

**ALASKA STATE LEGISLATURE
HOUSE STATE AFFAIRS STANDING COMMITTEE**

January 25, 2007

8:06 a.m.

MEMBERS PRESENT

Representative Bob Lynn, Chair
Representative Bob Roses, Vice Chair
Representative Kyle Johansen
Representative Craig Johnson
Representative Andrea Doll
Representative Max Gruenberg

MEMBERS ABSENT

Representative John Coghill

COMMITTEE CALENDAR

OVERVIEW(S): DEPARTMENT OF ADMINISTRATION; DEPARTMENT OF
CORRECTIONS

- HEARD

PREVIOUS COMMITTEE ACTION

No previous action to record

WITNESS REGISTER

ANNETTE KREITZER, Acting Commissioner
Office of the Commissioner
Department of Administration
Juneau, Alaska

POSITION STATEMENT: Presented the overview of the department.

MELANIE MILLHORN, Deputy Commissioner
Office of the Commissioner
Department of Administration
Juneau, Alaska

POSITION STATEMENT: Answered questions during the overview of the Department of Administration.

ERIC SWANSON, Director
Division of Administrative Services
Department of Administration

Juneau, Alaska

POSITION STATEMENT: Answered questions during the overview of the Department of Administration.

KEVIN BROOKS, Deputy Commissioner
Office of the Commissioner
Department of Administration
Juneau, Alaska

POSITION STATEMENT: Answered questions during the overview of the Department of Administration.

JOE SCHMIDT, Acting Commissioner
Department of Corrections (DOC)
Juneau, Alaska

POSITION STATEMENT: Presented the overview of the department.

SHARLEEN GRIFFIN, Director
Division of Administrative Services
Department of Corrections
Juneau, Alaska

POSITION STATEMENT: Offered information during the overview of the Department of Corrections.

DWAYNE PEEPLES, Acting Deputy Commissioner
Department of Corrections
Juneau, Alaska

POSITION STATEMENT: Offered information during the overview of the Department of Corrections.

ACTION NARRATIVE

CHAIR BOB LYNN called the House State Affairs Standing Committee meeting to order at [8:06:10 AM](#). Representatives Roses, Johnson, Doll, and Lynn were present at the call to order. Representatives Johansen and Gruenberg arrived as the meeting was in progress.

OVERVIEW(S)

DEPARTMENT OF ADMINISTRATION

[8:06:57 AM](#)

CHAIR LYNN announced that the first order of business was the overview by the Department of Administration.

[8:06:59 AM](#)

ANNETTE KREITZER, Acting Commissioner, Office of the Commissioner, Department of Administration, presented the overview of the department. She noted that the 14 offices and divisions within the department are broken into two sectors. One sector, she relayed, could be called government support, and included: the Division of Administrative Services, the Division of Finance, the Division of Personnel & Labor Relations, the Division of General Services, the Division of Risk Management, and Enterprise Technology Services. The other category Ms. Kreitzer called the private sector division, or those which interface with the public, which include: the Alaska Oil & Gas Conservation Commission, the Alaska Public Offices Commission, the Office of Administrative Hearings, the Public Defender Agency, the Office of Public Advocacy, the Violent Crimes Compensation Board, and the Division of Motor Vehicles. Ms. Kreitzer said she sees the Division of Retirement & Benefits as supporting both governmental employees and retirees who are no longer in state or local government service.

[8:08:51 AM](#)

ACTING COMMISSIONER KREITZER stated, "When policy makers are looking for an arm's-length relationship between state agencies, they tend to look to the Department of Administration to resolve effusive conflict which could occur if certain functions were assigned to what on the surface looks [like] more appropriate departments." She said AOGCC is one of the best examples of that separation. She related that the Office of Administrative Hearings was recently created to address concerns that commissioners were merely upholding the decisions of their directors and not giving each appeal an independent look. She noted that the divisions or offices that support other governmental units are the ones that provide technology, personnel, and other centralized services, like labor relations. She listed negotiations in progress between the department and other associations. She mentioned a handout included in the committee packet that shows an outline of the responsibilities of each division and office.

