

HOUSE FINANCE COMMITTEE
February 5, 2010
1:35 p.m.

[1:35:56 PM](#)

CALL TO ORDER

Co-Chair Hawker called the House Finance Committee meeting to order at 1:35 p.m.

MEMBERS PRESENT

Representative Mike Hawker, Co-Chair
Representative Bill Stoltze, Co-Chair
Representative Allan Austerman
Representative Mike Doogan
Representative Anna Fairclough
Representative Neal Foster
Representative Les Gara
Representative Mike Kelly
Representative Woodie Salmon

MEMBERS ABSENT

Representative Bill Thomas Jr., Vice-Chair
Representative Reggie Joule

ALSO PRESENT

Senator Linda Menard, Joseph Masters, Commissioner, Department of Public Safety; Dan Spencer, Administrative Services Director, Department of Public Safety; Joe Schmidt, Commissioner, Department of Corrections; Dwayne Peeples, Deputy Commissioner, Department of Corrections;

PRESENT VIA TELECONFERENCE

SUMMARY

HB 300 APPROP: OPERATING BUDGET/LOANS/FUNDS

HB 300 was HEARD and HELD in Committee for further consideration, the following departments presented overviews:

Department of Public Safety
Department of Corrections

HB 302 APPROP: MENTAL HEALTH BUDGET

HB 302 was HEARD and HELD in Committee for further consideration.

#hb300
#hb302
HOUSE BILL NO. 300

"An Act making appropriations for the operating and loan program expenses of state government, for certain programs, and to capitalize funds; making supplemental appropriations; making appropriations under art. IX, sec. 17(c), Constitution of the State of Alaska; and providing for an effective date."

HOUSE BILL NO. 302

"An Act making appropriations for the operating and capital expenses of the state's integrated comprehensive mental health program; and providing for an effective date."

[1:36:13 PM](#)

Co-Chair Hawker explained the general format for overview hearings.

Department of Public Safety

JOSEPH MASTERS, COMMISSIONER, DEPARTMENT OF PUBLIC SAFETY, stated that the priority programs reflected those of previous years, and were listed in the document, "Priority of Agency Programs" (copy on file). The document outlined the departments continued efforts in the areas of; law enforcement patrol and investigation, rural law enforcement, domestic violence and sexual assault programs, statewide public safety programs, resource protection, and highway safety. The increment requests in the governor's budget related specifically to the aforementioned programs. He relayed that the issue of sexual assault and domestic violence was the highest priority for the department in the coming year, followed by rural law enforcement and highway safety.

[1:41:36 PM](#)

Commissioner Masters directed attention to the department's budget overview power point presentation (copy on file). At the top of each slide was the title of the board, or council; the left side illustrated the components or divisions, and on the right side were important highlights pertaining to the header. Slide two of the presentation detailed the department's divisions of boards and councils. Slide 3, titled "Alaska State Troopers" revealed that the troopers were divided into the following units:

Detachments

Bureau of Alcohol and Drug Enforcement

Bureau of Investigations

Bureau of Judicial Services

Bureau of Highway Patrol

Village Public Safety Officer Program

DPS Training Academy

Commissioner Masters continued with the following statistics for 2009:

- 124,049 calls for service
- About 10 percent result in criminal cases
- 10 Homicides in 2009, 100 percent solved
- 78 open cold cases, 30 cases have been solved, 11 have resulted in arrests for 1st degree murder, 14 are actively being worked
- Killers Toni Lister (1982) and Bonnie Craig (1994) are going to trial.
- Killer of Scott Coville (1988) indicted and extradited last month.

Commissioner Masters stated that the governor's budget request for the cold case unit was \$656.5 thousand. The cold case unit was formed in 2002 using federal grant dollars, and had proven effective. Funding would be necessary to ensure the continuation of the program.

Co-Chair Hawker queried the supplemental budget request for the cold case unit.

[1:45:02 PM](#)

Commissioner Masters informed the committee that federal funding for the unit had expired halfway through the year. Expenses accrued during the second half of the year were the impetus for the supplemental request. A request had been made for the extension of the federal funds, but was not expected to be fruitful.

DAN SPENCER, ADMINISTRATIVE SERVICES DIRECTOR, DEPARTMENT OF PUBLIC SAFETY, testified that the federal funding was from an earmark grant. The department had received an extension

in the past, however, this year the request was turned down. The department had appealed the action; the grant had expired, but the government could provide retroactive funding.

Co-Chair Hawker wondered if the state had been denied the funds because the request was made too late. Mr. Spencer stated that the funding was necessary and was supported by the governor.

