

SENATE FINANCE COMMITTEE
April 25, 2019
9:11 a.m.

[9:11:18 AM](#)

CALL TO ORDER

Co-Chair Stedman called the Senate Finance Committee meeting to order at 9:11 a.m.

MEMBERS PRESENT

Senator Natasha von Imhof, Co-Chair
Senator Bert Stedman, Co-Chair
Senator Click Bishop
Senator Lyman Hoffman
Senator Peter Micciche
Senator Donny Olson
Senator Bill Wielechowski
Senator David Wilson

MEMBERS ABSENT

Senator Mike Shower

ALSO PRESENT

David Teal, Director, Legislative Finance Division; Alexei Painter, Analyst, Legislative Finance Division; John Skidmore, Director, Criminal Division, Department of Law; Michael Duxbury, Deputy Commissioner, Department of Public Safety; Kelly Howell, Director, Division of Administrative Services, Department of Public Safety; Sylvan Robb, Administrative Services Director, Department of Corrections, Office of Management and Budget; Nancy Meade, General Counsel, Alaska Court System; Senator Cathy Giessel; Senator Mia Costello.

SUMMARY

FISCAL PLAN REVIEW: LEGISLATIVE FINANCE DIVISION

SB 32 CRIMES; SENTENCING; MENT. ILLNESS; EVIDENCE

SB 32 was HEARD and HELD in committee for further consideration.

^FISCAL PLAN REVIEW: LEGISLATIVE FINANCE DIVISION

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DAVID TEAL, DIRECTOR, LEGISLATIVE FINANCE DIVISION, discussed the presentation titled, "Fiscal Plan Review" (copy on file). He remarked that the committee had asked several questions and requested a number of scenarios. He noted that Mr. Painter would address some of those questions. He began reviewing some comments and questions from the presentation the prior Tuesday. He remarked that there was a focus of four issues: the presentation format, the expenditure growth rates, revenue options, and an Permanent Fund Dividend (PFD) priority. He would address each of those issues separately.

Mr. Teal addressed slide 2, "Where does Governor Dunleavy's plan lead?", related to presentation issues. He stated that the first three slides were generated by the Office of Management and Budget (OMB), although it may not have been clear to everyone, and he stressed that the slides were now labeled as prepared by OMB.

Mr. Teal looked at slide 3, "Scenario 1: The Governor's Plan." He noted that the governor's plan could be closely reproduced in the Legislative Finance Division (LFD) model. He stated that the plan showed deficits as high as \$450 million during the following six years, which was under the assumption that the oil and gas property tax was retained by the state. He remarked that there was another slide that showed what happens should that property tax not be retained by the state, which would add approximately \$400 million per year to the deficit under the governor's plan. He stressed that, without that revenue, the plan was not sustainable.

Mr. Teal highlighted slide 4, "Status Quo Budgeting." He stated that he referred to this scenario as the "doomsday scenario." He stated that there was not an attempt to duplicate the scenario in the LFD model. He stressed that they did not understand what made PFD go away in FY 22. He remarked that there was not an attempt to reproduce the underlying assumptions. He remarked that the primary reason for "treating it so lightly" was because the scenario did

not reflect neither the House nor the Senate plan. He felt that there was no proposal that was similar to the scenario, so he felt it was not relevant to the discussion, except in its implication that a budget that does not incorporate the governor's cuts would not be viable. He stated that the issue was addressed the previous Tuesday showing House and Senate scenarios that were sustainable and affordable.

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Mr. Teal addressed slide 5, "The Governor's Plan." He remarked that there was a request to simplify the graphs. He shared that LFD could not create something that was helpful, so the charts were not simplified for the day's meeting. Rather, the focus was on a model that would generate the desired the scenarios. He stated that the concern with simplification was that there were many various factors.

Mr. Teal looked at slide 15, "Real Unrestricted General Fund Revenue/Budget History." He announced that, historically, flat budget was not unrealistic. He remarked that the slide showed the budget and revenue in real dollars, which meant that they were adjusted for inflation. He stressed that there was a 20-year period when the budget declined in real dollars, which meant that it did not keep pace with inflation. The inflation rate during that twenty years averaged approximately 2.5 percent. The growth of expenditures in that time averaged a little less than 1.5 percent. He explained that, compared to the projections of constrained future revenue and fairly low inflation, a 1.5 percent growth under a 2.5 percent inflation scenario was not historically unrealistic. He remarked that there was a time when state employees did not receive raises over five years, so many employees left for higher paying jobs.