[8:10:55 AM](#)

ACTING COMMISSIONER KREITZER directed attention to another handout in the committee packet entitled, "Results at a Glance," which lists the overall work and statistics of the department. She mentioned the focus on paying vendor bills and employee paychecks in a timely manner. She revealed that a recent requirement to provide a birth certificate to enroll in health

care through the state has resulted in a savings of millions of dollars to the state.

ACTING COMMISSIONER KREITZER highlighted some of the entries in a two-page handout [included in the committee packet] relating to the department's operating budget. She offered to answer the committee's questions.

8:13:59 AM

ACTING COMMISSIONER KREITZER, in response to a question from Representative Roses, said she is in the process of looking for ways to improve efficiency in the Office of the Commissioner and, thus, has not yet made a final decision [related to task assignments].

8:14:35 AM

ACTING COMMISSIONER KREITZER, in response to a question from Representative Johnson regarding the aforementioned birth certificate requirement, explained that the department is responsible for verifying who it covers, and, for whatever reason, before that requirement there had been people receiving benefits from the state who were not qualified to do so. She said she had been aware of the situation while serving in the Office of the Lieutenant Governor. She credited Kevin Brooks as recognizing the need for starting the "positive enrollment" process. In response to a follow-up comment from Representative Roses, she agreed to find out the number of people fraudulently insured.

8:16:52 AM

ACTING COMMISSIONER KREITZER, in response to a question from Chair Lynn, listed the following problems on which she will be focusing: the retirement system, the deployment and support of the Enterprise Technology Services, and existing program efficiency evaluation.

8:18:47 AM

ACTING COMMISSIONER KREITZER, in response to Chair Lynn, stated that she has not conducted a comprehensive review of all the legislation that impacts the department.

8:19:39 AM

ACTING COMMISSIONER KREITZER, in response to a question from Representative Roses, said she is not comfortable answering questions regarding fraud, based on her recollection, but she offered to research an answer. Notwithstanding that, she recommended against jumping to the conclusion that it was the individuals who were defrauding the government, because she said the government has a certain amount of responsibility as well.

REPRESENTATIVE ROSES said if fraud is involved, he wants the state to pursue the matter.

8:21:33 AM

ACTING COMMISSIONER KREITZER, in response to a question from Chair Lynn, said same sex benefits "are going forward"; the Alaska Supreme Court has implemented the regulations. She opined that the superior court overstepped its bounds in the matter. She offered her understanding that approximately 91 applications were made to the state for same sex benefits.

ACTING COMMISSIONER KREITZER, in response to a question from Chair Lynn, offered her understanding that the department is in the beginning stages of [negotiations] with each of the bargaining units related to employee union contracts.

8:23:24 AM

MELANIE MILLHORN, Deputy Commissioner, Office of the Commissioner, Department of Administration, in response to a question by Chair Lynn regarding the outcome of the new retirement plan, stated that those parties who are now enrolled under the new retirement plan did not bring with them unfunded liability, which stems the growth of that liability. It is projected, she said, that approximately 4,400 new members will be appointed under the retirement system on a fiscal-year basis.

8:25:10 AM

ACTING COMMISSIONER KREITZER, in response to concern expressed by Representative Johnson regarding the problems with recruitment and retention in the retirement system and the possible effects of the new defined contribution (DC) benefit plan, stated her own concern relates to there being no unified recruitment effort from the state. She expressed discontent with Workplace Alaska, [the State of Alaska's online recruitment system], calling it "a very poor system for anybody who's outside of state government to come in and apply for a job."

She stated her belief that the state system favors those who are already in the system, and she said the state needs to do a better job of encouraging young people that the State of Alaska is a great place to work.

