

**ALASKA STATE LEGISLATURE**  
**SENATE STATE AFFAIRS STANDING COMMITTEE**

March 13, 2003

3:50 p.m.

**MEMBERS PRESENT**

Senator Gary Stevens, Chair  
Senator John Cowdery, Vice Chair  
Senator Fred Dyson  
Senator Gretchen Guess  
Senator Lyman Hoffman

**MEMBERS ABSENT**

All members present

**COMMITTEE CALENDAR**

SENATE BILL NO. 83

"An Act naming the Sven Haakanson, Sr. Airport at Old Harbor."

MOVED SB 83 OUT OF COMMITTEE

SENATE BILL NO. 99

"An Act expressing legislative intent regarding privately operated correctional facility space and services; relating to the development and financing of privately operated correctional facility space and services; authorizing the Department of Corrections to enter into an agreement for the confinement and care of prisoners in privately operated correctional facility space; and providing for an effective date."

MOVED SB 99 OUT OF COMMITTEE

SENATE BILL NO. 65

"An Act authorizing the Department of Corrections to enter into agreements with municipalities for new or expanded public correctional facilities in the Fairbanks North Star Borough, the Matanuska-Susitna Borough, Bethel, and the Municipality of Anchorage."

MOVED SB 65 OUT OF COMMITTEE

**PREVIOUS ACTION**

SB 83 - See Transportation minutes dated 3/4/03

SB 99 - See State Affairs minutes dated 3/11/03

SB 65 - See State Affairs minutes dated 2/20/03 and 3/11/03

**WITNESS REGISTER**

Marvin Wiebe  
Senior Vice President Cornell Companies  
No address provided

**POSITION STATEMENT:** Testified on SB 99

Dee Hubbard  
P.O. Box 88  
Sterling, AK 99672

**POSITION STATEMENT:** Testified on SB 99 and SB 65

Mako Haggerty  
No address provided

**POSITION STATEMENT:** Testified on SB 99

David Katzeek  
Alaska Native Brotherhood #2  
6590 Glacier Highway  
Juneau, AK 99801

**POSITION STATEMENT:** Testified in support of SB 99

Jim Lecrone  
6010 Staedmem  
Anchorage, AK 99513

**POSITION STATEMENT:** Testified on SB 99

Frank Smith  
No address provided

**POSITION STATEMENT:** Testified on SB 99 and SB 65

William Dunham  
P.O. Box 27  
Seward, AK 99664

**POSITION STATEMENT:** Testified on SB 99

George Wright  
No address provided

**POSITION STATEMENT:** Testified on SB 99

Ben Butler  
Whittier City Council  
P.O. Box 608  
Whittier, AK 99693

**POSITION STATEMENT:** Testified in support of SB 99

Leonard Jones  
No address provided

**POSITION STATEMENT:** Testified on SB 99 and SB 65

Brad Wilson

No address provided

**POSITION STATEMENT:** Testified on SB 99

**ACTION NARRATIVE**

**TAPE 03-8, SIDE A**

**CHAIR GARY STEVENS** called the Senate State Affairs Standing Committee meeting to order at 3:50 p.m. Present were Senators Dyson, Hoffman and Chair Gary Stevens. Senator Guess arrived momentarily.

He announced the first order of business was SB 83.

#SB 83

**SB 83-SVEN HAAKANSON AIRPORT AT OLD HARBOR**

CHAIR GARY STEVENS, bill sponsor, paraphrased from the sponsor statement:

SB 83, "An Act naming the Sven Haakanson, Sr. Airport at Old Harbor," will name the state airport in the City of Old Harbor in memory of Sven Haakanson, who passed away on November 23, 2002.

A lifelong resident of Old Harbor, and community mayor for 27 years, Sven Haakason was well known in Alaska. Sven also played a vital role in establishing corporations and associations that have become a familiar and important part of Alaska's corporate and nonprofit world. He was one of the founders of the Kodiak Area Native Association (KANA), Koniag Inc., and served on the boards of several corporations and organizations on Kodiak Island. In 2002, Sven was named the Elder of the Year by the Koniag Native Corporation.

SB 83, which is supported by the people of Old Harbor, will recognize a man who gave so much of his time and energy to the community. Passage of this bill will ensure that Sven Haakanson Sr.'s memory will live on for generations to come. I urge your support.

CHAIR GARY STEVENS noted letters of support in members' packets. There was no further testimony. He asked for a motion.

SENATOR FRED DYSON made a motion to move SB 83 from committee with individual recommendations and zero fiscal note.

There being no objection, it was so ordered.