Co-Chair Stoltze wondered how serious the administration was about funding the programs needed by the department.

[1:49:27 PM](#)

Mr. Spencer replied that there had been several elements at play in the previous year concerning the funding of certain programs, and it was yet to be seen how that would translate into future funding.

Commissioner Masters added that it was the department's full intention to capitalize on available federal funding through the Department of Justice (DOJ). Mr. Spencer added that the positions, authorized by the Department of Public Safety and funded by stimulus dollars, would need continued funding.

Co-Chair Hawker reminded the committee that the general rule surrounding the stimulus dollars was that the funding would not be used for anything that would require continued financial support from the state. The 5 trooper positions and 1 additional support position, added last year, had been the exception to the rule.

[1:52:20 PM](#)

Commissioner Masters continued to cite the statistics on Slide 3:

- Marijuana grow operations and meth labs continue to decline, but Heroin, and meth importation cases are filling the void.
- Alcohol importation arrests decreased by over 26 percent. 218 arrests made
- 377 Sexual Assaults and 321 Sexual Abuse of Minor cases
- 64,731 Prisoner transports, 8,186 Arrest Warrants served or closed, 13,796 Writs served or closed
- 770 Search and Rescue (SARs) cases assisted, 317 Saves

- 63 highway fatalities, 16 alcohol related
- 13 of 15 new federally funded PCNs vacant

- 11 Applicants just received hiring notices to begin Academy 2/22/10

Representative Gara asked about the rise of heroin use in the state; versus methamphetamine use.

[1:53:13 PM](#)

Commissioner Masters replied that there had been more heroin transported into the state this year than in previous years.

Representative Gara wondered why heroin use was on the upswing. Commissioner Masters stated that he did not know.

Co-Chair Stoltze pointed out to the committee that there was a myriad of problems that stemmed from the production of methamphetamine that were as destructive as the addiction to the drug itself. He thought that the success of tackling in-state production could have lead to increased importation.

[1:55:55 PM](#)

Commissioner Masters agreed. He stated that people who deal drugs throughout the state would adapt to enforcement efforts. As the department intervened in drug deliveries via the postal service, a rise in drugs entering the state through the Alaska Marine Highway System and the state highway system was expected.

[1:58:28 PM](#)

Mr. Masters relayed that highway safety was a high priority for the department. The Bureau of Highway Patrol, started 2008, was still undergoing staff hires. Five additional troopers had been requested for this year and were expected to be funded federally by the Alaska Highway Safety Office.

Co-Chair Hawker requested an explanation of the capital improvement project (CIP) receipts.

Mr. Spencer explained that the Alaska Highway Safety Office received its money from federal grants and was required to meticulously account for all funds through quarterly and annual reports. Co-Chair Hawker wondered about the durability of the funding. Mr. Spencer understood that the funding was in place for the next 5 years. Commissioner Masters added that the office had approved the departments

plan with the expectation that the funding was secure for the next 5 years.

[2:00:56 PM](#)

Representative Fairclough asked for clarification of the number of prisoners transported into, and out of the state, within the past year. Commissioner Masters replied that the number was up 3,000 from last year. Representative Fairclough asked if that included transportation of perpetrators of domestic violence and sexual assault. Commissioner Masters said that the number accounted for arrested offenders. Representative Fairclough noted that total expenditure of transportation had grown by \$150,000 in General Funds. She asked if transportation of prisoner funding was provided for on the federal level. Commissioner Masters do not believe that federal dollars were currently available to offset prisoner transport costs. Representative Fairclough queried whether the department had requested enough funding for prisoner transportation. Mr. Spencer said that the request in the supplemental budget was for \$300,000, and the reality of increasing transportation costs were being discussed with the governor's office. He added that varying factors involved in prisoner transportation costs made it difficult to project into the future, but it could be expected that costs would rise. Representative Fairclough asked if, out of the variables, there was one single cost that stood out. Mr. Spencer replied that the expense was large weather commercial aircraft or aircraft owned by the department was used. Representative Fairclough asked if the department felt it had no control over the method of transportation. Commissioner Masters explained that prisoners were transported for a variety of reasons. The prisoner may not be housed where the trial was taking place, the prisoner may need to be transported to and from hearings, and the court may require the transport of a prisoner for a specific hearing or purpose. In most cases the department did not have control over how a prisoner was transported. He said in many cases it was inefficient, time consuming, and costly.

[2:04:51 PM](#)

Representative Fairclough asked if the state had a contract with Alaska Airlines. Commissioner Masters replied that Alaska Airlines was used for most state travel. In some cases chartered planes were used.

