

HOUSE FINANCE COMMITTEE
February 23, 2023
1:32 p.m.

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CALL TO ORDER

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

MEMBERS PRESENT

Representative Bryce Edgmon, Co-Chair
Representative DeLena Johnson, Co-Chair
Representative Julie Coulombe
Representative Mike Cronk
Representative Alyse Galvin
Representative Sara Hannan
Representative Andy Josephson
Representative Dan Ortiz
Representative Will Stapp
Representative Frank Tomaszewski

MEMBERS ABSENT

Representative Neal Foster, Co-Chair

ALSO PRESENT

Adam Crum, Commissioner, Department of Revenue; Eric DeMoulin, Administrative Service Director, Department of Revenue; Jennifer Winkelman, Commissioner, Department of Corrections; April Wilkerson, Deputy Commissioner, Department of Corrections; Teri West, Administrative Services Director, Department of Corrections; Pam Leary, Director, Treasury Division, Department of Revenue.

PRESENT VIA TELECONFERENCE

Valerie Mertz, Chief Financial Officer, Alaska Permanent Fund Corporation.

SUMMARY

HB 39 APPROP: OPERATING BUDGET/LOANS/FUND; SUPP

HB 39 was HEARD and HELD in committee for further consideration.

HB 41 APPROP: MENTAL HEALTH BUDGET

HB 39 was HEARD and HELD in committee for further consideration.

OVERVIEW: FY 2024 BUDGET BY DEPARTMENT OF REVENUE

OVERVIEW: FY 2024 BUDGET BY DEPARTMENT OF CORRECTIONS

Co-Chair Johnson reviewed the meeting agenda.

#hb39

#hb41

HOUSE BILL NO. 39

"An Act making appropriations for the operating and loan program expenses of state government and for certain programs; capitalizing funds; amending appropriations; making reappropriations; making supplemental appropriations; 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. 41

"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."

^OVERVIEW: FY 2024 BUDGET BY DEPARTMENT OF REVENUE

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ADAM CRUM, COMMISSIONER, DEPARTMENT OF REVENUE, introduced himself and the PowerPoint presentation, "FY2024 Governor Amended Budget Overview," dated February 23, 2023 (copy on file). He moved to slide 2 and relayed that the agenda for the presentation was as follows:

- Department overview and introduction
- FY2024 Department budget priorities

- Year-over-year budget comparisons
- Division budget overview
- Corporations and Authorities budget overview

Mr. Crum continued to slide 3 and offered the mission of the Department of Revenue (DOR) as follows: to collect, distribute, and invest funds for public purposes. The department operated under four values, which were integrity, stewardship, professionalism, and empowerment. The divisions with which DOR mainly worked were the Tax Division, the Treasury Division, the Permanent Fund Dividend (PFD) Division, the Child Support Enforcement Division, and the Commissioner's Office and Administrative Services. The authorities that sat underneath DOR were as follows: the Alaska Permanent Fund Corporation (APFC), the Alaska Housing Finance Corporation (AHFC), the Alaska Mental Health Trust Authority (AMHTA), and the Alaska Municipal Bond Bank Authority (AMBBA). He indicated that there were members from each of the authorities either on the phone or in the committee room available to address each item specifically if it was the will of the committee.

Mr. Crum quickly advanced to slide 4 and relayed the department's budget priorities. In the prior year, the legislature helped fund a position for a Chief Risk Officer and developed a goal referred to as the enterprise risk management initiative (ERMI). The initiative was introduced to help build a holistic view of the risks associated with achieving DOR's most important goals and objectives. He emphasized the importance of protecting Alaskan's data and identifying key areas of risk upon which the department could improve. The department had also put forward efforts in the PFD Division and implemented security measures in the last year that would significantly reduce potential fraud in future dividend application periods. Items such as multi-factor authentication and myAlaska account tracing and matching were implemented to increase security. An additional goal for the department was to improve economic development by working with other state agencies on state economic and policy initiatives in order to assist in finding creative solutions to support economic growth into the future.