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Co-Chair Stedman stressed that the request to LFD did not steer the legislature. He wanted to move onto the scenarios, and encouraged the public to understand that there was an attempt to make decisions.

Mr. Teal addressed slide 16. He stated that the spreadsheet showed the revenue projections and various options for expenditures. He stated that the current budget had an

expenditure of approximately \$4.3 billion. He furthered that adding the capital budget, which was an arbitrary number in transfers that resulted in total spending showing a surplus of \$750 million. He stressed that it would allow a PFD payment of \$1171 apiece. He stated that it was assuming that a budget surplus went to the dividends, and then additional PFDs required for the budget to be balanced with cuts, new revenue, or reserves.

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Mr. Teal discussed slide 17, "Projected Reserve Balances -- End of FY19." He stated that there was roughly \$2.3 billion in the Constitutional Budget Reserve (CBR); \$19 billion in the Permanent Fund Earnings Reserve (ERA); \$170 million in the Statutory Budget Reserve; \$340 million in the Higher Education Investment Fund; and \$1 billion in the Power Cost Equalization (PCE) Fund.

Co-Chair Stedman invited Mr. Painter to the table. He remarked that the CBR was the main savings account, and required a three-quarter vote from the legislature for access. He wondered whether the \$2.3 billion was the Spring Forecast number or a more current expectation of oil prices through the end of June.

Mr. Teal replied that it was the Spring Forecast number.

Co-Chair Stedman recalled the year prior's \$1600 PFD. He recalled that there was an expected draw of \$600 million from the CBR the year prior. He requested the current year's expected CBR draw.

Mr. Teal replied that at the end of the previous session showed that the previous anticipated draw was approximately \$700 million, and the Spring Forecast showed a reduced number of closer to \$300 million. The anticipated draw was now closer to \$100 million.

[9:34:18 AM](#)

ALEXEI PAINTER, ANALYST, LEGISLATIVE FINANCE DIVISION, discussed, "Index of Model Outputs - Senate Finance 4/25/19" (copy on file). HE remarked that the committee had made a number of requests that could have overlapped and produced many different iterations. He stated that seven base scenarios were graphed, and there was a summary for

some of the permutations therein to see the impact of different tweaks within each scenario. He stressed that he was willing to meet privately to discuss each scenario in depth.

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Co-Chair Stedman noted that LFD was continually accommodating presenting different options to the committee members.

Mr. Painter looked at page 2, "1. Senate Budget with \$250m capital budget, 1.5 percent budget growth, 75/25 dividend split." He remarked that this scenario represented a higher Capital Budget. He noted that the graph showed a scenario depicting 2 percent budget growth. He qualified that the slide

Senator Wielechowski asked about the difference between 1.5 percent and 2.25 percent budget growth.

Mr. Painter highlighted page 3, "Plan Comparisons - Scenarios with \$250 million capital budget." He addressed Senator Wielechowski's question and noted that the third column , and pointed out the CBR balance.

Senator Wielechowski asked about an estimate for a yearly basis of 1.5 percent and 2.5 percent inflation.

Mr. Painter noted that the amount was compounded and estimated, so he did not have that information. He guessed that it would be approximately \$50 million a year, but compounding.

Co-Chair Stedman asked Mr. Painter to give his best estimate for answers and follow up with greater detail if requested.

Senator Micciche noted that the estimate was based on an 8-year span. He remarked that there was a \$150 million to state at far below regular interest. He wondered how long that would be sustainable.

Mr. Painter continued to address slide 3.

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Co-Chair von Imhof considered the four columns and thought it was shown that with a higher inflation rate and a dividend floor of 25 percent; inflation ate more from state services each year while the dividend was held harmless. She thought the scenario would require more reductions and would be particularly difficult with healthcare expenses.

Mr. Painter addressed page 4, "2. Senate Budget with OMB capital budget, 2.25 percent budget growth, 75/25 dividend split." The slide was based on a request, and isolated the 2.25 percent budget growth.