Co-Chair Stoltze assumed that the added troopers in Fairbanks, Palmer, and Soldotna were for command posts and not for communities that had existing police. Commissioner Masters replied that the special projects line were the troopers assigned to the Bureau of Highway Patrol, and were highway safety dedicated positions. Those positions were

based out of Fairbanks, Palmer, and Soldotna, but were not restricted to those municipalities. Co-Chair Stoltze asked if the emphasis was outside of the political boundaries of areas that had existing police powers. Commissioner Masters said that they were based at the post where there was infrastructure to support them, and were focused predominately on highway safety corridors.

Representative Austerman asked if every prisoner that the state had paid to transport been charged with state violations. Commissioner Masters replied yes. Representative Austerman wondered how many communities in the state had charged offenders under municipal ordinances rather than state statutes.

[2:08:58 PM](#)

Commissioner Masters replied that Anchorage was the only municipality that had gone to the extent of charging under municipal ordinances.

Representative Austerman pointed out to the committee that Anchorage was the only municipality that charged under its own ordinances and paid their own costs. He thought that this should be taken into consideration when discussing the statewide budget.

Co-Chair Hawker agreed. He thought that the conversation could become contentious between communities that received state services and those that paid for their own protection services. However, he believed that the conversation was becoming increasingly necessary.

[2:11:01 PM](#)

Commissioner Masters agreed that the conversation needed to happen.

Representative Joule stated that in two communities in his district, Kiana and Kotzebue, voters had changed their alcohol status from damp to wet. The hope was that the establishments would be owned and operated by the community, and would be a source of revenue. Kiana had recently requested a trooper be assigned to the community as a result. He wondered if the department was prepared to place troopers in small communities that were becoming a hub for outlying communities due to the change in alcohol status.

Commissioner Masters said that the department took a variety of different factors into account when determining the placement of troopers in a community. Transport capabilities, crime level, and existing positions in the region were considered. He said that the requests for troopers from the communities would be assessed and other

opportunities would be explored if a trooper could not be placed.

[2:15:39 PM](#)

Representative Joule asked if the department had received the request from the community of Kotzebue. He said he would give the commissioner a copy of the request.

Co-Chair Hawker pointed out to the committee that the commissioner had not answered the question.

Representative Joule felt that the commissioner had laid out the parameters of the request from Kotzebue. He thought that traffic in and out of Kotzebue would increase and the community would become a "hot spot". He argued that assigning a trooper to the area would save the state money in the long run.

Co-Chair Hawker endorsed the concerns brought up by Representative Joule. He thought that communities would see an increase in alcohol related problems. He suggested that an amendment to the budget could be in order.

[2:19:00 PM](#)

Representative Joule felt that the presence of law enforcement could be a deterrent to criminal activity.

Representative Gara asked about efforts to decrease incidents of driving while intoxicated (DWI), with the use of interlock devices. It was rumored that the program was not being implemented. Commissioner Masters did not have information on the issue.

Co-Chair Stoltze shared that he understood that the Alcohol and Beverage Control Board (ABC) had intended to slow the implementation of the interlock device program in an attempt to buy time to cope with the problem.

Commissioner Masters replied that he was not familiar with the issue.

[2:22:27 PM](#)

Co-Chair Stoltze hoped that communities were going to be allowed sufficient time to implement the program. Commissioner Masters said the ABC board was working closely with the involved communities.

Mr. Spencer pointed out to the committee that the department had requested \$100,000 to fund video arraignments, which would reduce prisoner transportation costs in some areas.

Co-Chair Hawker spoke of the high death rate along the Seward Highway. He asked if all safety corridors would receive equal attention by the department. Commissioner Masters replied that the department did not feel that waiting for the 5 trooper positions was sufficient. The 2 positions that the department already had authorization for were moved to Girdwood specifically to man the safety corridor in that area.

Co-Chair Hawker Highway said that safety corridors had been proven to work, but only with adequate levels of enforcement. When the highway safety corridor legislation was passed in 2006, an annual report was expected from the Department of Transportation. Every evaluation has highlighted the need for an increase in aviation assets for ariel enforcement.

[2:27:40 PM](#)

Co-Chair Hawker wondered why there had not been a request for an increase in aviation support. Commissioner Masters replied that effective aviation enforcement needed sufficient ground support. Current aviation assets were in place and used during larger events. Co-Chair Hawker stated that all of the issues were related, and that the aviation assets could benefit from a higher profile in the budget request. Commissioner Masters commented that aviation requests could be found in the department's 10 year plan.