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ERIC DEMOULIN, ADMINISTRATIVE SERVICE DIRECTOR, DEPARTMENT OF REVENUE, continued on slide 5 which offered a statewide

comparison of the unrestricted general fund (UGF) across multiple departments. He noted that there were some outliers that he would address later on in the presentation. He explained that DOR's portion of UGF was highlighted on the slide.

Mr. DeMoulin moved to slide 6 and the department's total budget by fund group. The majority of the funding for DOR fell into the "other" category. The second highest portion was federal dollars, the majority of which went to the Child Support Enforcement Division. He relayed that UGF and designated general funds (DGF) made up about 7 percent of the department's total budget authority. The right side of the slide showed the FY 22 actuals relative to the FY 23 management plan.

Representative Stapp asked if the reduction in funding was related to the federal COVID-19 relief funding.

Mr. DeMoulin responded in the affirmative.

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Mr. DeMoulin advanced to slide 7 and reviewed the governor's FY 24 amended appropriation by fund group. The blue bars on the slide represented the baseline budget and the red bars represented the change to the budget year over year. He noted that an outlier on the graph was the Alaska Housing Finance Corporation (AHFC), and he would address the information later in the presentation.

Mr. DeMoulin moved to slide 8. The majority of the increases from the FY 23 management plan were related to salary adjustments and cost-of-living adjustments (COLA) to the baseline budget. There were a few items of note that he would revisit in future slides. Some of the items proposed in the amended FY 24 budget were advancements to the Tax Revenue Management System (TRMS), which would be moved to the cloud; ongoing maintenance cost associated with recent upgrades to the Permanent Fund Dividend (PFD) application information system; and a restoration of higher education funding to be paid with higher education funds instead of general funds. There were a few technical decreases related to COVID-19 and another decrease related to a one-time increase that the state received in the FY 23 budget.

Mr. DeMoulin continued to slide 9 and explained that he would be going through various divisions within DOR in more detail. The first item he would discuss was the Tax Division. The TRMS project was currently underway and the department was requesting an additional \$374,000 in UGF to support the project moving forward. The department also proposed a reduction in UGF to move the budget authority into the Criminal Investigation Unit (CIU) to increase transparency. The final item was related to salary adjustments in the budget due to COLA.

Mr. DeMoulin advanced to slide 10 and detailed the Treasury Division. Some of the notable budget proposals within the division were as follows: restoring the Higher Education Investment Fund (HIEF) and reducing the UGF component that presently funded it; restoring cash management for \$685,000, which fell into the other category; and more salary adjustments related to COLA. He elaborated that cash management funds were cut in the prior year and the FY 24 budget proposed interagency receipts funding.

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Mr. DeMoulin moved to slide 11 and the PFD Division. He explained that it was one of the items that had received one-time increment funding in the prior year in relation to dividend application and security objectives. The funds were originally appropriated to the department to fund an identification validation service through a third party. He relayed that the department had been successful in improving PFD security and he would elaborate on the successes later on in the presentation. The department was appropriated \$2 million for the security software and it was looking to lapse about \$1.5 million as it did not need the entire amount. The next proposed item was ongoing support for the Dividend Application Information System (DAIS). There was also a proposed transfer of \$469,000 in CIU funding from the admin services component within the commissioner's office to the CIU component in order to fund CIU directly. The final item was salary adjustments related to COLA.

Mr. DeMoulin advanced to slide 12 and the Child Support Enforcement Division. The name was recently changed from the Child Support Services Division but there were no other significant changes year over year. The reason for the name change was to better align the division with the naming

conventions of the federal agencies and it also alleviated some of the confusion on the division's duties.

Mr. DeMoulin continued to slide 13 which offered an overview of CIU. Currently, CIU was funded through interagency receipt authority which was billed directly to the tax and PFD divisions. The divisions were where the funds were being transferred from in order to move CIU from the admin services component. The change allowed for transparency within the budget, showed where the expenditures were being incurred, and kept investigators from the tax and PFD division at a comfortable distance. The idea that the investigators were independent was important. The remaining budget proposal within the division was salary adjustments related to COLA.

