

SENATE FINANCE COMMITTEE
February 25, 2015
9:10 a.m.

9:10:10 AM

CALL TO ORDER

Co-Chair Kelly called the Senate Finance Committee meeting to order at 9:10 a.m.

MEMBERS PRESENT

Senator Anna MacKinnon, Co-Chair
Senator Pete Kelly, Co-Chair
Senator Peter Micciche, Vice-Chair
Senator Mike Dunleavy
Senator Lyman Hoffman
Senator Donny Olson

MEMBERS ABSENT

Senator Click Bishop

ALSO PRESENT

Ron Taylor, Commissioner, Department of Corrections; Remond Henderson, Deputy Commissioner, Department of Corrections; Sam Cotten, Commissioner, Department of Fish and Game; Kevin Brooks, Deputy Commissioner, Department of Fish and Game; Kelly Howell, Director, Division of Administrative Services, Department of Public Safety; Gary Folger, Commissioner, Department of Public Safety.

SUMMARY

SB 27 APPROP: OPERATING BUDGET/LOANS/FUNDS

SB 27 was was HEARD and HELD in committee for further consideration.

FY 16 BUDGET OVERVIEWS:

DEPARTMENT OF CORRECTIONS
DEPARTMENT OF FISH and GAME
DEPARTMENT OF PUBLIC SAFETY

#sb27

SENATE BILL NO. 27

"An Act making appropriations for the operating and loan program expenses of state government and for certain programs, capitalizing funds, making reappropriations, 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."

[9:11:32 AM](#)

^OVERVIEW: FY 16 DEPARTMENT OF CORRECTIONS

[9:12:03 AM](#)

RON TAYLOR, COMMISSIONER, DEPARTMENT OF CORRECTIONS, presented 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.

Commissioner Taylor joked that the department was good at secure confinement. He added that the department had been working diligently at helping people be successful at community reintegration.

[9:12:48 AM](#)

REMOND HENDERSON, DEPUTY COMMISSIONER, DEPARTMENT OF CORRECTIONS, referred to Slide 2, "Corrections Comparison - FY2015 Management Plan to FY2016 Work In Progress", which reflected the adjustments that were made between the FY 15 management plan and the Work In Progress budget submitted by the governor. He shared that the department had taken an overall 6 percent reduction between FY2015 and the amended budget. He made note of the individual reductions, pointing out that the first was the Physical Health Care/PFD Fund Change, the reduced GF would be replaced with PFD criminal funds and totaled approximately \$9.5 million. He explained that under AS 43.23.005(d), individuals were not eligible for a permanent fund dividend if they had been incarcerated, convicted of a felony, or convicted of a misdemeanor with a prior history of a felony. He continued

that the slide reflected and increase in the vacancy factor; historically, throughout the institutions there had been carried a zero percent vacancy factor, a 2 percent vacancy factor had been allocated throughout each component in the institutions, totaling roughly \$3 million. He pointed to the next deduction, which was a \$601.2 million reduction in the Fairbanks Community Residential Center. He said that the contract that the department had with the center had been reduced by 20 beds to more appropriately reflect actual usage. He spoke to the reduction in regional and community jail contracts, which had been reduced to the FY 14 level of \$283.2 million, removing the CPI and the geographical increase that had been received in FY 15.

[9:15:59 AM](#)

Co-Chair Kelly asked whether the residential center was Northstar Center in Fairbanks.

Mr. Henderson replied in the affirmative.

[9:16:09 AM](#)

Mr. Henderson stated that the bottom of Slide 2 listed the allocation from the Governor's Budget in secure confinement, supervised release, and reformatory programs. The slide reflected a 3.8 percent reduction in UGF.

[9:16:42 AM](#)

Mr. Henderson moved to Slide 3, which moved from the Work In Progress budget to the FY2016 Governor's Budget, prior to amendments. He said that the first reduction was for \$316,000 and would reduce excess authority that the department had in agency receipts. The next reduction was \$28.4 million and would eliminate CIP receipts. The department no longer had capital dollars in the budget for prison expansion.

[9:17:22 AM](#)

Senator Dunleavy asked about the 3.8 percent reduction reflected at the bottom of Slide 2.

Mr. Henderson responded that the 3.8 reduction was in the UGF; the \$11,423.0, divided by the beginning balance was equal to 3.8 percent.

Senator Dunleavy clarified that the overall reduction was 0.5 percent, as reflected at the bottom of the slide.