Representative Salmon queried whether the aircraft additions would include village law enforcement. Commissioner Masters replied no.

Commissioner Masters said that in August of 2008, the troopers reported 42 vacancies. At this time last year there were 22 vacancies. Currently, there were 13 vacancies, which were solely comprised if the 15 positions added last year. Commissioner Masters stated that the department would like to have all budget requests met in order to fulfill the mission and make improvements where necessary. He mentioned that there were also budget requests aimed at continuing and improving the information technology (IT) assets, which were the backbone of the information sharing and communication vital to the state. He specifically spoke of improvements to the records management system (RMS), which would allow for better documentation and analysis of information.

[2:36:29 PM](#)

Co-Chair Hawker asked if the requested personnel appropriations included all the funds necessary to provide logistical support for people in the field. Commissioner Masters replied that some administrative positions had been added, however, the support structure needed to be increased

for trooper and village public service officer (VPSO) service. The 10 year plan contained an item designed specifically to begin the discussion about issues involving 911 technologies, e-911, and cellular phone usage pertaining to 911 in rural areas.

[2:38:41 PM](#)

Commissioner Masters explained that full dispatch centers were run by the department and some were contracted out. In those cases resources were available through the operating budget request, but future 911 issues were expected.

Representative Fairclough discussed an email she had received regarding the qualifications for 911 dispatchers. She had been informed that the dispatchers in the state were not required to have CPR training. She wondered why that was. Commissioner Master replied that he would need to look into the issue. Representative Fairclough requested that the department get back to her office concerning the issue. She stated that she had placed a request with legislative legal to determine any existing liability issues.

[2:42:40 PM](#)

Representative Gara wondered why it would take 10 years to put VPSO officers in every community. He understood that the plan would take time and funding but argued that 10 years was too long. He thought a 5 year plan could be considered. Commissioner Masters replied that the governor was committed to making the funding request for the 15 VPSO positions in rural communities, every year, for the next ten years. The 10 year plan would give the department the ability to fill the positions without overburdening the system and provide for growth planning. He stated that the vision was subject to change over the years.

[2:44:46 PM](#)

Representative Gara thought that a shorter timeline to implement the plan would be better.

Representative Salmon cited the 7th bullet point on Page 4 of the presentation:

- Turnover rate is improving; FY07=29 percent, FY08=35 percent, FY09=14 percent

Representative Salon asked if the improvement could be linked to salary increases. Commissioner Masters replied that it was a combination of factors, the most significant being the raise in benefits and wages. The consideration and

addition of a cost of living increase (COLA), was also helpful. He thought that the renewed focus on the program had also been beneficial.

Representative Salmon cited Page 4, bullet point 5:

- Study; 40 percent reduction in the rate of serious injury from assault in communities with VPSO or VPO

Representative Salmon questioned the difference in the responsibilities of a VPSO versus a Village Police Officer (VSO).

[2:46:49 PM](#)

Commissioner Masters replied that a VPO was hired by the local community; the primary difference was that the VPSO was a state funded position, and was operated under the guidelines of the contracts negotiated between the state and the non-profits, and then agreements with the communities. The VPOs were not. Studies had shown that the presence of either in a community had yielded positive results. Although VPSOs and VPOs did not investigate felonies, both initially responded to emergencies.

[2:48:39 PM](#)

Representative Salmon asked if the VPO was qualified to carry a firearm. Commissioner Master replied that the community decided if the VPO could carry a firearm. Currently, VPSOs were not trained in the use of handguns, nor were they insured for the carrying of handguns. They were trained in the use of shotguns, primarily for use in animal encounters.

Representative Kelly pointed out to the committee that one benefit to speeding up the 10 year plan was that all parties involved agreed that the program was a legitimate government function, and were necessary for public safety. He surmised that more law enforcement would mean more encounters between law enforcement officials and the public; he hoped that the interactions were continuing to be amiable.

[2:52:08 PM](#)

Commissioner Masters replied that occasional complaints were being made to the department concerning how law enforcement officers interacted with civilians. He added that some interactions went well. The department welcomed complaints. Reports of misconduct were routinely investigated. Recently, the department had supplied a link to the webpage that allowed the public to lodge complaints online.

[2:54:10 PM](#)

Co-Chair Hawker asked about the department's success with the National Geographic television channel, and the show featuring the Alaska State Troopers. He wondered how the program was funded. Commissioner Masters agreed that the show has been successful. The department did not provide or receive funding for the program. Commanders allowing access to film crews had been instructed to ensure that the public was properly protected, and that funds were not expended for the sake of the program. The department had received a few complaints about the program, and had been in talks with producers about a more accurate portrayal of what the troopers do. Future programs were planned, and the program had boosted recruitment.

