

October 8, 2008

The Honorable Hollis French, Chair
Senate Judiciary Committee
716 W. 4th Avenue, Suite 420
Anchorage, AK 99501-2133

Mr. Steven Branchflower
Special Investigator
310 K Street, Suite 200
Anchorage, AK 99501

Re: Removal of Public Safety Commissioner

Dear Senator French and Mr. Branchflower:

My name is Karen Rehfeld. I am the Director of the Office of Management & Budget (OMB) and have been in this position since January 2007. I am writing to provide information that may be of assistance to you and your investigation into the events and circumstances surrounding the removal of former Public Safety Commissioner Walt Monegan. While I have not been subpoenaed in this matter, my communications and interaction with Mr. Monegan and the governor's chief of staff and special assistants have been part of the record that has been provided during the investigation.

To be clear, I did not have any conversations with anyone regarding Mike Wooten. Also, I did not have any conversations with anyone regarding the removal of Walt Monegan.

My interactions with Commissioner Monegan involved budget development. On July 23, 2007, I flew to Anchorage and met with the commissioner, Deputy Commissioner John Glass, Colonel Folger, Colonel Holloway, and other division directors. We toured the aircraft hangar on Lake Hood, the crime lab, and the department headquarters.

The commissioner and his management team outlined a number of areas where they were seeking funding in the FY2009 budget. This included a new \$100 million state crime lab, a new aircraft hangar, improved computer systems, village public safety officers, trooper shortages, equipment needs, and fire safety. A proposal for three special projects was also discussed including a program to address sexual assault in rural Alaska, highway enforcement, and court services.

In preparing the budget for FY2009, all agencies were asked to develop requests within the framework of the governor's budget goals - to slow the growth of government, live within our means, and save for the future. Requests were to be focused on efficiently providing core public services and producing results.

The Department of Public Safety (DPS) proposed a significant increase in the FY2009 preliminary budget meetings - nearly \$18 million and 134 new positions in the operating budget and \$45 million in the capital budget. Additionally, the department pushed forward on funding for a \$100 million State Crime Lab, a sexual assault program, village public safety officers, and salary increases.

The governor's office and OMB worked diligently to find reasonable and responsible approaches to the challenges facing the department while maintaining the budget discipline the governor committed to in developing the budget. Many of the initiatives that DPS was pursuing extended to other departments' services and programs. The DPS continued to push its initiatives absent internal alignment on the various proposals.

Crafting the state budget is a complex process, involving numerous individuals in the 14 state departments and the university. Communication and cooperation is essential to the process. Ultimately, the governor decides, with the advice and counsel of her cabinet, what will be included in the budget that is released to the public and the legislature. It is up to the commissioners of the state agencies and their staffs to support, defend, and justify the budget request to the legislature.

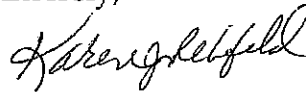
Internal alignment of the policy choices and budget decisions is critical to effectively communicating the administration's priorities. Agencies that advocate for items that are not included in the governor's budget jeopardize the administration's credibility and weaken the effectiveness of the proposals before the legislature.

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The governor's office and OMB communicated concerns to DPS regarding its efforts to push initiatives that were not included in the governor's budget or that were not fully developed. In several emails to Commissioner Monegan I raised concerns regarding the challenge of addressing the initiatives the department was bringing forward and keeping within the governor's overall spending goals. Enclosed are copies of emails that contain specific examples of communication between the commissioner and me.

The information contained in this letter is based on my recollection of events over the past 18 months. Please let me know if you have questions.

Sincerely,



Karen J. Rehfeld

Enclosures:

Email dated October 18, 2007
Email dated January 29-30, 2008
Email dated March 2, 2008