Representative Hannan understood that more money was coming from the Tax Division to CIU. She asked for a description of the criminal investigations within the division. She understood criminal investigations in the context of PFD fraud, but the details of investigations related to taxes were unclear to her. She wondered whether there was significant fraudulent activity related to taxes in the state.

Mr. DeMoulin responded that it was not a proportional representation of fraud or of the activities being conducted by CIU. The positions existed in the division years ago but had been moved from the division and were presently funded through personal services on a one-to-one basis. The CIU offered weekly updates on caseloads and current activity and the change was mostly intended to realign the budget. He noted that Representative Hannan was correct in that more time was spent on PFD cases than tax fraud.

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Mr. DeMoulin moved to slide 14 and offered a budgetary overview of AMHTA. He highlighted that the trust's budget began at zero every year and proposals were dispersed across the agency for both the operating and capital budgets.

Representative Coulombe understood that the \$5.1 million figure on the slide represented AMHTA's operations that

came from the trust's budget. She asked what the \$539,000 figure [in FY 24] on the slide represented.

Mr. DeMoulin responded that the \$532,000 figure [in FY 23] was within the Ombudsman's office. There were two separate components within the trust. He explained that the UGF that had been added over the years usually represented central rate chargebacks that were allocated towards the trust's budget which were later added as UGF waivers.

Representative Coulombe wanted clarification on the way in which AMHTA and the Ombudsman were connected.

Mr. Crum responded that there were representatives available online to better address the question.

Co-Chair Johnson thought the representatives from the Ombudsman were not online.

Mr. Crum noted that the authorities within some of the agencies preferred to speak to the agencies themselves. He clarified that the primary UGF monies [\$532,000 in FY 23 and \$539,000 in FY 24] were allocated for the Ombudsman. He would follow up in writing with more information on the connection between AMHTA and the Ombudsman.

Mr. DeMoulin advanced to slide 15 and gave an overview of AHFC. There was a new \$3 million increment in federal authority for the Housing Choice Voucher Program, an additional \$3 million in the new Multi-Family and Conventional Low Rent Program, and additional salary adjustments to match COLA.

Representative Galvin referred to CIU on slide 13. She asked whether CIU was the same agency that investigated crimes such as gaming violations, illegal gambling, and pull tabs.

Mr. DeMoulin responded in the affirmative.

Mr. DeMoulin advanced to slide 17 and the Alaska Permanent Fund Corporation (APFC). He indicated there was a new increment for incentive compensation for a total of \$1.2 million, an increment for consulting and IT improvements for \$251,000, a \$240,000 increment for the corporation's tri-annual workstation replacement schedule, an increase in

Board Honorarium for \$6.9 million, and \$116,000 in salary adjustments.

Representative Stapp asked if operating and APFC costs were incorporated into the net earnings of the Permanent Fund. He wondered if costs were offset when analyzing the performance of the fund.

Mr. Crum deferred the question to a representative from APFC.

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VALERIE MERTZ, CHIEF FINANCIAL OFFICER, ALASKA PERMANENT FUND CORPORATION, VIA TELECONFERENCE, responded that the operating expenses of the corporation were reflected in the financial statements that were published monthly. The management fee component was reflected in the total fund performance, but the other operating expenses were not.

Mr. DeMoulin highlighted the investment management fees on slide 18, which were represented in a different budgetary component.

Mr. DeMoulin advanced to slide 19 and the department's FY 23 supplemental proposals. He reiterated that the TRMS cloud migration project was included in the supplemental at a cost of \$186,800 in UGF. He added that DOR was actively working on the project and anticipated it being posted in the following month. There was an additional supplemental item for salary adjustments within AHFC to align the corporation with HB 226 [passed in 2022]. The final supplemental item was a technical budget item for AHFC for federal stimulus monies for housing lapses. It was an existing multi-year appropriation for the budget and would be extended to FY 24.

