

HOUSE FINANCE COMMITTEE
January 22, 2002
1:45 P.M.

TAPE HFC 02 - 8, Side A
TAPE HFC 02 - 8, Side B
TAPE HFC 02 - 9, Side A
TAPE HFC 02 - 9, Side B
TAPE HFC 02 - 10, Side A

CALL TO ORDER

Co-Chair Mulder called the House Finance Committee meeting to order at 1:45 P.M.

MEMBERS PRESENT

Representative Eldon Mulder, Co-Chair
Representative Bill Williams, Co-Chair
Representative Con Bunde, Vice-Chair
Representative Eric Croft
Representative John Davies
Representative Richard Foster
Representative John Harris
Representative Bill Hudson
Representative Ken Lancaster
Representative Jim Whitaker

MEMBERS ABSENT

Representative Carl Moses

ALSO PRESENT

House Speaker Brian Porter; Representative Gary Stevens; Representative Kevin Meyer; Representative Sharon Cissna; Representative Hugh Fate; Jay Lively, Commissioner, Department of Health and Social Services; Janet Clarke, Director, Division of Administrative Services, Department of Health and Social Services; Russ Webb, Deputy Commissioner, Department of Health & Social Services; Wilson, Condon, Commissioner, Department of Revenue; Mike Maher, Director, Division of Administrative Services, Department of Revenue; Larry Persily, Deputy Commissioner, Department of Revenue; Margaret Pugh, Commissioner, Department of Corrections; Bill Parker, Deputy Commissioner, Department of Corrections; Dwayne Peeples, Director, Administrative Services, Department of Corrections; Candace Brower, Office of the Commissioner, Program Coordinator, Department of Corrections.

GENERAL SUBJECT(S):

Mission and Measure Reports:

Department of Health and Social Services
 Department of Revenue
 Department of Corrections

The following overview was taken in log note format. Tapes and handouts will be on file with the House Finance Committee through the 22nd Legislative Session, contact 465-2156. After the 22nd Legislative Session they will be available through the Legislative Library at 465-3808.

LOG	SPEAKER	DISCUSSION
	Tape Malfunction*	TAPE HFC 02 - 8 SIDE A
000	Co-Chair Mulder	Convened the House Finance Committee meeting at 1:45 P.M.
		Department of Health and Social Services
026	JAY LIVELY, COMMISSIONER, DEPARTMENT OF HEALTH AND SOCIAL SERVICES	Distributed the Department's handout. [Copy on File]. He pointed out that the Department emphasizes public health, public welfare and public protection. The core principles are reflected in the mission of the Department and stem from Article 7, Section 4 & 5 of the State Constitution. In order to carry out the mission, program support is offered in the following areas: <ul style="list-style-type: none"> * Safety Net Services to Poor, Disabled & Elderly * Protecting Alaskans * Public Health * Mental Health Beneficiaries
064	Commissioner Livey	Noted an additional handout -Healthy Alaskan 2010-Targets and Strategies for Improved Health [Copy on File].
094	Commissioner Livey	Referenced Page #14 of handout #1 - the percentage of Alaska Temporary Assistance Program (ATAP) families meeting federal work participation rates. In September 2001, 43% of all families were in countable work activities and had sufficient hours to meet the federal participation rate requirements. In December 2001, that rate increased to 53%. Federal law requires that states meet work participation requirements. The chart relates the meeting federal work requirements. There is an additional number not meeting all the federal requirements.
123	Commissioner Livey	Referenced Page #15 - The measure of job retention among adults receiving