[8:27:02 AM](#)

ACTING COMMISSIONER KREITZER, in response to a question from Representative Doll regarding the Violent Crimes Compensation Board, said she has yet to meet with the board; however, she offered her understanding that there are 3 employees of the board [confirmed correct by Kevin Brooks], but she said she was not certain of the budget. [Off microphone, Eric Swanson said the budget is \$4.6 million.]

[8:28:22 AM](#)

ERIC SWANSON, Director, Division of Administrative Services, Department of Administration, in response to a follow-up question from Representative Doll, revealed that the budget for the Violent Crimes Compensation Board has been "pretty flat." He offered his understanding that there has been a gradual increase in the number of claims received annually, partly due to the increase in program promotion by the law enforcement agencies throughout the state.

[8:29:44 AM](#)

ACTING COMMISSIONER KREITZER, in response to a question from Chair Lynn regarding the possible effect of upcoming ethics bills on APOC, said she is happy that Governor Sarah Palin has provided another investigator for APOC. She said deciding how much APOC will be involved will be up to the legislature and the governor; APOC's testimony will be limited to how [proposed legislation] will affect its operation. She assured Chair Lynn that any fiscal impact to APOC would be made known to the legislature by the executive director of APOC.

[8:32:10 AM](#)

ACTING COMMISSIONER KREITZER, in response to Representative Roses and Chair Lynn, confirmed that there were employees who chose to switch from the defined benefit (DB) retirement plan to the DC plan. She said she would find out just how many did switch over, as well as investigate the [unfunded] liability effects of the various tiers, and she would report back to the committee with that information.

8:34:36 AM

KEVIN BROOKS, Deputy Commissioner, Office of the Commissioner, Department of Administration, in response to a question from Representative Gruenberg, recollected that AOGCC was moved into the Department of Administration about 10 years ago.

ACTING COMMISSIONER KREITZER, in response to a follow-up question from Representative Gruenberg, stated that she absolutely believes that AOGCC belongs in the Department of Administration, because that entity occasionally has to rule against the Department of Natural Resources.

8:36:03 AM

DEPUTY COMMISSIONER BROOKS, regarding labor negotiations, proffered that there is interaction between the House and Senate Finance Committees and the administration during monetary considerations. He added that there have also been briefings to the House State Affairs Standing Committee, because that is the committee associated with the Department of Administration.

REPRESENTATIVE GRUENBERG said he is not suggesting that confidentiality should not be upheld for labor negotiations.

CHAIR LYNN mentioned the House Labor and Commerce Standing Committee, and suggested that outside of confidential matters, some part of the legislature should have some oversight over the general progress of the labor negotiations.

8:40:43 AM

ACTING COMMISSIONER KREITZER, responding to a question from Representative Gruenberg about the relationship between APOC and the Department of Administration, reminded the committee that she has been Acting Commissioner for merely two weeks, and her conversations with the executive director of APOC have been only regarding operational issues.

REPRESENTATIVE GRUENBERG said he would hold additional questions on this point until Acting Commissioner Kreitzer's confirmation hearing.

8:41:31 AM

ACTING COMMISSIONER KREITZER, in response to Chair Lynn, said the department is a good place for APOC to be, and she said she would not want to see it in the Office of the Lieutenant Governor, or within the court system, the Department of Health and Social Services (DHSS), and the Department of Transportation & Public Facilities (DOT&PF).

[8:42:41 AM](#)

REPRESENTATIVE GRUENBERG said there has been reluctance of heads of the Public Defender Agency (PDA) and the Office of Public Advocacy (OPA) to testify before the House Judiciary Standing Committee on crime bills, and he emphasized that he thinks it's important that they do so.

[8:44:19 AM](#)

REPRESENTATIVE GRUENBERG remarked that in the first two years of the Murkowski Administration, he observed a number of bills designed to make it more difficult for people with tort claims against the government to recover. He asked Acting Commissioner Kreitzer if she is aware of any legislation related to that issue - "pro or con" - to be proposed by the current administration.

ACTING COMMISSIONER KREITZER responded that she is not aware of any.

