

SB

116

3/2/87

BRIEF HISTORY OF ALASKA CORRECTIONAL INDUSTRIES

GENERAL: 1979 - State of Alaska financed "Alaska Corrections Master Plan" by Moyer and Associates, who recommend implementation of an Industries program. An Industries Manager, Wally Roman was hired October 16, 1981. In the spring of 1982, the Hammond Administration introduced and the Legislature passed HB 194 (enacted as AS 33.32.) which establishes the Alaska Correctional Industries program. In October of 1982, the Governor appointed the Correctional Industries Commission. In July, 1985, a Marketing and Sales Manager was added to the staff, and in September, 1985 the management of the Industries program (three individuals) was relocated from Juneau to Anchorage. Staff which did not transfer was replaced at the new location.

AGRICULTURAL OPERATIONS: Farming operations began as a camp work project at the Palmer Correctional Center over twenty years ago. In March, 1983, the Correctional Industries Commission approved the expansion of the operation as a correctional industry to provide produce for state institutions. Mechanized field and potato processing equipment was purchased for a sum in excess of \$100,000 including many surplus pieces of equipment which were rebuilt at the institution. Acreage under cultivation was increased to approximately 27 acres, and is yielding in excess of 200 tons of potatoes. Flowers are also grown for State projects, including the Anchorage International Airport. 8 to 15 inmates are employed based upon seasonal needs.

AUTO BODY REPAIR: This business also began in prior years sometime in the 1970's, at the Palmer Correctional Center. In March, 1983, upgrading and modernization of the existing auto body shop program was approved by the Correctional Industries Commission. Conversion of an existing shop building yielded a 2900 square foot shop which contains a paint booth, mixing room, tool room, welding facilities, and a state of the art frame straightening rack. The quality control was brought up to rigid commercial standards, and the shop now repairs virtually all State of Alaska vehicles in the southcentral region. This shop employs from 5 to 8 inmates.

COMMERCIAL LAUNDRY: In March, 1983, the Correctional Industries Commission approved the building of a commercial laundry facility at the Lemon Creek Correctional Center to provide service to the State of Alaska Marine Highway system's southeast runs, and all other state institutions in the Juneau area. At that time, the laundry needs of the Marine Highway system were being met in Seattle, Washington, and Prince Rupert, B.C., Canada. Laundry operators in the Juneau area declined this business due to high seasonal nature. Construction of the new facility was begun in the fall of 1983 and completed in December, 1984. Operations have been excellent with almost 3/4 of a million pounds of laundry processed annually, employing 18 to 35 inmates.

Private Sector Employees

COMMERCIAL BAKERY: In October, 1983, the Correctional Industries Commission approved the establishment of a commercial bakery at Lemon Creek Correctional Center to provide baked goods to the Marine Highway system and other state agencies throughout Alaska. This operation was designed to share the same building as the laundry operation, and went into operation in January, 1985. It has continued from that time to supply top quality baked goods to the Marine Highway system at prices at or less than previous suppliers in Seattle, Washington, and Prince Rupert, B.C., Canada. This operation has commission approval for commercial sales which are being developed. The bakery employs 5 to 8 inmates.

FURNITURE ASSEMBLY: July, 1983, the Correctional Industries Commission approved the establishment of a furniture and upholstery production and repair facility. A first consideration was to utilize a quonset hut at the Lemon Creek Correctional Center, but this idea was discarded and the proposed operation was moved to the Wildwood Correctional Center in Kenai, Alaska. The decision was based upon the availability of a building that could be renovated at a relatively low cost, an institutional work force of medium custody inmates, and proximity to the large southcentral market for furniture. In the spring of 1985, a contract was awarded to CPSI, a Boulder, Colorado consulting firm which gives assistance to correctional systems for furniture manufacturing. An agreement with four large national furniture companies provided pre-made components of standard furniture items for assembly at the new plant. Furniture manufacturing began in the Wildwood plant in January, 1986. A substantial dollar volume has been produced since start up of the plant, but further review is necessary due to much lower margins than originally expected, and a major collapse of the furniture market due to budget restrictions. The plant employs 15 to 25 inmates. After careful review of the current product lines, which are quite broad, this operation will probably be reduced to labor intensive oak/upholstered furniture and a few other complimentary lines which have proven very acceptable in our market place, and provide a more adequate profit margin.