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#SB 99

**SB 99-CORRECTIONAL FACILITIES**

CHAIR GARY STEVENS announced this was the second hearing for SB 99. He asked Mr. Wiebe to come forward and continue his testimony from the previous hearing.

MR. MARVIN WIEBE, Senior Vice President Cornell Companies, recapped the company history in Alaska.

He addressed the following issues:

- How a private company saves money for the state
- What the timing is for the project and what that means
- Level and quality of service

Cornell Companies' wages and benefits are competitive in the private sector, but less than the government might pay. He said, "Our programs for our employees, our health care plans and so forth, match up extremely well with what most Americans have for their retirement programs, for their health care benefits and so forth." Government benefit levels are frequently higher, which provides an associated private sector savings.

Cornell Companies would train their employees to Alaska State Standards and the national standards of the American Correctional Association. Employees would be motivated and perform to standard or they would be released from service. Sometimes this is criticized as high turn over, but actually their turn over rate has leveled off to the point that it's a factor of weeding out unproductive workers. The company does not want overtime and they manage their facilities so they don't have incidents that require overtime. It isn't part of the compensation package, which brings efficiency to the private sector.

They have considerable flexibility in construction with streamlined methods of procurement. Quite simply, private

operators put up quality facilities faster than the government and speed saves money. Cornell Companies expects to be operational in Whittier in late 2005, which is rapid compared to government projections.

Government actually saves money using the private sector because the state is indemnified against any lawsuits that result from inmate staff interaction. Also, Cornell Companies wouldn't ask for a change in per diem during the contract period whether they were operating profitably or not. Expenses associated with escapes are the company's obligation and they would pay even though they don't budget for the same.

Cornell Companies is mature and has few quality related problems compared to its early years. The July 2002 Harvard Law Review Study is an endorsement of the potential of private operators. In addition to saving money, the study finds the private sector is able to use imagination and creativity to provide better service and to work to reduce recidivism. Cornell Companies makes that commitment, which is why they are interested in teaming with Alaska Native groups.

He cited studies that indicated there are savings through private operation. In the twenty some years he has been involved with private prisons the industry has made great strides to put credibility issues behind them. They are doing an outstanding job and will continue to do so for Alaska.

SENATOR LYMAN HOFFMAN asked how many years Cornell Companies had operated the Tundra Center.

MR. WIEBE replied his company has operated the Tundra Center for 5 years.

SENATOR HOFFMAN asked what the inmates would say about their services.

MR. WIEBE admitted he had not visited the Tundra Center, but he understands the Department of Corrections is satisfied with their services, which is an improvement over previous service.

SENATOR HOFFMAN asked what Cornell Companies had done regarding alternative programming at the Tundra Center.

MR. WIEBE repeated he wasn't familiar with the Tundra Center.

SENATOR HOFFMAN asked why the company wasn't teaming with the Native community at the Tundra Center if they plan to do so in the proposed contract.

MR. WIEBE wasn't able to answer the question.

SENATOR HOFFMAN asked if they were concerned about Native programming because they hadn't secured the contract.

MR. WIEBE repeated he didn't know whether they were or were not teaming with the Native community at the Tundra Center.

SENATOR HOFFMAN asked, "If you aren't doing that, why wouldn't you be doing it if the corporation is concerned as portrayed at the last meeting?"

CHAIR GARY STEVENS advised anything that is in the contract could be expected and it would be interesting to find out what was in the Tundra Center contract.

SENATOR HOFFMAN pointed out the previous testimony indicated it didn't matter whether it was put in the contract or not, Cornell Companies intended to team with the Native community to develop appropriate programs. He said they weren't talking about adding it to a contract. He asked, "Why aren't they doing it now?"

CHAIR GARY STEVENS agreed that was their testimony.

MR. WIEBE replied he understands his company is offering Department of Corrections funded, culturally relevant, programs at both the Bethel and Nome facilities. He clearly understands why culturally relevant programming would be included in the Whittier proposal because nearly 40 percent of the offender population is Alaska Native. In fact, Alaska Natives approached the company because they felt their access to the public facilities was limited. This is why the requirement to provide the services is written into the legislation.

SENATOR HOFFMAN asked which Native groups he was working with in Bethel.

MR. WIEBE said he was referring to the proposed 1,200 bed project in Whittier where they were working with the Alaska Native Brotherhood and had spoken with Cook Inlet Regional Corporation. They also worked with the Kenai Native Association on a similar project on the Kenai Peninsula.

SENATOR HOFFMAN said he understood that, but he was interested in reviewing programs the company was already providing to determine how the proposed programs might work. He advised he would be checking with inmates at the Bethel facility.

