

HOUSE FINANCE COMMITTEE
February 3, 2016
1:34 p.m.

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CALL TO ORDER

Co-Chair Neuman called the House Finance Committee meeting to order at 1:34 p.m.

MEMBERS PRESENT

Representative Mark Neuman, Co-Chair
Representative Steve Thompson, Co-Chair
Representative Dan Saddler, Vice-Chair
Representative Bryce Edgmon
Representative Les Gara
Representative Lynn Gattis
Representative David Guttenberg
Representative Scott Kawasaki
Representative Cathy Munoz
Representative Lance Pruitt
Representative Tammie Wilson

MEMBERS ABSENT

None

ALSO PRESENT

Dean Williams, Commissioner, Department of Corrections; April Wilkerson, Director, Division of Administrative Services, Department of Corrections; Diane Casto, Deputy Commissioner, Operations, Department of Corrections; Craig Richards, Attorney General, Department of Law; Jim Cantor, Deputy Attorney General, Department of Law; Dave Blaisdell, Director, Administrative Services Division, Department of Law.

PRESENT VIA TELECONFERENCE

John Skidmore, Director, Criminal Division, Department of Law.

SUMMARY

HB 256 APPROP: OPERATING BUDGET/LOANS/FUNDS

HB 256 was SCHEDULED but not HEARD.

HB 257 APPROP: MENTAL HEALTH BUDGET

HB 257 was SCHEDULED but not HEARD.

HB 255 BUDGET: CAPITAL

HB 255 was SCHEDULED but not HEARD.

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#hb255

HOUSE BILL NO. 256

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

HOUSE BILL NO. 257

"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."

HOUSE BILL NO. 255

"An Act making appropriations, including capital appropriations, reappropriations, and other appropriations; making appropriations to capitalize funds; and providing for an effective date."

FY 17 BUDGET OVERVIEW: DEPARTMENT OF CORRECTIONS

FY 17 BUDGET OVERVIEW: DEPARTMENT OF LAW

Co-Chair Neuman reviewed the agenda for the day.

^FY 17 BUDGET OVERVIEW: DEPARTMENT OF CORRECTIONS

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DEAN WILLIAMS, COMMISSIONER, DEPARTMENT OF CORRECTIONS, introduced the PowerPoint Presentation: "FY2017 Department Overview House Finance February 3, 2016." He indicated that Ms. Wilkerson would be walking the committee through the presentation. He encouraged members to ask questions at their pleasure.

Co-Chair Neuman requested that the commissioner keep his answers direct to allow for the maximum amount of questions for the time available.

APRIL WILKERSON, DIRECTOR, DIVISION OF ADMINISTRATIVE SERVICES, DEPARTMENT OF CORRECTIONS, began with slide 2: "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.

Ms. Wilkerson reviewed the organizational chart on slide 3: "Organizational Structure."

She explained that the department was structured with 5 divisions including: The Division of Institutions, the Division of Probation and Parole, the Division of Health and Rehabilitation Services, and the Division of Administrative Services. The Parole Board was appointed by the governor and was a part of the department.

Ms. Wilkerson read slide 4: "DOC at a Glance."

- Alaska is one of six states in the nation that operates a unified correctional system (Alaska, Connecticut, Delaware, Hawaii, Rhode Island, and Vermont)
- In FY2015, DOC booked 36,066 offenders into its facilities - 3,557 were non-criminal Title 47 bookings
- (an increase of 5.4% over last year) - 21,705 were unique offenders

- As of June 30, 2015 6,044 offenders are in a prison, community residential center (CRC) or on electronic monitoring (EM)
- As of June 30, 2015 5,650 offenders are on probation or parole

Representative Wilson asked if the 3,557 Title 47 bookings were part of the 36,000 booked offenders. Ms. Wilkerson responded affirmatively.

Vice-Chair Saddler asked about the definition of unified. Ms. Wilkerson responded that the state's correctional centers housed both pre-trial and sentenced offenders. She added that jail facilities were typically for those waiting for pre-trial or had been sentenced to a term of 2 years or less.

Ms. Wilkerson continued to read from the slide.

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Ms. Wilkerson advanced to slide 5: "DOC at a Glance."

- Twelve facilities statewide with a total capacity of 5,352 beds - Includes 128 beds located at Point Mackenzie Correctional Farm
- Thirteen field probation offices statewide
- Eight contract CRCs with a capacity of 819 beds
- EM operates in six communities (Anchorage, Juneau Fairbanks, Ketchikan, Kenai, and Palmer) with a capacity of 450 *EM available through each Regional & Community Jail contracts at a cost of just over \$21.40 per day.
- Fifteen regional and community jail contracts with a total capacity of 157 beds. The average daily placement within the facilities of about 80 at an average daily cost of about \$350.
- Reformative Programming - substance abuse, sex offender management, education, and vocational education.

Ms. Wilkerson reported the average daily population was 5,142 at a cost of \$141 per day.

Representative Kawasaki asked about the Community Recreational Centers (CRC)'s. He wondered how often the

contracts were reviewed. He mentioned the frequency of prisoners fleeing the facility in Fairbanks. Ms. Wilkerson responded that the state had 5 year contracts with each of the facilities with specific terms and conditions. The state was continuing to work with the Fairbanks CRC as well as one located in Anchorage to firm up and address issues currently occurring in both locations.

Representative Guttenberg mentioned that the fire marshalls would be getting in touch with the Department of Corrections because the fire alarm system had numerous problems that needed to be addressed in one of the facilities. Another facility did not have sprinklers which violated code regulations. There were repeated false alarms of which the fire department had stopped responding. There was clearly a public safety concern which he suggested Ms. Wilkerson look into. Ms. Wilkerson stated she would follow up.

Ms. Wilkerson advanced to the map on slide 6: "Secure Confinement." She explained that the map showed each of the institutions and the regional community jails and their locations.

Ms. Wilkerson continued to slide 7: "Supervised Release." She reported that the map showed each of the department's probation offices, the CRC's, and the electronic monitoring (EM) programs. The department also offered EM through the community and regional jail contracts. However, there were issues with some of the locations due to GPS availability in the rural areas.

Representative Guttenberg mentioned a previous conversation about ankle bracelets. He reported having found an application on his phone that was as restricted and controlling as an ankle bracelet. He suggested the use of an iPhone in lieu of an ankle bracelet which would allow people to go to work. The application covered several areas including Prudhoe Bay and on the North Slope. He elaborated about the benefits of the iPhone application. He thought the use of the application could be a cost savings to the state and would keep people working and out of jail. Ms. Wilkerson thanked Representative Guttenberg for his input. Commissioner Williams added that although he was new in his position he would be looking into the improvement of the EM program. There were several advantages to EM and pre-trial

efforts. He was a proponent of expanding the area of EM and doing it safely.

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Representative Edgmon mentioned that he would be focusing the subcommittee's attention on SB 91 and all of the reforms being proposed in the legislation. He hoped there would be an opportunity to consider the bill in the House Finance Committee.

Ms. Wilkerson detailed slide 8: "Operating Budget Request by Core Services." She relayed that the department's budget was broken out based on its core services. She reviewed the department's three primary functions: secure confinement, reformative programing, and supervised release. She reported that secure confinement consumed the largest portion of the department's budget at 77 percent. Reformative programing consumed only 7 percent of the budget whereas, supervised release consumed 16 percent of the budget.

