

HOUSE FINANCE COMMITTEE

January 23, 2013

1:32 p.m.

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CALL TO ORDER

Co-Chair Austerman called the House Finance Committee meeting to order at 1:32 p.m.

MEMBERS PRESENT

Representative Alan Austerman, Co-Chair
Representative Bill Stoltze, Co-Chair
Representative Mark Neuman, Vice-Chair
Representative Mia Costello
Representative Bryce Edgmon
Representative Les Gara
Representative David Guttenberg
Representative Lindsey Holmes
Representative Cathy Munoz
Representative Steve Thompson
Representative Tammie Wilson

MEMBERS ABSENT

None

ALSO PRESENT

Joe Joseph Masters, Commissioner, Department of Public Safety; Jeff Hoover, Director, Division of Administrative Services, Department of Public Safety; Joseph Schmidt, Commissioner, Department of Corrections; Ron Taylor, Deputy Commissioner, Department of Corrections; Leslie Houston, Deputy Commissioner, Department of Corrections; Representative Doug Isaacson.

SUMMARY

FY14 GOVERNOR'S BUDGET OVERVIEW:

Department of Public Safety

Department of Corrections

HB 65 APPROP: OPERATING BUDGET/LOANS/FUNDS

HB 65 was HEARD and HELD in committee for further consideration.

HB 66 APPROP: MENTAL HEALTH BUDGET

HB 66 was HEARD and HELD in committee for further consideration.

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#hb66

HOUSE BILL NO. 65

"An Act making appropriations for the operating and loan program expenses of state government and for certain programs, capitalizing funds, amending appropriations, and making reappropriations; and providing for an effective date."

HOUSE BILL NO. 66

"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."

^FY14 GOVERNOR'S BUDGET OVERVIEW: DEPARTMENT OF PUBLIC SAFETY

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JOE JOSEPH MASTERS, COMMISSIONER, DEPARTMENT OF PUBLIC SAFETY (DPS), introduced himself for the record.

Commissioner Masters began a PowerPoint Presentation titled "Department of Public Safety Department Budget Overview" (copy on file) and introduced his staff. He indicated that there was a large amount of information held within the overview slides and that he did not intend to spend a lot of time on the minute details.

Commissioner Masters discussed slide 2 titled "Department of Public Safety."

Our Mission:

To ensure public safety and enforce fish and wildlife laws

AS 44.41.020

Our Core Services

- Law Enforcement Patrol and Investigations
- Rural Law Enforcement
- Domestic Violence and Sexual Assault Programs
- Statewide Public Safety Programs
- Resource Protection
- Highway Safety

Commissioner Masters stated that DPS's mission was found in Title 44 and was very broad in statute

Commissioner Masters spoke to slide 3 titled "Organizational Chart." He related that DPS's largest division was the Division of Alaska State Troopers (AST), which provided law enforcement activities. The Alaska Wildlife Troopers (AWT), the Division of Fire and Life Safety, the Division of Administrative Services, and the Division of Statewide Services were also housed within DPS. He mentioned that DPS also contained three councils, which were the Council on Domestic Violence and Sexual Assault (CDVSA), the Alaska Fire Standards Council, and the Alaska Police Standards Council. The Alcoholic Beverage Control Board, which had previously been housed in DPS, was now contained under the Department of Commerce, Community and Economic Development (DCCED).

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Commissioner Masters addressed slide 4 titled "Statewide Impact."

- DPS is the primary statewide law enforcement agency
- Direct support Investigative assistance
 - Search and rescue
 - Training
 - Alaska Public Safety Information Network (APSIN)
 - Crime lab

Commissioner Masters stated that the Division of AST were viewed as the face of DPS, but related that the department had a much broader mission. He furthered that DPS has statutory responsibilities to provide direct support to local communities, municipal law enforcement agencies, and search and rescue operations. In 2012, DPS provided 7,072 assists to local agencies, 313 of which were direct assistances from DPS's Alaska Bureau of Investigation. In 2012, the department participated in 677 search and rescues that involved 1080 people. He pointed out that although DPS had various search and rescue obligations, that aspect of the department's mission was largely met through volunteer organizations, as well as other professional organizations such as fire departments and other rescue organizations. He discussed DPS's training academy for law enforcement in Sitka that provided training for state troopers, municipal police officers, village public safety officers (VPSO), and village police officers; the department also conducted training to service providers and others outside of the agency.

Co-Chair Austerman recognized that Representative Isaacson was present in audience.

Vice-Chair Neuman inquired if the agency provided training for local search and rescue operations. Commissioner Masters responded that volunteer and professional organizations had a huge role in search and rescue in Alaska and although the department provided some training, it only represented part of what occurred. He mentioned that there were other training organizations in the state.

Commissioner Masters continued to discuss slide 4.

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Representative Costello queried if DPS managed the sex offender registry. Commissioner Masters responded in the affirmative and that the registry was one of the programs that were housed within the Division of Statewide Services. Representative Costello inquired if the commissioner knew how many sex offenders were currently in the registry. Commissioner Masters responded that he did not have the information off hand, but that he would provide it for the committee. He pointed out that the requested information

was also available on DPS's website under the sex offender registry section.

Commissioner Masters stated that the next set of slides represented a more technical look at DPS's budget.

JEFF HOOVER, DIRECTOR, DIVISION OF ADMINISTRATIVE SERVICES, DEPARTMENT OF PUBLIC SAFETY, discussed slide 5 titled "FY2014 Operating Budget by Fund Source" and stated that the department had a \$208.8 million budget, most of which were general funds. The general funds were made up of general fund match and general fund program receipts. General funds represented about 87 percent of the department's budget. In FY14, there was an increase of \$12.2 million over the prior budget; a lot of the increase was related to backfilling federal and other funds. He offered that DPS's general fund was only 3.6 percent of all agencies' general funds.

Mr. Hoover spoke to slide 6 titled "FY2014 Operating Budget by Organization." He related that the AST Division was the agency's largest division and represented 53 percent of DPS's total budget. He pointed to the five divisions that Commissioner Masters had talked about and related that the VPSO program was under AST. He noted that AST and the AWT were separate divisions, but that they were under the same the appropriation.

Mr. Hoover pointed to slide 7 titled "FY2014 Operating Budget by Line Item." He discussed that grants were a large piece of DPS's budget; grants represented about 15 percent of the total budget at about \$30.9 million. About \$15.6 million of the grants were for VPSOs and the CDVSA was granted about \$14.4 million. He shared that personal services represented about 56 percent of the budget.

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Co-Chair Stoltze noted that the CDVSA programs were located in DPS. He recalled that Commissioner Streur gave a presentation that showed that a fairly large program for domestic violence and sexual assault was in the Department of Health and Social Services (DHSS); he inquired why the DHSS program was not integrated within DPS. Commissioner Masters responded that he was unaware of what items were in the DHSS budget. He added that DPS had certain programs in its budget that were domestic violence and sexual assault

related, but were not CDVSA related; he offered that DHSS likely had similar items in its budget. He offered that certain types of funding went to the agency best suited to deal with the issue and that DHSS might be better suited to administer certain programs.