Mr. Painter looked at page 5, "Plan Comparisons - Scenarios with 2.25 percent budget growth." He remarked that there was a scenario that showed using the surplus for dividends, and the third showed a 50/50 dividend split. The result from that scenario resulted in the CBR running out by the end of the period.

Senator Hoffman considered that slides 4, 6, and 8 all showed two and one quarter for the growth rate. He felt that Mr. Teal made a strong argument for the 1.5 percent. he understood Co-Chair von Imhof's concerns about Medicaid and other growth factors that were out of the legislature's control. He recommended the rate of 1.5 percent to make better comparisons.

Mr. Painter stated that the purpose of slide 4 was to show the higher inflation rate.

Senator Hoffman reiterated that his request for a 1.5 percent rate.

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Senator Wielechowski asked to be reminded what the OMB capital budget looked like on a per year basis.

Mr. Painter replied that the OMB capital budget was roughly \$100 million per year of unrestricted general funds.

Mr. Painter discussed page 6, "3. Senate Budget with OMB capital budget, 2.25 percent budget growth, \$1,600 then 50/50 dividend." He stated that he had the request from Senator Hoffman. He noted that the slide showed the 2.25 percent growth rate. He noted that once the dividend was increased, the CBR would run out in the scenario.

Mr. Painter displayed page 7, "Plan Comparisons - Scenarios with \$1,600 then 50/50 dividend." He stated that the slide showed the numbers with a lower inflation rate. He remarked that the unplanned draws would be less with that lower budget growth rate.

Mr. Painter addressed a worksheet of graphs that was requested by Senator Hoffman and addressed (copy not on file), which showed the scenario, but with 1.5 percent inflation scenario.

Senator Hoffman explained that he requested the scenario so that people could see that the \$1600 dividend would give at least four years to contemplate the gap.

Co-Chair Stedman remarked that Senator Olson has an additional scenario.

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Co-Chair von Imhof stressed that the "\$1.6 billion deficit" was contrived, and felt that the state did not have a fiscal crisis. She stated that with both the Senate and House plans, there was approximately \$700 million in surplus. She stressed that the problem was determining the priority.

Senator Wielechowski noted that the percent of market value (POMV) draw was 5.25 percent in 2020, and reduced to 5 percent in 2028; although there was an effective percentage of 4.44 and 4.84 percent. He asked for an explanation.

Mr. Painter replied that the effective percentage was lower than the stated percentage, because of the five-year average in the delay. The FY 20 POMV draw was based on a five-year average of fiscal years ending in FY 18. As a result the actual percentage of that year's balance was lower than the stated draw, assuming that the fund continued to grow.

Co-Chair Stedman announced that it would change depending on an advancing or declining market.

Senator Micciche stressed that it assumed the Callan growth assumption of 6.55 growth rate.

Mr. Painter agreed.

Co-Chair Stedman remarked that it was the projected growth rate by the consultants of the Permanent Fund.

Mr. Painter addressed page 8, "4. Senate Budget with OMB capital budget, 2.25 percent budget growth, \$1,600 then 75/25 dividend." He remarked that the scenario showed that the CBR would shrink, but still existed through the whole scenario.

Mr. Painter looked at page 9, "Plan Comparisons - Scenarios with \$1,600 then 75/25 dividend." He remarked that the CBR was still intact, but was reduced to approximately \$400 million. He remarked that, with the \$250 million and 2.25 percent growth there would be no CBR by the end of the period. He also remarked that there may not be some unplanned draws from the ERA, but with more constrained budgets there would be more of a CBR at the end of the period in the scenario.

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Mr. Painter highlighted page 10, "5. Senate Budget with OMB capital budget, 1.5 percent budget growth, 60/40 dividend." He remarked that there would be significant deficits in the scenarios, of approximately \$400 million to \$600 million. He remarked that the CBR would be eliminated in the scenario. He did not do multiple permutations, but agreed to provide that information.

Co-Chair Stedman surmised that it seemed that there were many \$300 million to \$400 million deficits. He felt that there was a convergence of those numbers. He queried impressions at running all the scenarios.