Ms. Wilkerson explained the fund sources that made up the department's budget as depicted on slide 9: "Operating Budget Request by Fund Source." She believed that the Department of Corrections was the third largest agency in the state funded with general funds (GF). The department was also funded with federal funding through billing a federal entity for the federal holds placed in the department's custody. The department's budget had designated general funds (DGF) totaling just over \$20 million associated with the Permanent Fund Dividend (PFD) criminal funds. A small portion of funding was made up through the billing of local municipalities for the local holds placed within the department's custody. Additional funds came from collections for EM and the collection of wages through the CRC's for those individuals that were working.

Co-Chair Neuman indicated that DOC's budget was the fourth largest budget behind the University of Alaska.

Co-Chair Thompson asked Ms. Wilkerson to review the DGF again. She had indicated the funds were PFD monies. Ms. Wilkerson agreed that the funds were PFD monies. She expounded that DOC received PFD criminal funds for individuals that were ineligible to collect a PFD. The fund

source helped support the physical health care and medical services the department provided.

Representative Wilson asked about the DGF. Ms. Wilkerson reported that the department had just over \$20 million through the PFD criminal funds, about \$2.5 million from the billing of local municipalities, approximately \$1.7 million from EM receipts, and \$1.3 million from wage collections from the CRCs.

Representative Wilson wanted to know how many people were attached to the core missions of the department. She wanted to know the number of people in each of the department's programs to better understand the budget.

Representative Gattis asked about the revenues from ankle monitoring. She wanted to know about the charges related to ankle monitoring and whether the state was including an additional fee. Ms. Wilkerson responded that the individuals that were placed on electronic monitoring under the department's program did not pay the vendor directly. They were paying for the equipment. She thought the cost was about \$14 per day for the equipment and \$10 per week for the urine analyses. The total cost was just over \$100 per week paid directly to the department. The department had the authority to use a sliding scale for those individuals doing well with the program but who could not afford to pay for it on their own.

Representative Gattis asked if the state was making money off of its prisoners or breaking even. Ms. Wilkerson replied that the EM receipts were just over 46 percent. The department was not breaking even on the program. The program was receipt driven but was also appropriated money from GF. Commissioner Williams thought the state was losing money. Ms. Wilkerson stated that the alternative of a CRC was much more costly to the state than being placed on EM.

Co-Chair Neuman remarked that he did not think she cared and he did not think the committee cared just as long as the costs were covered.

Representative Gattis clarified that in the vein of helping the state's prisoners with their transition into society and employment she thought that adding another step would be a hindrance. She wondered if the state was breaking even or making money on the designated receipts for ankle

monitoring. Ms. Wilkerson stated that the department tried to work with individuals that were having a difficult time to ensure that they were able to stay on electronic monitoring.

Representative Gattis interrupted, "are we making money or not?" Commissioner Williams responded that the state was not making money.

Co-Chair Neuman asked the commissioner if it was his intention to put policies into place where prisoners with ankle monitors could deal directly with the businesses that supplied them as opposed to going through DOC where extra personnel was necessary to do the monitoring. Commissioner Williams responded that he wanted the greatest efficiency, the least cost, and the most sensitive approach to administering the ankle monitoring program. He was fundamentally uncomfortable with charging people because it was proven that keeping people out of jail was cheaper than them being in jail. It was better for the individual as long as safety within a community could be assured. He reiterated that he was looking for the most effective way to reduce prison populations. He thought EM was a way forward if done wisely and safely. He hoped the department would have a plan by the following year.

Co-Chair Neuman understood that it was cheaper to utilize the EM. He asked the commissioner to come back to the committee with a plan for people with ankle bracelets to pay the supplier directly. Commissioner Williams understood.

Representative Wilson commented that she did not want to encourage people to go to jail in order for the state to pay for a bracelet. She mentioned money within Department of Health and Social Services available to those that could not afford to pay for an ankle bracelet. She thought it should be discussed further in subcommittee and noted that there was a fairness test in the courts as to a person's ability to pay.

Co-Chair Neuman directed the Finance subcommittee chairman to wrap up the issue in the subcommittee.

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Ms. Wilkerson scrolled to slide 10: "Operating Budget Request by Line Item." She reported that personal services was at 59 percent, services at 33 percent, commodities at 7 percent, and travel at 1 percent. Travel was primarily for point of arrest and prisoner transports.

Ms. Wilkerson detailed slide 11: "Office of the Commissioner." She relayed that the total budget was \$3.2 million in GF within the Office of the Commissioner. The budget for the Commissioner's Office was \$1.3 million with 7 positions. The budget for the training academy was \$1.4 million with 7 positions. The Recidivism Reduction Program was \$500 thousand consisting of contracts with the Department of Health and Social Services.

Ms. Wilkerson advanced to slide 12: "Division of Institutions." She detailed that the Division of Institutions was made up of inmate classification and furlough which accounted for \$1.5 million of the division total of \$212 million with 9 positions funded 100 percent with GF. The unit oversaw and classified inmates for appropriate placements as well as community placements after a prisoner served his or her term. She highlighted that the inmate transportation unit, a delegated authority from the Department of Public Safety (DPS), operated at a budget of \$2.9 million with 11 positions. The department was reimbursed by DPS for \$140 thousand to assist with prisoner transports. The unit's delegated authority was for transports between institutions and for medical appointments. All other transports were handled by DPS. She relayed that the 12 correctional centers made up the largest portion of funding allocated within the division in the amount of \$186 million with 1390 positions. The department had a statutory obligation for returning prisoners to the point of arrest and consumed \$600 thousand in GF. There was also a unit dealing with education and vocational education programs within institutions. The unit's budget was just over \$1.6 million. The cost of the regional and community jails unit was \$7 million.

Co-Chair Neuman referred to the issue of vocational education. He noticed that reform programs were part of the division's mission statement. He asked her to tell the committee what the department was doing to educate prisoners for reentry into the workforce. Ms. Wilkerson answered that the department was providing basic education along with making sure that all inmates had a General

Education Diploma (GED) or high school diploma. In addition, the department provided several apprenticeship programs in construction and other training opportunities throughout the state. She would provide a full listing to the committee.

Co-Chair Neuman confirmed that he would like a list of the cost and location of each of the training programs.

Representative Gattis wanted to know how many inmates entered into prison without a GED or high school diploma and how many received their diplomas before being released. She also wanted to know how many prisoners left with vocational certifications. She thought that it could be useful for the prison to issue certificates upon completion of training as well. She was interested in seeing graduation rates. Ms. Wilkerson would provide the information to the committee.

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Ms. Wilkerson turned to slide 13: "Division of Health and Rehabilitation." The budget for the division was just over \$47 million. She reported that the physical health care unit consumed the largest portion of funds at \$30 million with 141 positions. The unit oversaw all medical services within the institutions and outside services as identified and approved including dental care. The behavioral health unit cost was slightly over \$8.4 million with 54 positions. The unit operated and oversaw all of the mental health services within the unit. There were also subacute units in Anchorage and Seward. There was an acute unit in Palmer and another subacute unit at the female facility in Highland Mountain. The division budget also paid for the APIC (Assess, Plan, Identify, Coordinate) Reentry Initiative and the Institutional Discharge Project Plus (IDP+) for community placements of mentally ill offenders. The substance abuse program was within the Division of Health and Rehabilitation at \$4.6 million with 2 positions for contract services throughout the state. The sex offender management program was housed within the division as well.

