

DEPARTMENT OF LAW
FY16 Increment/Decrement Status

Governor's Budget Items Approved with Modifications

| Item # | Approp/ Allocation | Description | Gov Request | Amount Approved | FY16 CC Book Comment | GF Dec? | LFD Questions? | Agency Comments |
|--------|-------------------------------------------|----------------------------------------------------------------------------------------|------------------------------------------|--------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|--------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 | Civil Division/ Oil, Gas and Mining | Restore Legal Services to Support Oversight of the Alaska Natural Gas Pipeline Project | Total: \$700.0 UGF IncM | TOTAL: \$700.0 UGF IncOTI | <p>The Governor's original budget request to continue the FY15 legal services funding level of \$1.5 million was reduced to \$700.0 in the Gov Amended version. The legislature accepted the funding but not the IncM status; the increment was changed to an IncOTI.</p> <p>Oil, Gas and Mining section attorneys and specialized outside counsel advise the Alaska Natural Gas Pipeline Project Office, Governor's Office and the commissioners of the Department of Natural Resources (DNR) and the Department of Revenue (DOR) to construct a gas treatment plant, gas pipeline and a liquid natural gas (LNG) plant to transport Alaska North Slope gas to markets in and out of Alaska.</p> <p>The department continues to work closely with the Governor's Office and the Departments of Natural Resources and Revenue to provide legal assistance in advancing the project under the authority provided in SB 138 (passed in 2014) relating to proposed commercial agreements and federal regulatory filings, upstream gas balancing and supply agreements, lease modifications, marketing of LNG, matters related to fiscal certainty, confidentiality issues and analysis of constitutional and other state law issues.</p> | | Please provide an update on the Gas Pipeline project and associated Department of Law expenditures for the first half of FY16. | Through December 31, 2015, the department has billed \$289,059.31 to the AKLNG Project for legal support oversight of the Alaska Natural Gas Pipeline project. The Department anticipates expending significantly all of the remaining balance. |

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| 2 | Civil Division/ Oil, Gas and Mining | Restore Outside Counsel for Specialized Expertise in Oil, Gas and Mining Issues | Total: \$3,000.0 UGF IncM | TOTAL: \$3,000.0 UGF IncOTI | <p>The Governor's original budget request to continue the FY15 outside counsel funding level of \$3.8 million was reduced to \$3 million in the Gov Amended version. The legislature accepted the funding but not the IncM status; the increment was changed to an IncOTI.</p> <p>The Oil, Gas and Mining Section represents the Department of Revenue and the Department of Natural Resources in disputes relating to the collection of oil and gas taxes and royalties, using both department personnel and outside counsel. This appropriation will fund contracts with outside counsel and consultant experts having expertise in specialized oil, gas and mining issues.</p> | possibly | <p>Have these cases been as active as anticipated this fiscal year? What is the projection of activity for the remainder of FY16?</p> <p>Please provide a list of the contracts and expenditures to date.</p> | <p>The Department has expended approximately \$300,000 and anticipates expending at least an additional \$1,500,000 for the remainder of the year and is working with the Governor's Office to assure that monies are appropriately spent or lapsed. These cases have not been as active as anticipated to date. The State did receive a decision by the FERC on the strategic reconfiguration case which will be appealed. The FERC decision will lead to additional work concerning the compliance filings and the department is working with outside counsel to bring as much work in house as possible.</p> |

Legislative Additions/Deletions

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| 3 | Agency Unallocated Appropriation/ Agency Unallocated Appropriation | UGF Reduction | (\$150.0) UGF | The legislature included an agency unallocated appropriation to be spread at the department's discretion. | | Please describe where this reduction is being taken and what the anticipated impact will be in FY16. | The reduction was taken in the Civil Division's Environmental Law component. A position was eliminated. |

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| 4 | Executive Branch-Wide Unallocated Reduction | Executive branch-wide unallocated reduction of \$29.8 million UGF | (\$29.8) million UGF total-- Preliminary allocation to Dept of Law is (\$927.7) UGF | <p>HB 2001 includes a \$29.8 million UGF unallocated reduction that will be spread among Executive Branch agencies.</p> <p>Although the final distribution of the unallocated reduction may change, as of July 1, 2015, the share of the reduction allocated to the Department of Law is \$927,700. OMB has instructed the departments to minimize layoffs and to look for efficiencies and program reductions. How the reduction will be allocated within the agency is currently unavailable.</p> <p>When this reduction is combined with other legislative budget actions, non-formula UGF has <i>decreased</i> by \$8,229,700 (-13.4%) from the FY15 Management Plan.</p> | | <p>Please provide an update of the Department of Law (\$927.7) UGF unallocated reductions.</p> <p>The Department has indicated that the cut will be spread in two areas: (1) \$400.0 - Criminal Division/ Second Judicial District related to the closure of the Barrow field office; and (2) \$527.7 in the Civil Division - various allocations. If possible, provide the anticipated breakout of that cut.</p> | <p>\$225.0 for legal services from AOGCC which was previously unpaid and covered by Law GF. \$302.7 in savings from extended employee absences: \$94.2 in Child Protection; \$17.9 in Commercial and Fair Business; \$25.1 in Human Services; \$54.7 in Labor and State Affairs; \$31.1 in Natural Resources; \$43.5 in Oil, Gas and Mining; \$25.1 in Opinions, Appeals and Ethics. \$11.1 in reversed COLA that was over-appropriated. The \$400.0 for closure of the Barrow DA field office is still correct.</p> |