

**MINUTES**  
**SENATE FINANCE COMMITTEE**  
**February 26, 2002**  
**9:17 AM**

**TAPES**

SFC-02 # 17, Side A  
SFC 02 # 17, Side B  
SFC 02 # 18, Side A

**CALL TO ORDER**

Co-Chair Pete Kelly convened the meeting at approximately 9:17 AM.

**PRESENT**

Senator Dave Donley, Co-Chair  
Senator Pete Kelly, Co-Chair  
Senator Jerry Ward, Vice Chair  
Senator Loren Leman  
Senator Lyda Green  
Senator Gary Wilken  
Senator Alan Austerman  
Senator Lyman Hoffman  
Senator Donald Olson

**Also Attending:** SKIFF LOBAUGH, Human Resource Manager, Personnel Office, Legislative Administrative Services, Legislative Affairs Agency; BARBARA CRAVER, Attorney, Legislative Legal Counsel, Legislative Legal and Research Services, Legislative Affairs Agency; ANNALEE MCCONNELL, Director, Office of Management and Budget, Office of the Governor; CANDACE BROWER, Legislative Liaison, Office of the Commissioner, Department of Corrections;

**Attending via Teleconference:** From Nome: JOE MASON, University of Alaska-Fairbanks, Northwest Campus; From Anchorage: ROSE MUNAFO, Criminal Justice Planner, Inmate Programs, Division of Institutions, Department of Corrections; BRUCE RICHARDS, Special Assistant, Office of the Commissioner, Department of Corrections; ROBERT BUTTCANE, Legislative and Administrative Liaison, Division of Juvenile Justice, Department of Health and Social Services.

**SUMMARY INFORMATION**

SCR 29-HIRING FREEZE

The Committee heard from the Legislative Affairs Agency and the Office of Management and Budget. The bill was held in Committee.

SB 223-PRISONERS:PAROLE/GOOD TIME

The Committee heard from the sponsor, the University of Alaska and the Department of Corrections. The bill was held in Committee.

SB 97-PROBATION AND PAROLE FEES

The Committee heard from the sponsor, the Department of Corrections and the Department of Health and Social Services. The bill was held in Committee.

#SCR29

SENATE CONCURRENT RESOLUTION NO. 29

Relating to urging the Governor to institute a hiring freeze on state government.

This was the first hearing for this bill in the Senate Finance Committee.

Co-Chair Kelly opined that when requesting a hiring freeze, there are complexities to the issue that are not immediately apparent. Therefore, he requested the Division of Legal and Research Services and the Division of Personnel to comment on the matter.

SKIFF LOBAUGH, Human Resource Manager, Personnel Office, Legislative Administrative Services, Legislative Affairs Agency, testified that it is common for managers to assist with the duties of other positions during a temporary hiring freeze. He told of a disadvantage in that if this practice continued over a length of time, managerial positions could change. He spoke of Fair Labor Standards and job classifications and the percentage of time spent performing clerical duties, which could make a manager employee eligible for overtime compensation.

Co-Chair Kelly asked the specific percentage of time spent on clerical duties whereby the position is no longer considered professional and exempt from Fair Labor Standards.

BARBARA CRAVER, Attorney, Legislative Legal Counsel, Legislative Legal and Research Services, Legislative Affairs Agency, testified the amount is established in case law and is between 20 and 50 percent. She stressed the issue is that an employee's job duties

regularly involve nonprofessional duties, the status as a profession could be lost and the position could subsequently become subject to overtime compensation.

Co-Chair Kelly commented that becoming liable for overtime compensation for managers could defeat the cost saving purpose of a hiring freeze.

Co-Chair Kelly pointed out that if this resolution were passed, the Executive Branch is not required to implement it because of the Separation of Powers. He referenced another Senate resolution relating to a constitutional amendment to allow the Legislature to enact a hiring freeze, which is currently in the Senate State Affairs Committee.

Ms. Craver replied that if the Administration decided to institute a hiring freeze, a number of statutory changes would be necessary, although these could be temporary.