Mr. Henderson replied yes.

[9:18:27 AM](#)

Mr. Henderson returned to Slide 3. He said that the \$339.9 reduction in GF program receipts would more accurately reflect what was actually being collected. He identified the GF reduction for Medicaid expansion; citing a nationwide study that estimated that 80 to 90 percent of the inmates within the institutions would be eligible for Medicaid; the department had conducted research using its own facility numbers and discovered the possible savings through the expansion.

[9:20:47 AM](#)

AT EASE

[9:21:32 AM](#)

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[9:21:36 AM](#)

Senator Dunleavy surmised that the slide worked under the assumption that the state would be choosing Medicaid expansion.

Mr. Henderson responded in the affirmative.

Senator Dunleavy asked whether there would be legislation that would explain the whole concept of Medicaid expansion.

Mr. Henderson replied that the Department of Health and Social Services (DHSS) would offer a broad perspective on the entire Medicaid expansion during that department's budget overview.

[9:22:16 AM](#)

Senator Hoffman asked whether the department anticipated the expansion to be implemented on July 1, 2015, or a later date.

Mr. Henderson he said that the numbers on the slide spoke to what the department projected over the course of one

year. He deferred further explanation to DHSS. He did not believe that the savings would begin on July 1, 2015.

Senator Hoffman surmised that if the expansion began in January of 2016, half of the projected savings could be expected.

Mr. Henderson understood that even if the expansion did not begin on July, 1, 2015, the department had the ability to bill for services 90 days retrograde once the expansion took effect.

[9:23:37 AM](#)

Co-Chair MacKinnon understood that there had been a legal challenge concerning the department billing Medicaid. She felt that, beyond the Medicaid expansion discussion there was the issue of whether DOC could even bill, and recoup any money from, Medicaid. She requested a legal opinion on the matter.

Mr. Henderson understood that it had not been the federal regulations or Alaska Statutes that had been preventing DOC from billing Medicaid, rather it was the regulations of DHSS. He relayed that DOC had been working with DHSS and the Department of Law (DOL) in order to change the regulations to enable DOC to become eligible for the Medicaid expansion. He noted that regulations had been drafted but had not yet been put out for public comment. He offered to provide further information on the issue.

[9:25:19 AM](#)

Co-Chair Kelly queried whether the department any alternative plan if the state failed to expand Medicaid. He asked whether a supplemental request would be made by the department.

Mr. Henderson replied that if the department took the reduction, and the state failed to expand Medicaid, a supplemental request would be imminent.

[9:25:54 AM](#)

Mr. Henderson continued to the next item on Slide 3, which he characterized as the most difficult reduction in the budget: Regional & Community Jail Contracts. He said that

the roughly 10.3 million reduction was not intended to close community jails, but to eliminate contracts. He opined that what had been discovered was that the reduction would cause major issues with community jails. He said that all of the contracts were under scrutiny and that the funds had been intended to fund a portion of the operations of those jails. He stated that the funding had been used to pay for up to 20 percent of police officers and dispatchers, as well as utilities and clothing for the facilities. He explained that the department had discovered, while intending to reduce the portion that it was providing to operate the jails, that the reduction had caused a significant strain on the communities. He revealed that this was what had led to the Governor's Amendment to put \$7 million back into the budget to address community contracts. He stressed that the department had looked at simply closing institutions, but that closing institutions was not easy.

[9:28:29 AM](#)

Co-Chair Kelly requested a brief overview of community jails and how they operated.

Commissioner Taylor said that community jails were where people were held at the point of arrest; local police departments and communities had contracts with the department for people arrested for state crimes. He furthered that people were brought into custody and held for up to 30 days, depending on the location, and then transferred to one of the larger institutions. He disclosed that half of the beds were underutilized and there were a number of communities outside of the community jails structure that the Department of Public Safety (DPS) used as emergency guard services.

[9:30:00 AM](#)

Senator Hoffman felt that the problem was with the cost shift; the question was what happened when people were arrested and could not be detained in a community jail. He related that Kotzebue had closed their community jail, which led to an increase in the overall state budget through DPS because troopers had to transport individuals back and forth from city to city. He added that members of the courts had required travel as well, in order to ensure due process for offenders. He concluded that cuts in the

DOC budget would often become additions to the DPS budget. He reiterated that the judicial system needed to be able to represent in all communities.

