--------------------|
| FY2009 Management Plan | 2,385.9 | 0.0 | 3,333.9 | 5,719.8 |
| Adjustments which will continue current level of service: | | | | |
| -FY2010 Wage and Health Insurance Increases for Bargaining Units with Existing Agreements | 77.6 | 0.0 | 64.9 | 142.5 |
| -Transfer funds to Opinions, Appeals and Ethics for Personal Services Vacancy Factor Adjustments | 0.0 | 0.0 | -4.0 | -4.0 |
| -Transfer Funds to Legislation/Regulations for Personal Services Vacancy Factor Adjustments | -12.8 | 0.0 | 0.0 | -12.8 |
| -Transfer Funds to the Deputy Attorney General's Office for Personal Services Vacancy Factor Adjustments | -4.0 | 0.0 | 0.0 | -4.0 |
| -Transfer Funds to Torts and Workers' Compensation for Personal Services Vacancy Factor Adjustments | 0.0 | 0.0 | -30.2 | -30.2 |
| FY2010 Governor | 2,446.7 | 0.0 | 3,364.6 | 5,811.3 |

**Labor and State Affairs
Personal Services Information**

| Authorized Positions | | | Personal Services Costs | |
|----------------------|---|----------------------------------|----------------------------------|------------------|
| | <u>FY2009</u> <u>Management</u> <u>Plan</u> | <u>FY2010</u> <u>Governor</u> | | |
| Full-time | 31 | 30 | Annual Salaries | 2,557,837 |
| Part-time | 0 | 0 | COLA | 100,092 |
| Nonpermanent | 0 | 0 | Premium Pay | 0 |
| | | | Annual Benefits | 1,165,269 |
| | | | <i>Less 2.27% Vacancy Factor</i> | (86,798) |
| | | | Lump Sum Premium Pay | 0 |
| Totals | 31 | 30 | Total Personal Services | 3,736,400 |

Position Classification Summary

| Job Class Title | Anchorage | Fairbanks | Juneau | Others | Total |
|-------------------------|-----------|-----------|-----------|----------|-----------|
| Assoc Attorney I | 2 | 0 | 1 | 0 | 3 |
| Attorney III | 1 | 0 | 1 | 0 | 2 |
| Attorney IV | 7 | 0 | 3 | 0 | 10 |
| Attorney V | 3 | 0 | 5 | 0 | 8 |
| Attorney VI | 1 | 0 | 0 | 0 | 1 |
| Division Director | 1 | 0 | 0 | 0 | 1 |
| Law Office Assistant I | 2 | 0 | 1 | 0 | 3 |
| Law Office Assistant II | 1 | 0 | 1 | 0 | 2 |
| Totals | 18 | 0 | 12 | 0 | 30 |