Co-Chair Stoltze interjected that there was a general consensus that DHSS was better suited to administer the grant functions of DPS.

Mr. Hoover addressed slide 8 titled "Department of Public Safety Share of Total Agency Operations." Slide 8 was prepared by the Legislative Finance Division to show an overall history of general funds over nine years; there was an increase in the fund during that period of about 7.9 percent. He offered that a lot of the increase was due back filling federal and other funds and related even with the increase over 9 years, DPS's percentage of the total general funds from all agencies had remained rather flat.

Commissioner Masters reiterated that a portion of the increases on slide 8 were attributed to general funds and the replacement of diminishing federal funding. He noted that the larger increases in the last few years were in the areas of improvements and enhancements to the VPSO program, as well as new trooper positions.

Representative Gara stated that "in this case," the majority of the general fund increase was not related to backfilling federal funds and inquired if that was correct. Commissioner Masters responded in the affirmative, but added that it was accurate to say that a portion of the increase was due to backfilling funds. The following slide would illustrate the changes to federal and other funding.

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Mr. Hoover spoke to slide 9 titled "Department of Public Safety Percent of the Total Department's Budget by Fund Group." The slide depicted the change in the makeup of federal and other funds. He observed that federal fund authorization had peaked in FY10 and that other fund authorization peaked in FY12. He relayed that in the FY14 budget, \$4.2 million was shifted to general funds from federal and other funds; the change was primarily related to federal funding changes.

Co-Chair Austerman inquired how far back DPS could look back in order to examine which federal funds had been supplanted with general funds. Mr. Hoover responded that the department could go back and look at multiple years. Co-Chair Austerman requested that 2005 be used as a starting point to examine which federal funds had been supplanted with general funds and asked Mr. Hoover to return to the committee with the information. Mr. Hoover responded in the affirmative.

Commissioner Masters discussed slide 10 titled "Status of Current Year."

Accomplishments

- Completion of New Crime Lab
- Public Safety Academy Dining Hall
- Selawik Post
- New Aircraft in Service
- Domestic & Sexual Violence Prevention Planning
- Highway Safety

Challenges

- Need for Core Police Services
- VPSO Infrastructure and Retention
- High Rate of Domestic Violence and Sexual Assault
- Federal Grant Reductions
- Bureau of Highway Patrol funding from Alaska Highway Safety Office

Commissioner Masters discussed the first bullet point and stated that DPS had moved its staff and scientists over to the new laboratory in June of the current year; during this transitional period, there was some backlog buildup, which the department was working on eliminating. Despite the slowdown, DPS was still able to keep up with submissions into the lab within a 30-day-period and had eliminated DNA backlogs prior to 2011. He stated that the department had fully functionalized its Selawik Post and relayed that it had dramatically reduced crime in the area. The helicopter that would be used in the Interior was currently being built and was expected to be delivered to Fairbanks in June of the current year. The department was in the process of hiring a pilot for the helicopter. He discussed the Green Dot, Girls on The Run, Boys Can Run, and Lead On programs. He pointed out that the Coaching Boys into Men program was

a significant program where people in leadership roles in schools assisted athletes who had an informal leadership role in school. He discussed the Fourth R curriculum that assisted students with relationships. He noted that from 2009 to 2012, when the Bureau of Highway Patrol was in place, Alaska experienced the lowest on record number of fatal crashes and DUI related crashes. He stated that the previous year, DUI related crashes represented 21 percent or 22 percent of the total; historically, this percentage was in the 30th percentile. He concluded that the number fatal crashes were going down while the volume of traffic was going up and related that there were only 59 fatal crashes the previous year. In 1975, Alaska had 112 fatal crashes even though the traffic volume was much lower than it was currently. He offered that the reduction in fatalities were indicative of DPS's overall strategy.

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Co-Chair Stoltze stated that the Alaska Court System budget had an increment for getting "habitual traffic violators back on the road" and inquired if the Criminal Justice Working Group had consulted DPS about the increment. Commissioner Masters replied that he had not personally had conversations with the working group, but that it was possible they had contacted others.

Co-Chair Stoltze asked if the Criminal Justice Working Group would have another meeting in the current session. Commissioner Masters responded that they met on a regular basis and would meet again one or two more times before the end of the current session. Co-Chair Stoltze commented that he would require Commissioner Master's blessing in order to pass the increment for traffic violators in the Alaska Court System's budget. He pointed out that highway safety measures were punitive for a purpose and expressed concern that another branch of government would be enabled to start an initiative to get habitual traffic violators on the road faster than the current legal system allowed. Commissioner Masters responded that the criminal justice working group was a very good group that worked on enhancing the criminal justice system to make sure things worked as best as they could. He added that organizations did not always discuss everything with other agencies even though they might be affected by it.

Co-Chair Stoltze inquired if there was any ambiguity on the issue. Commissioner Masters replied that there was not.

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Vice-Chair Neuman mentioned the governor's request that 15 VPSO positions be added each year and pointed out that the program currently had 23 vacant positions. He inquired where and how the funding request for unfilled VPSO positions would be spent. Commissioner Masters responded that the funding request was enough to get the program to a certain level of personnel. He mentioned that the VPSOs were not state employees and that non-profit organizations were used to administer the program. He stated that any unspent funds for VPSO positions were being utilized to enhance the program. He related that there had been considerable discussion regarding the issue of funding use and that infrastructure support was a particular challenge to the program. The way the VPSO program was currently structured, there were three entities in charge of its administration. AST, the non-profit agency, and the community all worked together to implement the program and facilitate different aspects of the program. The communities were required to provide office space, transportation, communications equipment, and a holding cell; in reality, some of these communities did not have consistent funding. He concluded that DPS was using the funds to assist communities to situate themselves in a position where they can accept and retain a VPSO.

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Vice-Chair Neuman noted that some of the VPSO position funding was being used for the program's current needs, but that the state was approaching a time when the budgets would probably be more restrictive. He inquired how the costs of operations and maintenance of the VPSO program would be covered in the future after the "cushion" of the position funding was gone. Commissioner Masters responded that DPS was assisting communities with facilities that were not state owned and that the department would not have a responsibility to the facilities. The program was structured to encourage communities to tap other revenue sources. He shared that the VPSO program was never intended to be fully funded by the state. He stated that it was not his intent to have the state fully funding every component of the VPSO Program.

Co-Chair Austerman noted that time was running short and requested that substantive questions be saved for the end of the meeting.