		Temporary Assistance by region. He noted that the rate of job retention was 80% statewide in FY00 and FY01. The goal for job retention in FY02-03 is 80%.
145	Commissioner Livey	Referenced Page #17 - The percentage of adults receiving temporary assistance who have earned income. The caseload has declined and it now becomes more difficult to achieve higher percentages of recipients with earned income as those adults with more significant barriers to employment make up a higher percentage of the caseload.
163	Vice-Chair Bunde	Asked about the 31% that are currently working and how the more difficult people would be placed.
176	Commissioner Livey	Replied that all the measures will be more difficult to achieve in the future as the barriers to employment make it more difficult to place the remaining percentage.
180	Vice-Chair Bunde	Addressed the 5-year challenge and how the waivers will be addressed.
186	Commissioner Livey	There is a 60-month time limit on public assistance. Some of the family's time limit will be up on July 1 st , 2002. Those families are now being assessed for waiver consideration. He acknowledged that there would be some individuals and families that will be adversely affected. It is expected that there will be approximately 70-80 clients per month meeting the 60-month time line as of July 2002 and because of seasonal employment, some families won't reach the time-line for approximately 4 to 5 more years.
214	Vice-Chair Bunde	Commented on the increase to minimum wage and how that could impact people on public assistance.
222	Commissioner Livey	Explained that there is no specific numbers available regarding that point.
229	Representative Harris	Requested an explanation of the Department's effort in getting work for the people referenced and the training that they will need in order to go to work.
237	Commissioner Livey	There is a full range of programs working with individuals. Also, the Department is working with employers for those in the program or leaving the program. The Department is attempting to do whatever training a person needs to get a better position.

259	Commissioner Livey	Referenced Page #20 - the average time the Division of Medical Assistance takes from receiving a claim to paying it. The Division is very efficient. During the last half of FY01, it took an average of 11.08 days to pay claims. Federal regulation requires that 90% of all clean claims received must be paid within 30 days and 99% of all clean claims received must be paid within 90 days.
276	Vice-Chair Bunde	Commended the Department for that rapid payment schedule. He asked the time period between the time that services are provided and then paid.
283	Commissioner Livey	A significant number are paid electronically. The system slows down when there is missing information. Those claims have to be dealt with individually. He added that an area, which will affect the law, is HCFA, which will have impact on payers, providers and billers. He stressed that this will be a big issue.
215	Commissioner Livey	Referenced Page #22 - The percentage of total funds that are used to pay claims compared to the percent used for administration of the Division. He noted that it is a fiscal measure of the State's administrative overhead necessary to support the medical assistance programs.
325	Commissioner Livey	Referenced Page #23 - The percentage of the providers who are participating in the medical assistance program by region. The total number of unduplicated physicians who had at least one paid claim during FY01 was 815. The measure lists five types of provider services: Physicians, Dentists, Pharmacies, Hospitals, & Nursing Facilities.
341	Representative Croft	Voiced concern that Medicaid has caused the budget to grow so much over the past five years.
350	Commissioner Livey	Acknowledged that.
	Commissioner Livey	Listed the items that drive the budget.
365	Representative Croft	Commented how cost increases have been determined.
370	Commissioner Livey	Explained that the Department does know more about utilization.
378	JANET CLARKE, DIRECTOR, DIVISION OF ADMINISTRATIVE SERVICES, DEPARTMENT	Clarified that the department could calculate the CPI to determine those costs.

	OF HEALTH AND SOCIAL SERVICES	
382	Representative Croft	Questioned how Alaska compares to other states.
385	Commissioner Livey	Replied that generally Medicaid uses more cost procedures than other units. There are other ways to make checks on payments going out.
399	Representative Croft	Reiterated that this element of the budget has increased 500% over the past number of years. He asked if there was anything that could be done to slow it down.
403	Commissioner Livey	Replied that there are some states that bid out portions of their program to managed care.
409	Representative Croft	Commented that he was searching on ways to get a handle on that area.
415	Commissioner Livey	Replied he did not believe that there was anything in the Medicaid law to prohibit that.
422	Commissioner Livey	Added that there are federal requirements, which have to be met. There exists a full set of measures to insure that the clients are getting proper care.
427	Vice-Chair Bunde	Asked the reasons that the costs are going up. He thought that every Medicaid procedure would be affected by each cost increase.
433	Commissioner Livey	Agreed. He added that the price of health care in Alaska was flat for a number of years and that in the past few years as health care has become more sophisticated, costs are dramatically increasing. How to manage the general funds costs are what need to be managed.
446	Representative Harris	Pointed out that there are provisions in State statute, and that there is a mechanism for optional services.
453	Commissioner Livey	Agreed that an options list had been included.
457	Representative Croft	Pointed out that usually that was a public policy decision made by the Legislature.
465	Commissioner Livey	Referenced Page #31 - Division of Family and Youth Services, the length of time in State custody before achieving adoption. This measure is one of the most critical steps and requires participation of many "players".
480	Commissioner Livey	Advised that Alaska's adoption length of