Senator Wilken referenced page 1, line 8 and 9 of the resolution, which reads as follows.

WHEREAS the proposed fiscal year 2003 budget contains an increase of 858 full-time positions from the current fiscal year, at a cost of \$115,000,000; and

Senator Wilken asked if these positions are funded with general funds.

Co-Chair Kelly stated that not all the positions would be funded with general funds.

Senator Wilken suggested the funding sources of the positions should be clarified.

Senator Austerman asked if those positions funded from other sources require general funds for medical and retirement benefits packages and whether this cost is reflected in the \$1.5 million.

Co-Chair Kelly stressed this resolution is not intended to "beat up on the Governor". He noted that the increased number of positions is partially because of legislative action. She requested Ms. McConnell address Senator Wilken's and Senator Austerman's questions in her testimony.

ANNALEE MCCONNELL, Director, Office of Management and Budget, Office of the Governor, spoke to the purpose of a hiring freeze at this time. She surmised that some feel that before additional

revenue sources could be considered, it must be demonstrated to the public that existing resources are utilized wisely. She referenced the hiring freeze instituted in Alaska in 1999 because of a significant reduction in oil prices, and hiring freezes instituted in other states experiencing "emergency situations" caused by "a sudden precipitous drop in their revenues." By contrast, she stated the situation currently in Alaska has been known for some time, which is the need to address the fiscal gap with both budget cuts and revenue measures.

Ms. McConnell said the question is whether a hiring freeze would provide "good cost control" and also whether it would provide assurance to the public.

Ms. McConnell addressed the cost control issue, saying there is not a surplus of state employees who are not performing any work or important work. She stated that five years of budget reductions and a past hiring freeze has "concentrated the effort quite significantly" and forced many agencies to determine how to perform necessary functions with fewer people.

Co-Chair Donley asked how many state employees were released "non-voluntarily" i.e. were fired.

Ms. McConnell did not have that information.

Co-Chair Donley requested examples of how the Administration is attaining efficiency, whether through job reassignments, etc.

Ms. McConnell replied there have been several consolidations within departments, such as the Tax Division, which performs with fewer managers and the Department of Labor and Workforce Development, which has instituted cross training of inspectors.

Ms. McConnell asserted a hiring freeze does not guarantee budget reductions in specific areas. She noted this resolution exempts those positions related to health and safety. She commented it must then be determined what constitutes health and safety. She listed Alaska State Troopers and the necessary administrative support in the crime lab, investigations and payroll.

Co-Chair Kelly asked if there have been lay-offs.

Co-Chair Donley said the case has been argued that efficiencies have been made that that the state needs every person currently employed. He asked the number of employees dismissed over the past year to "maximize the productivity of the workforce".

Ms. McConnell spoke to difficulties due to position vacancies, which she said she would address later in her testimony.

Ms. McConnell informed that paying overtime to existing employees is more expensive than hiring new employees. She told of the 55 correctional officer vacancies in the Department of Corrections, the 15 percent vacancy rate in probation officers, 17 medical positions and five percent vacancy rate for administrative positions. She stressed that the administrative staff "has not kept pace" with the overall growth of the number of prisoners. The Department of Law, she continued, has had a 39 percent turnover rate in the Criminal Division since January 1, 2000. She emphasized that a hiring freeze would impact the Department's ability to hire graduates in the fall, when most are hired. She also reminded of difficulties in hiring and retaining nurses. In addition, she noted the Legislature approved funding for a new hearing officer position in the Department of Labor and Workforce Development to address the backlog of Workers Compensation Claims. However, she informed that another hiring officer position has been vacated and a hiring freeze instituted at this time would negate the effect of the additional position.

She also pointed out that new employees require a period of time before they are able to fully complete their duties and that the impact of a hiring freeze would be realized in future delivery of services as well as in the short term.

Ms. McConnell spoke to the complex matter of general fund positions. She told of a general funded position in the Labor Market Information Section of the Department of Labor and Workforce Development, which generates over \$550,000,000 federal funds.