Co-Chair Hawker thought that showing the work that was done by troopers on international television was an exercise in transparency. He recalled one instance on the show that had caused consternation concerning personal fire arms. He said that the encounter had caused national debate on firearms rights.

[2:58:40 PM](#)

Co-Chair Hawker shared that a man who had been pulled over during a routine traffic check had told the trooper about the firearms concealed in his car. The trooper had taken the guns and run the serial numbers through the system. It had been argued on the national level that there had been no probable cause for the numbers to be run and that the troopers had violated the rights of a law abiding citizen. Commissioner Master stated that the department had yet had the opportunity to explore the issue and become privy to the appropriate response in that kind of situation.

[3:00:52 PM](#)

Representative Kelly requested information concerning the episode.

Representative Joule queried whether VPSO housing was a challenge, and if so, would become worse with the additional proposed positions. Commissioner Masters replied that it was, and would be, a challenge. Full cooperation of all parties involved, on the state and federal level, would be necessary.

[3:04:35 PM](#)

Representative Gara asked what the required population size was for a community to qualify for a VPSO. Commissioner Masters responded that the demand would be based on need and not population size. Some communities of 50 were in need of

a VPSO, several of which were in areas that had seasonal population increases.

Representative Gara questioned domestic violence prevention plans laid out in the presentation. He was concerned that the \$381,000 for domestic violence shelters would be used to offset increased operating costs. He understood that there would be public service advertisements created to educate the public. He wondered what the major service was that would be provided in order to reduce the amount of domestic violence and sexual assault. Commissioner Masters replied that the governor's initiative was broad, but it was the beginning of a 10 year plan. The increment noted was for immediate needs. Longer-term plans included statute change, and a focus on investigations into child sexual abuse and child pornography. The department wanted to increase funding to offset costs and to ensure funds for the advertizing campaign and research funds in the base budget. He stated that many departments played parts in the initiative, and that coordination of all involved entities would be a priority.

[3:08:58 PM](#)

Representative Gara asked about the loss of the 3 year federal earmark grant that had been used in the fight against domestic violence and sexual assault. He wanted to know if the grant was in jeopardy, and if so, how that would affect the department. Commissioner Masters responded that the department had been applying for, and receiving, federal funds through the Department of Justice, and would continue to do so.

Mr. Spencer added that a stop grant had been received; about \$1.1 million total. He pointed out that CVSA had two sets of funding, from the Violence Against Women Act and stop grants. Final federal grant approval had still not been awarded for future stop grants, but it was expected that the funding would be available soon.

Representative Fairclough recalled trouble in Bethel with the retention of police officers, and deficiencies in evidence collection and storage facilities. She asked if retention had gone up, and if some of the request for maintenance repairs would go to the Bethel facility.

Commissioner Masters replied that the department had funding for the maintenance and repair of the trooper building in Bethel. He stated that the department did not participate in the management of the Bethel Police Department. He said that there had been an increase in the number of troopers in Bethel. He assured the committee that the issue would be looked into and the findings could be provided in writing at a later date.

[3:13:45 PM](#)

Representative Fairclough asked if the City of Bethel was responsible for the law enforcement improvement.

Commissioner Masters believed that the city was responsible for the characterization and condition of the department and facilities.

Mr. Spencer added that a capital appropriation had been received last year for engineering assessments at several posts. Bethel was next on the list.

[3:15:19 PM](#)

Department of Corrections

JOE SCHMIDT, COMMISSIONER, DEPARTMENT OF CORRECTIONS, testified that prisons in the state were crowded. He said that immediate public protection was necessary as 95 percent of the prisoner population would be released from jail and reintegrated back into communities. He referred to the "Priority Program Overview" (copy on file). He read the department's new mission statement:

MISSION

"We provide secure confinement, reformatory programs, and a process of supervised community reintegration to enhance the safety of our communities."

CORE SERVICES

- Provide secure confinement.
- Provide supervised re-entry.
- Provide reformatory programs.

Commissioner Schmidt listed the Department of Corrections (DOC) highlights:

- 12 Correctional Institutions with 3,722 Beds (Maximum Capacity) including Pt. MacKenzie Farm
- Electronic Monitoring and Offender Supervision Programs

Commissioner Schmidt shared that the department worked to use the electronic monitoring program as much as possible, and was currently monitoring 250 offenders. The program had not been shown to reduce recidivism, but had proven cost effective.