Representative Munoz asked how Medicaid expansion had affected the bottom line for health care services within DOC in the current year compared to the previous year.

Ms. Wilkerson responded that there were currently 50 individuals that had been approved for Medicaid expansion. The invoices and billings would be directly billed by the provider instead of the department paying them. She continued that through the unallocated process the department took a \$1.5 million reduction to the physical health care budget in anticipation of avoiding the associated costs.

Representative Munoz asked if the amount was an accurate calculation of cost savings to the department. Ms. Wilkerson thought that with a full year of operations the department expected a savings of between \$7 million to \$7.5 million. She reported the department applying a \$1.5 million reduction to the FY 16 unallocated number. The FY 17 numbers reflected an additional reduction of \$6 million for the first full year after working out the bugs.

Co-Chair Neuman added that the department submitted a budget with a \$4 million reduction. There were concerns about reducing the DOC and DPS budgets when a dramatic increase in customers was anticipated. Therefore, the legislature did not reduce the number. Instead, the committee backfilled the budget with \$4 million unrestricted general funds (UGF) to cover Medicaid expansion. The bottom line was that DOC basically received an extra \$4 million because of Medicaid expansion being implemented by the governor. He continued that when the department took its share of the \$30 million of unallocated reductions for increases in salaries in the prior year the department used the \$4 million to backfill its share of the unallocated reduction. He asked if he was accurate. Ms. Wilkerson indicated that Co-Chair Neuman was correct.

Vice-Chair Saddler mentioned reading a story about the San Quinten warden, Clinton Duffy, who had had a significant amount of substance abuse within his prisoner population but had no budget. He allowed Alcoholics Anonymous and Narcotics Anonymous meetings into his facility and had great success. He asked if the substance abuse program that cost \$4.6 million was geared around 12 step programs. He also asked if there was an assessment indicating what was most effective. Ms. Wilkerson conveyed that he was referring to short-term and long-term programs. The Department of Corrections had a 6 month residential treatment program. The department also had a 90 day program available in various institutions.

Vice-Chair Saddler asked to what extent the department allowed inmates to participate in 12 step programs. Ms. Wilkerson remarked that the non-profit organizations were within the majority if not all of DOC's institutions which could be a part of what the department provided to the committee showing the 12 step programs offered.

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Representative Wilson asked if it was true that the state did not accept private insurance. Ms. Wilkerson responded that DOC did not. If the department could identify insurance quickly enough the department would have the hospitals bill insurance directly. Currently, the state was unable to do third party billing. The department had hoped that with the implementation of the new electronic system it would assist the department in securing reimbursement for those that had insurance when they entered the facilities.

Representative Wilson asked if would only be included if the patient was taken to the hospital. Ms. Wilkerson stated that she would get back to the committee with an answer.

Representative Wilson commented that she did not understand why someone with private insurance could not use it.

Representative Gattis remarked that the 90 day programs for inmates while they were in jail seemed to work. She wondered if there was evidence that they worked once the inmates were released from prison. Ms. Wilkerson would need time to gather the information Representative Gattis was requesting.

Representative Gattis asked her to compare the 90 day programs to the non-profit programs such as Alcoholics Anonymous and other 12 step programs.

Co-Chair Neuman believed that the \$500 thousand dollars for contractual obligations was for the University of Alaska to follow released inmates to see program effectiveness. He asked if he was correct. Ms. Wilkerson replied, "Yes."

Representative Gara asked about substance abuse treatments. He mentioned that there was science confirming that the 12 step program Alcoholics Anonymous worked for some people.

Some people needed 30-day treatment while others needed 90-day treatment. He asked what DOC did for those inmates that needed 12 months of treatment. Ms. Wilkerson would need to get information from the clinician that oversaw the program. She was aware that the department had previously had a 12-month program which was reduced to 6 months for various reasons. The programs were intensive, cognitive, and evidence-based. She wanted to provide information showing the reason the department went from a 12 month program down to a 6 month program.

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Representative Gara thought the information would be very useful. He wondered why the department was not billing private insurance when it was available. Ms. Wilkerson relayed that the information was not readily available and an electronic data base was necessary to tie a person back to their private insurance. Typically, inmates that came into custody were not willing to provide insurance information.

Representative Gara wondered if it was only in the case of a prisoner refusing to give out the information. He also wondered if there were cases where an inmate was willing to provide the information but private insurance was not billed. Ms. Wilkerson responded that historically the department had not tried to bill when an inmate had insurance. If the department was able to find the information, it encouraged the provider to bill the insurance company. Otherwise, the provider billed the department which would then pay the invoice. She could identify and provide some historical information about the obstacles the department had encountered previously.

Representative Gara commented that he had a difficult time advocating for an agency that was not billing available private insurance. Commissioner Williams agreed with Representative Gara. He felt the system needed a whole new look. In terms of health care the department was looking at all areas. He wanted increased care inside Alaska's prisons at reduced and efficient costs. He surmised that the more efficiencies he could implement, the better care he could provide. He ensured the committee he would be working on the issue.

Representative Edgmon believed it was true that inmates who had insurance had it terminated at the time of their incarceration. Most inmates were not insured. He wanted to take the opportunity to come to the department's defense. People in the department had done a great job of setting up a system where they could track incoming and outgoing inmates and that saved the state a significant amount of money in health care costs.

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Co-Chair Neuman asked about Medicaid for prisoners upon release. Ms. Wilkerson reported that the department had hired an administrative assistant to assist with inmate applications. She reported that the inmate application for Medicaid was much simpler. The department had also been working with Department of Health and Social Services. Currently there were no inmates eligible for Medicaid.

Co-Chair Neuman replied, "Not the right answer." He invited the commissioner to make a comment. Commissioner Williams agreed that the job should be done. Co-Chair Neuman directed the commissioner to get the job done.

Representative Wilson asked whether someone awaiting pre-trial who was part of the EM program would be eligible for Medicaid expansion. Ms. Wilkerson stated that the department did not cover medical for individuals on EM. The department only covered individuals that were incarcerated. Their eligibility depended on their income.

Representative Wilson assumed that people out on parole would be eligible for Medicaid. Ms. Wilkerson responded in the affirmative.

Representative Wilson asked how many individuals on EM were signed up for Medicaid. Ms. Wilkerson would provide the information to the committee.

Co-Chair Neuman spoke to the issue of incarcerated individuals not being eligible for Medicaid. The department had indicated that incarcerated inmates were not eligible for Medicaid. He indicated that the department's response was a lie. He provided an example of a woman who had to do with a complicated pregnancy. If an inmate was outside of the walls of prison for more than 24 hours Medicaid would cover the costs. In the instance of his example Medicaid

did cover the costs to the tune of about \$268 thousand. He remarked how Medicaid had been expanded but the department had not incorporated it. He noted that no recommendations had been brought to the legislature about reducing costs.