Ms. McConnell next addressed public perception and the difficulties experienced during the past hiring freeze when non-general funded positions continued to be advertised. She stated it is also a misperception as to the importance of general funded positions.

Ms. McConnell asserted Alaska has instituted budget reduction measures before many of the states that are currently instituting hiring freezes. She suggested the Legislature could identify functions and modify statutes to reduce the level of certain services.

Ms. McConnell reminded of the FY 02 budget Conference Committee intent that although funds would be approved for various increases, the total position count would not be adjusted. She said this decision required the additional positions to be accounted in the FY 03 Governor's budget.

Ms. McConnell referenced a handout: Understanding the FY 2003 Budget, Analysis of Position Changes [copy on file], which she said addresses the questions raised by Senator Wilken and Senator Austerman. She pointed out that the aforementioned figure of 858 new positions is inaccurate because it "disregarded" many positions although funds had been approved by the Legislature. She informed that of the 536 new positions included the Governor's proposed budget, 116 are either federally funded or self-supporting. Another 75 of those positions, she said, were previously part time positions; 12 new positions are for programs or facilities previously approved by the Legislature; and 29 new positions in the Governor's Oil Safety and Development Initiative are to address the aging pipeline and other oil and gas facilities and to streamline the permitting process. She continued that 11 new positions proposed for the Department of Corrections are intended to meet the increase probation officer and child protection caseloads.

Ms. McConnell remarked that the Administration continues to recognize that there is a need to assure the public that funds are spent wisely. However, she asserted that the "primary issue right now is addressing the revenue side of the equation."

Co-Chair Kelly referenced a conversation held in Committee a week prior relating to the specifics of the budget and the difficulties for the Legislature at finding efficiencies. He commented that the same applies to a hiring freeze. He stated he would not presume to tell the Governor the best method to implement a hiring freeze. However, he hoped to enter a dialog on the matter.

Co-Chair Kelly stressed the number of positions has increased by 1,200 since 1995. He qualified he did not dispute the importance of many of these positions and noted that some of these positions are the result of legislative action. Regardless, he surmised that a hiring freeze is a common sense response to a growing government in times of a fiscal gap. He wanted to reach an agreement with the Administration as to how a hiring freeze could best be implemented.

Ms. McConnell reiterated there is a disagreement about whether a hiring freeze is the best solution. She talked about the unfairness of requiring employees funded with general funds to perform the work of one and one-half positions while other employees working in non-general funded positions are not. She noted employee contracts prohibit this practice and that it would be unfair to the public as well as to employees.

Co-Chair Kelly did not disagree and requested assistance in crafting a hiring freeze to avoid the problems Ms. McConnell

mentioned.

Ms. McConnell asked the purpose.

Co-Chair Kelly responded the purpose would be to slow the growth of government in light of a \$1.3 billion fiscal gap. He asserted that a hiring freeze is a reasonable response of management in times of a budget shortfall. He pointed out the Governor has proposed increased spending every year except one, when there has been a revenue shortfall.

Ms. McConnell stressed the Legislature has approved each of those budgets. She expressed that if the Legislature wants the Administration to stop certain functions, the statutes establishing those services should be amended.

Co-Chair Kelly responded, "Act like an executive," and "take hold of this problem and begin to do something about it rather than just passing out money like it's Christmastime."

Ms. McConnell pointed out many vacant positions could not be filled because pay scales and compensation packages are not commensurate with the federal government and the private sector, or because of a short supply in trained workers for certain jobs. She stressed that a hiring freeze prohibiting the Administration from recruiting for these positions would compound the problem.

Co-Chair Kelly noted this resolution is "fairly general" and does not restrict recruitment.

Ms. McConnell gave an example of accounting clerk positions, which the Legislature could determine to not be health and safety related. She warned the system could not function without basic administrative support.

Senator Ward asked the number of new positions added since 1996.