REPRESENTATIVE GRUENBERG said there was much legislation regarding the Real ID Act. He said a policy was implemented directing the personnel in the Division of Motor Vehicles (DMV) to deny driver's licenses to people who are undocumented aliens. He said Mr. Bannock, the director of DMV, was told by the House State Affairs Standing Committee last year that there was no regulation giving him the authority for such a policy, but the policy was not changed. He said Mr. Bannock's reason concerns him, and he urged communication between DOA and Mr. Bannock.

[8:48:19 AM](#)

CHAIR LYNN determined that Mr. Bannock would be appearing in the capitol soon for a meeting with Representative Gruenberg, to which Representative Gruenberg invited all those interested parties.

[8:49:58 AM](#)

ACTING COMMISSIONER KREITZER offered her understanding that HB 3 addresses this issue.

[8:50:14 AM](#)

ACTING COMMISSIONER KREITZER, in response to a question from Representative Doll regarding PDA and OPA, related that the caseload of both agencies continues to increase. She said the heads of those agencies have made a number of attempts to contain costs, while doing whatever they can do within their budgets. She said she is impressed with those agencies' efforts. She noted that software is used to cut down on some of the workload.

MR. BROOKS reported that OPA's budget is approximately \$18.1 million and it has 109 full-time employees, while PDA's budget is just under \$19 million, with 147 full-time employees. Both agencies are caseload driven and operate with a tight budget.

[8:53:28 AM](#)

REPRESENTATIVE JOHNSON encouraged Acting Commissioner Kreitzer to spend time studying the state's method of recruiting workers. Furthermore, he encouraged the House State Affairs Standing Committee to hear union negotiation issues so that he might be a part of that process.

[8:54:43 AM](#)

ACTING COMMISSIONER KREITZER thanked the committee for hearing the overview.

[8:55:05 AM](#)

DEPARTMENT OF CORRECTIONS

CHAIR LYNN announced that the final order of business was the overview from the Department of Corrections.

[8:56:54 AM](#)

JOE SCHMIDT, Acting Commissioner, Department of Corrections (DOC), presented the overview of the department. He reviewed the responsibilities of his deputy commissioners. He noted that the department is broken into three divisions: the Division of Institutions, the Division of Probation and Parole, and the

Division of Administrative Services. The department, he relayed, oversees pre-trial, as well as sentenced prisoners.

8:58:52 AM

ACTING COMMISSIONER SCHMIDT explained that jails are primarily for pre-sentenced prisoners, while prisons are for those who have been sentenced. The pre-trial prisoner is more volatile to manage, he said, whereas someone who has been in prison most likely wants to serve his/her time in peace and not disrupt the system. The former would be kept in a more secure area, while the latter would be in a less secure area.

ACTING COMMISSIONER SCHMIDT highlighted some of the department's features: 12 correctional institutions with 3,122 beds; an emergency capacity of 3,232 beds; 13 probation offices, currently supervising 5,560 offenders on probation or parole - a ratio he said he has been told is high.

9:02:15 AM

ACTING COMMISSIONER SCHMIDT listed parole office locations and details of supervision. He continued listing the departments features: 15 contract jails throughout the state, totaling 153 beds; 7 community residential centers, totaling 614 beds - recently reduced by 100 beds; 7 contract treatment centers, with 26 beds; 160 inmates currently being held at the Red Rock Correctional Center in Arizona; and an electronic monitoring program supervising 194, operating at a success rate of approximately 95 percent. The five percent, he explained are usually using drugs and getting caught on a urine analysis (UA) test.

9:04:18 AM

ACTING COMMISSIONER SCHMIDT noted the department also has 17 prisoners in the category of "other out-of-state" [facilities]. He explained that may include high-profile people who would not be safe in Alaska. Three prisoners are receiving permanent dialysis in other states where the expense is not so astronomical.

