

Department of Corrections
FY22 - Summary of Significant Budget Issues
(\$ thousands)

Item	Appropriation / Allocation	Description	Governor Request	Amount Enacted	Comment
1	Population Management / Facility Maintenance	Eliminate Unnecessary Interagency Receipt Authority	n/a	(\$12,306.0) I/A Rcpts (Other)	The legislature removed \$12,306.0 of Interagency Receipt Authority in the Facility Maintenance allocation under the Population Management appropriation. This allocation is required by statute to track facilities maintenance expenditures, but the Department reports that it does not have the administrative capacity to maintain and record the transactions in that manner. This reduction will not have any impact on agency operations.
2	Population Management / Various	Transfer HB 49 Fiscal Note Funding from Institution Director's Office to Palmer Correctional Center (Ch4 FSSLA2019)	Net Zero	Net Zero	<p>In FY22, \$14,810.8 UGF is transferred from the Institution Director's Office to the Palmer Correctional Center in anticipation of the facility reopening in August, 2021.</p> <p>In FY21, the Department received \$14,810.8 UGF of second year fiscal note funding for HB 49 (CH4 FSSLA2019) which represents the annual operating costs of the Palmer Correctional Center. The previously shuttered facility is undergoing maintenance and upgrades (funded separately with \$16 million of PCE carryforward), and is scheduled to reopen in FY22. The agency received this funding in the Institution Director's Office in FY21 and proposed to use it to offset costs that were incurred due to increased inmate populations in existing open facilities, prior to the availability of additional space in Palmer. Funds were also used to offset costs related to the COVID-19 emergency.</p>
3	Population Management / Institution Director's Office	Eliminate Unnecessary Federal Receipt Authority	n/a	(\$143.5) Fed Rcpts (Fed)	<p>The legislature eliminated \$143.5 Fed of unrealizable receipt authority related to the Equitable Sharing Program. This program allows the State to receive a portion of forfeited assets that result from certain criminal prosecutions, particularly when State resources aid in the arrest or prosecution of those individuals.</p> <p>Fiscal Analyst Comment: The legislature had previously approved agency requests for \$150.0 Fed in FY20 supplemental operating authority as well as \$150.0 Fed of FY21 operating authority to receive funds through the Equitable Sharing Program. This was related to the FY21 addition of a second drug dog for the Department of Corrections.</p>

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4	Population Management / Anchorage Correctional Complex	Revenue Increase for Anticipated Federal and Municipal Manday Billings	Net Zero \$1,100.0 Fed Rcpts (Fed) (\$3,500.0) Gen Fund (UGF) \$2,400.0 GF/Prgm (DGF)	Net Zero \$2,800.0 Fed Rcpts (Fed) (\$4,000.0) Gen Fund (UGF) \$1,200.0 GF/Prgm (DGF)	The Department of Corrections currently projects federal receipts to be over-collected by approximately \$2,000.0 Fed, and municipal mandays and inmate phone stipend receipts to be over-collected by approximately \$2,000.0 GF/Prgm. The daily rate that the agency receives for housing federal and municipal inmates has also increased from \$168.74 to \$176.24, further increasing anticipated receipts. This fund change reduces UGF funding, and allows the agency to spend down existing balances of federal and municipal receipts. Fiscal Analyst Comment: The Governor had originally requested \$1.1 million of increased federal authority, and \$2.4 million of GF/Prgm for municipal receipts. Since the legislature approved a lower level of GF/Prgm receipts for municipal manday billings, any receipts that exceed the agency's total GF/Prgm authority will lapse to the general fund. Furthermore, the legislature added carryforward language for the federal manday receipts, and denied the Governor's request for UGF backstop language.
5	Population Management / Statewide Probation and Parole	Reduce Funding Based on Prior Years Lapsed Amounts	n/a	(\$750.0) Gen Fund (UGF)	The legislature removed UGF funding based on prior year lapse reports. This is a 3.8% decrease in the total UGF funding in this allocation.
6	Electronic Monitoring / Electronic Monitoring	Eliminate Electronic Monitoring Appropriation and Restore as an Allocation Under Population Management Appropriation	n/a	n/a	The legislature denied the Governor's request for a structure change to move the Electronic Monitoring allocation under the Population Management appropriation, which would have allowed flexibility in determining where those funds are spent. The legislature had established Electronic Monitoring as a separate appropriation in FY20 in order to prevent the agency from transferring funding to other allocations in Population Management where it was previously housed. It was the intent of the legislature that the agency should strive to increase the use of electronic monitoring resources to control costs by reducing the number of individuals in secured facilities. In FY21 the Governor had proposed to restore Electronic Monitoring under Population Management, and the legislature denied the proposal then as well.