MR. WIEBE said he would make a point of finding out what his company was doing in Bethel.

SENATOR HOFFMAN said he could judge the projected program by reviewing past efforts.

MR. WIEBE replied the point was well taken, but he openly admits they don't have all the answers for programming. There are lots of programs that work for certain offenders, but they're always looking for programs that might work better. Repeat offenders are admittedly a source of frustration and with respect to alcoholism the answer has yet to be found. Alcohol problems are not unusual in the Alaska Native population and it is a difficult issue to address. Although they may not have the answer, the company has made a commitment to work with Native groups and move forward to make a difference.

SENATOR HOFFMAN repeated his need to know more about the commitment made and whether it has been kept at the Tundra Center.

MR. WIEBE replied he was sure his company started with whatever existed in the contract when they purchased the facility from the previous operator.

SENATOR HOFFMAN noted that was five years ago.

MR. WIEBE agreed and said they have moved forward from that point. Funding for culturally relevant programming is provided and finding out how it's being used is worthwhile for both parties.

CHAIR GARY STEVENS advised it's a question for the Department of Corrections as well.

SENATOR DYSON asked if testimony on both SB 99 and SB 65 would be taken that day.

CHAIR GARY STEVENS replied the bills would be heard separately and he intended to move both bills on to the Finance Committee that day if the committee agreed. Some of the previous testimony

overlapped and he would try to give individuals who had not testified at all the first opportunity to express their views.

SENATOR DYSON asked about Native support regarding the Kenai prison proposal.

MR. WIEBE replied they had lots of Native support for that proposal.

SENATOR DYSON remembered part of their enthusiasm stemmed from the agreement regarding culturally relevant programming to help the inmates make a successful transition back into society.

MR. WIEBE agreed.

SENATOR DYSON asked how Cornell Companies was doing in hiring, training and retaining local staff at the Tundra Center. He knew a bidding system exists at some state run facilities so employees with seniority get first choice on job selection. This sometimes means they get higher paying jobs in remote locations thereby imposing a barrier to local hire.

MR. WIEBE said he would get that information.

There were no further questions for Mr. Wiebe.

MS. DEE HUBBARD, Sterling, Alaska resident, testified via teleconference and advised she has been working against private prisons for the last two years. She did not support a privately run prison at Whittier because:

- No Alaska Statutes govern the operation of private prisons
- No feasibility study is being done and she questions the \$94/inmate/day figure
- Lobbying costs would be paid for from the bond proceeds
- Beds must be paid for whether used or not
- Training costs would be high with a 54 percent staff turnover rate
- Required permits aren't discussed. Are they in the budget?
- More beds are planned than are discussed

She asked why the State of Alaska should build a prison for Cornell Companies to operate.

CHAIR GARY STEVENS thanked her for following the issue.

MAKO HAGGERTY, private citizen from Homer, testified via teleconference in opposition to SB 99. A private prison was voted down three to one on the Kenai Peninsula. He believes it's a state obligation to incarcerate prisoners and advised against importing a failed system into Alaska.

SENATOR DYSON asked what percentage voted against a private prison as compared to the percentage that voted against any prison.

MR. HAGGERTY estimated 50 percent of the people that voted against the prison probably voted that way because they were opposed to any prison.

MR. DAVID KATZEEK of the Thunderbird Tribe from Klukwan testified in support of SB 99 because it provides an opportunity for his people to use an approach used for thousands of years. They didn't have prisons then because they were able to work things out as a people.

He understands and agrees that the State has a responsibility to protect its citizens from offenders, but at the same time it must be able to operate in a cost effective manner. However, he hasn't heard any discussion about solving the very large problem of recidivism. Within three years time, sixty six percent of the people released from prison return to jail. This means something is wrong and Native organizations and communities have the opportunity to work together to solve the problem. "I believe we as Native people have a way to be able to turn that around. And I'll finish by saying this. I've contributed my time to a program that's called JEPP [Juneau Effective Prevention Project], which deals with young people that have trouble with alcohol and drugs, suggesting some of our traditional customs and approach. I've also worked with the University of Alaska in the same ways on how do you interact with people. To this day I have not received any kind of invitation from the Department of Corrections anywhere saying, 'Could we sit down and talk and see how we can resolve some of our problems?'"

There were no questions for Mr. Katzeek.

JIM LECRONE, a retired Corrections officer, testified that the first priority in a prison is security. All police officers, correctional officers, and probation officers meet the Alaska Police Standards, which is expensive and is figured into the cost per day amount. If SB 99 is passed, he urged legislators to require Cornell Companies to meet those standards modified to

fit the private sector. He fully supports programs that cater specifically to the Native population, but said Cornell Companies is not the only one offering such programming. He recalled several state run programs of that type when he was a corrections officer.