9:04:55 AM

ACTING COMMISSIONER SCHMIDT listed what the department has done since December, including: assembling its management staff; holding its first executive meeting to outline goals and

objectives; and forming a committee to outline its statewide offender program plan.

9:05:52 AM

ACTING COMMISSIONER SCHMIDT, in response to a question from Representative Gruenberg, confirmed that the Prison Industries Program was eliminated and is now called the Prison Employment Program (PEP).

9:07:11 AM

SHARLEEN GRIFFIN, Director, Division of Administrative Services, Department of Corrections, offered details regarding the end of the former program and the beginning of PEP.

REPRESENTATIVE GRUENBERG expressed interest in following up the issue.

9:10:15 AM

ACTING COMMISSIONER SCHMIDT talked about working toward being able to transfer an inmate who is within one program and having him/her be able to pick up at the same place in the other facility's program. He talked about "Lockup USA" coming to Seward and the accidental viewing by a victim of the perpetrator of the crime on television. He said the department will, in an effort to avoid that occurring in the future, provide victim notification.

ACTING COMMISSIONER SCHMIDT said the new prison site selection has been a contentious process; however, Point Mackenzie was selected, with a secondary site being Sutton, in case Point Mackenzie cannot get enough water to the site. The projected date for opening the prison is January through March, 2011. In response to a question from Representative Gruenberg, he said the land at Mackenzie is Matanuska-Susitna Borough land, and he does not know about the land at Sutton, but will find out.

9:13:01 AM

ACTING COMMISSIONER SCHMIDT noted the following works in progress: a review of staff and their duties; a move of both the function of the institution director and the community residential centers under the direction of the Division of Probation and Parole director; and a study of population management; an analyzation of medical costs. Regarding the

latter, he noted that three years ago the medical cost for inmates from Alaska housed in Arizona cost \$750,000, and that amount increased to \$1.9 million last year. Although high, he said, the cost in Alaska would be higher.

[9:16:53 AM](#)

ACTING COMMISSIONER SCHMIDT, in response to a question from Chair Lynn, said the solution to the loss of the previous governor's jet airplane is to use the 727 aircraft flown by the [United States Marshals Service], which is capable of moving 100 prisoners at a time. He said this is the most economical method of transporting prisoners to Arizona.

[9:20:35 AM](#)

ACTING COMMISSIONER SCHMIDT, in response to Representative Doll, discussed the issue of aging prisoner population. He noted that there is a related page in the committee packet. He said approximately 10 percent of the prison population is over the age of 50.

[9:21:56 AM](#)

DWAYNE PEEPLES, Acting Deputy Commissioner, Department of Corrections, on behalf of the department, highlighted the most prominent diseases seen within the prison system, including: diabetes, hypertension, and cancer. He said those in prison appear 10 years older than the rest of the population. In response to Representative Doll, he discussed the issue of pharmaceuticals and the related contracts that save the state money.

[9:24:21 AM](#)

ACTING COMMISSIONER SCHMIDT, in response to Representative Johansen, talked about the constant drive to fill empty beds. He said, "Policy tells us to keep prisoners in the least restrictive environment that we safely can."

[9:26:48 AM](#)

ACTING COMMISSIONER SCHMIDT addressed the changes in building design concept. He said originally, the design concept was for a block design, but recently that design has changed to something more like a campus, where the first building would be the most secure and those radiating out from that less

restrictive. The prisoner would start in the first building and, as his/her time was served, would be moved progressively to outward buildings until being released back into society.

9:30:48 AM

ACTING COMMISSIONER SCHMIDT mentioned an upcoming plan regarding substance abuse, the GED and adult-based education, a chaplain, and a transitional community model. He talked about vegetable production and a processing facility that was built, that will allow vegetables grown in state to be preserved.

9:32:20 AM

ACTING COMMISSIONER SCHMIDT discussed goals. He said the department moved to a behavioral interview system a couple years ago, and he said it will be challenging to hire for the new facility.