		time has been declining since 1998. It is down from 17 months to 12 months. The target is 6 months. He spoke to the Balloon Project.
490	Vice-Chair Bunde	Asked if the Balloon project should be continued.
493	Commissioner Livey	Requested that it be continued.
495	Representative Hudson	Asked the reason for the timeliness in adoption concerns.
500	RUSS WEBB, DEPUTY COMMISSIONER, DEPARTMENT OF HEALTH AND SOCIAL SERVICES	Explained that these are often complex cases and are difficult to solve. Often times they are charged emotionally. There are a series of protection rights for the children and the parents. Once a determination has been made, there have been additional complications.
		Tape Now Working
529	Representative Croft	Asked about the length of time in State custody before adoption - and the time from parental rights. He inquired why it took so long to place the child after the parental rights had been terminated.
536	Mr. Webb	Explained that the difficulty is finding the appropriate adoptive parents. In addition, many of the kids have complex special needs. Finding a parent willing to take on the special needs of the child is difficult. He reiterated that there are procedural steps, which have been problematic.
551	Representative Croft	Asked to see the percentage that is subsidized adoptions. He asked about the length of time from the adoption to the termination. He inquired about the procedural impediments hindering the termination. There are many conflicting interests.
560	Ms. Clarke	Agreed that there are a number of procedures that need some work within that Division. She stated that the Department would work with the subcommittee to determine what those issues are.
567	Vice-Chair Bunde	Pointed out that these are older children being discussed.
572	Representative Hudson	Noted that many his constituents are adopting children from overseas. He encouraged that the State should be able to provide a more fast track basis for adoption.
582	Commissioner Livey	Referenced Page #35 - The percentage of legitimate reports of harm that are

		investigated. The target for the measure is 100% of all legitimate reports of harm be investigated. He noted that the reports of harm are categorized into three categories, the most serious, the next level seriousness and the least serious. He noted using community service programs to help with the investigations.
		TAPE HFC 02 - 8, Side B
591	Commissioner Livey	Referenced Page 36 - the turnover rate of the Division of Family & Youth staff by region. The target measure is a 10% turnover rate in all regions.
586	Vice-Chair Bunde	Asked why Anchorage had the highest turnover number.
584	Mr. Clarke	Replied that the challenges in that area with the highest case loads. She pointed out that the South central section is newer for that Division. That area has good long-term managers in that area. Good managers go a long way and can overcome difficulty seen in other offices.
583	Mr. Webb	Added that Anchorage has some of the highest caseloads in the State.
580	Representative Croft	Referenced Page #34 - and asked why that page had not been discussed - the number of closed cases in which there is a reoccurrence of maltreatment. He pointed out that it was twice as much as the target.
562	Commissioner Livey	Agreed it was a high number. He noted that these were unsubstantiated reports of maltreatment. The Department is doing work with the numbers.
556	Representative Croft	He stated that four times the federal level should not be allowable.
552	Representative Davies	Questioned if there was a different way that the feds and the state define these needs.
547	Mr. Webb	Replied that the feds are more inclusive in defining the numbers. The State facts do not lead to that number - it is an indeterminate finding, which makes the number appear higher than it is.
536	Representative Davies	Referenced Page 26 - The number of children substantiated as abused or neglected and the number of children unconfirmed as abused or neglected by region. He noted the 30% increase.
526	Mr. Webb	Replied that there were a number of cases