[9:32:16 AM](#)

Mr. Henderson returned to Slide 3. He pointed out to the committee the \$1 million increase, which had been made necessary because the 24 hour utility component funding for fuel trigger had been eliminated. He asserted that there had not been a reduction in community jails to fund the line item, although it was listed as a Regional & Community transfer to 24-hr. Utility Component. He explained that the listing was a technical way of showing what had happened without the allowance of increments.

[9:32:59 AM](#)

Senator Olson contended that energy costs were higher for community jails in rural areas. He wondered how much of the \$1 million was for the heating of community jails.

Mr. Henderson replied that he did not know.

[9:33:57 AM](#)

Senator Dunleavy asked whether the department had discussed the idea of a 25 percent overall reduction in the DOC budget within the next three years.

Commissioner Taylor responded that it had been discussed. He lamented that a 25 percent overall reduction in the department would most likely result in the closing of institutions and the shipment of inmates out-of-state.

[9:34:52 AM](#)

Co-Chair Kelly requested a projected timeline that could plot when the state would reach capacity and need to either build a new facility or begin shipping inmates out-of-state.

Commissioner Taylor responded that the projected timeline was 2016-2017. He opined that 128 beds had been taken offline at Point MacKenzie. He said that the department was working toward shifting some minimum security inmates from the institutions and into halfway houses and electronic

monitoring situations. He thought that by the next legislative session the department would be able to report back with solid numbers. He assumed that legislative recommendations would impact how the department served its population.

[9:36:13 AM](#)

Senator Hoffman asked which facility was the most overcrowded and what the department was doing to rectify any issues of overcrowding at facilities.

Commissioner Taylor said that he would need to check the most recent counts sheet and get back to the committee with the information.

Senator Hoffman confirmed that the state's most crowded facility was the Yukon Kuskokwim Correctional Facility in Bethel. He shared that he had toured the facility with the previous commissioner and had been told that the overcrowding would be rectified with the Goose Creek Correctional Facility. He asserted that Goose Creek was online and the problem had still not been rectified. He bemoaned that Goose Creek had not been the "magic bullet" that many people had thought that it would be.

[9:37:42 AM](#)

Vice-Chair Micciche suggested that the daily cost for institutions was less than half at the community jail level.

Mr. Henderson responded in the affirmative.

Vice-Chair Micciche surmised that the daily cost of out-of-state institutions was 30 percent less than in-state.

Mr. Henderson replied that that was correct.

Vice-Chair Micciche asked whether an overall evaluation of the cost efficiency of running the state's correctional system could be made available. He understood that there had been support in the past to bring home Alaskan's that were incarcerated out-of-state, but that it was an expensive proposition. He presumed that a 25 percent reduction in the department's budget would make the community jails and in-state institutions an unattractive expense.

[9:39:23 AM](#)

Mr. Henderson returned to Slide 3 to explain that the \$1.5 million reduction in the center in Palmer was the first of several steps required to close an institution. He noted that if DOC was going to achieve a 25 percent reduction in 4 years as previously mentioned, it would result in multiple facilities being closed.

[9:40:59 AM](#)

Co-Chair Kelly queried the cost of switching some inmates to electronic monitoring.

Commissioner Taylor estimated that the daily cost of electronic monitoring was approximately \$24 to \$25 per day. This service was contracted out and was not a capital expenditure.

[9:41:24 AM](#)

Co-Chair MacKinnon asserted that a huge cost driver in the DOC budget was labor.

Commissioner Taylor answered in the affirmative.

Co-Chair MacKinnon asked for a comparison of labor costs in-state to labor costs out-of-state.

Commissioner Taylor replied that such a comparison had never been done.

Co-Chair MacKinnon requested the comparison. She said that there had to be a reason that out-of-state facilities could offer incarceration at lower cost value that made it beneficial for Alaska to ship people out of state.

Commissioner Taylor contended that the department was dealing with older facilities that required costly maintenance and that out-of-state-facilities enjoyed newer technologies unavailable to in-state facilities.

Co-Chair MacKinnon said that she hoped for a percentage comparison number.

[9:43:16 AM](#)

Vice-Chair Micciche spoke to Slide 11. He asked whether it had been a policy call by the legislature to drive toward the most expansive option, or had the decision been departmental.

Commissioner Taylor replied that the department did not have the ability to make policy decisions; the decision had been made through a combination of the legislature and the governor's office.