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Ms. Wilkerson scrolled to slide 14: "Division of Probation and Parole." The division's budget was just over \$47 million with 176 full time positions. She reported that \$17 million was allocated for statewide probation and parole covering 13 regional locations. A portion of the funding was for the Probation Accountability with Certain Enforcement (PACE) Program. The Probation Accountability with Certain Enforcement Program currently served 377 individuals and was being offered in Anchorage, Bethel, Fairbanks, Juneau, Kenai, and Palmer. The pre-sentencing unit and the inter-state compact units were housed within the Division of Probation and Parole. She reported that there was electronic monitoring in 6 locations with a budget of \$3.4 million. The budget for the CRCs was \$26 million.

Co-Chair Thompson asked about authorization for individuals for pre-trial. He wondered how many individuals were currently on ankle monitoring. Also, he asked how many folks were eligible to be on EM. Ms. Wilkerson replied that the department had over 440 individuals on EM - individuals that were already sentenced. The department did not have pre-sentenced individuals on EM. She would get back with the number of individuals currently in a hard bed or in a CRC that were eligible for EM.

Co-Chair Thompson mentioned hearing comments about several individuals being eligible but that there had been some resistance from the department to do EM. He wondered why.

Representative Wilson asked about the success rate of the PACE program in each location. She wanted to know if the program was cost effective. Ms. Wilkerson would report back.

Co-Chair Neuman asked if the PACE program was the program that was instituted that had a zero tolerance for paroles. For example, if they missed an appointment or did not pass a urine analysis (UA) they automatically returned to jail.

Commissioner Williams responded that it was an immediate quick response.

Co-Chair Neuman thought it was the same program that had been causing problems for other departments and was not working. Commissioner Williams reported that when he had done a review he had heard a high degree of strong criticism from people running the PACE program.

Co-Chair Neuman asked why the program was in the budget. Commissioner Williams stated that it was still an operating program. He could not provide a full analysis because of his short tenure with the department but he would look into it. If the program needed changing he would make sure changes were implemented.

Co-Chair Neuman said that the committee needed an answer in a very short period. The committee would also be asking the same question to the Department of Law.

Representative Pruitt asked if the deputy commissioner was available to answer the questions. Commissioner Williams responded, "Absolutely."

Vice-Chair Saddler suggested in the future including the cost of the units and number of positions on the department's charts.

DIANE CASTO, DEPUTY COMMISSIONER, OPERATIONS, DEPARTMENT OF CORRECTIONS, reported that she oversaw the PACE program. She reported that there were some controversies regarding PACE. She explained that PACE was a national program with some very strong evidence that it worked. However, she agreed that there were some areas that needed tightening up. She explained the PACE program in which there was quick, swift, and consistent consequences for those in the program. Individuals that enrolled in the program appeared before a judge, were given a UA and the opportunity to say if they thought their test might come back positive. If parolees tested positive in their UA they would be remanded back to a facility for 3 days. For some people PACE worked, and for others their addiction overrode them. There needed to be a conversation about who was appropriate for the program. The consternation within the department was with the institution. She explained that when an individual is brought back for a quick 3 day period the institution had to do all of the paperwork which caused some concerns. She

had spoken with the institution looking for feedback on how the department could find a balance to the process.

Co-Chair Neuman commented that it not only caused concern, it also cost money. Ms. Casto confirmed that it cost money.

Co-Chair Neuman mentioned a story that was relayed to him by the former acting commissioner, Walt Montague. A fellow was at a bus stop at a time when a wind storm was in progress. The fellow stepped inside of a building to try to warm up, the bus went by, and he missed his bus. He ended up back in jail. He thought it was crazy and eluded to the fact that the committee would be looking at the issue further.

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Ms. Wilkerson moved to slide 15: "Board of Parole." She reported that the PACE program operated under the Board of Parole which was currently in Anchorage and Fairbanks. There were approximately 29 individuals participating in the program and another 14 that were pending. The board consisted of 6 budgeted positions and 5 additional positions appointed by the governor.

Representative Wilson asked if the governor had placed extra people in the program adding to the budget. Ms. Wilkerson clarified that the parole board was made up of 6 budgeted positions and 5 board positions that were appointed positions rather than full time positions.

Representative Wilson asked if they were additional positions adding to the budget. Ms. Wilkerson replied that about \$200 thousand was appropriated for board members. They were paid a stipend.

Representative Wilson wondered if an extra \$200 thousand had been appropriated to the parole board in the budget. Ms. Wilkerson answered in the negative. The only increase in the budget was associated with the salary increases for the 6 paid board positions.

Representative Wilson asked about the increases to the budget. She wondered if money had been taken out. Ms. Wilkerson responded affirmatively. She indicated that it was represented in the \$2.4 million unallocated dollars that was being removed from the budget.

Representative Wilson asked if the unallocated funds would become allocated. Ms. Wilkerson responded, "Correct."

Co-Chair Neuman referred to the ignition interlock certification devices. He asked for the same information he requested for the ankle bracelets.

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Representative Gattis was interested in the cost to clients. Co-Chair Neuman noted that the state covered the costs.

Ms. Wilkerson addressed slide 16: "Division of Administrative Services." She reported that the budget and finance unit fell within the Division of Administrative Services. The division was responsible for inmate banking, fund receipts, and audits. The human resource section was responsible for insuring the Alaska Police Standards Council certification and employee background investigations. The division had one procurement office in charge of certifying the ignition interlock devices. The division also had an information technologies unit responsible for the Alaska Correction Offender Management System (ACOMS). The research and records and the facilities capital units were housed in the division also. The overall budget for the division was \$8.5 million with 61 positions.

Ms. Wilkerson turned to slide 17: "Change in Sentenced Offender Population by Offense Class: 2013 - 2015." She explained that the slide showed a breakout of how the state's offender population compared from 2013 to 2015. She pointed to the yellow highlighted area which indicated a 6 percent reduction in probation violations. By restructuring petitions to revoke and prior legislation it resulted in a decrease.

Ms. Wilkerson turned to a graph on slide 18: "Institutional Offender Population 2010 - 2025." She pointed out that the gray line represented where the projections were at about 3 years previously in FY 13. The blue line represented what the department's capacity including the 128 beds in Point Mackenzie Correctional Farm. The red line showed the state's adjusted population calculations based on the past legislation of HB 15 [Legislation passed in 2015 - Short Title: Elect Monitoring Credits; Mitigating Fctrs], SB 64

[Legislation passed in 2014 - Short Title: Omnibus Crime/Corrections/Recidivism Bill], and the internal adjustments made to the petitions to revoke.

Co-Chair Neuman referred to the 6 percent reduction. He wondered where it came from. Ms. Wilkerson replied that probation violations had been reduced. There was a reduction in the daily population of just over 6 percent.

Co-Chair Neuman asked how many people the percentage equated to. Ms. Wilkerson replied that it was almost 400 people who were no longer in custody.

Co-Chair Neuman asked if she meant that it was a 6 percent reduction on 400 people. He wondered if it equaled 24 people. Ms. Wilkerson replied, "No." Almost 400 people were no longer under custody of the department. The 6 percent reduction compared 2013 to 2015. Co-Chair Neuman stated, "So, 24 people."

Representative Wilson asked how many people were no longer in jail due to HB 15. Ms. Wilkerson responded that all three components played a part in the reduced population the department was currently experiencing. Representative Wilson thought it was one-third of the population. She referred to the potential significant savings.