Ms. McConnell did not have that information.

Senator Ward wanted to know the number of new positions requested since the 1999-hiring freeze.

Ms. McConnell responded a position analysis has been prepared each of the last three or four fiscal years. She noted some positions are a result of federal transportation funding and other non-general fund sources.

Senator Ward asked if since 1999 any non-essential positions have

been added. If not, he suggested this resolution is unnecessary.

Ms. McConnell remarked the question is what positions are necessary, listing correctional officers and crime lab staff. She emphasized the Legislature and the Executive Branch reached the decisions regarding specific additional positions, jointly. She maintained that the addition of social workers, and other such positions are necessary.

Senator Ward did not disagree, but questioned the addition of managerial positions.

Senator Hoffman compared Alaska's approximately one billion dollar fiscal gap to the \$1.6 billion fiscal gap of the State of Washington, noting that although a hiring freeze is being considered for Washington, additional revenue sources are under consideration as well. He commented that the deficit in Alaska is more significant due to the lower population.

Senator Hoffman indicated a hiring freeze, delayed pay raises and other proposals are reactions to the budget problem. He remarked he would be more supportive of the proposed measures if he were able to "see the light at the end of the tunnel." He explained this must include consideration of new revenues, rather than only a spending limit.

Senator Hoffman referenced a survey published in the Juneau Empire on Monday February 25, 2002, which indicated broad support of addressing the fiscal gap.

SFC 02 # 17, Side B 10:04 AM

Senator Hoffman warned. "We don't have the time, Mr. Chairman, to be sitting around and hoping that something big is going to happen out of the blue. We need to be a little bit more active in the concerns of the economy of the state and the services that we are obligated to provide to the citizens of the state."

Ms McConnell added that between 1990 and 1997, the Washington state general fund budget increased 33 percent, whereas the general fund budget for Alaska was reduced .6 percent during the same time period. She suggested that a hiring freeze might be reasonable in Washington due to this growth. She noted that because another state is implementing a hiring freeze it is not necessarily advisable for Alaska to do likewise.

Co-Chair Kelly agreed this was not a valid reason to implement a hiring freeze, but noted it is not uncommon to address budget shortfalls with a hiring freeze. He asked if the witness considered the 1999-hiring freeze successful.

Ms. McConnell responded it reduced the growth in the number of employees. However, she stated the state is currently having difficulties in filling existing vacancies. She reiterated the issue regarding non-general fund positions that continued to be advertised.

Co-Chair Kelly suggested that showing that the 1999 hiring freeze was unsuccessful would be an effective argument against this resolution.

Ms. McConnell asked which positions the Legislature could recommend should be vacant.

Co-Chair Kelly remarked the issue relates to cooperation between the Legislature and the Executive Branch in making budget decisions.

Senator Austerman addressed the 75 positions changing from part time to full time and asked if the positions were originally created through federal funding.

Ms. McConnell answered that in some cases three part time positions would be converted into one or two full time positions; other changes are the result of increased workloads. She pointed out the data does not report the deletion of part time positions.

Co-Chair Donley remarked the per capita spending argument is an "excuse" of the Executive Branch to "do nothing". He informed the per capita spending of Alaska is approximately \$9,000, compared to the state of Hawaii with the next highest per capita spending of approximately \$5,000. He partially attributed this to significant oil revenues generated in the 1980s.

Co-Chair Kelly noted the Alaska Constitution requires this state to provide more services than other states.

Co-Chair Donley agreed but stressed Alaska spends more per capita on education than any state.

Senator Wilken commented that "stealing" from "working people" and small businesses as the first step to solving the state's fiscal problem, is actually an oncoming train at the end of the tunnel.

Senator Wilken asked for reconciliation between the 18,300 positions listed by the Division of Legislative Finance as approved by the Legislature for FY 02, and 19,339 positions cited by the Office of the Governor.

Ms. McConnell explained that although the Conference Committee authorized funding for new positions, the position count was not increased.