Representative Ortiz asked to return to slide 5. He noted that the slide showed that the proposed expenditures for FY 24 were just under \$2.4 billion. He asked if the figure seemed to be sustainable for future years.

Mr. Crum responded that as appropriated out, the PFD Division would ensure that the eligibility and integrity of the program would be sustained. As long as the 5 percent of market value (POMV) draw was not exceeded, the fund should be sustainable.

Representative Ortiz asked if it would be appropriate to say that the slide reflected the priorities of the administration in terms of how POMV draw resources should be used. He noted that there was a reduction in education funding and a significant increase to the PFD.

Mr. Crum responded that he could not speak to the priorities of the administration.

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Representative Galvin highlighted the \$1.2 million in incentive compensation for investment staff at APFC. She asked if the funding was coming from UGF.

Mr. Crum responded in the negative and elaborated that the monies represented the 1105 APFC receipts which originated from the earnings component. Any funds not used from the 1105 receipts were kept in the Earnings Reserve Account (ERA) and remained invested.

Representative Galvin asked if it was presently the second year of utilizing the system.

Mr. Crum responded in the affirmative.

Representative Galvin understood that there were efforts to become competitive with other states. She asked if Mr. Crum had any first impressions of whether the incentive compensation system was working.

Mr. Crum responded that as an APFC trustee, he was able to vote on the policy. He explained that it was a revised plan tied directly to the performance against the benchmarks. Each individual asset class had a benchmark set by the board upon which the performance was measured. If the benchmark was surpassed in a particular asset class, there would be areas where increased compensation could be distributed. He explained that it was a purely quantitative number. He opined that it was a healthy strategy thus far and there were direct APFC staff who could speak to the matter.

Representative Galvin understood that it was too early to receive clear numbers and appreciated the information.

Representative Cronk asked if the governor's budget would reflect a full PFD.

Mr. Crum stated it was his understanding that the governor's budget included a full PFD following the statutory formula.

Representative Stapp calculated that the state spent about \$217 million per year to administer APFC, including operating costs plus the salaries of the investment managers. He asked what the cost was of administering all other funds outside of the Permanent Fund.

Mr. Crum responded that page 10 of the presentation detailed the treasury, which was the division that administered the General Fund and Other Non-Segregated Investments (GeFONSI) funds type I and type II, the Power Cost Equalization (PCE) fund, the Higher Education fund, and a number of other funds. The department was putting forward \$11,728,000 in the governor's FY 24 amended budget. There were some other aspects tied within it and he suggested that a colleague from the treasury should speak to the funds and to the Alaska Retirement Management Board (ARMB) in greater detail.

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PAM LEARY, DIRECTOR, TREASURY DIVISION, DEPARTMENT OF REVENUE, responded that ARMB had separate budget components including about \$10.3 million that supported the board's operating costs. She explained that part of the amount supported the treasury staff component in the governor's amended FY 24 budget. She relayed that close to \$7 million supported the treasury component and she calculated that it was roughly \$14 million to \$15 million in total.

Co-Chair Johnson referred to slide 4 asked for a short description of the last bullet point [economic development and policy] and for more information about the implementation plan.

Mr. Crum responded that economic development was a large priority for the governor. There was an economic subcabinet within DOA, led by the commissioner of the Department of Commerce, Community and Economic Development (DCCED). The subcabinet met on a weekly basis to discuss the active projects that were being worked on, ensure coordination

across agencies, and confirm that there was proper outreach occurring within communities. He added that DOR was involved in the process and helped develop the initial plans on how to serve Alaskans better and assist citizens on a local level. The items were ongoing and DOR intended to craft official policies relating to economic development in order to conduct formal outreach to various groups. He noted that the department was looking to other states during strategic planning. The department aimed to bring forward all of the tools that could be used successfully in Alaska.