Ms. Wilkerson turned to slide 19: "Standing Population & Crime Type." She relayed that the slide compared the state's standing population by the type of crime, violent versus non-violent. The trend was that the higher percentage of the population committed non-violent crimes.

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Ms. Wilkerson addressed slide 20: "Percent of Offenders by Length of Stay from Admission." The slide was a comparison from 2002 to 2015 showing the length of stay of the population make-up.

Ms. Wilkerson moved to slide 21: "Percent of Incarcerated Offenders by Gender." She noted the female population was continuing to outpace the male population. There had been a slowing down from the previous year's increases.

Ms. Wilkerson advanced to slide 22: "Goals." The slide simply showed the goals of the department:

- Protect the public
- Provide safe and secure care and custody
- Reduce the prison populations
- Reduce recidivism
- Ensure that incarcerated offenders spend their time in custody productively
- Re-Entry and community supervision
- Work collaboratively with outside stakeholders to achieve these goals

Ms. Wilkerson moved to slide 23: "Re-Entry Outcomes: Successfully increasing the percent of probationers and parolees who satisfy court ordered conditions of release." She explained that the slide showed some of the department's re-entry outcomes that were currently in place. The department was continuing to see an increased number of individuals that were successfully completing the court conditions that were set.

Ms. Wilkerson continued to slide 24: "Re-Entry Outcomes: Reducing criminal recidivism." She conveyed that the slide was reflective of efforts by the department to try to successfully reenter individuals being released.

Co-Chair Neuman referred to slide 23. He observed that the figure was 15 percent of 6,000. He stated that it was only around 48 people. He stated that it looked and sounded good, but was not very good. He wanted to reduce recidivism. He named off a number of things done to try to reduce the problem of recidivism. Commissioner Williams commented that the department's work and the bills that were passed to reduce probation violations was good work. The department would be working on items recommended by the Pew Foundation and on items related to SB 21 [Legislation passed in 2016 - Short Title: Omnibus Crime Law & Procedure; Corrections] was good work. The electronic monitoring work that needed to be completed to make sure to advance efforts for people was also good work. All of the efforts under his leadership was the reason he was there. He wanted substantially safer institutions. He stated that to the department's credit there had been reductions in probation offences. He understood and intended to live and breathe the issues.

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Co-Chair Neuman spoke to Representative Edgmon's involvement. He was confident that he would be following through with the department on the implementations.

Ms. Wilkerson addressed slide 25: "Reformative Outcomes: Increasing the number of individuals who complete an institutional or community-based substance abuse treatment program." The department currently had a 90-day program called the Life Success Substance Abuse Treatment (LSSAT) program. The department had continued to increase the number of participants and the number of individuals completing the program. The department also had the residential substance abuse treatment (RSAT) program, a 6 month program offered in three locations: The Highland Mountain Correctional center, the Palmer Correctional Center, and the Spring Creek Correctional Center.

Co-Chair Neuman asked how many inmates had a sentence of less than 90 days. Ms. Wilkerson replied that she would follow up with the information he was requesting.

Co-Chair Neuman asked for an estimate. Ms. Casto replied that although she did not have the exact figure she confirmed that the number of inmates serving less than 90 days was fairly small.

Co-Chair Neuman interjected that the point he was trying to make was that the department had treatment programs of 90 days and 6 months. He suggested that the person arrested on heroin did not receive a 90 day sentence. He relayed that 90 percent of all of the cases that went through the courts in Mat-Su were drug related. Offenders did not receive 90 day sentences but were the people that needed treatment. There were no treatment programs for them.

Representative Gattis asked at what point treatment kicked in. She wondered if inmates had the option of starting treatment immediately upon sentencing.

Ms. Casto thought Representative Gattis asked a very good question. She indicated that she had only been with the department for a period of 8 months but she had come from working for the Department of Health and Social Services for 20 years. She reported that she worked more with substance abuse than mental health in the Department of Corrections than she did working for the Division of

Behavioral Health. One of the barriers she identified was that the department could not force someone into treatment. The department could request and encourage inmates to go through treatment. However, it could not mandate that inmates do treatment. She thought the department should assess inmates upon entry, build a plan for them, and incentivize them to accept treatment. She was responsible for reviewing every furlough termination appeal. In other words, when a person went on furlough they were often remanded back for using alcohol and drugs and for technical violations. The individual then had the ability to appeal. She relayed that often the person had not had any substance abuse treatment while in the state's facility. She had started to deny appeals attaching conditions such as attending an LSSAT program. Once an offender met the conditions another furlough would be considered. She suggested using such tools before someone went out on furlough. The idea was to encourage inmates to take advantage of the programs while they were available which would potentially result in a healthier group of people moving out.

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Representative Gattis agreed with the speaker but asked if the state provided the treatment on the front or back end of their stay. Ms. Casto stated that treatment could start as soon as they were incarcerated and assessed. It did not typically happen that way but, she believed it was possible and that it should.

Representative Gattis thought what Ms. Casto was saying was that the state could do a far better job.

Co-Chair Neuman asked the commissioner to provide a report on the programs offered, their costs, and an evaluation of the success rate of those programs.

Ms. Wilkerson reviewed the chart on slide 26: "Reformative Outcomes: Increasing the number of sex offender probationers who complete a sex offender management program and who receive polygraph testing while on probation." She reported that 494 individuals participated in the program. There were 812 exams given in 2015 that resulted in 95 petitions to revoke probation.

Representative Wilson would not have included the slide in the presentation. She questioned the logic of basing decisions on the polygraph tests of sex offenders. She thought it was widely known that polygraph testing was inaccurate. She asked Ms. Wilkerson if she was conveying that a sex offender who passed a polygraph test was somehow safer.

Commissioner Williams responded that the theory on polygraph monitoring of sex offenders was a deterrence. If the state was conducting polygraph examinations it was more likely to catch somebody who was starting to head down a dangerous road associating with children when they were not allowed. He agreed that there were limits on the deterrent strategy, as it had its merits but was not full-proof. It was an attempt to deter offenders from heading in the wrong direction.

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Representative Wilson asked about the ramifications of not being detected in a lie in a polygraph test. She asked if a person would be released sooner. She wondered what the slide was measuring. Commissioner Williams explained that it was an effort to deter future violations. It was not full-proof.

Representative Wilson asked for the cost and scientific data favoring the use of such a tool. Co-Chair Neuman mentioned that he was the person that initiated the legislation. He explained that it had been proven that polygraph testing had dramatically reduced additional offenses. He continued that the problem with sex offenders was that they felt that what they did was perfectly acceptable. He explained that the best way to prevent sex offenses was to conduct polygraph testing. It was the best tool at the time he introduced the legislation. It was also the intent that offenders would have to pay for their own polygraph tests. He asked if costs were being reimbursed to the state.

Ms. Wilkerson stated that currently the department was paying for the costs. The department found that individuals were skipping the testing and reoffending or being re-incarcerated because they could not afford to pay for their polygraph. There were individuals that were paying when

mandated. She would have to get the information from the state's contractors.

Co-Chair Neuman believed the recidivism rate for a sex offender was about 92 percent. It was very high. He was disappointed to hear that the department was not mandating sex offender participation in the test. He thought it was a poor excuse on the part of the department. He relayed the heinousness of such crimes. He continued to relay his feelings of being disgruntled with the department.