Representative Gara mentioned the VPSO turnover rate. He stated that some rural organizations did not believe they could cover the indirect VPSO costs. He queried if the communities were responsible for part of the VPSO's salary and wondered if it was in statute or by arrangement that this was done. He further inquired what Commissioner Master's stance was towards the organizations that claimed they could not pay the indirect costs and as a result, could not maintain a VPSO. Commissioner Masters anticipated that there would be further discussion on the issue in subcommittee, but that the VPSO Program paid the entire personal services cost of the VPSOs; furthermore, there was a capped indirect rate of 15 percent to the non-profits. He stated that the 15 percent capped rate caused the non-profits issues because the federal programs had a federal negotiated indirect rate; the non-profits could not utilize other program costs to cover the gap between the 15 percent and their federally negotiated rate. He related that the department had been meeting with non-profits in order to figure out how to stay within the available funding and restructure the program to accommodate concerns. Representative Gara noted that he would discuss the matter later with the commissioner, but that the goal of adding 15 VPSOs per year was "going backwards" because the state was losing a significant percentage of the new hires. He added that the state was not meeting the goal of 10 or 15 VPSOs per year.

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Commissioner Masters continued to discuss slide 10.

Challenges

- Need for Core Police Services
- VPSO Infrastructure and Retention
- High Rate of Domestic Violence and Sexual Assault
- Federal Grant Reductions
- Bureau of Highway Patrol funding from Alaska Highway Safety Office

Commissioner Masters related that the current turnover rate in the VPSO Program was about 28 percent or 29 percent, but that the number was significantly lower than the turnover rate that the program had experienced in previous years; at one time, the turnover rate had been over 50 percent. He pointed out that the previous year, 28 VPSOs were added but that "29 going out the back door" made it difficult to achieve retention. ["29" was made in reference to the 29 percent turnover rate.] DPS was attempting to identify ways to slow down the attrition rate and make the jobs more appealing to applicants. He discussed the first bullet point and stated that additional troopers were needed in the Fairbanks Interior Region, the Mat-Su Valley, and the Kenai Peninsula. He noted that there was an increase in population over the past decades and that DPS had not kept pace with additional patrol troopers in those areas. He offered that there was a direct correlation between the population in a service area and how many calls DPS received; the number of service calls in Fairbanks had nearly doubled between 2000 and the current year. He stated that the Mat-Su Region also experienced a doubling in the volume of service calls from 2000 until the current year. The current patrol trooper staffing was not sufficient to have 24-7 coverage at the Soldotna Post; there were two or three days per week where the post was not open for full hours with an on duty trooper. He discussed the third bullet point and relayed that DPS was continuing its fight against domestic violence and sexual assault. He stated that the rates of domestic violence and sexual assault were still high, but pointed out that there were some promising statistics.

Commissioner Masters discussed the fourth bullet point and related that there was a reduction of about \$4.2 million in federal receipts that had been primarily covering DPS's trooper patrol positions and sexual assault units; there would be a funding increment requesting to retain these positions.

Commissioner Masters addressed slide 11 titled "Performance Indicators."

- Law Enforcement Patrol and Investigations
 - 86% homicide solve rate on AST case investigations, which is a decrease from FY2011
- Rural Law Enforcement

- 41% of misdemeanor and felony alcohol crimes referred in FY2012 were accepted for prosecution compared to 36% in FY2011
- Domestic Violence and Sexual Assault
 - 92% of sexual assault/sexual abuse victim service participants indicated a positive program impact in their lives due to CDVSA services
- Statewide Public Safety Programs
 - 42% reduction in unintentional fire fatalities compared to the previous five year average
- Resource Protection
 - 5.39% of wildlife violations detected as a percentage of total contacts which is a 10.8% increase over the previous year.
- Highway Safety
 - 50% decrease in the number of DUI fatalities compared to the previous 3-year average

Commissioner Masters pointed out that AST had responded to over 112,000 calls for service the previous year, which was about the same volume as 2011. 15 homicides were reported in Alaska in 2012, 2 of which were still currently being worked and remained unsolved.

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Commissioner Masters discussed slide 12 titled "FY14 Significant Operating Changes."

New and Continuing Initiatives

- New Sex Trafficking Investigation Unit with 3 Investigators, \$827.2 GF
- Increased Trooper Coverage (15) in Fairbanks, Mat-SU, and Kenai, \$2,833.4 GF
- Initiative for Increasing the Number of Village Public Safety Officers in Rural Areas, \$2,679.3 GF

- New Support Trooper Position for Additional Village Public Safety Officers, \$293.3 GF

- New Trooper Post in Hooper Bay with Two Troopers, \$823.7 GF

Commissioner Masters spoke to the first bullet point and stated that DPS had been "keeping our head somewhat in the sand" on the issue of sex trafficking. He pointed out that the department had allowed other agencies, primarily in the Anchorage area, to take a lead role on sex trafficking. He observed that the sex trafficking task force had identified sex trafficking as an area of concern that DPS needed to focus on.

Co-Chair Stoltze spoke to the first bullet point on slide 12 and inquired if it would be part of a fiscal note with the governor's legislation or whether it required a separate increment. Commissioner Masters responded that it would not be in the form of a fiscal note on a crime bill, but was a specific increment request in the budget. Co-Chair Stoltze queried if there would be other requests as part of a fiscal note with the legislation. Commissioner Masters replied that it was too premature in the process for him to comment, but reiterated that the first bullet point was a request by AST for an investigator.

Commissioner Masters continued to discuss slide 12. He spoke to the third bullet point and related that DPS had identified 66 communities that had no law enforcement protection whatsoever; any community that had a population of less than 50 was not included in that number. He shared that he was not suggesting to put a VPSO in every one of the 66 communities, but that the department would likely be able to do so in the bulk of those communities.

Representative Munoz inquired if a community had the say of whether or not a VPSO was stationed there. Commissioner Masters responded in the affirmative and that the way the department was structuring requests was that the community made a request to the non-profit administrating entity. The non-profit would then begin working with the community on the logistical and programmatic pieces.

Commissioner Masters continued to speak to slide 12. He discussed the fourth bullet point and stated that the trooper position would assist directly with the VPSO

program; the trooper would work with the non-profits, the communities, and VPSOs.

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Representative Guttenberg requested a breakdown of the \$293,300 increment in the fourth bullet point. Mr. Hoover responded that there was \$77,000 in startup equipment costs the first year and that the ongoing costs were around \$215,000. He stated that the trooper personal services portion of the funding was around \$150,000 and that there would be related non-personal services costs. Representative Guttenberg inquired what the new trooper position would cost after the first year. Mr. Hoover replied that the ongoing costs would be about \$215,000.

Commissioner Masters continued to speak to slide 12. He discussed the last bullet point and stated that the Hooper Bay post would follow the same model as Selawick and Emmonak. There would be two troopers posted permanently into Hooper Bay with a rotating work schedule. Currently Hooper Bay was covered out of the Bethel post, but the flight time in a Cessna 207 was over an hour and a half and over an hour in the Cessna Caravan. The two troopers would also service the villages of Chevak and Scammon Bay. He shared that Hooper Bay was the largest village in Alaska and that the village of Chevak had over 600 inhabitants. He relayed that the aforementioned villages were in significant need of law enforcement and that the cluster of villages had the region's highest percentage of felony cases that came into the Bethel Post for action. He added that the cluster of villages had the highest percentage of inmates in Bethel's jails.

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Commissioner Masters spoke to slide 13 titled "FY14 Significant Operating Changes."