[9:44:04 AM](#)

Co-Chair Kelly noted that it had been a legislative issue in the 1990's.

Vice-Chair Micciche lamented that there was a 400 percent difference in cost between out-of-state incarceration and in-state community jails. He encouraged the department to look into options that would make incarceration costs manageable into the future. He felt that the legislature could offer suggestions.

Co-Chair Kelly agreed. He suggested that low-risk prisoners should be put on electronic monitoring.

Commissioner Taylor stated that DOC did have the ability for electronic monitoring; however, it would mean an increased risk to the public. He warned that reentry management required a delicate balance.

[9:46:10 AM](#)

Senator Olson recognized that the issue of privatization of correctional facilities was contentious. He shared that the desire to bring down the recidivism rate in Alaska had driven policy decisions in the past concerning in-state incarceration. He believed that it would be short-sighted to ignore that past work. He spoke of the comparison between community jails and the cost of in-state incarceration. He stated that two different functions were at work; community jails were intended to hold people temporarily until the next step in the legal process, a holding facility would be cheaper to run day-by-day, but rural areas needed community jails to use as temporary holding cells to protect their residents. He feared for the safety of rural communities that lacked community jails.

Senator Olson spoke if the \$7 million that had been reinstated in the budget, and wondered whether his district would benefit from it. He said that communities in his district were on hold with developing their budgets for the next year because they did not know whether they were going to receive the necessary supplemental funding to continue to stay open.

[9:50:50 AM](#)

Commissioner Taylor replied that the department had examined the FY 11 numbers with the understanding of what the rural communities were facing. He explained that the FY 11 budget numbers were the baseline for what was awarded to the communities; \$6.4 million. He stated that those communities would receive the funding.

[9:51:38 AM](#)

Co-Chair Kelly hoped that the department could come before the committee again in the future.

[9:52:50 AM](#)

AT EASE

[9:54:49 AM](#)

RECONVENED

^OVERVIEW: FY 16 DEPARTMENT OF FISH and GAME

[9:55:24 AM](#)

SAM COTTEN, COMMISSIONER, DEPARTMENT OF FISH AND GAME, commented that the department faced challenging relationships with several different federal agencies whose mission statements differed from that of the Department of Fish and Game (DF&G). He shared that DF&G's biggest challenge was the ability to have adequate management information through stock assessment and research in order to allow the public access to the resources. He felt that the department benefited through their ability to raise funds through user fees. He believed that a lot of user groups were realizing and accepting responsibility that pay-as-you-go might be something that would be common in the future.

[9:56:58 AM](#)

Senator Dunleavy suggested the department begin their presentation on Slide 6.

[9:57:13 AM](#)

KEVIN BROOKS, DEPUTY COMMISSIONER, DEPARTMENT OF FISH AND GAME, referred to Slide 6, "FY2016 Budget By Division (\$214,975.5)". He pointed out to the committee the three largest management divisions illustrated on the slide: Commercial Fisheries, Wildlife Conservation, and Sport Fisheries, constituted 80 percent of total funding. He said that smaller divisions and entities made up the remaining budget balance. He turned to Slide 7, "FY2016 Budget By Funding Source (\$214,975.5)". He stated that GF dollars constituted \$71,245.6 million (40 percent), federal funds were \$66.853.9 (30 percent), and Fish and Game funds derived from hunting and fishing licenses totaled \$24,287.7 (11 percent).

[9:58:29 AM](#)

Senator Dunleavy queried the \$109.7 million for IA/Oil Haz reflected on the slide.

Mr. Brooks replied that the funds were a small inner-agency agreement with the Department of Environmental Conservation (DEC), and came in through the Division of Habitat.

Senator Dunleavy asked whether the funds came out of the Spill Prevention and Response (SPAR) budget.

Mr. Brooks replied in the affirmative.

[9:59:04 AM](#)

Mr. Brooks moved to Slide 8, "FY2016 Budgeted Positions". He explained that DF&G had a very seasonal workforce; 922 full-time positions, 1683 total positions. He stated that the department doubled in size during the busy field season, and the majority of the positions resided in the aforementioned three large management divisions.

[9:59:33 AM](#)

Mr. Brooks presented Slide 9, "FY2016 Operating Budget by Division," noting the negotiated salary increases had grown the budget by \$2.7 million overall and were a mixture of

funding sources, half of which was UGF. He highlighted the small reduction in healthcare costs and the \$810 thousand UGF reduction for three temporary increments that had been added in previous years and were scheduled to roll off at the end of 2015; \$300 thousand of which was in sport fisheries, and \$510 thousand in commercial fisheries.