Mr. Painter replied that if one had a statutory dividend, the full \$3000 would result in higher deficits particularly with higher budget growth. He stressed that the highest growth rate was with inflation.

Mr. Painter addressed page 11, "6. Senate Budget with OMB capital budget, 1.5 percent budget growth, staircase dividend (25 percent to 33 percent to 40 percent to 50 percent)." He stated that the scenario showed multiple steps up of dividends.

Mr. Painter looked at page 12, "7. Senate Budget with \$250m capital budget, 2.25 percent budget growth, 50/50 dividend, repeal of per-barrel credit." He remarked that it would show the impact of repealing the per barrel credit.

Co-Chair Stedman queried the number used for the marginal revenue change.

Mr. Painter replied that the value of the credit during the period ranged from just over \$1 billion to approximately 41.2 billion higher in some of the first years, and then reducing slightly.

Co-Chair Stedman surmised that removed the per barrel credit.

Mr. Painter agreed, and stated that it assumed no other changes in the tax law or company behavior.

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Senator Bishop asked for an explanation of the deficits in FY 22 to FY 26 on the slide.

Mr. Painter replied that repealing the per barrel credit had a larger revenue impact in the first two years, then declining, then increasing again. He stated that it resulted in surpluses and then deficits, which was based on the 50/50 split.

Co-Chair Stedman noted that regardless of politics, changing one component impacted other components.

Mr. Painter noted the slide in the packet that was added to the presentation title, "8. Senate Budget with OMB Capital Budget, 1.5 percent growth statutory dividend." He stated that the statutory calculation was roughly \$3000 in the current year, growing, and then shrinking again. He stated that the scenario showed deficits of approximately \$1.2 billion in the first year, and increasing to \$1.7 billion, and then decreasing again toward the end of the forecast period. He noted that the CBR would run out near the end of FY 22.

Co-Chair Stedman felt that it was important to see the impact of a \$300 PFD.

Co-Chair Stedman noted that there was a reflection of the urgency related to changes.

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Senator Micciche felt that it was an easy problem to fix. He stressed that the problem extremely complex that would result in a painful decision.

Co-Chair von Imhof stressed that the public felt many different things.

Senator Hoffman stated that the statutory dividend was way to high to consider further. He stressed that the split must be resolved in the long-term, otherwise there would be a political issue in all of the elections.

Senator Wielechowski remarked that there were many laws that the public felt might be irrational, and that was the reason for the legislature. He shared that the legislature decided on a dividend, and felt that the formula should be followed. He agreed that the issue was so important to the public, and felt that it should be decided by a vote of the people.

Senator Bishop remarked that there must be a comprehensive "road show" to show the potential implications of future Alaskans.

Co-Chair Stedman felt that there needed to be a "split bill." He noted that there was a committee bill that would take the percentage of market value (POMV) draw.

Senator Olson stated that he was the one that asked for the step down split scenario. He noted that he was still in favor of a full PFD.

Co-Chair Stedman thanked the committee and the presenters for their time and consideration of the different models.

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AT EASE

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RECONVENED

Co-Chair Stedman announced that the meeting would recess until 1:30pm.

[10:17:26 AM](#)

RECESSED

[1:32:59 PM](#)

RECONVENED

#sb32

SENATE BILL NO. 32

"An Act relating to criminal law and procedure; relating to controlled substances; relating to probation; relating to sentencing; relating to reports of involuntary commitment; amending Rule 6, Alaska Rules of Criminal Procedure; and providing for an effective date."

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Co-Chair von Imhof emphasized that one of the Senate's top priorities was to address crime. Her intent was for committee members to fully understand the bill and identify

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JOHN SKIDMORE, DIRECTOR, CRIMINAL DIVISION, DEPARTMENT OF LAW, wanted to know the details that he should provide within the fiscal note.

Co-Chair von Imhof stated that she would like the highlights of the fiscal note.

Mr. Skidmore addressed a new fiscal note from the Department of Law, OMB Component 2202.

Senator Bishop asked if Mr. Skidmore was confident that six prosecutors would be sufficient.

Mr. Skidmore replied that the fiscal note indicated what would be initially appropriate.

Senator Bishop stated that to get his support for the bill, he did not want to use the cheap route.