Maintain Current Services

- Replace Federal Funds with State Funds for Bureau of Highway Patrol DUI Enforcement, \$2,937.0 GF / (\$4,837.4 CIP Receipts)

- Replace Federal Funds for Six Investigative Positions in Internet Crimes Against Children, \$914.2 GF
- Replace Federal Funds for three Public Safety Technicians, \$213.0 GF / (\$213.0 CIP Receipts)
- Increased Dispatch Center Contract Costs in Matsu Valley and Kenai, \$400.0 GF
- Replace Federal Funds for Meth Grant Initiative, \$131.6 GF / (\$131.6 Fed)
- Fully Fund Pilot and Operating Costs for New Interior Helicopter, \$296.8 GF
- Decrease in Risk Management Allocation, (\$1,026.1) GF
- Salary & Health Benefits Increase, \$946.1 All funds

Commissioner Masters discussed the first bullet point and pointed out that the Bureau of Highway Patrol's DUI Enforcement program was a valuable program that cost effective and saved lives; he opined that the program needed to be continued. He spoke to the second bullet point and pointed out that two of the investigative positions would be in the technical crimes unit, which dealt with internet predation and child pornography; two of the investigative positions dealt with child sexual abuse investigation and two were for adult sexual assault investigative units. He continued to discuss the second bullet point and related that the investigators were located between Anchorage, Palmer, and Fairbanks. He stated that the six investigative positions were put in service through funding that was under the American Reinvestment and Recovery Act (ARRA), but that DPS's strategy was to continue the positions with general funds. He discussed the third bullet point and related that the technicians assisted AWT. He explained that DPS was not able to send two troopers out on patrol in a skiff and that often it was the technician that was boat operator.

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Representative Wilson inquired if some of the positions on slide 13 were started with stimulus funding. Commissioner Masters responded in the affirmative and that the six investigator positions were directly funded by ARRA. Representative Wilson requested a list of the positions that would be using general fund but were started by ARRA. Commissioner Masters believed that only the six investigator positions were directly related to ARRA funding, but that there were more positions that were related to federal funding. He indicated that he would provide the requested information.

Commissioner Masters continued to discuss slide 13. He spoke to the fourth bullet point and stated that currently, the department had direct a contract in Mat-Su with the City of Wasilla for their dispatch center; costs needed to be negotiated with this contract, as well as meet increased dispatch needs. He discussed the fifth bullet point and stated that it funded a criminal justice technician that assisted the drug unit troopers with various things including dismantling meth labs. He discussed the sixth bullet point and pointed out that it was the remaining funding for the personal services and operating costs for the pilot and helicopter.

Representative Guttenberg inquired if the Meth Grant Initiative was for a technician. Commissioner Masters responded in the affirmative and that it was a technical level job that provided very specific types of assistance. Representative Guttenberg commented that there were dangerous chemicals and risks when investigators went into meth labs and inquired if the federal government had been funding a technician that worked in that environment. Commissioner Masters replied that the funding for the Meth Grant Initiative was fairly broad on usage but that it was for assistance in dealing with meth labs, portable meth labs, and "pop bottle" meth labs, and other efforts dealing with the meth issue; primarily, the technicians were utilized in a supportive role.

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Representative Guttenberg relayed that he did not want to minimize the risk of meth labs, but recalled reports that the use of meth and meth labs was down. He inquired if heroin was a big issue and queried what DPS was "chasing most." Commissioner Masters replied that the "in vogue"

drugs were still out there, but that there was a resurgence of heroin usage in several areas of the state. He relayed that more information would be forthcoming in the mandatory annual drug report from AST's drug unit. He added that DPS was seeing significant issues with prescription medication diversions and that pain medications represented majority of abuse.

Representative Guttenberg inquired if the committee would get a copy of the annual drug report from AST. Commissioner Masters replied in the affirmative.

Representative Holmes commented about a potential prescription drug database and inquired if it was still being pursued by DPS. Commissioner Masters responded that the potential database had been handled through DHSS, but added that DPS had been in lengthy discussions with DHSS at the time regarding the issue. He noted that DHSS had investigators, particularly in the area of prescription frauds. He concluded that he would return to the committee with information regarding the potential database.

Vice-Chair Neuman pointed to the fourth bullet point on slide 13 and mentioned the increases in the dispatch center contract costs; He queried if there was a way to deal with the costs more "in house." He further inquired if the dispatch centers could be handled to achieve cost savings and safety for AST. He wondered if a contract dispute with the City of Wasilla that the state did not have control over could put troopers at risk. Commissioner Masters replied that the current contract with MATCOM was about \$1.5 million and that the new budget would increase the contract's cost. He responded that DPS would not allow the dispatch centers to endanger the troopers and that the department would take drastic actions to insure that this did not occur. He addressed the first question and responded that the department was discussing internally at what point it became equal cost or a cost savings to provide certain services itself instead of using contracts. He stated that the cost to the department, the type and quality of the service, and the interactions between infrastructure and programs that were being discussed were all considered by the department. He related by example that the Matanuska Borough was talking about a regionalized dispatch center; the department was looking at the center to discern if it was a viable option, but law enforcement had very specific needs that were sometimes different than

the needs for dispatching fire and EMS services. He related that the department also looked at the boundaries of the regional dispatch centers, but that those boundaries were not necessarily the boundaries that the state used for its trooper positions. He stated that there were also considerations of fail safes and redundancy capabilities of the department's own systems for state owned and operated dispatch centers such as the Fairbanks or Ketchikan centers.

Vice-Chair Neuman pointed out that making sure that Alaska State Troopers went home to their families every night was the highest priority.

Commissioner Masters addressed slide 14 titled "FY14 Significant Operating Changes."

Council on Domestic Violence and Sexual Assault

- Provide Additional Grant Funds to Maintain Existing Services to Adults and Children, \$287.5 GF
- Grants to Non-profits to Provide New Community Prevention Coordinators, \$300.0 GF
- Grants to Non-profits to Provide Non-residential Services to Victims in Remote Areas (Emerging Programs), \$250.0 GF
- Coaching Boys to Men Violence Prevention Curriculum, \$50.0 GF

Commissioner Masters spoke to slide 15 titled "FY14 Operating Budget Positions."

- 890 Permanent Full Time
- 18 Permanent Part Time
- 17 Non perms
- 334 Alaska State Troopers (21 new positions)

- 96 Alaska Wildlife Troopers
- 59 Court Services Officers
- Positions in 50 locations, one new location (Hooper Bay)

Commissioner Masters highlighted that AST currently had 18 vacancies and that AWT had 4 vacancies. He related that DPS was at the end of a hiring process and that the department would be receiving job offers for those who would go into the spring academy; DPS anticipated that there would be 18 to 22 job offers. He concluded that DPS would be 100 percent filled in both trooper divisions if no troopers left and department got "on the outside end" of 22 job offers.

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Commissioner Masters discussed slide 16 titled "FY2014 Capital Projects."