[10:00:44 AM](#)

Senator Dunleavy understood there was an increase over the previous year's budget.

Mr. Brooks replied that the increase was only in the adjusted base.

[10:00:53 AM](#)

Senator Hoffman asked why the health insurance rate reductions were not proportionate to the amount of money that the department received in general, federal and fish and game funds. He asked about the increases in contracts; over 50 percent of the increases were from general funds, but general funds was only one-third of the charted funding sources.

Mr. Brooks explained that the adjustments were tied to the detailed budget put out by the Office of Management and Budget (OMB) and that each specific position control number (PCN) had a funding source ratio.

[10:02:18 AM](#)

Mr. Brooks moved to Slide 10, which took the numbers from the previous slide and adjusted them to reflect the governor's endorsed budget. He pointed out small reductions in commercial and sport fisheries, and in the smaller divisions of administrative services, habitat, and subsistence research. He summarized that there was approximately \$7.3 million in UGF reductions and some proposals to off-set with available revenue from the Commercial Fisheries Entry Commission, as well as some federal receipts.

[10:03:15 AM](#)

Mr. Brooks presented slide 11, "Highlights in Operating Budget":

\$7.3 million UGF reduction from Adjusted Base

Revenue Offsets

- \$3 million in CFEC Receipts (DGF) in Division of Commercial Fisheries
- \$1.2 million in federal Pittman-Robertson funds in Division of Wildlife Conservation

Cuts to Divisions - \$1.9 million

Eliminate Temporary Increments

- Commercial Fisheries - \$1 million
- Sport Fish - \$238.5

\$1 million increase in federal Pittman-Robertson funds in Division of Wildlife Conservation

Restructure Budget Components for Commercial Fisheries

- Transfer Special Projects funding to Regional and Statewide Components

[10:06:10 AM](#)

Co-Chair MacKinnon referred to the Pittman-Robertson fund. She offered that when contractual agreements were signed on grant funding lines there was usually a clause that stated that federal dollars could not be supplemented for money that was already being spent elsewhere. She wondered how the fund allowed for current GF spending to be off-set with federal dollars.

Mr. Brooks replied that the Division of Wildlife Conservation was just under \$50 million, and over the years \$600 to \$700 million of GF dollars had been added in to the budget, primarily for intensive management and endangered species work; things that did not fit squarely into the eligibility for federal funding. He said that the proposal would not compromise the contracts in place with the federal government, and was not an inappropriate use of the funds, but was an aggressive use of the federal funds for every eligible cost that they could be used for.

Co-Chair MacKinnon asked whether federal funds were being supplanted.

Mr. Brooks replied no.

[10:08:30 AM](#)

Mr. Brooks presented Slide 12, "FY2016 Capital Projects Request":

Projects and Initiatives

Wildlife Management, Research and Hunting
Access: \$11,250.0 Federal, \$500.0 GFM

Recurring Capital Projects

Sport Fish Recreational Boating Access: \$2,250.0
Federal, \$750.0 GF
Shooting Range Deferred Maintenance: \$375.0
Federal, \$125.0 F&GF

[10:09:18 AM](#)

Senator Dunleavy referred to Slide 12. He asked which of the tree projects could wait a year without being funded.

Mr. Brooks explained that the department had experience a large increase in the Pittman-Robertson funds, as reflected in Slide 11. He said that the funds were derived from an excise tax on guns and ammunition at the national level, and were allocated to all 50 states based on a formula. The state of Alaska received a maximum allocation of 5 percent, which the department was challenged to match 1 state dollar to 3 federal dollars. He said that the DF&G funds were not keeping up and there was a danger of funds reverting in September 2016 if the department could not obligate the funds. He noted that obligation on the federal side was not an encumbrance, but an obligation occurred when a viable project was approved by the federal government for grant funding. The grant was not a block grant; the department had to put proposals on the table to do specific things with match funds, and then await approval. He relayed that the match for the capital project would be \$3.5 million, DF&G was requesting \$500 thousand in general fund match in consideration of the state's fiscal climate, which had put the division in the position of having to seek out financial partners.

[10:12:06 AM](#)

Senator Dunleavy asked if the money would be lost if it were not used in FY 16.