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Co-Chair von Imhof noted that the last sentence on the second page which showed that additional support staff may be appropriate.

Mr. Skidmore affirmed that statement.

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Co-Chair Stedman thought it would be nice to have more clarity in referencing the document related to each fiscal note.

Co-Chair von Imhof agreed.

Mr. Skidmore referenced the document heading for the fiscal note OMB Component 2202.

Co-Chair Stedman recalled that before the passage of SB 91 (which was passed to lower costs), and wondered where the state would be as related to the timelines of the crime bills.

Co-Chair von Imhof thought Co-Chair Stedman was asking if the department had lost staff and if the fiscal note was bringing the department back to status quo.

Mr. Skidmore stated that the request would not bring the department back to the previous levels in 2015. He stated that it would bring the number close to it.

Senator Hoffman thought the CS addressed recriminalization of driving with cancelled licenses. He wondered whether any of the dollars would be administered in rural Alaska.

Mr. Skidmore answered in the affirmative.

Senator Wilson was trying to find the average case load per prosecutor for misdemeanors.

Mr. Skidmore did not have a definitive number.

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Senator Wilson asked if Mr. Skidmore expected the appellate court to have an increase in cases.

Mr. Skidmore answered in the affirmative.

Senator Wielechowski addressed Co-Chair Stedman's question, and asked if the department would be able to prosecute all misdemeanors and felonies.

Mr. Skidmore stated that the department believed that the numbers reflected in the fiscal note.

[1:48:17 PM](#)

Co-Chair von Imhof commented that the it was difficult to pair with numbers from the past because the state had federal funds for drug offenses. She referenced the designation of being a high-intensity drug-trafficking area (HIDTA). She stressed that it all interplayed with the number of crimes and criminals.

Mr. Skidmore agreed with Co-Chair von Imhof's comments.

Co-Chair von Imhof summarized that the fiscal note showed approximately \$1.48 million annually for the next four years, with thirteen positions.

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Senator Wielechowski appreciated an early conversation he had with Mr. Skidmore. He asked about a provision in Section 41 of the bill. He proposed an amendment to say the court could suspend the license of someone that was not making a good faith effort to pay. He wondered if the amendment could be supported by the administration.

Mr. Skidmore relayed that he had not considered the full. He was not comfortable taking a position on that without a full understanding.

Co-Chair von Imhof requested a hard copy of the amendment.

Senator Wielechowski addressed Section 24 of the bill that pertained to terroristic threats. He thought the section was reasonable, however there was some incongruity in Section 24, lines 25 through 29. He stated that it appeared that if a person, for example, threatened to blow up the pipeline, that person had broken the law. He stated that threatening to shoot someone in the head did not break the law. He wondered whether that was incongruous.

Mr. Skidmore recalled that he had discussed a scenario related to a phone call that threatened a person, and stated that it would not satisfy an eminence for an assault in the third degree.

Mr. Skidmore was not sure he agreed that the language was inconsistent.

Senator Wielechowski pondered if it should be a crime to call a person and threaten to shoot the person.

Mr. Skidmore noted that the conduct might be too broad. The language in the current bill could be changed if needed.

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Senator Wielechowski addressed Section 26 of the bill, which dealt with criminal possession of controlled substances. He was concerned about making a felony for simple possession, which would follow an individual far into the future and affect many areas of life. He was not sure it was the right policy call. He thought the matter was worthy of debate.

Co-Chair von Imhof agreed that the matter was a policy call, and thought the matter came to the heart of the issue of crime.

Senator Micciche stated he had supported SB 91. He thought the members had not been aware of its eventual impact. He had spent time learning about suspended judgement. He thought it was a matter of simple market economics. He strongly supported suspended entry of judgement. He thought without a deterrent, there was a low probability of drug users making a life change.

[2:00:31 PM](#)

MICHAEL DUXBURY, DEPUTY COMMISSIONER, DEPARTMENT OF PUBLIC SAFETY, used an analogy to illustrate the differences in Schedule 1A and Schedule 2A drugs.

Mr. Duxbury discussed the presentation, "Representing Dosages of Opioids," (copy on file). He showed slide 2, "1/10 gram = 1 dose." The slide showed a penny. He noted

that 1/10 gram was a dose to maintain an addiction. He made note of the small size of the substance.