- Alaska State Troopers Law Enforcement Equipment Replacement: \$400.0 GF
- Alaska Wildlife Troopers Law Enforcement Equipment Replacement: \$400.0 GF
- VPSO Equipment: \$400.0 GF
- Alaska Wildlife Troopers Vessel Repair and Maintenance: \$1,000.0 GF
- Alaska Wildlife Troopers Aircraft Repair and Maintenance: \$800.0 GF
- Alaska Wildlife Troopers Marine Fisheries Patrols: \$1,200.0 Fed
- Alaska Wildlife Troopers Enforcement Activities: \$200.0 other
- APSIN Contractor Support: \$975.0 GF
- Statewide Deferred Maintenance: \$1,307.0 GF

- Bethel Public Safety Hanger Repair & Renovation:
\$300.0 GF

Commissioner Masters stated that DPS was currently operating 43 aircraft and 107 vessels; 88 of those aircraft were over 20 feet. He related that P/V Stimson was about 160 feet long and that DPS also had two large vessels in Kodiak that were about 130 feet and 80 feet long. He stated that the requested funding represented a nominal amount considering the size of DPS's fleets, but acknowledged that it was not an insignificant amount over all. He added that on July 1st, DPS expected to go from its mainframe based Alaska Public Safety Information Network (APSIN), which was referred to as "Legacy APSIN," to a new server based APSIN system on new platforms; the Legacy APSIN would be run as a failsafe for at least one year while DPS was simultaneously bringing the new system online to insure interruption of service.

Mr. Hoover pointed to slide 17 titled "Department of Public Safety Continued Budget Growth Compared to 10 - Year Plan (Non-Formula Only) (GF Only)." He relayed that the slide's chart was prepared by the Legislative Finance Division and that it projected forward the general funds for DPS's operating budget. He stated that although the chart showed a projected growth of 7.9 percent, it was based on the past and was not sustainable. In the past, there had been a number of general fund initiatives and backfilled federal and other funds; as a result, the chart showed a growth. He shared that the department's long-range plan projected a 3.1 percent growth, which it thought was more a more reasonable view for general funds for the upcoming ten years. He pointed out that the long-range plan did not account for salary and benefit increases, but that the those types of increases were accounted for by OMB and were expected to be about \$1 million in FY14. The long-range plan did not account for the fuel supplemental. OMB would also account for the fuel supplemental, which was approximately an additional \$1.1 million in the current year. He concluded that there were things that were not included in DPS's long range plan, which accounted for the "gap" going forward.

Commissioner Masters interjected that the long-range plan did take into account what DPS saw as added positions over the next several years and the anticipated growth in the

VPSO program. He reiterated that the green line on slide 17 was not what DPS expected to see regarding growth and that the department would stop adding positions at some point. He added that there was only \$10 million of federal funding left in DPS's budget and that parts of that would be eliminated; however, there would not be an entire elimination of federal funds because there would formula driven federal receipts still coming in. He concluded that the reality of DPS's growth would probably fall somewhere in between the two lines on the slide.

Mr. Hoover spoke to slide 18: "Department of Public Safety Continued Budget Growth Compared to 10 - Year Plan (Non-Formula Only) (All Funds)." He stated that the slide represented a chart prepared by the Legislative Finance Division that showed total funds. He related that the slide showed a similar picture to the previous slide with 6.9 percent in growth; as with the previous slide, the growth was based on the past. DPS had built into the long-range plan realistic expectations of what would happen to general, federal, and other funds.

Representative Gara noted that the governor planned on adding 15 VPSOs per year and that problems with retention required that number to be even higher. He inquired if the "even smaller" increased budget curve incorporated the VPSO positions. Commissioner Masters responded that the budget curve that was being reflected contained any additional costs that DPS had anticipated for the VPSO program.

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Co-Chair Austerman stated that because pertinent questions arose during a presentation, he did not want all the questions saved until the final end; however, he requested that the timeframe be kept on track.

^FY14 Governor's Budget Overview: Department of Corrections

JOSEPH SCHMIDT, COMMISSIONER, DEPARTMENT OF CORRECTIONS (DOC), began a PowerPoint presentation (copy on file) He introduced his staff and discussed staffing changes within DOC. He stated grading and auditing was something that DOC was focused on and that the department had conducted a lot of systemic changes.

Commissioner Schmidt discussed slide 2 titled "Mission."

The Alaska Department of Corrections enhances the safety of our communities. We provide secure confinement, reformative programs, and a process of supervised community reintegration.

Commissioner Schmidt stated that DOC had put its mission statement into effect in 2008 and that the department wanted to be more than just "the incarceration piece." He acknowledged the need for secure confinement for some offenders, but pointed out that 95 percent of the department's inmates were released in their lifetime; as a result, reformative programs and supervised reentry needed to be at the forefront of the department's decisions.

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Commissioner Schmidt spoke to slide 3 titled "DOC at a Glance."

- Alaska is one of six states in the nation that operates a unified correctional system
- In 2012, DOC booked 40,347 offenders into its facilities
- As of Dec. 31, 2012, 5,958 offenders are in prison, a CRC or on EM
- As of Dec. 31, 2012, 6,143 offenders are on probation or parole
- 13 facilities statewide
- 13 field probation offices
- 15 Regional and Community Jail contracts
- 8 Contract Community Residential Centers
- Electronic Monitoring Programs operated

Commissioner Schmidt discussed the first bullet point and stated that a unified correctional system meant that DOC handled the misdemeanants, the un-sentenced felons, or anyone with less than a year to serve; as a result, the

department had a high volume of business. He related that because Alaska had a unified correctional system, the comparison had to be "apples to apples" when examining how another state did things. He explained that a sentenced felon was a different kind of prisoner to manage than a pre-trial felon or a very short-term misdemeanor. He spoke to the second bullet point and stated that the 40,347 bookings represented about 23,600 unique individuals; most of the inmates came back twice. Out of the 23,600 people, 1,850 were "non-crims" or those that did not commit a criminal offense, but sat in jail overnight.

Commissioner Schmidt addressed slide 4 titled "Core Services."

Provide Secure Confinement

- 13 In-state Correctional Facilities with maximum bed capacity of 5,449 beds
 - Maximum bed capacity reflects the Goose Creek Correctional Center located in MacKenzie Point at full operational capacity with 1,536 maximum bed capacity.
- 1 out-of-state contract facility located in Hudson, Colorado housing 415 offenders
 - Remaining offenders to be transitioned back to Alaska during 1st quarter of FY2014 with the completed opening of the Goose Creek Correctional Center.
- 13 Regional Adult Probation Offices

Commissioner Schmidt discussed the third bullet point and stated that it was based on the FY 14 budget; currently, Alaska had 1029 offenders in the Colorado facility. DOC planned on having 415 offenders in the out-of-state facility by July 1st, as well as having all the offenders in state by the end of the first quarter of FY14.

Co-Chair Stoltze inquired if the number of contract prisoners would go down to zero. Commissioner Schmidt replied in the affirmative. Co-Chair Stoltze inquired if there were other circumstances under which DOC would have contract prisoners. Commissioner Schmidt replied in the

affirmative and relayed that there were 17 or 18 prisoners that were contracted out for medical or safety concerns.