Co-Chair Donley again spoke to the comparison of per capita spending in the State of Washington and the State of Alaska.

Ms. McConnell noted Alaska's expenditures are higher because of constitutional requirements. She stated Alaska spends more for education than most states. She also pointed out the unified court system requires more state funds.

Ms. McConnell compared current per capita spending in Alaska to the amount spent in 1979 informing that, adjusted for inflation, the state spends \$1,100 less. She agreed there were spending increases in the 1980s but stressed decreases have been made since then and spending has not "kept pace" with population increases. She emphasized the question is "what is right for us today".

Co-Chair Kelly ordered the bill HELD in Committee to await a constitutional amendment resolution on the same subject.

#SB223

CS FOR SPONSOR SUBSTITUTE FOR SENATE BILL NO. 223(JUD)  
"An Act limiting the award of good time and restricting release on mandatory parole for prisoners serving certain sentences who fail to attain certain minimum educational standards; providing that prisoners having attained or attaining those educational standards receive good time awards and availability of release on mandatory parole of one-third of the term or terms of imprisonment rounded off to the nearest day; and providing for an effective date."

This was the first hearing for this bill in the Senate Finance Committee.

Co-Chair Donley, sponsor, testified this is a "familiar concept" that would encourage prisoners who do not already have a high school education to obtain their General Equivalency Diploma (GED) while in prison. He explained the incentive would be a reduction in the amount of good time, or non-discretionary parole, available. He

also pointed out the state would be required to make such educational opportunities available.

Co-Chair Donley informed that Alaska has the "most generous" good time provisions in the United States, noting a person sentenced to ten years could be paroled after serving 6 2/3 years. He stated the national standard is 85 percent compared to 75 percent in Alaska. He qualified that Alaska laws are tougher for some offenses.

Co-Chair Donley summarized the goal of this legislation is to encourage offenders to obtain their education. He referenced studies showing that the rate of recidivism is directly related to education.

Co-Chair Donley stated it is reasonable to require that parolees have the ability to read and write. He said this does not unfairly penalize those inmates who do not obtain a GED because the amount of good time allowed for their sentences would be the national average. He added that not providing such a high level of good time is reasonable because studies show an increased likelihood of illiterate offenders reentering the criminal justice system.

Co-Chair Donley noted the State of Florida has instituted a similar program at an estimated savings of \$1.9 million due to reduced recidivism. He qualified Alaska has fewer inmates and the amount would therefore be lower.

Co-Chair Donley spoke of his efforts to determine the savings, which are not reflected in the fiscal notes. He noted the Department of Corrections has attempted to estimate the cost of housing the approximately 16 inmates per year who would not obtain a GED. He informed the average annual cost per inmate is \$27,000, which would total approximately \$400,000. He compared this amount to the costs involved with the 41 percent national re-incarceration rate of offenders without a high school education. He calculated that of the 111 inmates this legislation would apply to, less the 16 who would remain incarcerated for a longer period, and assuming the six-percent success rate experienced in the State of Florida, approximately six former Alaska inmates would not re-offend as a result of obtaining their GED. He qualified the incarceration costs would be higher but stressed the cost savings of the six successful inmates would offset that amount. He listed the costs of crime to society and injuries to victims of the multiple crimes that might be committed before an offender is apprehended, plus the expenses of the criminal justice system.

Co-Chair Donley stressed the only reason to not pass this legislation is the potential cost of inmates remaining in prison

longer. However, he emphasized the possibility of significant savings from reduced recidivism.

Co-Chair Donley asked and answered, "Is it the right thing to do? Absolutely."

Co-Chair Donley asserted educational opportunities as part of restitution is mandated by the state Constitution. He noted other states are operating similar programs with success. He indicated he intended to perform additional research on the recidivism rate in Alaska in order to accurately calculate the potential savings involved.

Co-Chair Donley stated that withholding the permanent fund dividend for an additional year from those who have committed serious crime, would "more than fund" the additional incarceration expenses of the inmates who would receive reduced good time. He suggested such a proposal could be incorporated into this bill, although he recommended separate legislation.