Co-Chair Johnson thanked Mr. Crum for his presentation.

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AT-EASE

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RECONVENED

Co-Chair Johnson indicated that the committee would next be hearing from the Department of Corrections (DOC).

^OVERVIEW: FY 2024 BUDGET BY DEPARTMENT OF CORRECTIONS

[2:08:15 PM](#)

JENNIFER WINKELMAN, COMMISSIONER, DEPARTMENT OF CORRECTIONS, introduced the PowerPoint presentation "Department of Corrections, FY 2024 Budget Overview," dated February 23, 2023 (copy on file). She began on slide 2, which was an overview of the structure of DOC. She indicated that the Parole Board was temporarily housed within DOC but it was fully autonomous. Between all of the executives within the department, there was nearly 150 years of cumulative corrections experience. She explained that DOC was originally housed as a division under the Department of Health and Social Services [now the Department of Health and the Department of Family and Community Services].

Ms. Winkelman continued on slide 3. The mission of DOC was grounded in the Alaska Constitution and was as follows: to provide secure confinement, reformative programs, and a process of supervised community reintegration to enhance the safety of Alaska's communities. There were four divisions within the department and the chart on the slide

showed how each of the divisions satisfied the core services of the department's mission.

Ms. Winkelman advanced to slide 4 and indicated that Alaska was one of seven states that operated a unified correctional system, which meant that the state's prisons and jails fell under one umbrella. She noted that the department booked nearly 30,000 offenders into its facilities in FY 22. She highlighted that 16,978 were unique offenders, which showed that many individuals were booked more than once.

Co-Chair Johnson asked for an explanation of the difference between a prison and a jail.

Ms. Winkelman responded that oftentimes a jail was housed within boroughs and cities and the population was primarily unsentenced. The sentenced populations went to prison once convicted.

Representative Josephson referenced the 660 non-criminal bookings listed on the slide. He understood that if the situation was non-criminal, the individual was not waiting to be made competent and was possibly going into involuntary commitment.

Ms. Winkelman responded that the non-criminal cases were often Title 47 involuntary holds for intoxication. There were some individuals who would later be committed into a hospital.

Representative Josephson asked if he could get a further breakdown in writing.

Ms. Winkelman would get the breakdown of the details of Title 47 cases.

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Ms. Winkelman continued on side 4 and noted that DOC was responsible for approximately 11,000 individuals. There were many individuals that were within the jails and prisons, but there were others who were out on sentenced electronic monitoring, in residential centers or "halfway houses," on probation or parole, or defendants on pretrial supervision. She turned the next portion of the presentation over to her colleague.

2:13:07 PM

TERI WEST, ADMINISTRATIVE SERVICES DIRECTOR, DEPARTMENT OF CORRECTIONS, continued on slide 5 and offered a historical picture comparing the FY 24 amended budget to FY 22 actuals and the FY 23 management plan. The FY 23 management plan included a supplemental of about \$21.3 million, of which about \$17.4 million was related directly to the shortfall within the institutions. The reduction in designated general funds (DGF) was related to a fund source change of recidivism reduction funds to general funds. The other change seen on the slide was a federal fund source change related to COVID-19 relief funding.

Ms. West continued on slide 6, which showed the FY 24 operating budget request by fund source. The majority of the department's funds came from undesignated general funds (UGF), followed by other federal funds, and finally from DGF.

Ms. West advanced to slide 7, which showed the operating budget request by line item. The budget was primarily funding personal services and the related expenditures, followed by commodities, travel, and finally capital outlay.

Ms. West moved to slide 8, which showed the FY 24 budget broken out by division. The majority of the budget supported the institutions, followed by health and rehabilitation services, then pretrial, probation, and parole, then administration and support, and finally the Parole Board.