Commissioner Schmidt pointed to slide 5 titled "Core Services."

Provide Supervised Release

- 15 contracts with Regional and Community Jails - 157 beds
- 8 Community Residential Centers - 839 beds
- Electronic Monitoring operated in 7 communities with capacity to support up to 385 offenders

Commissioner Schmidt spoke to the second bullet point and related that the department had more than doubled its capacity in the Community Residential Centers (CRC). He pointed out that when a prisoner was reentering society, employment, housing, and sobriety support were the most important factors; although halfway houses did not meet any of these three factors, they allowed for employment, which in turn allowed for housing and sobriety support. He stated that more than 90 percent of people that started the electronic monitoring program finished without an incident; DOC had not "pushed" the program too hard in an effort to keep the success and safety of the program at a high level.

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RON TAYLOR, DEPUTY COMMISSIONER, DEPARTMENT OF CORRECTIONS, discussed slide 6 titled "Core Services."

Provide Reformatory Programs

- Substance Abuse Treatment Programs
- Sex Offender Management Programs
- Vocational Education Programs
- Educational Programs
- Domestic Violence Programs

- Faith-based Re-entry Programs
- Mental Health Services

Mr. Taylor spoke to the first bullet point and stated that DOC had put considerable energy into expanding the rehabilitative programs. He related that the department was beginning to see the benefits of the substance abuse treatment program expansion. For example, the department would be going from a capacity of 800 in its outpatient program, or LSAT, to just over 1300 at the end of the current fiscal year. He relayed that the intensive residential program, or RSAT, was at about 140 beds; however, by the time DOC switched from the Hudson to the Goose Creek Facility, the RSAT program would increase to about a 220 bed capacity. He addressed the second bullet point and stated that there were 250 sex-offender community slots. There were 54 sex offender beds in the Lemon Creek facility and the upcoming Palmer Correctional Center; there were also an additional 19 beds in the CRC facility in Bethel Tundra Center. He continued to discuss the second bullet point and stated that DOC was able to conduct 729 polygraph exams on 435 probationers and parolees in its system. He spoke to the third and fourth bullet points and stated that those programs had been expanding. He related that there would be a list of services offered by DOC facilities that would probably be released in subcommittee meetings. The department's vocational programs included the small engine repair, food handler, animal care, and apprenticeship programs in carpentry, building maintenance, plumbing, and electrical. The department's education programs included adult basic education and GED programs. The department's domestic violence programs included the CAP program, which was a 16 week program, as well as parenting classes. He discussed that the department's faith based reentry programs included the Transformational Living Communities Program, which was a 12 to 18 month program in two of DOC's institutions; there were also some mentor and volunteer based programs. He discussed the last bullet point and stated that it included the institutional discharge program and the Asses Plan Identity and Coordinate (APIC) Program.

Representative Guttenberg noted that the faith-based re-entry programs, educational, and vocational programs were not mutually exclusive to each other. He noted that although faith-based programs were important to many

people, it was not a path to a job and inquired if someone was able to take multiple programs. Mr. Taylor responded in the affirmative.

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Commissioner Schmidt addressed slide 7 titled "Goals." Protect the public

- Reduce recidivism
- Delay the need for construction of a new prison for sentenced offenders
- Ensure that incarcerated offenders spend their time in custody productively
- Work collaboratively with outside stakeholders to achieve these goals

Commissioner Schmidt discussed the second bullet point and related that reducing the recidivism rate would be good for the economy and the victims. He spoke to the fourth bullet point and offered that re-entry into the community started when an individual walked into a prison and that if they had a release date, an inmate should be preparing for life on the outside.

Mr. Taylor discussed slide 8 titled "Performance Indicators."

Secure Confinement:

Maintain zero prison escapes

- An escape from the Mat-Su Correctional Center occurred in FY2011; however, the conviction occurred in FY2012. This escape is included with this reporting cycle.

Decrease the number of special incident reports

- The number of special incident reports increased from 66 during calendar year 2010 to 106 during calendar year 2011.

-The increased reporting is primarily associated with expanding the definition of an inmate-on-inmate special incident to now include lower level assaults such as pushing, shoving, or other incidents that may not have required medical attention, but created a situation that could lead to a more serious assault.

Mr. Taylor pointed to slide 9 titled "Performance Indicators."

Supervised Release:

Increase the percent of probationers and parolees who satisfy court ordered conditions of release

- During FY2012, 2,007 offenders were discharged from Probation or Parole. Of those discharged, 1,052 (52.41%) met all requirements established by the courts to qualify as a successful discharge. This is an increase from FY2011, where 1,820 offenders were discharged, of which 884 (48.57%) offenders met all requirements as established by the courts.

Reduce criminal recidivism. For this purpose, recidivism is defined as any person convicted of a felony offense who is incarcerated as a result of a new sentence, parole or probation revocation within three years

- Currently, early reports show a 14% reduction in recidivism for offenders who complete substance abuse programs.

Mr. Taylor stated that the department was tracking the number of people that completed its substance abuse programs and that there was a 14 percent reduction in recidivism from the control group. He related that the reduction was promising and that the national average over three years was 9 percent to 12 percent.

[3:01:14 PM](#)

Mr. Taylor discussed slide 10 titled "Performance Indicators."

Reformative Programs:

Increase the number of individuals who complete an institutional or community based substance abuse treatment program

- The number of offenders completing an institutional or community based substance abuse treatment program increased from 424 during FY2010, 719 during FY2011 to 1,137 during FY2012.

Increase the number of sex offender probationers who complete a sex offender management program and who receive polygraph testing while on probation

- The number of sex offenders that received a polygraph while on probation decreased from 454 during FY2011 to 421 during FY2012.

Mr. Taylor discussed the last bullet point and stated that there were several reasons for the decrease in the number of poly graphs that the department was able to conduct; over the past decade, the average sentence length for sex offenders had almost doubled. There was also a 1 percent increase of DOC's sex-offender population. He pointed out that there was also fewer sex offenders being released to supervision; in FY 2008, 137 sex offenders were released into supervision, but that number dropped to 55 in the prior fiscal year.

Representative Holmes discussed the substance abuse program and inquired how the increased number of participants in the substance abuse programs affected the program. She further inquired if there was more demand than there was room in the program and asked how many wanted to enter the program versus how many were able to. Mr. Taylor responded that the information would be available in subcommittee. Commissioner Schmidt interjected that that the department looked very carefully at who was not in the program. He explained that one-third of prisoners would re-offend no matter what, another third had decided that they would not re-offend, and that it was the other third that DOC looked at. He pointed out that although there were 40,000 bookings, 20,000 would be taken out because the booking

only represented 20,000 people; furthermore, 20,000 would be divided into thirds and the department would discard the numbers that were not in jail for more than 90 days. He concluded that the "number" was in the neighborhood of 3,000 inmates per year, but that the department would "dial" the number in because it would be part of the department's grading.

Mr. Taylor addressed slide 11 titled "Performance Indicators."