Senator Wilken asked if this bill is identical to legislation considered in a previous session.

Co-Chair Donley answered it is and explained the earlier legislation was introduced during a year when no legislation with accompanying fiscal notes was passed.

Senator Green asked for clarification of Section 2(a)(1)(A) of the committee substitute, which gives exemptions to the GED provision for those who already have a high school education, are incapable of attaining a diploma, do not speak English, or are of a certain age or social background.

Co-Chair Donley affirmed and noted this language is consistent with assumptions made by the Department of Corrections and reflected in an assessment contained in the fiscal note.

Co-Chair Donley explained Section 2 and detailed the process of granting good time credit of one-third of the sentence for inmates who have a high school education or are determined to be incapable of receiving such. Others, he continued, would receive one-sixth good time credit unless they obtain a GED while incarcerated.

Senator Hoffman commented the committee substitute is an improvement over the original bill. He spoke to the unquantifiable expense of those inmates who do not obtain a GED and subsequently serve longer portions of their sentences. He suggested performing a two to three year demonstration project in a controlled setting

before enacting legislation to identify and rectify concerns. He agreed it has been proven that people with a higher education are less likely to commit crimes and are more productive citizens. However, he asserted that placing these assumptions into law is excessive.

Senator Ward supported this bill. He stated that a demonstration project has merit, although not as much merit as would a law.

Senator Ward stated that people who are incarcerated have "problems" with work ethic and educational ability. He asserted that an overriding factor for a prisoner is "how much time do they have; when can they get out." He stated that a vast majority of inmates perform certain actions if they know doing so could reduce the length of their stay.

Senator Ward told of inmates he has encountered who embrace religion, sobriety or "anything that the system gives them in order to make the system happy" and obtain release. He remarked that a benefit is that occasionally, while "pulling this con upon society, they get caught up in it and get better".

Senator Ward expressed this legislation addresses those inmates who had problems that resulted in them not obtaining a high school education. He commented that many of these people are "getting through life because they have wits, they are very smart, but they don't have the foundation and the ability." He said these people do not want others to know that they are unable to read and that this is one reason they "turn to crime".

Senator Ward predicted that if education were offered as an incentive, those inmates would "come to the table" even if it means admitting they are unable to read well or perform mathematical functions.

JOE MASON, University of Alaska-Fairbanks, Northwest Campus, testified via teleconference from Nome in support of the bill and stressed that statistics prove education reduces recidivism. He told of teaching audio conference college courses to students incarcerated at Anvil Mountain Correctional Center and shared the story of one former inmate student, who later pursued further education after being released and was voted Student of the Year at the Northwest Campus. He attested this person today is not the "anger-filled individual" he was before receiving an education. He stressed audio conferencing and correspondence courses are effective methods of providing education to inmates.

Mr. Mason suggested that the inmates who receive an exemption from

the GED requirement due to language, social, age or intelligence levels should also be required to pursue and meet "measurable education objectives to improve their skills."

ROSE MUNAFO, Criminal Justice Planner, Inmate Programs, Division of Institutions, Department of Corrections, testified via teleconference from Anchorage that no one believes education is not "a good thing" and that it would contribute to productivity.

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Ms. Munafo warned of the fiscal ramifications of this legislation. She stated that in 1987 or 1988 the budget for criminal education efforts was reduced by one-half, although the inmate population has continued to increase and she did not see how the objectives of this bill could be accomplished within the current level of funding.

Senator Hoffman asked if the witness supports the legislation.

Ms. Munafo did not. She suggested other methods, such as an incentive provision allowing inmates to earn additional good time.

Senator Hoffman asked if the witness would endorse a demonstration project.

Ms. Munafo replied that although she had not considered it, she would support it.

Senator Ward asked how many prisoners in Alaska have been refused an opportunity to receive a GED due to budget restraints.

Ms. Munafo did not know of any although noted there is a wait list, which varies with each institution.