		that the information has been outstanding. The directions for closing out the case were not entered into the system until this year.
520	Representative Davies	Advised that 10 cases a day is "shockingly" large. He asked how that number could be reduced.
515	Mr. Webb	Stressed that alcohol is a large contributor to child abuse. It is imperative that number be decreased. He assessed that early help for the family would help preclude the case down the line.
500	Representative Davies	Asked if the number included 4,000 children.
496	Mr. Webb	Replied that there have been 4,000 substantiated abuse cases.
490	Representative Hudson	Observed that this is a sad indication of what is happening in Alaska. He hoped that the Department was looking at other states and how they deal successfully with these concerns.
484	Vice-Chair Bunde	Encouraged the subcommittee to explore further these concerns.
477	Commissioner Livey	Referenced Page #38 - The Division of Juvenile Justice. The mission of that division is to protect and restore communities and victims while holding juvenile offenders accountable for correcting their behavior.
474	Commissioner Livey	Page #41 - The percent of ordered restitution and community work service that is paid or performed by the Juvenile Offender. Mr. Livey noted that 87% of the restitution was completed. The youth has to confront the victim as well as pay some restitution for the damage done. He addressed the case management and victim's support aspects.
463	Co-Chair Mulder	Referenced Page #39 - the percentage of juvenile offenders that re-offend.
457	Ms. Clarke	Referred Co-Chair Mulder to Page #43 - The percentage of juvenile offenders that re-offend. The percentage of offenders during FY01 that re-offended was 46%. The number of kids being measured is the ones coming out of institutions. 61% re-offended, however, there is no national standard for re-offense. The Division has chosen a two-year window. The 61% could have been any type of offense. She acknowledged that the number was disheartening.

439	Co-Chair Mulder	Stressed that the very fact that the State of Alaska is in the 50% recidivism rate which is not good.
432	Mr. Webb	Explained that it was a very small and wide net being charted. This is a small population and represents the most difficult kids.
416	Commissioner Livey	Agreed that flags should be raised with this data and that the re-offenses need to be checked.
411	Representative Croft	The number is 5,000, which are referred, and the number is about 1/2 of those that are easy to deal with. He asked the recidivism rate that does not require on-going intervention help.
404	Mr. Webb	Stated that has not routinely been measured. Historically, most kids do not show back up in the system. Those kids that do will most likely have problems later on in life long-term.
396	Representative Croft	Asked for further information be provided on the kids that need the formal provision services.
387	Ms. Clarke	Noted that this concern has been on the Division of Juvenile Justice's work plan. They have received federal money to help track the process to track this segment of the population.
378	Co-Chair Mulder	Pointed out that to treat the juvenile area intelligently must have good information available.
374	Commissioner Livey	Referenced Page #47 - The percentage of two-year old children in the State who are fully immunized. He noted that the target is 90%. He admitted that the State has additional work to do.
363	Vice-Chair Bunde	Requested a regional breakdown on the number.
360	Commissioner Livey	Referenced Page #56 - Division of Alcohol and Drug Abuse, the rate of binge or chronic drinking by age group. He stressed that more services are needed for these kids. There is fairly high percentage of kids binge drinking. There has been talk about expanding the ASAP program. Some of the data shows inhalant abuse.
337	Vice-Chair Bunde	Noted the 9th - 12th grade benchmark. He suggested that the sample material was too broad. He voiced concern with the drinking patterns of the younger group.
331	Commissioner Livey	Offered to check how the data was