Reformative Programs:

Increase the number of offenders who receive a General Education Development certificate while incarcerated

- The number of offenders receiving a General Education Development (GED) Certificate while incarcerated went from 254 during FY2011 to 251 in FY2012.

Increase the number of inmates who successfully complete an institutional faith-based re-habilitative program

- The number of offenders completing an institutional faith-based rehabilitative program increased from 36 in FY2010, to 44 in FY2011, and to 46 in FY2012

LESLIE HOUSTON, DEPUTY COMMISSIONER, DEPARTMENT OF CORRECTIONS, spoke to slide 12 titled "Challenges and Issues."

- Meet 24/7 operational needs while striving to remain within fiscal parameters
- Availability of community-based resources for releasing offenders
- Conversion to electronic records system for all offender files

Ms. Houston discussed the first bullet point and related that there were a lot of unknowns regarding the operational costs. She pointed to the second bullet point and stated

that the lack of community-based resources for releasing offenders was a statewide problem. She addressed the last bullet point and pointed out that the department had a lot of paper files; the department was imaging the files in order to reduce its footprint for storage and other space.

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Ms. Houston discussed slide 13 titled "Challenges and Issues."

- Over the past decade, medical care costs in Anchorage have increased by 56.2%, compared to 29.8% nationwide (Alaska Economic Trends, July 2012)
- Increases in chronic health issues and an aging inmate population has led to higher acuity and increased need for higher medical care

Commissioner Schmidt pointed to slide 14 titled "Population Information" and related that the next several slides offered a picture of the inmate population.

Commissioner Schmidt addressed slide 15 titled "Institutional Inmate Population 2003-2020." The red line represented how many beds DOC had, while the blue line reflected the number of prisoners. He pointed out that because the department had prisoners out of the state, the graph displayed less beds than prisoners. He stated that the two lines on the graph would cross when Goose Creek opened and there would be more beds than prisoners for a short period of time. He shared that in 2015, the two lines would cross again and that at this point, the department would be discussing another prison. He relayed that he would like to delay building a new prison for as long as possible and that if the recidivism curve could be turned "turned down just a little bit," it would delay the two lines crossing for several more years. He pointed out that the reduction in the recidivism of those that participated in the department's programs was a good start.

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Co-Chair Stoltze noted that the Judiciary had stated in a previous meeting that it did not get to control its "flow of responsibilities." He acknowledged that DOC had to deal with issues like mandated ambient cell temperatures and the

freshness of fruits and vegetables. He inquired if DOC could identify what costs were court mandated issues and opined that someone who was trying to run a prison in a rational manner might view some of the mandates as being absurd. He noted that DOC was not a very popular agency to fund because no one saw or wanted to see what the department did. He relayed that the state did not play "catch and release" with career sex offenders and pedophiles and made several comments regarding his opinion of the priorities of prison conditions. He pointed to issues with correction-officer safety and asked what the contributing factors were regarding the discussion surrounding officer safety. He expressed concern for the correction officers' safety and related that the system depended on competent management.

Commissioner Schmidt responded to the first question and stated that although the department would not "call them ridiculous or anything like that," there was a list of court mandated requirements that it had to comply with. Co-Chair Stoltze interjected that the pejorative statements would be "on us because we have a little more license for that." Commissioner Schmidt replied to the second question and relayed that he wished there was a staffing ratio or number that would guarantee no incidents; however, this was not possible. He stated that Co-Chair Stoltze was on the mark with his question. He related that if an incident occurred, the department examined if the inmate was classified correctly, if they had been disciplined in the past, if the discipline had worked, or if they should have been "out." He recalled that there were times that he had wished an individual had been locked up because they should have been and that a situation like that represented a classification issue. The department would continue to look at the contributing factors to officer safety. He reiterated that in 2010, the department had expanded its definition of what a special incident would consist of and that the list now included chest bumping and threatening. He offered that a baseline had been established and that the next year, the department would be able to examine results and hopefully determine the causes. He concluded that DOC could not predict inmate behavior, but that it should examine contributing factors when incidents occurred. He added that looking at where and when things happen were important and that maybe more staff was needed at certain places at certain times of the day.

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Co-Chair Stoltze related that he had a lot of experience dealing with corrections officers through his public service. He recalled having very sobering conversations with corrections officers in his district regarding safety concerns. He pointed out that he had looked at the minutes from the State Affairs Committee in 2003 and 2004, and offered that his justification for building expensive corrections facilities was for officer safety and not for prisoner comfort. He added that prisoner safety was also a concern, but that the system was currently broken.

Representative Edgmon remarked about a presentation by the University of Alaska in which there was a model that showed that more resources up front would decrease the deferred maintenance problem. He inquired if DOC had ever run a model that showed that if it could get more resources towards substance abuse, it could bend or flatten the curve sooner. Commissioner Schmidt responded that he believed the answer was yes and added that although the department did not have a model yet, the 14 percent reduction in recidivism in the substance abuse program was the first time that the department had counted the people who did not come back to jail. He concluded that once the department knew the value of the programs, it knew what to ask for, as well as what the program would produce; the department was at the beginning stages of building a model.

Vice-Chair Neuman stated that getting corrections officers home safely had to be number one priority. He pointed to slide 8 and noted that the number of incidents had increased from 66 to 106 during the last reporting period. He noted that DOC had eliminated the Prisoner Employment Program (PEP), which was vocational program meant to reduce recidivism, but offered that PEP had helped keep the static level down in correctional facilities. He opined that prisoners had wanted to be able to participate in the program. He pointed out that an idle mind was a bad thing and that it created tension with the correctional officers. He inquired if there was a way that the department could provide more vocational training similar to the PEP program. He concluded that not all the inmates were bad people. Commissioner Schmidt responded that the PEP program was set in statute to be self-sustaining and related that the components in Seward and Eagle River were not sustaining themselves; however, the laundry facility in

Juneau had been sustaining itself and that facility was reactivated. He continued that there was a lot of space built in Goose Creek for vocational training and agreed that idle hands were a bad thing in a prison. He noted PEP was not that systemic and that the number of prisoners working in the industry was a small group. He concluded that the department was reluctant to close PEP, but that the program was unable to sustain itself. He related that about \$600,000 had been used from "one to bail out the others."

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Representative Holmes queried if the department was planning to address what other states are doing to contain costs and reduce recidivism. Commissioner Schmidt responded in the affirmative and stated that public safety and recidivism were the department's focus. Lowering recidivism would reduce costs, victims, and court and police actions. He stated that prevention was better than recidivism, but that when someone came to prison the focus was on recidivism.

Commissioner Schmidt discussed slide 16 titled "Percent of Offenders by length of Stay from Admission." He stated that the graphs showed that from 2002 to 2012, the number of prisoners serving six months or less stayed about the same and was about half. He related that yellow piece was significant and represented those serving 37 months or more; in 2002, this group represented just under 7 percent, but had since risen to 18.5 percent. He shared that it appeared as though the prisoners in the yellow piece came from the 7 to 12 month category rather than the 6 months or less category.