Mr. Brooks responded that the department needed the funds in order to obligate.

Senator Dunleavy asked which of the alternatives in 1 - 7, presented in the January 2015 Commercial Fisheries Entry Commission Review did the department support for implementation, and what financial impact would it have on this and future budgets.

Commissioner Cotten commented that the department was confident that there were efficiencies that could be found. He noted that there were important functions performed by the commission that needed to continue.

Senator Dunleavy understood that the size of the commission would be reduced.

Commissioner Cotton replied in the affirmative.

[10:14:33 AM](#)

Senator Dunleavy asked how many dollars were included in the budget to perform fish and wildlife studies for the Susitna-Wantana dam.

Mr. Brooks responded that, currently, no dollars were included for FY 16. He said that DF&G had worked with the Alaska Energy Authority (AEA) for FY 14 and FY 15 funding, and expected to tie up the projects as neatly as possible.

[10:17:30 AM](#)

Senator Dunleavy referenced Page 11 of the amended budget. He asked where the department would make cuts if the legislature were to reduce the 13.4 percent of GF funding for administration and support accounting to 10 percent, approximately \$2.890,500.

Mr. Brooks stated that there were 5 components within the appropriation: the commissioner's office and administrative services, the boards section, subsistence division, and \$2.5 million in lease costs. He said that \$2.8 million would equate to a 25 percent cut, which the department had planned to work toward over the next three years, not in

one year. He relayed that the cuts would be spread over the 5 components, but that the \$2.5 million for the leases was a fixed cost.

10:19:53 AM

Senator Dunleavy stated that sport fisheries were scheduled for a 10.1 percent reduction, while commercial fisheries would experience a 3.75 percent reduction. He asked what programs would be enhanced, and reduced, in each division if the two components were to be equally cut.

Mr. Brooks replied the commercial fisheries budget was approximately \$70 million, with roughly \$44 million GF; sport fisheries was a \$50 million budget, with \$6 million GF. He said that commercial fishing was hugely dependent upon UGF dollars. He stated that the department had taken sport fisheries from \$7 million to \$6.3 million, a 10 percent reduction between FY 15 and FY 16. He related that the commercial fisheries budget had taken \$2.3 million in real cuts to actual projects, a 10 percent reduction in that budget would equate to \$4.4 million in projects across the state that would be shut down. He asserted that cheaper counting methods would result in less precise data which would lead to more conservative management and a loss of fishing opportunity.

Senator Dunleavy asked whether the department had identified any in-house functions that could be privatized. He asked whether a request for interest on any of the functions of the department had been issued.

Mr. Brooks thought that the department had never done a request for interest on privatizing any departmental functions. He shared that the department had a long history of partnerships, and cited several hatcheries that used to be under the department and were now run by privately non-profits. He furthered that the Anchorage Shooting Range covered its own costs, but the Fairbanks and Juneau ranges were not lucrative, which made privatization a challenge. He stated that the funding for the Round Island Sanctuary had been eliminated in the FY 15 budget and the department was searching for private sector funding for the line item. He added that the department hoped to map out the next 3 budget years during an upcoming leadership retreat scheduled in May 2015.

[10:22:15 AM](#)

Senator Hoffman asserted that the department significantly and directly affected the lives of Alaskan's. He remarked that the state spent a great deal on the DF&G and he believed that the department did a good job putting those dollars to work. He asserted that the department should continue to look to streamline its actions and be as efficient as possible, but that the legislature should be cognizant of services that the department successfully delivered. He warned that the committee should be aware of the jobs that the department made available for Alaskans.

[10:24:59 AM](#)

Co-Chair MacKinnon asked where hatcheries were located in the state.

Commissioner Cotten said that the two state run hatcheries were the Ruth Barnett Hatchery in Fairbanks, and the Jack Hernandez Hatchery in Anchorage.

Co-Chair MacKinnon asked how many fish were produced in each of the hatcheries.

Mr. Brooks said that he would get back to the committee with those numbers.

Co-Chair MacKinnon understood that the state had invested a lot of money in the Fairbanks hatchery and wondered whether it was operational.

Co-Chair Kelly interjected that he had seen tens of thousands of fish during a summer 2014 visit to the Fairbanks hatchery.

Co-Chair MacKinnon requested an analysis and financial breakdown of the state's investment in the hatchery.

Mr. Brooks agreed to provide the information.