		gathered and break it down into different age categories for Committee members.
322	Commissioner Livey	In response to Co-Chair Mulder, he addressed Page #57, indicates adult chronic drinking. There are two different categories, youth and adult.
316	Representative Croft	Asked if the State was comparable to the National average.
312	Ms. Clarke	Pointed out that Anchorage was excluded from the data. The data is as cued without that information.
305	Commissioner Livey	Referenced Page #68 - Division of Mental Health and Developmental Disabilities, the average length of time that developmentally disabled consumers are on a waiting list before receiving full services. He noted that the amount of time has been shrinking. He pointed out that while those individuals are on the waiting list they are receiving a small amount of services.
286	Commissioner Livey	Referenced Page 72 - the average length of stay at the Alaska Psychiatric Institute. He noted that the average length of stay for those that are there for less than 180 days is on the average of 10 days. Rapid turnover does depend on the types of services available in the local communities.
		Department of Revenue
256	WILSON, CONDON, COMMISSIONER, DEPARTMENT OF REVENUE	Distributed the handout from the Department. [Copy on File].
236	Commissioner Condon	Highlighted the Child Support Enforcement Division - the total operating budget as compared to the total amount of collections. In fiscal year 2001, the cost effectiveness was \$5.04 collected for every \$1 spent in the operating funds.
202	Commissioner Condon	Discussed the percentage of current child support collected. He noted that as of September 30, 2001, 51.2 percent was collected of what was billed. He pointed out that the national average is 56% percent. There is room for improvement.
190	Commissioner Condon	The next measure is the number of cases where adjustment is overdue by 30 days or more. He pointed out that there were 6,000 adjustments overdue at the

		beginning of the fiscal year. By the beginning of FY01, that number decreased to 3,150. By the end of this fiscal year, the number is now down to 267.
170	Commissioner Condon	Noted that orders are needed to provide collection. The State has been at the 77 and 80 percent level. The current rate is 79 percent. The national average is 61 percent.
150	Commissioner Condon	Discussed the percentage of arrearages. The State collects 68.5 percent of those arrearages. The national average is 54.4 percent.
135	Representative Croft	Observed that most of the complaints come from the orders. He congratulated the Commissioner in reducing the number.
123	LARRY PERSILY, DEPUTY COMMISSIONER, DEPARTMENT OF REVENUE	Explained that the rate of arrearage is affected by the collection of permanent fund dividends. He observed that Alaskan orders run higher than other states.
107	REPRESENTATIVE HUGH FATE	Observed that increased collections by 4 percent. He questioned if fees by third parties had been included.
90	Mr. Persily	Explained that there was one-third party contract, which was ended. The contract was not successful. The fee was about 14 to 15 percent of collectables.
73	Representative Whitaker	Referred to permanent fund dividend collections. He questioned if the Department could make an application on behalf of individuals.
52	Commissioner Condon	Noted that the individual most often makes the order unless it comes to the State through the Court. The State can force application through the Court.
44	Mr. Persily	Advised that incarcerated felons do not receive a dividend.
38	Representative Hudson	Asked the Courts relationship to the Department.
25	Commissioner Condon	Clarified that the Court issues orders, which are carried out by the Department.
14	Commissioner Condon	Stated that the Alcoholic Beverage Control Board information would be provided for the new year.
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07	Commissioner Condon	Discussed the Alaska Municipal Bond Bank Authority. He noted that it was successful. A little over \$50 million dollars was loaned as compared to the \$25 million dollars in the previous year. The cost of the program was 1 percent of the bonds issued.

24	Commissioner Condon	Reviewed the Alaska Permanent Fund Corporation's measures. He noted that the Corporation has paid less for management fees than comparable asset class. The Corporation over 5 years has achieved close to their medium mark for returns.
74	Representative Croft	Questioned why domestic equalities were down and real estate was up.
83	Commissioner Condon	Did not know the answer. He suggested that performance should be compared to the benchmark. The Fund performed close to the national mark. He emphasized that it can be misleading to compare the Fund to performance of managers.
135	Commissioner Condon	The one year return on the permanent fund was -3.26 percent. The benchmark was -4.46 percent. The Fund achieved 9.51 percent over 5 years. The benchmark was 9.63 percent. Adjusted rate of return overtime with inflation was 7 percent over 5 years.
174	Mr. Persily	Reviewed the Alaska Housing Finance Corporation (AHFC). He observed that they have done a good job of trimming down their administrative cost and protecting market share and revenue.
205	Representative Lancaster	Questioned if the operating expense had been reduced due to market shares going up.
210	Mr. Persily	Explained that the volume affected performance.
218	Commissioner Condon	Listed the responsibilities of the Treasury Division. That division has the responsibility of managing the money for retirement funds. The measure is the investment returns against performance benchmarks. The performance of the funds for five years against the benchmark applicable. The other funds listed have not been in existence for five years.
263	Commissioner Condon	Referenced Page #7 - Administrative costs per dollar of investment. The costs cover all costs incurred within the Treasury Division as well as all the external managers pertained to invest money in the treasury and pension funds. The average large costs are 28 basis points.
282	Representative Croft	Asked if there was any ability of the smaller funds to leverage the permanent funds investment.
288	Commissioner Condon	Replied that was a possibility.