Ms. West explained that there had been an error on the original version of slide 9 and continued on the corrected version of slide 9 (copy on file). She relayed that the slide represented the ten-year history of the department's budget totals since FY 14. The numbers for FY 14 through FY 22 were based on actuals, while the numbers for FY 23 represented the management plan combined with the supplemental request, and FY 24 was the governor's current amended budget.

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Representative Josephson recalled that one of the concepts behind SB 91 [brought forth during the 32nd Legislature] was to reduce the DOC budget, but the legislature decided against passing the bill. He asked if the choice was part of the reason for the state of the department's budget.

Ms. Winkelman responded that it was probably partially responsible. She thought there were a myriad of different reasons that caused overtime hours to increase within the department, such as the pandemic. She thought it was due to a combination of multiple factors.

Representative Hannan noted that between FY 23 and FY 24 there was a decrease of \$9 million. She wondered about the reason for the decrease. She did not think it was expected that the number of individuals housed in institutions would decrease.

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APRIL WILKERSON, DEPUTY COMMISSIONER, DEPARTMENT OF CORRECTIONS, responded that there were a few factors that played into the difference between FY 23 and FY 24. Primarily, the difference was related to one-time funding items. There were some catastrophic failures experienced in various facilities such as CCTV camera issues, which would soon be replaced. There were multiple expenditures that were considered one-time items in the FY 23 budget. The department was hopeful that that some of the nationwide economic issues would soon become less severe and that the difference would be reduced by the beginning of FY 24.

Ms. West continued on slide 10, which showed the governor's FY 24 amended budget including the programs and services that were supported by the funding. She noted that the Office of the Commissioner fell under the Division of Administration and Support in addition to the DNA tracking program.

Ms. West advanced to slide 11 and explained that the next few slides would detail the major operating budget changes.

Co-Chair Johnson wondered what the difference was between the version of slide 9 that included an error and the corrected version of slide 9.

Ms. West responded that the numbers were correct for each year within the chart but the bars did not appropriately represent the changes from year to year.

Co-Chair Johnson appreciated the explanation.

Ms. West continued on slide 11. She explained that the first bullet showed an increment to cover increases in salary and health insurance. The fund allocation by fund source was also included for the particular change. Additionally, there was a fund transfer which would move authority from Health and Rehabilitation Services (HARS) to the Division of Institutions to cover the shortfalls within the institutions.

Ms. West moved to slide 12. There was an increment request for restorative justice funds and the slide showed how the funds would be distributed amongst the various institutions.

Ms. West advanced to slide 13, which reflected a number of fund source changes. She highlighted two changes: a reversal of the American Rescue Plan Act (ARPA) and an annual allocation of restorative justice funds for the Division of Physical Health Care.

Representative Coulombe referred to slide 11. She asked for more information about the transfer authority from HARS to the institutions.

Ms. West replied that the transfer from HARS to the institutions was accomplished due to cost savings and reductions within the HARS division.

Representative Coulombe asked the department to follow up with additional details. She was concerned about the fact that money would be saved in HARS but the savings would be going to institutions. She urged the department to spend the money on health and rehab.

Ms. West responded that the savings were related to cost reduction efforts, such as operating an internal dialysis center within the Goose Creek Correctional Center, reductions in the costs of Hepatitis C prescriptions, and judication contracts. She would provide details in writing.

Representative Coulombe commended the department for finding cost savings. She reiterated her concern that the savings were not going back to HARS and were instead being put towards the institutions.

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Ms. West moved to slide 14, which showed the department's budget request for FY 24. There was an increment request of \$250,000 within the Office of the Commissioner. Additionally, the Department of Public Safety (DPS) had created a non-permanent full-time investigator position to support the agreement DOC had with DPS. The intent was to investigate inmate deaths and ensure timely reporting of the investigations and outcomes. An additional goal was to establish a cooperative effort and streamline efficiencies when there was potential inmate felony and misdemeanor criminal activity.

Co-Chair Johnson asked how many employees were working outside of Alaska.

Ms. Winkelman responded she thought it was about seven but would follow up to confirm.