Senator Ward asked the average time on a wait list.

Ms. Munafo was unsure.

Senator Ward clarified the witness' testimony that because of budget constraints, this legislation would result in additional costs. However, understood that educational opportunities were currently available.

BRUCE RICHARDS, Special Assistant, Office of the Commissioner, Department of Corrections, testified via teleconference from

Anchorage that the increased cost to the Department would be the longer incarceration of those who do not obtain their GED.

Senator Ward stated there would be no increase to the cost of the educational program.

Mr. Richards replied there currently is a wait list and that in order accommodate the additional inmates, funding for additional "contract hours" of educators would be necessary.

Senator Ward asked if the witness saw providing additional educational opportunities for inmates to be "a problem".

Mr. Richards did not. He preferred an incentive process of allowing prisoners to earn additional good time rather than the proposed method that would remove good time initially and require inmates to earn that time back. He understood the system in the State of Florida provides additional good time for those who receive a GED, rather than a reduction for those who do not.

Senator Ward asked if the one-third-sentence reduction is not an incentive.

Mr. Richards responded the one-third reduction is already in place and that making additional good time available would be an incentive and would be more appropriate.

Co-Chair Donley noted the Executive Branch presented this option when the earlier legislation was considered. He stressed Alaska already has the highest good time policy and he argued it is bad public policy to release inmates earlier.

Co-Chair Donley stated he would support a demonstration project except that one could not be fairly implemented within the criminal justice system. He addressed the suggestion of a lapse date, informing that because this legislation only applies to those with sentences longer than two years and to those sentenced after the effective date of the law, the effects would not be apparent for several years. He noted the additional expenses would not be incurred until the third year and any savings would not occur until the fourth year of the new program.

Senator Hoffman commented that adding more available good time would allow "good people" who obtain a degree, to be released earlier and become more productive. He surmised this would result in more savings.

Senator Lemman referenced the analysis in the fiscal note relating

to the cost of contractual services to administer the education program. He asked the current process for administering the GED examinations.

Ms. Munafo explained the fiscal note reflects the anticipated additional testing to determine an individual's reading and mathematic level prior to enrollment in a GED preparation course. She noted the fiscal note also includes additional "teacher time", based on 97 students per education provider the previous year and the projected 111 additional students this legislation would incur.

Senator Leman asked if the teachers would utilize an existing literacy program.

Ms. Munafo replied a program is in place that is similar to that used by adult learning centers.

CANDACE BROWER, Legislative Liaison, Office of the Commissioner, Department of Corrections testified in Juneau, that although the Department supports education as part of rehabilitation, it is opposed to the approach contained in this legislation. She stated the Department currently provides successful educational opportunities and encourages inmates to improve themselves. She anticipated less money would be appropriated for the Department's FY 03 budget and stated this legislation would increase expenses. She listed the increase of 300 additional inmates since one year ago and the increase of 919 inmates since 1996. She attributed the increases to statutory changes that increase sentences.

Ms. Brower cautioned against criminalizing those who lack an education. She noted that many offenders receive education while on supervised parole and she spoke to the limited resources for educational programs available to the Department.

Ms. Brower knew of no other state that makes education a condition of early release, although many offer incentive programs.

Ms Brower informed the GED examinations have been changed, are more rigorous and she was unsure how inmates would perform.

Ms. Brower asserted that lowered recidivism is the result of a number of factors, not only one program.

Co-Chair Donley agreed recidivism is complex, but stressed research has shown the number one factor relates to the ability to read and write.

Senator Leman did not want dangerous criminals released early.

However, he wanted others to repay their debt to society in other ways than being incarcerated in a prison facility.

Co-Chair Donley spoke to the argument of positive incentive. He told the history of increasing good time from one-quarter of the sentence to one-third, reiterating it is the highest rate in the nation. He stated that this legislation provides negative incentive is misleading. He was more inclined to provide additional good time for those who did not commit act of violence. He noted the current good time was increased to one-third was due to difficulties the Department had with tracking the different amount of good time available for different inmates convicted of different offenses. He suggested this issue could be revisited to allow additional good time for those offenders who did not commit a violent crime and who received a GED during their incarceration.