Commissioner Schmidt continued with the highlights:

- Out of State Prison Contracts (900+ contract beds)
- 15 Municipal Jails (Contracted-153 Beds)
- (Bristol Bay Boro, Cordova, Craig, Dillingham, Haines, Homer, Kodiak, Kotzebue, North Slope Boro, Petersburg, Seward, Sitka, Unalaska, Valdez, Wrangell)
- 13 Regional Adult Probation Offices;
- 102 Probation Officer I/II/III's
- Commissioner Schmidt relayed that the department monitored 6050 offenders out on probation.
- Commissioner Schmidt continued with the highlights:
- 6 Community Residential Centers-774

[3:19:44 PM](#)

Commissioner Schmidt stated that the funds saved by electronic monitoring had allowed for the purchase of more beds. When the economy failed, Arizona and other states were closing facilities because they could not longer fund them. The department believed that the value of a contract bed would be changing. The department extended the contract to buy time to explore alternatives. Interest in the contract had been shown by the private sector and several states. Goose Creek Correction Center was scheduled to open in March of 2012. The Colorado system would be used as a blueprint, both in the actual building of the structure, and the program plan. The department was working towards a smooth transition.

Co-Chair Hawker questioned the out-of-state contractual. He noted that there was no change in budget request to reflect the cost of the move.

DWAYNE PEEPLES, DEPUTY COMMISSIONER, DEPARTMENT OF CORRECTIONS, said that the department had been below the 900 person threshold at the Arizona facility. Projected costs remained the same as long as the number of prisoners remained the same. Costs should be less, working out of Denver than Tucson. Cost per day for per diem was less, and transportation should remain even, despite inflation.

Co-Chair Hawker thought that the numbers were attractive, but queried weather the department was being too optimistic.

Mr. Peeples said that the cost would depend on the population numbers. This year the population had risen; last

year yielded an unprecedented decline. The decline reversed itself in April 2009, and dropped off again in November 2009, which was an expected seasonal drop. The expectation was that the numbers would remain the same through the next fiscal year. Depending on internal management, the Denver contract could hold at 900 or 925 prisoners. If the number was exceeded, the department would request additional funding.

Co-Chair Hawker asked how accurate the population management numbers were in regard to electronic monitoring and community residential centers. Mr. Peeples said that Wildwood Correctional Center would receive 32 extra beds, with 62 beds total being added by the beginning of the next fiscal year. He relayed that 43 community residential center beds had been added in Anchorage, 22 in Fairbanks. He said that the department was very population dependent.

Representative Austerman requested clarification as to who was funding the building of the correctional facility in Colorado. Commissioner Schmidt said that the facility was a management practice model for the facility that would be build in-state.

[3:28:07 PM](#)

Commissioner Schmidt relayed that the minimum security housing unit in Kenai would house 32 prisoners, and another 60 by early next fiscal year. He touched on the topic of Alaskan grown and the plight of farmers within the state. He addressed the question of why the department had not been buying more in-state goods. He reported that the department had crafted an agreement with the Department of Natural Resources. The consensus was that the list of available in-state goods would be consulted, if the item needed was within 7 percent of what the department would spend out-of-state, it would be purchased. Since January 11, 2010 the department had purchased 6,000 pounds of in-state product. The quality threshold for products was still being determined. He hoped more would be know by the next legislative session.

[3:31:42 PM](#)

Representative Doogan said that DOL had informed the committee that there had been a spike in felony and other cases in the state. He wondered why the DOC was not concerned about the possible influx of prisoners.

Commissioner Schmidt said that the department had witnessed a 20 percent increase in prisoners for a variety of cases. He added that the Department of Health and Social Services (HESS) had seen an increase in food stamp applications as well. In 2007, DOC determined that over the next 5 years the

prisoner population would grow by 137 per year. However, the numbers had fluctuated so much over the years that it was decided that no dependable projection could be made. He asserted that the department would continue to spend allocated funding on the programs presented in the budget request.

[3:35:07 PM](#)

Representative Doogan appreciated that the projections could be difficult, and that the demand for services could increase in demand.

Commissioner Schmidt said that the program plan had been operational as of April 2009. He relayed that it was too early in the process to determine the success of the program.