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7	Electronic Monitoring / Electronic Monitoring	Add Authority to allow GPS Tracking for Community Residential Center Placements	\$461.5 Gen Fund (UGF)	\$261.5 Gen Fund (UGF)	This increment provides funding for approximately 221 Community Residential Center residents to be tracked with GPS monitors using existing contracts managed within the Electronic Monitoring appropriation. The Governor's request for \$461.5 would have provided funding for 390 residents to be monitored in this manner.
8	Electronic Monitoring / Electronic Monitoring	Reduce Receipt Authority for Uncollectable User Contribution Revenue	n/a	(\$1,400.0) GF/Prm (DGF)	The legislature eliminated general fund program receipt authority (GF/Prm) from the Electronic Monitoring allocation. This revenue is generated when the agency collects a user fee related to participation in the Electronic Monitoring program. The remaining GF/Prm authority in this allocation is \$267.9.
9	Community Residential Centers / Community Residential Centers	Eliminate Community Residential Centers Appropriation and Restore as an Allocation Under Population Management	n/a	n/a	The legislature denied the Governor's request for a structure change to move the Community Residential Centers (CRC) allocation under the Population Management appropriation, which would have allowed flexibility in determining where those funds are spent. The legislature had established CRCs as a separate appropriation in FY20 in order to prevent the agency from transferring funding to other allocations within Population Management. It was the intent of the legislature that the agency should strive to increase the use of CRCs in an effort to control costs by reducing the number of individuals in secured facilities. In FY21 the Governor had proposed to restore the CRC allocation under Population Management, and the legislature denied the proposal then as well.
10	Community Residential Centers / Community Residential Centers	Add Authority for Parkview Community Residential Center Beds	\$3,975.0 Gen Fund (UGF)	\$2,175.0 Gen Fund (UGF)	<p>This Community Residential Center contract was reinstated in June 2020 to expand capacity in response to the COVID-19 emergency. The contract guarantees the availability of all 112 beds at the facility for a total annual cost of \$3,975.6. The agency housed an average of 45 people at Parkview between June 2020 and June 2021. The legislature approved funding for 55% of this total annual cost, which would translate to approximately 61 beds to be filled at the current average daily cost.</p> <p>The Department had contracted with Parkview in the past, but this ceased in 2016 due to anticipated reductions to the inmate population associated with the passage of SB 91 (Ch 36, SLA 2016) Omnibus Crim Law & Procedure; Corrections.</p>

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11	Community Residential Centers / Community Residential Centers	Reduce Receipt Authority for Uncollectable User Contribution Revenue	n/a	(\$1,000.0) GF/Prgm (DGF)	The legislature eliminated \$1,000.0 of general fund program receipt (GF/Prgm) authority that is used to collect funds from Community Residential Center residents to offset the cost of their accommodations. These funds are generated through residents' employment, and payments are calculated as a percentage of income, and capped at a set rate. After this reduction, the appropriation will have \$2,339.1 of GF/Prgm receipt authority remaining.
12	Health and Rehabilitation Services / Physical Health Care	Restore Funding and Positions for Six Healthcare Providers Included in HB49 Fiscal Note for Palmer CC (Ch4 FSSLA2019)	\$791.7 Gen Fund (UGF) 6 PFT Positions	\$791.7 Gen Fund (UGF) 6 PFT Positions	In FY21, the agency offered a \$791.7 UGF decrement to account for six physical health care positions that were included in the HB 49 fiscal note for reopening the Palmer Correctional Center. At that time, the agency was seeking to transfer additional inmates to private prisons outside of Alaska in lieu of reopening the Palmer facility, and counted the decrement as a savings. This FY22 increment reinstates the funding and positions included in the original fiscal note.
13	Health and Rehabilitation Services / Physical Health Care	Reduce Funding to Align with Agency Need While Maintaining Inmate Access to Health Care	n/a	(\$1,600.0) Gen Fund (UGF)	The legislature reduced the amount of UGF authority in Physical Health Care based on lapse reports, and expressed intent that this reduction should not impact the availability of services to inmates. Fiscal Analyst Comment: The COVID-19 pandemic created significant volatility in the Department of Corrections budget, which was already experiencing significant fluctuations in funding levels as the result of recent criminal justice legislation. It is difficult to establish a reliable baseline for physical health care costs for the agency at this time, and these services as well as funding levels should be closely monitored in the future.
14	Health and Rehabilitation Services / Physical Health Care	Replace Restorative Justice Funding Shortfall with Recidivism Reduction Funds	Net Zero \$4,344.9 Gen Fund (UGF) (\$4,344.9) Rest Just (Other)	Net Zero (\$4,344.9) Rest Just (Other) \$4,344.9 RcdvsmFund (DGF)	Restorative Justice funding availability fluctuates on an annual basis due to variables in the statutory calculation that determines the amount available for appropriation each year. Rather than supplant this shortfall with UGF as the Governor had proposed, the legislature accessed Recidivism Reduction funds (marijuana tax receipts) to meet this need. Fiscal Analyst Comment: This level of spending from the Recidivism Reduction fund is only sustainable if there is a sufficient increase of marijuana tax receipts; the fund source may need to be replaced in FY23.

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14	Health and Rehabilitation Services / Physical Health Care	Replace Restorative Justice Funding Shortfall with Recidivism Reduction Funds	Net Zero \$4,344.9 Gen Fund (UGF) (\$4,344.9) Rest Just (Other)	Net Zero (\$4,344.9) Rest Just (Other) \$4,344.9 RcdvsmFund (DGF)	(continued) The amount of Restorative Justice funds (formerly known as Permanent Fund Dividend Criminal funds) available for appropriation in FY22 is significantly less than the FY21 amount due to the State issuing a smaller PFD in 2019 compared to the year prior. In FY21, the calculation was based on 9,019 ineligible Alaskans and a \$1,606 dividend for the 2018 calendar year, and in FY22 it is based on 9,446 ineligible Alaskans and a \$992 dividend for the 2019 calendar year. The Restorative Justice fund source is highly volatile and requires annual adjustments in the budget.
15	Various	SB 55, Ch. 9, SLA 2021 Employer Contributions to PERS	\$11,487.0 Gen Fund (UGF)	\$11,487.0 Gen Fund (UGF)	SB 55 removes the 22% cap on payroll contributions to the Public Employee Retirement System (PERS) for the State of Alaska as a PERS employer. The budgetary impact of this legislation is reflected as a shift from the direct appropriation to PERS (which is typically funded with UGF) to agency payroll, where the cost can be spread across all fund sources. This shift results in a UGF increase to Agency Operations of \$72,871.7, and a UGF decrease to Statewide Items of \$95,794.5, for a net statewide UGF savings of \$22,922.8. Specifically, the UGF impact to the Department of Corrections is \$11,487.0 spread across multiple appropriations.