		Currently, the State does not do that. Each large fund is separately managed and each of those funds does have an investment horizon. The Treasury on the other hand does expect a quick turnaround. That is established differently. The Permanent Fund is not set up like that.
313	Commissioner Condon	Spoke to the various "pools" that the Department has based on fixed equity and investment. A small fund can have an asset allocation, which makes the most sense. The Permanent Fund requires a certain asset allocation.
323	Representative Hudson	Inquired about the PERS & TERS retirement trust fund board.
327	Commissioner Condon	Replied that the investment of that money is the fiduciary responsibility of the Alaska State Pension Investment Board. There are separate boards within each system and it deals with issues and concerns separate to each of those boards. The Commissioner of Revenue is on that Board.
348	Representative Hudson	Voiced concern that those funds stay adequately managed.
352	Commissioner Condon	Responded that the asset allocation of the retirement system and the PFD are very closely monitored. During the past couple years, the equity allocations in the retirement systems has been considerably higher than that in the Permanent Fund system.
363	Commissioner Condon	Commented on the Pension Investment Board. He referenced Page #7 - the Tax Division and the Division budget as compared to the total amount collected by the Division.
372	Commissioner Condon	The amount of tax collected is spent on the Tax Division. There are not a large number of major disputes.
380	Commissioner Condon	Referenced Page 9 - Office of the Commissioner - The percentage of division that meets assigned performance measures; the average time taken to respond to complaints and the questions that have been elevated to the Commissioner's Office. Additionally, the average time taken to issue decisions in child support claims and permanent fund dividend appeals.
400	Co-Chair Mulder	Inquired the average amount of time taken in formal appeals for the Permanent Fund.

405	Mr. Persily	Agreed that people should not have to wait six month for an answer for appeal concerns. He noted that there are now volunteers within the Department of Revenue to help with last year's reviewed cases. He admitted that it has gotten out of hand. All of last year's cases are expected to be cleared out very soon.
412	Co-Chair Mulder	Acknowledged that the appeal process could be difficult.
		Department of Corrections
440	MARGARET PUGH, COMMISSIONER, DEPARTMENT OF CORRECTIONS	Provided Committee members with a handout. [Copy on File]. She noted that the mission of the Department of Corrections was to protect the public by confining, supervising, and rehabilitating offenders under the custody of the Department.
450	Commissioner Pugh	Highlighted the measures as proposed by the Department. She stated that the Department does approximately 30,000 bookings a year. There are 4,684 people in custody today. There are 2,242 in state. She listed the number in Arizona, treatment houses, half way houses, and home furlough. There are 300 more this year than last year. She noted that the population projection could be addressed in subcommittee.
421	Commissioner Pugh	Addressed Page 1 - the number of convicted felons released in a calendar year who return to incarceration after being convicted of a new felony within 1, 2, and 3 years after release. There are only five other states that run a unified system that Alaska runs.
495	Representative Hudson	Asked if the returnees are parole violators.
515	Commissioner Pugh	Replied that it would only be those that are first timers with a second felony crime. There are other ways to collate the data discussed.
521	Commissioner Pugh	Pointed out that the highest rate of return is within the first year of release. That is the most vulnerable time.
530	Commissioner Pugh	In response to Co-Chair Mulder's query, Commissioner Pugh pointed out that the management information system came on line in early December. She noted that the Department is partnering with other states to bring on other modules to save