Mr. Duxbury advanced to slide 3, "Heroin Doses," which showed various pictures. He drew attention to red box. He emphasized that it took very little heroin to make a person.

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Mr. Duxbury displayed slide 4, "Heroin Doses," which was the same as the previous slide but with a box encapsulating one gram of heroin. He noted that if there was fentanyl in the heroin, there was propensity for harm in overdose.

Mr. Duxbury referenced slide 5, "Heroin Doses," which showed the same photograph with a box. He drew attention to the smaller amounts of the drug. He discussed the cost of heroin in remote areas of the state.

Mr. Duxbury spoke to slide 6, "Lethal Dose of Fentanyl":

Fentanyl is 100 times more powerful than heroin
This represents a lethal dose of fentanyl

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Co-Chair von Imhof asked how a person made or acquired fentanyl.

Mr. Duxbury stated that fentanyl was coming to the United States from China, and often came through the mail. The drug had begun coming from Mexico, as well as Canada.

Co-Chair von Imhof thanked Mr. Duxbury for the information in his presentation.

Senator Micciche asked to go back to slide 3, and asked to hear an explanation on the "user-dealer" and large dealer.

Mr. Duxbury stated that a person that was addicted and was living on the street or barely functional would take a number of doses and sell the rest in order to get money.

Senator Micciche asked how larger dealers were protected.

Mr. Duxbury wanted to juxtapose Senator Micciche's question with another idea. He felt that a small amount of heroin could still be considered of doing great harm. He stated that if a person was capable was selling a small amount, could sell a large amount.

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Senator Wielechowski agreed with Mr. Duxbury in the case that fentanyl did not have reasonable use. He thought the bill criminalized (in the fourth degree) morphine, oxycodone. He wondered if he was reading the statute correctly.

Mr. Duxbury thought the law and system did not have the resources to take a person with one pill.

Senator Wielechowski wondered why one should give prosecutors the ability to prosecute, when there is an assumption that they would never pursue prosecution.

Mr. Duxbury reiterated that he was not saying the crime would not be charged, rather he was referencing the effort put into it. He stressed that there were many counterfeited pills, sometimes made out of fentanyl to mimic other drugs.

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KELLY HOWELL, DIRECTOR, DIVISION OF ADMINISTRATIVE SERVICES, DEPARTMENT OF PUBLIC SAFETY, addressed FN 1 from the Department of Public Safety, OMB component 3200. She detailed that the note was a zero fiscal note.

Senator Micciche asked if the zero fiscal note reflected that the department was not able to intervene in the increase in crime.

Ms. Howell asked if Senator Micciche was referencing the fiscal note related to the transmission of mental health records from the Court System.

Senator Micciche stated that he did not see another Department of Public Safety (DPS) fiscal note associated with the bill.

Ms. Howell relayed that the department had not included additional fiscal notes related to the additional work that may or may not be related to the bill.

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Co-Chair von Imhof asked if DPS could receive records, or whether DPS was asking for records.

Ms. Howell stated that the department was asking for the records to be transmitted.

Co-Chair von Imhof stated that the committee would hear more about the issue.

Senator Hoffman noted that Western Alaska had many challenges; it was a vast area and his district was extremely large. He stated that the drug problem was growing, but alcohol abuse was still the number one problem. He wondered whether the Launch program was still intact.

Mr. Duxbury answered in the affirmative.

Senator Hoffman asked for the successes of the program and a program description.

Mr. Duxbury stated that there was an issue with drug enforcement work in every village. He used an analogy of a shotgun shell as related to the drug issue in Western Alaska. He stated that there was work in hubs, and move out when there is a need to chase down a problem. There was usually a focus on the transportation conduit like rivers and snow machines.

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Mr. Duxbury continued to address Senator Hoffman's question. He showed slide 4, and discussed successful seizure of alcohol and drugs at the airport destined for a community.

Senator Hoffman asked with the passage of SB 32, what impacts on crime were anticipated.

Mr. Duxbury replied that focusing on one gram might help him to save lives.