Co-Chair Edgmon referred to slide 14. He noted that he had a private conversation with Ms. Winkelman a few days prior and asked her to touch upon some of the topics that arose during the conversation. The increment on the slide was a meaningful addition that covered a broad range of elements within the department. He thought more detailed information would provide helpful context when the DOC subcommittee provided its report at a later meeting.

Ms. Winkelman responded that when a crime occurred within a facility, DOC would call upon DPS to investigate the crime. When an Alaska State Trooper was available, the trooper would handle the crime; however, the priority of the troopers was to manage crimes in communities. She relayed that DPS and DOC had collaborated to come up with an idea to assign a trooper to a facility. There were an inordinate amount of [inmate] deaths in 2022 and it was concerning. The idea was to provide a consistent point of contact to investigate deaths and to manage the misdemeanor and felony charges that happened within the facilities. Assigning a DPS employee would ensure that there was a consistent focus on the occurrences within the facilities and it would allow

for better collaboration with other departments if there were systemic elements that needed to be changed or further examined. It was an opportunity to improve investigations and provide better focus for law enforcement.

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Ms. Winkelman continued on slide 15, which relayed the goals and objectives of DOC. Some of the goals were to improve the health and well-being of staff and ensure that inmates, defendants, probationers, and parolees left the system in a better condition than when they entered. Additionally, the department aimed to identify efficiencies and resources to reduce recidivism.

Representative Josephson understood that correctional officers had a desire for years to implement a process akin to DPS's strategy for recruiting troopers. The strategy would involve tasking correctional officers to speak to potential recruits at locations such as job fairs and schools. He asked how significant a role correctional officers would play in recruitment.

Ms. Winkelman responded that the department established six additional non-permanent positions to bring in retired correctional officers to help with recruitment efforts. She thought there was one retired correctional officer currently performing recruitment duties and two active correctional officers helping with the efforts. The department had a presence at job fair events and encouraged all staff to help with recruitment efforts. She felt that there had been progress made by hiring a retired officer for the position.

Representative Tomaszewski referred to slide 16 which included photos of two drug dogs and the amount of contraband found by the dogs. He asked where the contraband was found.

Ms. Winkelman responded that the data on the slide was from the previous year and the contraband was found by outside entities such as the Drug Enforcement Administration (DEA), coastal inspectors, and parole officers. She emphasized that it was not simply contraband found in facilities.

Co-Chair Johnson asked about the health and rehabilitative services area within the [federal] 340B Drug Pricing Program. She asked if future savings were anticipated.

Ms. Wilkerson responded that there had been a drop in pharmaceutical costs, but the costs were beginning to increase again. She would follow up with specific numbers.

Co-Chair Johnson commented that DOC made a request to the legislature for funding for copiers and other similar equipment to limit the amount of paper that circulated in and out of the system. She thought that saturated paper was used to transport drugs. She recalled that the legislature declined to fund the request for equipment. She asked if there was an update on the matter.

Ms. Wilkerson responded that the department received a portion of funding to purchase copiers and it was able to implement an inmate mail copy and delivery process within the facilities. She relayed that the change had been successful; however, the change had caused an increase in contraband coming in through legal mail distribution and the department was working on new solutions.

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Representative Coulombe referred to slide 13. She understood that restorative justice funds showed a sharp increase due to the size of the PFD in the previous year. She asked if the monies awarded to victims were being impacted.

Ms. Wilkerson responded that the allocation was in alignment with other percentages and was not subtracting from other monies.

Representative Coulombe asked if the department was hoping that even if the PFD decreased, UGF would supplement the decrease and the restorative justice funds would not be impacted.

Ms. Wilkerson responded in the affirmative. It was an annual adjustment that occurred within the department's budget. The department adjusted funding amounts based upon the status of the funds to maintain stability within the budget.

Co-Chair Johnson reviewed the meeting agenda for the following day.

#

ADJOURNMENT

2:38:34 PM

The meeting was adjourned at 2:38 p.m.