Co-Chair Kelly expressed support for the bill.

Co-Chair Kelly ordered the bill HELD in Committee to await data from the Department of Corrections to incorporate into a fiscal note.

#SB97

SENATE BILL NO. 97

"An Act relating to fees for probation and parole."

This was the first hearing for this bill in the Senate Finance Committee.

Senator Ward testified this bill stipulates that probationers and parolees under the jurisdiction of the Department of Corrections must participate in their rehabilitation by paying a portion of their parole or probation expenses. He spoke to the high cost of probation and parole to the government and stressed the primary purpose of placing offenders on probation or parole is to secure employment.

Senator Ward indicated other states have implemented similar programs. He stated it has been shown that those affected offenders make the effort to stay employed so they are able to pay the necessary fees, and therefore avoiding returning to prison.

Senator Ward expressed the intention is not to create a debtor jail and assured this legislation would not cause this. He noted exceptions would be made for those who are unable to pay.

Senator Ward predicted that despite victim's compensation and child support payments, a significant number of parolees and probationers would be eligible to receive a permanent fund dividend, which could be garnished under this legislation for parole and probation expenses.

Senator Ward pointed out that various broad based taxes were under consideration in part to pay for the expenses related to probation and parole.

Senator Ward remarked this legislation would benefit those on probation and parole. He stated that lack of a job is one "underlying ill" causing people to commit crimes because of the need to fill emptiness. He commented this legislation offers a method for offenders to "earn their way back into society".

Senator Ward mentioned the proposed interstate compact relating to monitoring and administering probationers and parolees. He predicted other states would be reviewing cost options as well.

Senator Ward commented this program could be cost-effective provided the collection process is not made burdensome requiring the addition of significant staff.

Senator Ward noted that in states with similar programs, probationers and parolees who fail to make the necessary payments are usually in violation of other conditions of their release as well.

Senator Ward also pointed out he proposed this system during the Thirteenth Legislative Session, but was unsuccessful.

AT EASE 11:25 AM / 11:31 AM

BRUCE RICHARDS, Special Assistant, Office of the Commissioner, Department of Corrections testified via teleconference from Anchorage about previous attempts to require payments from parolees and probationers and statutes to this effect that were in place from 1986 to 1991. He stated the collection rate during that period was approximately eight percent. He qualified the proposed legislation stipulates collections would be performed by a private entity. However, he informed that past efforts to locate a collection agency willing to assume these duties were unsuccessful because collection agencies are "in the business of taking on bad debt." Instead, he continued, a local financial institution was employed to establish an escrow account and to mail monthly statements to parolees and probationers, but did not pursue collection of late balances. Therefore, he stated, the fiscal note

reflects a ten-percent collection rate for the proposed legislation.

ROBERT BUTTCANE, Legislative and Administrative Liaison, Division of Juvenile Justice, Department of Health and Social Services, testified via teleconference from Anchorage to explain the projected 80 percent collection rate reflected in this Department's fiscal note. He shared that in-house discussions were held to arrive at this estimate, that there is no quantitative basis for this "subjective" assumption and that it is based on an "absolute best case scenario". He noted the Division has been successful in obtaining 87.7 percent payment rate in court-ordered restitution. Because if this, he said, most juvenile offenders could be motivated to comply with expectations imposed on them.

Co-Chair Donley asked Mr. Richards the current repayment percentage of restitution payments ordered for adult offenders.

Mr. Richards indicated he would provide the information.

Co-Chair Donley had suggested the Department of Corrections fiscal note should indicate that the number of new parolees and probationers affected by this legislation would be phased in over several years.

Co-Chair Kelly ordered the bill HELD in Committee.

#### **ADJOURNMENT**

Co-Chair Pete Kelly adjourned the meeting at 11:40 AM.