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SYLVAN ROBB, ADMINISTRATIVE SERVICES DIRECTOR, DEPARTMENT OF CORRECTIONS, OFFICE OF MANAGEMENT AND BUDGET, spoke to FN 6 from Department of Corrections, OMB component number 1381. She noted that the fiscal note did not address the bill committee substitute, and the department was working to update the note.

Co-Chair von Imhof appreciated discussing the fiscal note with the understanding that it would change.

Ms. Robb stated that the majority of the fiscal note would still stand. There was language in the analysis that referenced DNA collection, which would be removed.

Co-Chair von Imhof queried the OMB number.

Ms. Robb replied that it was OMB 1318.

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Ms. Robb continued that the costs related to the fiscal note were for the increased sentences. The estimates were arrived using the number of offenders in the system for 2018, while looking back at the length of stay for similar stays in 2014 since many parts of the bill went back to law in place in 2014.

Co-Chair von Imhof noted that the fiscal note was broken down into sections and showed an estimated increase in inmates while referencing bill sections. She asked how many additional inmates were estimated in total.

Ms. Robb stated that the department projected 465 additional inmates in the first year, and additional 523 in the second year, and then an additional 528 in the third year and beyond.

Co-Chair von Imhof asked if the state had the space for the estimated increase in inmate population.

Ms. Robb stated that current operations did not allow for those additional inmates.

Senator Wilson queried the current capacity.

Ms. Robb replied that the general capacity within the system was 4664 beds, and a maximum capacity could only be functional for 30 days before court standards. The maximum capacity was 4838.

Senator Micciche asked if the state was at 92 percent of prison capacity.

Ms. Robb replied in the affirmative, but it fluctuated from day to day.

Senator Micciche surmised that there was room for 440 more before maximum capacity.

Ms. Robb trusted that calculation. She reiterated that the system was not able to operate at maximum capacity beyond 30 days.

Senator Micciche asked if maximum capacity included a Palmer Correctional Facility.

Ms. Robb replied that it did not include the Palmer Correctional Facility.

Co-Chair von Imhof queried the cost and capacity if the state was to reopen the Palmer Correctional Facility.

Ms. Robb stated that the department had looked into reopening the Palmer facility. The one-time cost to reopen the facility was approximately \$5.8 million. She stated that many of the equipment and usable items had been distributed to other institutions. She stated that the fiscal note reflected the cost to run the facility, but did not include the one-time cost.

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Co-Chair von Imhof asked for the cost to reopen the facility.

Ms. Robb stated \$5.8 million.

Co-Chair von Imhof queried the number of beds in the facility.

Ms. Robb did not know the capacity.

Co-Chair von Imhof asked for an estimate of the beds in Palmer.

Ms. Robb estimated several hundred.

Senator Wielechowski thought from FY 20 to FY 25 there was roughly \$245 million in additional costs, and wondered whether it was anticipated that substantial additional funds would be required to obtain the capacity to incarcerate the offenders.

Ms. Robb stated that the additional cost required (assuming capacity stayed the same) would be the one-time cost of \$5.8 million to re-open the Palmer facility.

Senator Wielechowski surmised that there was substantial additional costs.

Ms. Robb stated that the additional cost to operate the Palmer facility would be the one-time cost to reopen, which was \$1.8 million.

Senator Wielechowski wondered whether there would be additional costs.

Ms. Robb replied that the cost to operate the facility was reflected in the fiscal note.

Co-Chair von Imhof thought it might be necessary to re-open the Palmer facility if the number estimated inmates materialized. She hoped that the department was preparing a tentative plan. She knew that the department had initially proposed 500 inmates down south, and did not know of the status of that proposal.

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Senator Wilson asked about if the numbers quoted included the number of prisoners that would be exiting, and whether they were first-time or repeat offenders.

Ms. Robb stated that it took into account that those were in and out of the facilities over the course of that time period.

Senator Wilson asked if the numbers of individuals entering the system included first-time offenders or repeat offenders.

Ms. Robb noted that it was all manner of offenders.

[2:46:31 PM](#)

Senator Wilson looked at Mr. Skidmore's presentation from the previous day (copy on file). He thought some of the violations were technical and wondered if adjustment would lower the number.

Senator Wielechowski asked if there was a reason the fiscal note did not reflect the \$5.8 million needed to reopen the Palmer facility.