[10:26:28 AM](#)

Vice-Chair Micciche asked whether the department had considered not labeling collected data as specifically for "sport" or "commercial" fisheries.

Commissioner Cotten agreed that much of the stock assessment along the Kenai River affected both sport and commercial fisheries. He said that separate analysis could be done.

[10:27:44 AM](#)

Senator Dunleavy agreed with Senator Hoffman that the department performed a constitutionally mandated function. He opined that deep cuts to the department's budget were inevitable.

[10:29:01 AM](#)

Senator Olson commented that catch and release was contrary to the practices of people in his districts. He noted that his constituency regarded this practice as a waste of money. He understood that people traveled to Alaska to fish recreationally, but that the state could no longer afford for people to play with the resource.

[10:30:23 AM](#)

AT EASE

[10:31:38 AM](#)

RECONVENED

^OVERVIEW: FY 16 DEPARTMENT OF PUBLIC SAFETY

[10:31:52 AM](#)

KELLY HOWELL, DIRECTOR, DIVISION OF ADMINISTRATIVE SERVICES, DEPARTMENT OF PUBLIC SAFETY, presented Slide 5 of the budget overview, which offered a high-level overview of the FY2015 Management Plan versus the FY2016 Governor's Amended budget, and the difference between the two. She said that the net reduction for the department was a 3.5 percent reduction from FY2015 Management Plan and a 2.35 percent decrease in UGF. She noted the net reduction of 24 permanent full-time positions, which was offset by an increment request for 8 new positions. She said that the 24 positions represented 28 commission trooper positions that would be shifted into vacant trooper patrol positions. She relayed that there were 4 civilian positions.

[10:33:32 AM](#)

Co-Chair MacKinnon asked how many of the planned position reductions were filled.

Ms. Howell believed that seven of the positions were vacant.

[10:34:03 AM](#)

Ms. Howell moved to Slide 6, "FY2016 Operating Budget By Fund Source," She stated that, at 84 percent, the majority of the department's budget was comprised of UGF.

[10:34:17 AM](#)

Ms. Howell continued to Slide 7, "FY2016 Operating Budget By Line Item," which reflected that the majority of the department's budget was Personal Services at 57 percent.

[10:34:37 AM](#)

Ms. Howell turned to Slide 8, "FY2016 Operating Budget By Component," which was a chart illustrating the Alaska State Troopers represented the majority of the DPS budget.

[10:35:05 AM](#)

Ms. Howell moved to Slide 9, which summarized significant operating changes, or the difference between what was included in the FY 16 Work In Progress budget:

- Restructure of Aircraft Section: \$2,374.1 GF
- Transfer from Governor's Office for CDVSA Programs: \$1,500.0 GF
- Shelter Services for Women and Children: \$367.2 GF
- Reduce the Alaska Bureau of Highway Patrol: \$(1,688.9) GF/\$(1,274.5) CIP Receipts
- Delete 4 LTNP State Trooper Cold Case Investigators: \$(383.0) GF
- Delete 2 LTNP State Trooper Background Investigators: \$(150.3) GF
- Delete 5 VPSO Support Troopers: \$(964.4) GF
- Delete 3 DVSA Follow-Up Troopers: \$(443.8) GF
- Withdraw FY16 Increment Request for Two Troopers for the Kenai Peninsula: \$(310.0) GF

Ms. Howell explained when looking for reductions in DPS budget, the mission of ensuring public safety and

protecting core services was a priority. She said that core services included basic police services: enforcement of laws, patrol functions, and responding to calls for service, which included the enforcement of fish and wildlife laws through the Alaska Wildlife Troopers. Forensic science services, provided to law enforcement agencies across the state, were also protected. Additionally, illegal drug and alcohol interdictions, major crime investigations and investigative assistance provided to all law enforcement agencies across the state, the Division of Fire Safety, and services for those who had been impacted by domestic violence and sexual assault were all priority core services.

[10:36:31 AM](#)

Co-Chair MacKinnon asked about the first bullet point on the slide. She requested an explanation for the cost increase.

Ms. Howell explained that the FY 16 budget request included 8 new permanent, full-time, civilian positions. She shared that the request stemmed from recommendations and findings of the National Transportation Safety Board (NTSB) and independent auditors as a result of the HELO 1 crash that occurred in March of 2013.

Co-Chair MacKinnon further probed the bullet point.