9:33:16 AM

ACTING COMMISSIONER SCHMIDT, in response to a question from Chair Lynn regarding a possible \$20 million budget cut by the governor, said he will adopt a wait-and-see attitude rather than committing to statements about something that may happen.

9:34:32 AM

ACTING COMMISSIONER SCHMIDT, in response to a question from Representative Johnson, said by the completion of the new facility in 2011, there will be space in a housing unit to hold 400-500 more inmates. He suggested it may be possible to continue building. He confirmed it is the intent of the department to eventually move the Alaska inmates out of Arizona and bring them back home, both "for reformation and for economics." He said it is a little early to be able to project the cost per bed in [the new facility] versus a regional facility. Once personnel hours are known, the cost can be determined, he concluded.

9:38:15 AM

REPRESENTATIVE DOLL expressed interest in getting a breakdown of crimes and where the highest "rise" will be.

ACTING COMMISSIONER SCHMIDT said many of the beds in the new facility will be filled by those already incarcerated, while others will be filled by "new crimes."

[9:39:59 AM](#)

ACTING COMMISSIONER SCHMIDT reported that the department plans to reorganize, consolidate, and relocate its central office in Anchorage. There will be a focus on looking for less expensive space to rent. The department will also examine regional expansion needs. Regarding team concept, he said the department moved the director's offices next to each other in Anchorage, which he indicated has increased communication and cooperation. He said American Correctional Association (ACA) accreditation is being considered. He said it involves three steps: one, the policy writer reviews all policies and ensures they all include an ACA reference and compliance with an ACA standard; third, facility training would take place; and third, audits will be conducted to test for compliance. He stated that ACA represents national standards under which correctional facilities and departments operate. He said [being accredited by ACA] puts the department in a better stead when asking for resource while defending itself in court. He mentioned a law suit as an example.

[9:43:28 AM](#)

ACTING COMMISSIONER SCHMIDT listed the following department challenges: aging facilities, an aging prisoner population, and medical issues.

[9:45:28 AM](#)

ACTING COMMISSIONER SCHMIDT talked about recruitment and keeping abreast of employee vacancies. Currently 726 of the 780 correctional officer positions are filled. The expected vacancy is 30, due to retirement and rehiring practices. He addressed the issue of overcrowding and explained that statewide design capacity is 3,122 beds, while statewide emergency capacity is 3,232.

[9:48:28 AM](#)

ACTING COMMISSIONER SCHMIDT, in response to a question from Chair Lynn regarding gang activity, said the department identifies gang members in the pre-trial process, and avoids

gang problems in the system through the use of smaller units, unit management, and direct supervision.

ACTING COMMISSIONER SCHMIDT revealed his resume to date, in response to a request from the chair.

[9:50:38 AM](#)

CHAIR LYNN shared his own work background related to corrections.

[9:51:06 AM](#)

ACTING COMMISSIONER SCHMIDT, in response to Chair Lynn, listed the following actions as those that the department will be focusing on: moving toward ACA accreditation, pushing population management and bed use, encouraging a team concept, building and maintaining credibility with the legislature regarding allocated funds, announcing changes in spending practices upfront, developing hiring and training programs, and building the new prison.

[9:51:56 AM](#)

REPRESENTATIVE ROSES indicated that he would like to be informed of any findings resulting from the department's study of the increase in [medical costs].

[9:52:22 AM](#)

ACTING COMMISSIONER SCHMIDT, in response to a question from Representative Doll, noted that Laura Brooks is in charge of the department's "mental health function" statewide and is on the committee that will be building the department's statewide program; therefore, she will have a say in how prisoners can interface in and out of mental health treatment, versus other treatments. When inmates are stable, he said, they should and need to be able to participate in another program. He talked about the existence and importance of facilities to which unstable prisoners are sent to "get stabilized."

[9:53:48 AM](#)

CHAIR LYNN expressed appreciation of the work of the department.

ADJOURNMENT

There being no further business before the committee, the House State Affairs Standing Committee meeting was adjourned at [9:54:10 AM](#).