		money. The State of Alaska has been working with the State of Utah. Colorado, Idaho and New Mexico want in on this. There are other modules to develop such as the medical module, even though the data is better than it has been.
550	Commissioner Pugh	Referenced Page 1 - the number of days in which the Department's facilities are filled at greater than their emergency capacity. In April, the new Anchorage jail will open and that should take the pressure off the system for the short-term. She added that bookings are down a little this year.
565	Commissioner Pugh	Measure - The average time taken to respond to complaints and questions that have been elevated to the Commissioner's office. The response time is currently 8.1 days.
571	Commissioner Pugh	Page #2 - the mission of the Division of Administrative Services is to provide support services to departmental programs. The legislature intends to measure the success of the division in achieving its mission by considering the cost of the division as compared to the personnel costs for the Department.
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593	Commissioner Pugh	Continued. She listed the measures referenced on Page 2. *The number of late penalties incurred for payroll divided by the number of paychecks issued. *The number of late penalties incurred for vendor payments divided by the number of vendor payments issued. *The number of complaints received concerning payroll errors divided by the number of paychecks issued. *The number of outstanding audit exceptions divided by the audit exemptions during the fiscal year.
571	Commissioner Pugh	Noted that the new prison will open in February 2002. She invited all Committee members to the opening.
558	Commissioner Pugh	Referenced Page 3 - Division of Institutions *The number of inmates assaulted by staff while in custody. *The number of inmates assaulted by other inmates while in custody. *The number of inmate suicides. *The average cost per day per inmate.

		*The total cost of the program compared to the number of participants.
543	Representative Davies	Inquired the average length of stay of per offenders in the electronic monitoring program.
538	Commissioner Pugh	Did not know, but thought they could determine that number for Committee members.
531	Representative Davies	Indicated that he did not understand the wording of the measure.
526	Commissioner Pugh	Explained that the cost was determined by how much it would cost to monitor versus holding that person in the CRC bed or institution. These are real costs, not cost avoidance.
522	Representative Davies	Commented that was interesting way of looking at the situation. He thought it could be less than a \$1 dollar per day.
518	Co-Chair Mulder	Interjected that it was a marginal increase per day.
515	Commissioner Pugh	Noted that there was a rolling enrollment and a rolling release. She offered to provide the specifics of that information.
509	Representative Croft	Commented that it appeared that the State could save \$125 thousand dollars by cutting the program but it would actually cost the State much more than that.
502	Representative Hudson	Asked cost per day for incarceration outside the State.
	Commissioner Pugh	Replied that the total cost was \$57-\$60 dollars per day in State. She added that there has been a policy decision to return the prisoners to the State of Alaska.
495	HOUSE SPEAKER BRIAN PORTER	Asked if the costs were getting better or worse.
490	DWAYNE PEEPLES, DIRECTOR, ADMINISTRATIVE SERVICES, DEPARTMENT OF CORRECTIONS	Expanded on the Department's formula. He stated that the cost does not include all the innovation programs that have been implemented over the last decade. Medical services are scud as well as the administrative overhead. The cost could be approximately \$105 dollars. He added that it has been confusing and contentious with the subcommittee and consequently they are looking at a cost allocation plan. The determined number could drop over time from the number of days over cap. The cost would drop down to \$110.
470	Co-Chair Mulder	Asked if that would happen with the new

		jail coming on line.
469	Mr. Peeples	Responded that the new jail coming on line would not hit until later during the year. It is always a moving target with the number of beds.
468	House Speaker Porter	Stated that if the formula keeps changing, it is difficult for Legislators to make the appropriate determination.
467	Co-Chair Mulder	Explained that there are really only two numbers, the hard bed costs and the overall costs. Alaska is far ahead of most states.
464	House Speaker Porter	Inquired what the number was in the last fiscal year.
459	Commissioner Pugh	Offered to provide that number for members.
456	Mr. Peeples	Emphasized that it will vary with how many people there are.
450	Commissioner Pugh	She reminded members that the numbers are always an average.
443	Commissioner Pugh	Pointed out that it is a successful and cost effective option. She added that the program should be expanded. She addressed the inmate health care. The average medical cost per inmate \$11.10 per day. The amount of inmate co-pay fees collected was \$66,157 dollars.
426	Commissioner Pugh	Listed the inmate programs. <ul style="list-style-type: none"> *Batterer's Program *MCCC Sex offenders Program *LCCC Sex offenders program *Adult Basic Education *GED *Youth Offender Program *Vocational/Technical program *Substance Abuse Programs
400	Representative Croft	Asked about the recidivism rates within those programs such as in the batterer's program.
396	Commissioner Pugh	Pointed out that Page 6 demonstrates information regarding that concern. The measure indicates the re-admit numbers who completed inmate programs during previous incarcerations.
358	Representative Davies	Voiced confusion with the numbers listed in the batterer's program.
350	CANDACE BROWER, OFFICE OF THE COMMISSIONER, PROGRAM COORDINATOR, DEPARTMENT OF CORRECTIONS	Explained how the determination was measured. The data was gathered verbally, self report system. The number lists all people within that system and the number assumes that they successfully completed the program.