GARY FOLGER, COMMISSIONER, DEPARTMENT OF PUBLIC SAFETY, responded that 14 positions were recommended to the department, which were scaled back to 8. He furthered that the recommendations and outside audit were in the interest of safety.

Co-Chair MacKinnon requested a copy of the recommendations and why they were made.

Commissioner Folger replied that there were numerous recommendations made and that he would provide the information to the committee at a later date.

[10:39:46 AM](#)

Senator Hoffman queried the impact to the program if the 8 positions were not funded. He referenced the 6th bullet

point on the slide and asked by there were no funds attached to the deletion of the Pilot 2 position.

Senator Olson interjected that having reviewed the NTSB report he believed that the crash was due to an invasive culture of a lack of respect for safety training. He asserted that DPS employees were law enforcement officers first and pilots second.

[10:42:38 AM](#)

Commissioner Folger replied that if the request was not honored the department would be forced to ground its more valuable and complex, larger aircraft.

Senator Hoffman asked whether the department had evaluated how effective programs were that had been operational for a short time.

Commissioner Folger offered an anecdotal scenario. He relayed that aircraft, to Troopers, was a valuable asset and lifesaving tool. He recognized that the budget cuts had to come from somewhere in the budget.

[10:44:20 AM](#)

Senator Dunleavy asked whether it was a recommendation or an absolute mandate that the 8 positions be filled.

Commissioner Folger replied that it was a recommendation. Senator Dunleavy contended that the federal government could print as much money as it wanted to, but Alaska did not currently have the luxury of taking on recommendations from the federal government.

[10:44:48 AM](#)

Vice-Chair Micciche asked whether the Cold Case program would be eliminated entirely.

Commissioner Folger answered yes, as a cost savings measure.

Vice-Chair Micciche understood that the Cold Case investigators had been involved in cases that were of high value to the department.

Commissioner Folger replied in the affirmative.

Vice-Chair Micciche asked whether the department had considered contracting out to private investigating firms.

Commissioner Folger retorted that private contracts had not been considered because they would be of an additional expense.

[10:45:46 AM](#)

Senator Dunleavy asked if the department required its pilots to undergo Medallion training.

Commissioner Folger responded that the training was not required but that once a month a safety meeting was held at which a Medallion representative was present. He furthered that once a year an aviation safety seminar was held where pilots could train on flight simulators.

[10:46:38 AM](#)

AT EASE

[10:46:50 AM](#)

RECONVENE

Senator Hoffman spoke to the \$1.5 million partial restoration of the Choose Respect Initiative. He said that the state was looking to move the program from a governor's initiative to department's budget as an expansion of Council on Domestic Violence and Sexual Assault (CDVSA). He requested a justification for the recommendation.

Commissioner Folger noted that the initiative had not been fully funded but that DPS had received partial funding; he believed that the change was intended facilitate the program "stepping-down" while services within the program were scrutinized for cuts.

Senator Hoffman wondered what the intended time frame was, in fiscal years, for the stepping down of the program, and whether the \$1.5 million would be completely eliminated from future budget requests.

Commissioner Folger replied that it was uncertain what would happen into the future.

10:48:55 AM

Vice-Chair Micciche asked whether the cuts the department had made would put people at additional risk. He worried about the department's ability to deliver constitutional essential services and wondered whether the cuts compromised those services.

Commissioner Folger echoed the concerns. He believed that emergency response could be delayed in some instances. He opined that the repercussions of the budget cuts were an unknown.

10:50:14 AM

Senator Olson wondered effect the cuts would have on the Village Police Safety Officer (VPSO) program.

Commissioner Folger stated that the department hoped to examine indirect costs and retain positions.

Senator Olson queried the number accidents that had occurred in the past two years and whether any additional safety measures had been taken to ensure against accidents.

Commissioner Folger stated that most of the accidents that had occurred in the past two years were training accidents involving younger troopers training to be pilots.

Senator Olson clarified that there had been two training accidents.

Commissioner Folger replied that he believed so.

10:52:15 AM

Senator Hoffman said that he had understood that there had been an agreement that the P/V Stimson would be kept at Dutch Harbor. He said that the transfer of the vessel's base of operations from Dutch Harbor to Kodiak was a breach of the agreement that had been made with the legislature in the past.

Ms. Howell relayed that additional committee questions that had been submitted to the department would be answered in writing.

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ADJOURNMENT

10:53:38 AM

The meeting was adjourned at 10:53 a.m.