Commissioner Schmidt discussed slide 17 titled "Standing Population & Crime Type." He related that in 2002, 42 percent of the DOC's prison population was non-violent and that by 2012, 56 percent were non-violent.

Co-Chair Austerman inquired how Alaska's percentage of non-violent versus violent prisoners compared to the national average. Commissioner Schmidt responded that he would get back to committee with the requested information.

Commissioner Schmidt addressed slide 18 titled "Percent of Offenders in Institutions by Sex." He relayed that in 2003,

less than 8 percent of the department's prisoners were female, but that the figure had increased to 12 percent. He related that the female prisoner population was growing at 6 percent and that the men were only growing at 2.25 percent. He stated that females were still a relatively small group, but that as time went on, more females were coming into prison.

Ms. Houston spoke to slide 19 titled "FY2014 Budget Challenges." She stated that DOC was not starting any new initiatives, but was looking to "prove up." She explained that the department would be spending the next few years grading and auditing in an attempt to create efficiencies.

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Ms. Houston discussed slide 20 titled "FY14 Operating Changes."

- Salary and Health Insurance Increases \$ 189.6
- Maintain Current Level of Services \$ 3,713.6
 - Regional and Community Jails - GF \$2,000.0
 - CRC annual CPI rate increase - GF \$843.0
 - Core Services Increment - GF \$1,145.6
 - Education - I/A \$25.0
 - Eliminate GCCC - SDPR (\$300.0)
- MH Trust: One Time Item Reversal (\$ 511.5)
- Mental Health Trust Recommendations \$ 506.2

Ms. Houston discussed the \$2 million increment for regional and community jails and related that it would complete the phase 2 and the final phase of the DOC's Cost Equity Allocation Plan. The department was attempting to figure out how to further sustain the jails once they were completed. The department was proposing to enter five-year contracts with a consumer price index cap of 2 percent for the regional and community jails that was similar to the community residential contracts.

Representative Gara pointed out that DOC was claiming it would be proving up and was not looking to add new programs. He mentioned the prior round of questions by Vice-Chair Neuman, Representative Edgmon, and Representative Holmes and offered that the department had

proved up. He related that Commissioner Schmidt had indicated that if the department was able to admit more people through substance abuse programs, it would reduce recidivism. He agreed with Vice-Chair Neuman that the department had shown that there was a benefit to vocational training. He added that he expected job training programs to lose money in a jail and inquired if there were modest improvements to substance abuse and vocational programs that would result in a lower recidivism rate. Commissioner Schmidt responded in the affirmative and that in this case, proving up could mean interchanging a piece of a substance abuse program that was not working well into something else. He relayed that DOC's strategy was to know and discuss the numbers first and that when a program was not working, the department would rather turn it into something that did work. He opined that "modest improvements" was a good way to characterize what the department planned on doing. He concluded that the department needed to first spend the money that it was allocated for its allocated purpose; at this point, if the department was struggling to get contracts out at the end of the year, it would be in a better position to get more funding. He pointed out that the department wanted to make sure that the programs were in place and effective.

Ms. Houston continued to speak to slide 20 and discussed the CRC annual CPI rate increase; the break-down of the funding was \$688,500 for contract beds and \$154,500 for per diem beds that were paid for on an as-needed basis. She spoke to the slide's core services increment and relayed that it primarily represented DOC's charge backs to the Department of Administration in all areas of core services. She discussed the slide's education increment and related that it was an increase to the inner-agency receipts for a reimbursable services agreement with the Department of Education and Early Development. She mentioned the negative increment for Eliminating GCCC - SDPR and explained that it was statutorily designated program receipts; this was a temporary item that was utilized to hire the Alaska Planning and Architecture firm, which had helped make sure the state's interests were being met during the planning and construction of Goose Creek.

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Co-Chair Austerman queried if the Goose Creek position that was eliminated had represented a one-time funding request. Ms. Houston responded in the affirmative.

Ms. Houston pointed to slide 21 titled "Department of Correction Share of Total Agency Operations." She stated that the slide's chart was prepared by the Legislative Finance Division and that it showed the department's general fund. She noted that the chart spiked from 2012 to 2013 when Goose Creek was added.

Ms. Houston addressed slide 22 titled "Department of Corrections Percent of the Total Department's Budget by Fund Group." She pointed out that the slide represented DOC's funding from all sources and that the funding primarily consisted of unrestricted general funds. The slide's yellow area represented designated general funds, which were the Permanent Fund Dividend criminal receipts that were placed into the inmate healthcare program. She mentioned that the department had general fund program receipts for its electronic monitoring program.

Ms. Houston discussed slide 23 titled "Department of Corrections Continued Budget Growth Compared to 10-year Plan." She related that slides 23 and 24 would look very similar. She stated that slide 23 was developed by the Legislative Finance Division; the solid line represented the department's annual management plan numbers. The dotted black line reflected the department's ten-year plan with initiatives and diverged from dotted green line, which represented the continuation of 7.1 percent annual growth. She related that the 7.1 percent annual growth included the fiscal years when Goose Creek was being brought online and opined that the actual growth rate was probably between 3 percent and 4 percent; as a result, the growth would be closer to the ten-year plan. She pointed out that the slide did not include future employer costs.

Ms. Houston discussed slide 24 and offered that it looked very similar to the last slide because DOC was primarily a general fund agency.

Ms. Houston addressed slide 25 titled "FY14 Capital Changes."

- Maintain Current Level of Services \$ 6,065.0
-Annual Facility Maintenance and Repairs

-Deferred Maintenance Projects
-Regional and Community Jails Repairs,
Renovations and Equipment

Ms. Houston noted that the DOC was seeking \$1 million for its annual facility maintenance and repairs projects and \$4.84 million for deferred maintenance projects, which were multi-year projects; there were some positive returns on the projects that that been completed. The department was also requesting \$225,000 for the regional and community jails repairs renovations and equipment; this funding would be shared between the 15 community jails to cover areas under fire life and safety.

Co-Chair Stoltze expressed his appreciation for DOC's purchase of about \$32,000 of Alaska grown products in FY08. He stated that in FY12, the department had increased its Alaska grown purchases to over \$113,000. He discussed an appropriation the prior year by the House Finance Committee in amount of \$3 million for Alaskan food in schools and noted that the governor had re-submitted the request. He concluded that the institutional buying made a "huge" difference to agricultural community in Alaska.

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Representative Thompson directed the presentation back to slide 12. He pointed to the third bullet point and inquired if any more capital was needed to accomplish the conversion of the electronic records system. Ms. Houston replied in the negative and shared that DOC already had the scanners in place.

Co-Chair Austerman thanked Rep. Isaacson for his presence in the committee and offered that more members of the Legislature should come to the overviews in order to get a head start on their subcommittees.

[3:33:15 PM](#)

Co-Chair Austerman discussed the following meeting's agenda.

HB 65 was HEARD and HELD in committee for further consideration.

HB 66 was HEARD and HELD in committee for further consideration.

3:34:25 PM

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ADJOURNMENT

The meeting was adjourned at 3:34 p.m.