SENATOR DYSON asked if it was true that senior officers bid for and get remote jobs thereby precluding local hire in small communities.

MR. LECRONE said there is "a contractual clause that requires first consideration be given in transfers to the three most senior people." It doesn't preclude new hires and anyone from a remote community who applies and is qualified would be eligible.

SENATOR DYSON asked why the department had the week on week off policy.

MR. LECRONE opined it's cheaper for the State to have an 84 hour schedule.

There were no further questions for Mr. Lecrone.

MR. FRANK SMITH said he has 32 years experience working in the criminal justice field. He advised this is a \$1 billion contract and in his opinion the community support comes from the idea that building the prison would result in the Whittier Tunnel being open full time with no toll charge. This was a misrepresentation and now there is increasing opposition to the prison.

He said there should be a fiscal note for keeping the tunnel open the projected number of hours. Also, consideration should be given regarding how it would be possible to move prisoners and staff in the event of a tsunami warning. He asked members to reexamine the bid process and also the lawsuits involving private prisons. He thinks private prisons are "a bad idea whose time has passed."

CHAIR GARY STEVENS advised the bill has fiscal notes from both the Department of Corrections and the Department of Transportation.

MR. WILLIAM DUNHAM, Seward resident and council member, testified in opposition to SB 99. Spring Creek Correctional Facility was built by the City of Seward, but they were only authorized to build half the facility. They were never

authorized to build the second half and the facility is now 55 percent over capacity. Finishing this prison has to be the cheapest alternative and he would like to hear it discussed.

GEORGE WRIGHT, Juneau resident, testified in support of SB 99 because "the original concept was to keep Alaska inmates from going to Arizona." At the Arizona facility the water is bad and Alaska inmates are housed with and preyed upon by career criminals.

Under current regulations special consideration must be received to allow anyone to visit a prison if he or she has been convicted of a felony. Because of alcohol and or drug related issues, this regulation affects visiting opportunities for a great number of Natives. Private prisons don't have the same restrictions. "Cornell runs half way houses and almost 50 percent of their clients are our people. And they realized.... that we had to do something to stop the revolving door." This is a five-year contract with Cornell. If they don't perform the State doesn't have to renegotiate the contract.

4:45 pm

CHAIR GARY STEVENS asked the record to reflect Senator Cowdery joined the meeting.

SENATOR COWDERY apologized for arriving late and said he was with the Governor.

MR. BEN BUTLER, Whittier Council member, testified in support of SB 99 saying over 80 percent of the town supports the private prison.

MR. LEONARD JONES testified via teleconference in support of SB 99. He works in Whittier and is a retired corrections officer. Alaska would benefit from having its inmates back in Alaska and Whittier would like the economic benefit.

MR. BRAD WILSON, Department of Public Safety employee, made the following points based on previous testimony:

- 84 hours for corrections officers is straight time they aren't paid overtime
- Sutton probably wouldn't vote in favor of a private prison
- A private, secret election in Whittier regarding the prison would be more definitive than petitions

- Anchorage voted against a private prison but the Anchorage Jail wasn't opposed
- Communities believe private prisons would save money, but they still want professional corrections officers

There was no further testimony on SB 99.

CHAIR GARY STEVENS announced the matter was back before the committee and he would like a motion to move SB 99 from committee.

SENATOR COWDERY made a motion to move SB 99 from committee with individual recommendations and attached fiscal notes.

There being no objection, it was so ordered.

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#SB 65

#### **SB 65-CORRECTIONAL FACILITY EXPANSION**

CHAIR GARY STEVENS announced the committee heard testimony on SB 65 previously and he would appreciate hearing new testimony only.

MS. DEE HUBBARD testified in support of SB 65. She recommended adding the word "public" on page 2, line 1 between "new" and "facility."

MR. FRANK SMITH testified SB 65 would offer more Native programming than SB 99.

MR. LEONARD JONES asked members to look at the continuum of care at Sutton and whether or not the programs in place are effective. Cornell Companies has provided quality programs in the State of Alaska since 1998. He opposed SB 65.

There was no further testimony on SB 65.

CHAIR GARY STEVENS asked for a motion.

SENATOR FRED DYSON made a motion to move SB 65 from committee with individual recommendations and attached fiscal note.

There being no objection, it was so ordered.

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CHAIR GARY STEVENS adjourned the meeting at 5:00 pm.