Mr. Peeples discussed Slide 2 of the department overview. The department was organized into three results delivery units (RDU); Administration and Support, Population Management, and Inmate Health Care. Slide 8 highlighted the FY 2011 governor's request changes in Population Management RDU. The unit included all the services and institutions of probation and parole in one unit. The third item on Slide 8 was the request to restore funding for the bed expansion project at the Wildwood Correctional Center. Community Residential Centers had been added to the request list to fund an additional 43 beds at facilities in Anchorage. The Community Residential Center contracts called for annual adjustments for consumer price index (CPI), up to a cap of 2 percent, which is calculated from the CPI from the federal CPI from the prior year. The one time item request was for the Kodiak Jail. The city was building a combined jail and police station. The department was requesting \$300,000 to allow Kodiak to manage the new police station until the combined center was completed. If the department failed to offer assistance to Kodiak, the city would only be able to hold prisoners for 24 hours, at which time the Department of Public Safety would be required to transport the prisoners, possibly numerous times, to the Wildwood facility.

Co-Chair Hawker reported that many complaints had been lodged with the committee by residents of Kodiak concerning the funding the city had received in the last year. He queried whether the budget presented by the governor would solve the problems presented by the city. Mr. Peeples replied that the budget figures had been worked in conjunction with the city of Kodiak.

Co-Chair Stoltze asked what issues had prompted the extra incremental request. Mr. Peeples replied that it was a one-time item, and that the city would be operating 2 jails. The

cost overruns were double what had been originally allocated from SB65.

Co-Chair Hawker asked if the funding was legal. Mr. Peeples understood that the legislature had the power of appropriation.

[3:43:53 PM](#)

Mr. Peeples stated that in prior years the legislature had continued to appropriate funds for substance abuse rehabilitation and mental health programs. The department was seeking no additional funds for the programs until the programs proved effective. An additional \$150,000 from the general fund was being requested to expand the vocational training program for inmates to train for jobs in the construction industry.

Co-Chair Hawker asked if there was any other source of funds, or partnership arrangement other than another general fund increment. Mr. Peeples replied that the department was seeking other funding sources, but at this point in time there was no other funding source.

[3:45:51 PM](#)

Mr. Peeples discussed the last item, which was a one-time reduction for fuel cost. He felt that the fuel cost problems would continue, and noted that the request for additional funding for utilities was in the supplemental.

[3:47:01 PM](#)

Representative Fairclough asked about the success of the department's partnership with the Mental Health Trust. Commissioner Schmidt directed the committee to Slide 11. He stated that the Mental Health Trust funds were one-time funding. Co-Chair Hawker added that it was a zero based budgeting approach.

Representative Fairclough asked if the partnership could be expanded. She wondered how many prisoners, under the care of the department, qualified under the definition for a Mental Health Trust beneficiary. Commissioner Schmidt replied 42 percent. He added that 18 percent had chronic, severe mental health issues. Representative Fairclough asked if the mental health needs of inmates could be addressed more effectively. Commissioner Schmidt said that the department was working to address the issue, but he thought that more help could be provided outside of the corrections system.

[3:52:16 PM](#)

Representative Fairclough queried the department's biggest challenge concerning utility costs. She noted that the costs were growing,

Mr. Peeples stated that the department had made improvements concerning utilities. They had switched to more efficient light bulbs and limited hot water usage. The energy consumption of the facilities had gone down, but accelerating costs had continued across the board. He relayed that the age and condition of some facilities had been a factor. The facility in Fairbanks was steam heated, and needed an immediate emergency replacement of the system. Contractors had evaluated the Fairbanks facility and recommended that the building be abandoned, and a new facility built within the next 5 years.

Representative Fairclough asked if the department had done everything possible to weatherize facilities to make them as energy efficient as possible. Commissioner Schmidt said that everything had been done that could be done concerning energy efficiency in the mechanical area. He imagined that more could be done, and that the department had made capital project requests for repair and renovation.

Representative Fairclough asked what the department was doing to control premium pay. Mr. Peeples responded that the staffing model used statewide was to examine each post, in conjunction with the site managers and the central office, and provide 5 correctional officers for every 24 hour security post.

Representative Fairclough inquired as to how many positions were vacant in the department. Commissioner Schmidt said that the average correctional officer count through 2009 was 774 for 782 positions. Turnover had been between 10 and 13 percent.

Mr. Peeples cited page 11, which contained the Inmate Health Care RDU. In the current fiscal year budget, a \$1 million general fund request was added on the senate side to the department's budget to fund secure detox in Anchorage. The funds were sent by reimbursable service agreement (RSA) to the department of Health and Social Services, as a one-time item. The item would be eliminated from the DOC budget and could be found in the HESS budget.

[3:55:42 PM](#)

Mr. Peeples said that other change that could be found was the reduction of the permanent fund dividend (PFD) criminal funds, which were collected from all felons. The money went into a pool which was then appropriated by the legislature to various operations. The funds had traditionally placed in

the physical health component. The PFD was expected to drop in FY2011, which necessitated the fund source change.