Ms. Wilkerson scrolled to slide 27: "Reformative Outcomes: Increasing the number of offenders who receive a General Education Development certificate while incarcerated." The slide depicted the current number of completed GED certifications issued. She reported that in January 2014 the department implemented the federal regulation which greatly reduced the number of individuals completing a GED. The department also had some technology, equipment, and infrastructure issues in the previous fiscal year that had been resolved.

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Ms. Wilkerson advanced to slide 28: "Challenges and Issues." She read directly from the slide:

- Meet 24/7 operational needs while striving to remain within fiscal parameters
- Connect soon to be released offenders to
- community-based resources
- Female population growth
- Increasing mentally ill population

Ms. Wilkerson read from slide 29: "Challenges and Issues (Continued)":

- Anchorage medical care costs have increased by another 3.2% from 2014 to 2015. Alaska medical care costs increased .8% more than the U.S. National average of 2.4%. (Alaska Economic Trends, July 2015)
- Increases in chronic health issues and an aging inmate population continue to increase the need for higher acuity and specialized medical care

Co-Chair Neuman admitted that the commissioner had had a pretty good work over because the committee was very concerned about the issues facing the Department of Corrections.

Commissioner Williams commented that he understood the committee's concern and was taking his job very seriously. He asked members for their patience. He heard their frustrations and wanted things to be better.

Co-Chair Neuman remarked that patience was running thin and encouraged the commissioner to get the job done.

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AT EASE

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RECONVENED

^FY 17 BUDGET OVERVIEW: DEPARTMENT OF LAW

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CRAIG RICHARDS, ATTORNEY GENERAL, DEPARTMENT OF LAW, introduced the PowerPoint Presentation: "FY 17 Budget Overview: Department of Law." He started with slide 2: "Organizational Chart." He outlined the major changes made in leadership within the Department of Law (DOL) since the prior year. Rick Svobodny, the longtime head of the Criminal Division, retired in July. As a budget cutting measure the department eliminated the position and moved Jim Cantor, the longtime head of the Civil Division, over both divisions. So far, he thought the change had been a success. The other big change was that Nancy Gordon, director of the Civil Division, also retired and was replaced by Steven DeVries who had been an attorney for the department for about 28 years. Mr. DeVries had worked in a number of different sections bringing experience to the division.

Co-Chair Neuman asked members to hold their questions until the end of the presentation.

Attorney General Richards moved to slide 3: "MISSION and Core Services." He read directly from the slide:

MISSION

The Alaska Department of Law prosecutes crime and provides legal services to state government for the protection and benefit of Alaska's citizens.

Core Services

- Protecting the safety and financial well-being of Alaskans
- Fostering conditions for responsible development of our natural resources
- Protecting the fiscal integrity of the State of Alaska
- Promoting good governance

Attorney General Richards turned to slide 4: "Protecting Alaskans." He highlighted that the state had had a dynamic growth in the number of Children In Need of Assistance (CINA) cases - up approximately 55 percent in the previous year. In addition, the state had a large increase in CINA appeals. He explained that it might seem that 25 to 34 was not a huge increase. However, the appeals were very labor intensive for DOL. From the department's perspective, it was a particularly inefficient use of resources. It was very rare for an appellant to win one of these cases. He continued that because the public defender agency and DOL represented both sides, effectively, the State of Alaska was paying both sides of the load. The department was committed to working with the Office of Child Services (OCS) and the Office of the Public Defender to have a better understanding of why the state was seeing the growth in CINA cases. In an environment of decreased budgets the department could not handle a 55 percent yearly growth in CINA cases.

Vice-Chair Saddler clarified that CINA meant Children in Need of Assistance.

Attorney General Richards turned the presentation over to Mr. Skidmore to speak to the following 2 slides.

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JOHN SKIDMORE, DIRECTOR, CRIMINAL DIVISION, DEPARTMENT OF LAW (via teleconference), continued to slide 5: "Protecting Alaskans: Referrals and Accepted in CY13-CY15." He reported that the slide showed the number of cases referred to the DOL and the number of cases the department had accepted during calendar years (CY) CY13-CY15. On the top the graph

listed felonies. The number of felonies referred to the department had remained fairly constant. The number of cases the department had declined as felonies had increased through the years and was a reflection of the department's budget which was 85 percent personnel. The department had to cut positions to reduce its budget which meant the department simply could not do as much work. The point he wanted to make with the current slide was that in misdemeanors (on the bottom of the slide), though there had been a decrease in the referrals provided to the department, the declination rate had almost doubled from a 7.4 percent to a 13.8 percent. The significance for the department was that, though the department's resources were dwindling, it was not declining as many felonies as it was misdemeanors. He explained that it was because the focus was on crimes that provided the state the biggest bang for its buck and on the protection of the public. One of the things not listed on the slide was conviction rates. He knew that the information mattered to several members. He reported that in 2014 the department had a conviction rate of around 80 percent for felonies and about 73 percent for misdemeanors. He did not have numbers for 2015 but would provide them once they were generated from the state's new case management system.

Mr. Skidmore advanced to slide 6: "Protecting Alaskans: SA Referrals and Accepted in CY13-CY15." In the same vein the department was focusing its resources on the cases that mattered most. He was well aware that cases of sexual assault and sexual abuse of minors were cases very important to many committee members, prosecutors, and many citizens across the State of Alaska. Though there was a higher percentage of declinations for cases related to sexual assault and sexual abuse of minors than for typical felonies it was unfortunately a result of cases being so difficult to prosecute. He wanted to drive home that even at a time when the department had a decrease in the number of prosecutors available to the department, there was also a decrease in the number of declinations. In other words, the department was accepting more cases because the department was trying to get as aggressive as possible in prosecuting cases relating to sexual assault and sexual abuse of minors, as they were the ones that mattered most.

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Mr. Skidmore noted the closure of the Dillingham office. He relayed that there was no one within the criminal division or within DOL that found it to be an ideal situation. He had lived and prosecuted in Dillingham for many years himself and could attest to the value of having someone in the community. Unfortunately, the economy in the previous and current years did not leave Alaska in a place where it could live in ideals. He provided statewide statistics regarding the number of cases that had been declined. He shared them because the department's declinations were statewide. Unfortunately, something had to be cut. The department's costs consisted of 85 percent personnel, 10 percent fixed costs, and only 5 percent discretionary costs. When the department made reductions to its budget it had to cut personnel. The department did not want to simply cut personnel, it also had to cut fixed costs such as leases. Barrow was cut in the previous year and Dillingham would be cut in the current year. Both locations were chosen because of being satellite offices of larger offices that could absorb the work from the communities. The cuts had nothing to do with the communities themselves or no longer paying them any attention, but to give them the same attention that all other cases received with an office capable of absorbing the workload. He noted that the office in Fairbanks absorbed the work from the Barrow office and Anchorage would absorb the work from the Dillingham office. He added that there were information technology challenges in Dillingham including needing a new phone system and slow internet service which created additional problems. The anticipated increase in travel costs would be offset by the fact that Dillingham grand juries occurred in Anchorage. The Attorney no longer needed to travel to Anchorage for grand jury, as they would already be in Anchorage. They would need to travel to Dillingham. He mentioned that presently the attorney assigned to Dillingham was there trying a repeat offender. The department's commitment was to ensure that its people were sent to Dillingham and Barrow to battle cases. The department estimated the difference in the cost of travel to be an increase of about \$27,210. However, it made logical financial sense because the savings would be over \$190 thousand.