Ms. Robb specified that the fiscal note was addressing the governor's amended budget, which offered sending inmates out of state.

Senator Wielechowski thought he heard Ms. Robb state that there was no plan to send inmates out of state.

Ms. Robb reminded that the operating budget was currently in the hands of the legislature.

Co-Chair von Imhof asserted that the committee was considering SB 32. She thought it was important to have a fiscal note that would address what was in the bill rather than what was wanted by the governor.

[2:50:30 PM](#)

Senator Micciche thought it was important to keep in mind that there were many beds in the system, and there were many levers in the operation management that could not result in overcrowding. He noted that DOC had taken a conservative stance.

Ms. Robb stated that the length of sentence used in the estimate was not based on the sentencing range, rather the actual time-served was used to make the determination.

Senator Wielechowski wondered whether the number would increase after the passage of the bill.

Ms. Robb stated that the fiscal note reflected the addition of the extra inmates.

Senator Wielechowski considered that the number of prisoners would increase by hundreds beyond the 2018 numbers.

Ms. Robb affirmed that the department limited projections to that for which data was available.

Co-Chair von Imhof agreed that DOC was a down-stream agency. She was not sure if the fiscal note reflected a high range or medium range. She stressed the importance of accuracy in the fiscal note.

[2:56:40 PM](#)

Senator Wielechowski thought Co-Chair von Imhof made a great point. He thought the fiscal note was off by tens of millions of dollars per year.

Co-Chair von Imhof suggested that Ms. Robb had an option to provide fiscal ranges when updating the fiscal note.

Senator Micciche thought fiscal ranges were a good idea.

Senator Bishop encouraged the department not to "low ball" the fiscal note.

Senator Wilson stated that the Palmer facility held approximately 500 minimum to medium security inmates. He stressed that the bills would hopefully address the credits. He stressed that the numbers may go up in the current bill, but there were other bills that could reduce the cost.

[3:01:12 PM](#)

NANCY MEADE, GENERAL COUNSEL, ALASKA COURT SYSTEM, stated that the Courts did not have a position on the policies reflected in the bill. The one section of the bill that had a great impact was Section 49, which required the Court to provide old mental commitment orders DPS.

Ms. Meade thought other sections of the bill would lead to increased filings, and would lead the Court to submit a fiscal note.

Ms. Meade addressed FN 9 from the Judiciary.

[3:07:09 PM](#)

Senator Wielechowski asked about the typical caseload of a Superior Court judge.

Ms. Meade replied that it varied depending on location, but in Anchorage some have as many as 660 cases. She stated that the smaller locations that sometimes conducted district work saw substantially less numbers.

Senator Wielechowski stated that LAW submitted a fiscal note that showed just for increasing on felony drug offenses would result in 740 more cases. He wondered how one additional judge would deal with all those cases, and whether there should be additional judges.

Ms. Meade replied that it was unknown. She noted that the misdemeanor cases had reduced in the last previous year.

[3:09:47 PM](#)

Co-Chair von Imhof knew that Ms. Meade had concerns about the date of 1981 in the Section 49 of the bill relating to submission of mental health commitments.

Ms. Meade explained that that problem with the old cases was access. She noted that the change would cost additional staff time to access the files. The need was not reflected in the fiscal note.

Co-Chair von Imhof thought Ms. Meade had made a comment about the cases.

Ms. Meade thought there was about 22,000 cases that needed to be examined.

Co-Chair von Imhof hoped that Ms. Meade could work with LAW to let the members know if the provision needed to be addressed.

Senator Wielechowski asked if there had been analysis on the impact on the number of cases that would be tried. He thought when court fees were increased.

Ms. Meade stated there was no analysis of the increase in trial rate.

[3:14:32 PM](#)

Senator Wilson asked if SB 91 changed global resolution of charges.

Ms. Meade knew that plea bargains could be resolutions of multiple charges.

Senator Olson thanked Ms. Meade for her straight-forward answers. He thought some fiscal notes were lacking.

Co-Chair von Imhof asked members to work with her staff to consider proposed amendments.

SB 32 was HEARD and HELD in committee for further consideration.

#

ADJOURNMENT

[3:18:27 PM](#)

The meeting was adjourned at 3:18 p.m.