Co-Chair Hawker questioned what the DOC supplemental request for healthcare was for this year. Mr. Peeples responded \$4.6 million. Co-Chair Hawker requested further explanation of the supplemental request. Mr. Peeples stated that the department's growth factor in inmate healthcare would need to be revisited in the future. The inmate population had grown significantly in the last year. The last adjustment had been made in the inmate healthcare budget in 2009. Projections in the area of inmate healthcare were difficult to make, but an increase in the request for FY2011 was anticipated. He said that there were currently 30 cases that had raised up to \$30,000; several of which could end up totaling up to \$1 million.

[3:59:10 PM](#)

Representative Fairclough asked what percentage of the prison population qualified for other health insurance benefits. Mr. Peeples replied that once a person became incarcerated, all federal funds were cut off. Medicaid, Veteran's insurance, and any other type of health insurance through the federal government would not be paid. Most private health insurance expired after the first 30 days of incarceration. An increase in the budget request would be necessary because the department funded health insurance for prisoners independently, through general fund requests.

Representative Fairclough asked what percentage of the prison population qualified for Indian health services. Commissioner Schmidt answered that 36 percent of the population was Alaska Native. Representative Fairclough asked if the Indian health services coverage ceased upon incarceration. Mr. Peeples replied that the Indian health services were federally funded and would be unavailable for the incarcerated individual.

Representative Kelly expressed frustration that when an inmate was brought back to be housed in-state, the cost of housing the inmate raised by 75 percent. He thought it would be prudent to stop increasing the number of beds available in-state. He suggested that the best practices available in the areas of treatment and rehabilitation should be employed to lessen the rates of recidivism, and ultimately, lower the number of incarcerated persons in the state. He hoped a deeper discussion of the issue would occur during sub-committee meetings.

[4:05:07 PM](#)

Co-Chair Hawker echoed concerns about the cost of keeping people imprisoned; rather than rehabilitating, and

releasing, them back into society. He urged the development of diversionary programs for behavioral health cases that would provide savings as well as a better future for the incarcerated individual.

[4:07:17 PM](#)

Co-Chair Hawker asked what the committee could do in the current budget cycle to empower the department to make systemic changes. Commissioner Schmidt responded that the department could present ideas for systemic changes and looked forward working with the committee on the issue. Co-Chair Hawker insisted that the redirection of policy should not be taken as an indication that the committee was becoming soft on crime. Commissioner Schmidt summarized that there were "some people that we are mad at, and some people that we are afraid of", and that the public should not live in fear. He stated that re-entry into society was a priority.

Representative Kelly reiterated that no more prisons should be built in the state. The goal should be to fix the old facilities, build the necessary one in Fairbanks, but draw the line somewhere. He urged an examination of recidivism rates over an extended period. Programs must work, and produce results in the area of human safety. He felt that the coordination and communication between involved agencies could be improved.

[4:11:40 PM](#)

Representative Kelly believed that an important factor in successful re-entry into society was to ensure employment for the individual. Commissioner Schmidt said that 38,000 people a year were in and out of the system, and that the new program plan would help 1000 prisoners per year. That left 37,000 inmates still in the system. The department was tracking, by name, the people who went through the program and returned to the system.

Representative Kelly thought that a ten year projection would be helpful in all committee conversations.

Co-Chair Hawker said that if the situation continued to progress the department would need \$1 billion in capital investment, over the next ten years, to fund the program.

Representative Kelly stated that the issue should be handled by the government.

[4:15:16 PM](#)

Co-Chair Hawker thought that the goal to resist building more prisons was appropriate.

Representative Doogan shared that 2 percent of the population was in the system at any given time. If the money that DOC wanted to spend was extrapolated over the population, that budget would be 12 to 13 billion dollars. This would make prisoners the most expensive citizens in the state. He did not believe such spending was sustainable.

[4:17:42 PM](#)

Representative Fairclough commented that a large percentage of the prison population had mental health and substance abuse issues. She stressed the need for rehabilitation, and hoped that the state could work with the federal delegation to collaborate on the issue.

[4:19:45 PM](#)

Representative Kelly shared that according to the statistics; 92 percent of the people who were incarcerated in the last year were either drunk or on drugs when arrested.

[4:21:12 PM](#)

Co-Chair Hawker invited closing statements.

Commissioner Schmidt expressed appreciation for the nature of the dialogue and looked forward to further discussion on the issue.

[4:23:36 PM](#)

#

ADJOURNMENT

The meeting was adjourned at 4:22 PM