Mr. Skidmore continued that the new court house had posed problems for the department. It moved from its previous location to across town. It meant more commuting time, the department's lawyer spent more time out of the office, and a vehicle would have to be provided in Dillingham. In

addition, the new court house had two courtrooms so that 2 trials could be conducted simultaneously. He remarked that having a single attorney in Dillingham meant that they could not do 2 trials.

Co-Chair Neuman interrupted Mr. Skidmore.

Attorney General Richards indicated to Mr. Skidmore that he thought the chairman wanted to move to the next slide.

Co-Chair Neuman responded, "Please."

Mr. Skidmore replied, "My apologies. By all means please do so."

Co-Chair Neuman directed members' attention to the bullet on slide 7 about defending Alaska's right to manage its resources. He noted that when he had had discussions with the Department of Law on the subject the discussion steered to whether it could afford some of the lawsuits it was involved in. He had asked the commissioner to provide a report back as to which lawsuits he had been referring to and their associated costs. His office had also been in contact with Senator Sullivan's office about making sure the state could continue to protect the its rights from federal oversight.

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JIM CANTOR, DEPUTY ATTORNEY GENERAL, DEPARTMENT OF LAW, reviewed slide 7: "Fostering Economic Development." The department was looking at new matters as they arose with a sharp eye that Alaska was going to get the appropriate pushback against the federal government or other economic benefit out of a lawsuit. There were some lawsuits currently going on that the department was carrying forth quite excitedly. He mentioned that one of the department's lawyers argued the Sturgeon case in the U.S Supreme Court in the prior week. He also mentioned the Big Thorn timber sale case in which the lower court upheld the sale. The case was currently before the 9th circuit. There was an RS247 case going on in the Mat-Su. He relayed that the Environmental Protection Agency, which tried to regulate utilities nationwide in a way that would have added to every Alaskan's cost, felt a pushback from Alaska's DOL. The department argued that the rule was not designed for Alaska which resulted in the EPA backing away.

Mr. Cantor scrolled to slide 8: "Protecting Fiscal Integrity." He indicated that Attorney General Richards would explain the first item on the list.

Attorney General Richards reported that the gasline had a substantial supplemental budget amendment in the last special session. Currently, in the fiscal year the department had appropriated approximately \$13 million for outside council. He reported that of that amount the department had spent about \$5 million with \$8 million left. He expected the spend rate to go up once the department started making progress in getting some of the necessary documents negotiated. He reported the previous couple of weeks had been very encouraging regarding the Alaska Liquefied Natural Gas (AKLNG) project. He thought that with \$8 million remaining the department should be able to meet its targets for the current year.

Mr. Cantor continued with slide 8. He mentioned one of the programs being cut: Child Support Enforcement. The idea behind the program was that if orders were granted requiring people to pay their child support then, a family might not end up landing on the public purse. The federal program the department was working off of had a bizarre consequence: People who could otherwise afford a lawyer could still take advantage of the program. The Department of Law, Department of Revenue, and the federal government worked together to aim the program at people who it would benefit the public purse. Three of the six lawyers were cut from the program.

Mr. Cantor continued to discuss other items that protected fiscal integrity. He noted the defensive things like pushing back when the tax payer was told they owed "x" and they said they owed "y." He mentioned the example of a case currently in the Supreme Court regarding Economic Limit Factor (ELF) taxation days. He provided other examples in which the state pushed back to protect the public purse.

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Mr. Cantor detailed slide 9: "Promoting Good Governance." The department defended the laws the legislature passed, defended ballot measures, provided advice to all of the state agencies, and defended actions against those agencies.

Co-Chair Neuman asked Mr. Cantor to skip to slide 14. Members had already seen the Legislative Finance Division's slides contained in slides 10-13.

Attorney General Richards skipped to slide 14: "Potential Impacts of Client Agency Budgets." He highlighted that half of the Civil Division was funded by reimbursable services agreements (RSA)'s rather than through GF. He noted that in GF expenditures the department had had a 10 percent decrease.

Co-Chair Neuman asked Attorney General Richards to avoid the use of acronyms.

Attorney General Richards continued that the point he was trying to make was that the department's GF budget had fallen by 10 percent in the previous year and it was proposing an 8 percent drop in the current year. The department's total "all funds" budget (excluding the gasline appropriation) had fallen about 7 percent in the prior year and it was proposing a 5 percent cut. He explained that what the numbers demonstrated was that the department's GF was being reduced faster than its RSA fund. The general funds were being reduced faster than agencies were asking for the department's services. He reported that with RSAs the department was more of a service taker versus a maker. It provided its clients with services they sought and asked for billions appropriately. In other words, a portion of DOL's budget was driven by agency decisions and policies.

Attorney General Richards furthered that when agencies made reductions the RSA's were not necessarily reducing right away. Often times in order to reduce agencies there was typically an uptick in legal work. The department expected that the RSA portion of its budgets, if there were substantial cuts, to roll through two years later as mega projects and other things were decommissioned.

Attorney General Richards talked about encouraging agency clients to seek front-end advice on major decisions. He noted that an ounce of prevention was worth a pound of cure.

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Attorney General Richards moved to slide 15: "Strategies for Tough Times." The slide covered some of the department's strategies including the closure of the Dillingham office. One strategy that had been in the news and was incorporated into its budget was the proposal of the creation of a public integrity unit within special prosecutions. The Office of Special Prosecutions was housed within the Criminal Division. He reported that within the past 2 years the office had been cut by letting several lawyers go. He noted that the cuts had been made too deeply. As the division was adding lawyers back in he had considered restructuring in order to provide better services on issues related to officer involved shootings, correction deaths and allegations of public corruption. There was a cost of about \$700 thousand, of which about half would be absorbed through internal transfers. Although not a budget increase, the department did not make the governor's suggested budget cuts because about \$350 thousand was less than the total decrease the Office of Management and Budget asked for.

Co-Chair Neuman remarked, "We are trying to help you out."

Attorney General Richards stated that unless the committee wanted to get into the budget detail he was finished with the presentation.

Co-Chair Neuman asked Attorney General Richards to review the department's budget. He thought it was important for the public to see.

Attorney General Richards called Mr. Blaisdell to testify.

DAVE BLAISDELL, DIRECTOR, ADMINISTRATIVE SERVICES DIVISION, DEPARTMENT OF LAW advanced to slide 17: "FY17 Budget Development." He discussed that in developing the department's FY17 budget it started with the FY 16 conference committee numbers. The main changes that occurred had to do with the unallocated reduction as a result of the salary increases that came through in the special session. In order to achieve the reduction the department closed the Barrow office which included 2 positions with an estimated savings of about \$400 thousand. The department changed the way it did business with the Alaska Oil and Gas Conservation Commission (AOGCC) by having them pay for services that used to be covered out of the department's GF. The services were currently being paid

for with AOGCC receipts. There had also been several employees within the department that informed him that they would have some extended absences which were calculated in the budget and a furlough was also built into the FY16 budget to reach \$302 thousands. The total FY 17 budget was approximately \$89 million.