328	Representative Davies	Assumed that the numbers could not be compared.
325	Commissioner Pugh	Agreed that the program needs to be revisited and then edited. It should be measured.
314	Co-Chair Mulder	Need to be specific with the programs. The challenge with the MIS is getting the data information.
302	Commissioner Pugh	Someone developed the module. She offered to provide the needed data. She addressed the re-entry aspect for the prisoners. Commissioner Pugh noted that there is a lot of information available nationally. She commented that when the Alaska system is completed, it could be one of the best in the nation.
285	Commissioner Pugh	Referenced Page 6 - Alaska Correctional Industries (ACI) - The percentage of program participants who receive jobs after release. She addressed the income divided by expense for each ACI program.
270	Co-Chair Mulder	Pointed out that one of the largest percentage of re-offenders return within their first year of release. He thought that meant that those inmates were not getting jobs skills that would lead to employment on the outside.
263	House Speaker Porter	Asked what would cause a "transfer" in the middle of a program.
258	Commissioner Pugh	Usually those persons are transferred to Arizona for overcrowding reasons. She noted that most often the best guys are transferred outside. She agreed with Co-Chair Mulder and that there needs to be more emphasis on job training and pre-release skills.
246	Representative Croft	Pointed out a mistake listed on Page 6 under the Hiland Mountain Garment expense, which should be \$81,284.45.
230	Commissioner Pugh	Acknowledged that was a mistake. She added that this year there have been funds generated.
222	Commissioner Pugh	Interjected that component of the budget does included wages.
205	Commissioner Pugh	Referenced Page 7.
202	Co-Chair Mulder	Clarified that the actual ACI program does not cover their expenses, however, the costs of the products are covered.
192	Commissioner Pugh	Stated that by statute, State personnel should not be paid out of the product fund.
182	Commissioner Pugh	The percentage of inmate pay is used to

		their pay restitution. In FY01 was .04% that percentage of inmate pay often used to pay child support, which is listed as the #1 priority. Only 10% of the prisoners are working in ACI and not all have restitution ordered or child support.
137	Commissioner Pugh	Referenced Page 8 - Division of Community Corrections whose mission is to develop and maintain public safety through supervision standards in conjunction with the regional chief probation officers, and provide for public safety through supervision of adult felons who are placed in the division's jurisdiction.
114	Commissioner Pugh	The number of inmates on felony probation divided by the number of probation officer set out by geographical area.
102	Commissioner Pugh	Page #9 - The Parole Board The mission of the Board is to administer the release of eligible correctional inmates while providing for public safety and for the successful integration of parolees into the community. The change in the number of discretionary paroles who are arrested and returned to custody each year in 2001 was 34.
078	Commissioner Pugh	Addressed the percentage of monitored parolees who are employed each calendar quarter. The second quarter of FY02, there were 759 monitored parolees.
030	Speaker Porter	Recommended a longer charting of comparable data and the trends.
016	Commissioner Pugh	Voiced her appreciation for the input of the Legislature and the subcommittee.
011	Co-Chair Mulder	Pointed out that this was the first year in which full statistics were provided.
		TAPE HFC 02 - 10, Side A
002	Co-Chair Mulder	ADJOURNMENT - The meeting was adjourned at 4:56 P.M.