Mr. Blaisdell pointed to slide 18: "FY17 Budget Development." He pointed to the reduction of \$500 thousand for outside council. The department added the capacity the attorney general spoke to in the Office of Special Prosecutions and Appeals for \$318 Thousand. The department had also transferred the tariff work in the Regulatory Affairs and Public Advocacy section and was able to do a funds source switch of \$600 paid for by Regulatory Commission of Alaska receipts. The department anticipated annual mandatory furloughs, and the closure of the Dillingham office resulting in a savings of \$340 thousand. There were staff reductions in the amount of \$564 thousand and there was the reversal of the cost-of-living adjustments which was currently unallocated.

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Mr. Blaisdell continued to slide 19: "FY15-FY17 Criminal Division Budget Reduction Elements":

FY15 Budget Reductions

- Deleted uncollectable federal receipts (\$841.2)
- Four position deletions (\$741.0)
 - 3 attorneys, 1 support staff
- Reduced expenditures in OSPA (\$430.5)

FY16 Budget Reductions

- Reduce expenditures across division (\$671.6)
- Closure of Barrow office (incl. 2 PCNs)(\$400.0)
- Ten position deletions (\$1,608.5)
 - 6 attorneys, 4 support staff

FY17 Budget Reductions

- Close Dillingham office (\$340.0)
- Unallocated reduction (furloughs) (\$92.5)

Mr. Blaisdell discussed slide 20: "FY15-FY17 Civil Division Budget Reduction Elements":

FY15 Budget Reductions

- Three position deletions (\$543.2)
 - 3 attorney positions
- Reduced expenditures across division (\$285.6)

FY16 Budget Reductions

- Reduced expenditures across division (\$788.6)
- 11 position deletions (\$1,464.6)
- Reduced outside counsel and gasline (\$1,900.0)

FY17 Budget Reductions

- Reduce Outside Counsel for Oil, Gas and Mining issues (\$500.0)
 - Trial portion of litigation cycle is over; appeals portion less costly
- Unallocated reduction (deleted positions) (\$525.6)
- Unallocated reduction (furloughs) (\$143.7)

Mr. Blaisdell elaborated that the department's approach with some of the reductions was to try to eliminate positions through attrition. The department had been able to do so for the most part. In the previous year the department had some positions that were laid off mainly in the Criminal Division and one in the Civil Division. The department's goal was to try and retain positions.

Mr. Blaisdell explained slide 21: "Re-alignment of Resources (Civil)." The slide showed the merger of the oil, gas, and mining section with the natural resources section.

Representative Gara asked about the time spent to bill other agencies for their time. He wondered what the purpose was for the accounting mechanism. He saw it as a waste of time. Attorney General Richards responded that he was a lover of cost accounting. He thought it made a lot of sense because it provided an incentive to use DOL's services efficiently when there were known and recognizable costs to government agencies. He suggested that costs made other agencies more accountable for and thoughtful of using the department's services.

Representative Guttenberg redirected attention to the closure of the Barrow and Dillingham offices. He wondered why the department did not choose to lay off someone in Anchorage rather than closing the rural offices. He thought it would be cheaper to put someone up in a hotel in

Anchorage rather than temporarily putting someone up in Dillingham or Barrow for an extended period of time. He wondered if the department intended to do more things telephonically. Attorney General Richards reported that the vast majority of cuts that had already been applied, over 20, were from Juneau, Fairbanks, and Anchorage. He furthered that the cuts that occurred in Dillingham and Barrow had much more proportional impacts. He thought the department had attempted to balance the relative cuts of its smaller offices. The department had looked at the economic impact of closing the rural offices in a robust analytical manner. The department had worked at trying to determine the most cost effective way to delivery prosecutorial legal services. The decisions were not easily made.

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Representative Guttenberg claimed that by having a prosecutor living and being part of the community helped to facilitate better justice for the community.

Representative Wilson referred to slide 4 regarding the Civil Division and the rise in Office of Children's Services (OCS) cases. She asked if the cases were criminal cases versus civil cases and whether the type of cases would change the number of cases. Attorney General Richards believed the number represented civil cases.

Representative Wilson understood that they were all civil cases. She wanted to know if the number would be as high if they were criminal cases. She asked the question because civil cases had a much lower threshold. Attorney General Richards suggested they would be much lower if a criminal standard was applied to CINA cases.

Representative Wilson asked the attorney general if he thought CINA cases should be classified as criminal rather than civil cases. Attorney General Richards responded that he had not considered the idea. His job was to enforce the laws of the State of Alaska. He would follow whatever the legislative body chose to do.

Representative Wilson commented that in her opinion the reason there were not appeals was because the state was sitting on both sides. She made a comment about the public defender in Fairbanks. She wondered if the department was

ready for substantial growth if there were more private attorneys and the number of appeals increased. Attorney General Richards responded in the negative. He indicated that the department was cutting its budget rather than increasing it. If appeals increased it would be a challenge.

Representative Wilson like the integrity unit idea. She assumed that individuals unhappy with the OCS process could file a complaint with the integrity unit and that the unit would determine whether OCS was using its resources and doing its job. Attorney General Richards replied that the Public Integrity Unit as it was thought to be configured would handle accusations of public corruption, officer involved shootings, and deaths in correctional facilities. The only way the unit would be involved in a CINA related matter would be if there was an allegation of public corruption.

Representative Wilson looked forward to passing the information on.

[3:26:51 PM](#)

Representative Edgmon complimented the department for its good work. He mentioned that the department brought in a significant amount of money to the state. He thought that the closure of the District Attorney's office in Dillingham was highly unconscionable given that he lived in the area and was aware of the impacts. He was also aware that as a state agency DOL was unable to measure the true impacts on the region as a result of its decisions. He provided an example of a major drug dealer in Dillingham who had to plead down from a felony to a misdemeanor. In December the dealer was found with \$19 thousand in cash. The representative could not tie the crime directly to the lack of a local district attorney in the community. He opined that the cost of services could not always be measured in dollars and cents. He did not understand the department's reasoning for removing \$191 thousand from a region where there were approximately 1000 cases per year when the department had a \$54 million UGF budget. The region was home to one of the largest fisheries in the world in the summertime. He would continue his argument on the issue and appreciate the chairman's indulgence.

Co-Chair Neuman looked forward to the conversation.

Vice-Chair Saddler commented that the previous speaker and Representative Guttenberg had made the arguments about the value of having a full slate of law enforcement personnel and resources in a community. They also made the argument that there was an undefinable (not measured in dollars and cents) value. He felt that the commissioner and Mr. Skidmore acknowledging the value. However, the committee's responsibility was to allocate scarce resources, as it dealt in dollars and cents. It was the committee's obligation to everyone that came before members asking for money for their programs to make the most transparent, demonstrable, and understandable comparison of the cost and benefits. There were winners and losers. He believed the department had made a good faith effort to mitigate impacts and to have reductions be allocated fairly with a close eye on its overall mission. He thought the department had been doing a good job in a difficult process and situation.

Co-Chair Neuman thought there had been a lot of good questions from members.

Co-Chair Thompson reviewed the agenda for the following day.

ADJOURNMENT

3:30:34 PM

The meeting was adjourned at 3:30 p.m.