METAL FABRICATION PLANT: In October, 1983, the Correctional Industries Commission approved the establishment of a metal fabrication plant to be located at the Wildwood Correctional Center. Plant operations began in January, 1986 and with the receipt of the large Spring Creek Correctional Center production order for bunks and desks, the plant has been running at full production level for the past 8 months with 20 to 30 inmates working full time. This plant produces a variety of products beyond cell furniture, including fish carriers for the Department of Fish and Game, barbeque pits for the Division of Parks, and several communities in Alaska, as well as custom fabricated "one off" specialities.

MT. MCKINLEY MEAT AND SAUSAGE PLANT: In May, 1986, the Division of Agriculture approached the Department of Corrections with the idea of using inmate labor to operate the failed meat plant in Palmer until the private sector was able to operate it again. The Agricultural Revolving Loan Fund purchased the plant and has signed an agreement with the Department of Corrections to operate the facility. Initial public hearings were held on February 6, 1987 and the Industries Commission decided to table the operational proposal until the next meeting, March 16, 1987, when the commission will hear additional public testimony regarding operation of the plant. At the present time the Department of Corrections plans to provide meat for its own consumption only. This facility will employ 20 inmates.

STATE OF ALASKA

DEPARTMENT OF CORRECTIONS

SOUTHCENTRAL REGION OFFICE

STEVE COWPER, GOVERNOR

2200 EAST 42ND AVENUE
ANCHORAGE, ALASKA 99508-5202
PHONE: (907) 561-4426

April 14, 1987

RECEIVED
APR 20 1987

Annabell Stevens
520 W. 24th Avenue
Anchorage, Alaska 99503

DEPARTMENT OF CORRECTIONS
CENTRAL OFFICE-JUNEAU

Dear Ms. Stevens:

The Commissioner has asked me to respond to your concern about plans to use inmates to provide services to private sector laundry companies in Juneau, since the industries program is under my supervision at this time.

The Alaska Correctional Industries Laundry operation in Juneau currently has four customers:

- 1) The Marine Highway system fleet, with the exception of the Le Conte.
- 2) The Lemon Creek Correctional Center.
- 3) The Johnson Youth Center.
- 4) The Juneau Recovery Unit.

Within the past few months, we have researched a proposal to provide wholesale services to Juneau area laundries. Under this plan, they would essentially "sub-contract" work to us by trucking laundry from their customers to us, having the Industries laundry at Lemon Creek Correctional Center wash the items and then picking up the clean laundry for return to their customers. This operation would only take place in Juneau, since that's the only place ACI operates a laundry.

At the ACI Commission meeting held on February 6, 1987, this idea was discussed and some public testimony was heard, but the Commission took no action on the issue. The DOC, although it recognizes that this idea has some merit, is also concerned about possible displacement of workers and has tabled this idea. If more research validated this concept, the entire public hearing process to establish "minimal negative impact" on the private sector would then begin. You will certainly be kept informed if at any time in the future this idea resurfaces, but I think it highly unlikely that it will.

Sincerely,
Vicki R. Williams
Vicki R. Williams, Director
Division of Facilities Management

VRW:tlc

cc: Susan Humphrey-Barnett, Commissioner, DOC
Wes Milton, Industries Manager, DOC
Joe Corbett, Production Manager, LCCC
Representative John Sund

**STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE**

REQUEST: _____

Bill Version: _____

Publish Date: _____

Revision Date: - 5/11/87

Agency Affected: Department of Corrections

Title: Continuing the Correctional

BRU: Administration and Support

Industries Program #773-87-0070

Sponsor: Governor

Components: Correctional Industries Admin.

Requestor: Dept. of Corrections

Correctional Industries Production Cost

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES	554.1	547.3	1032.5	1230.1	1326.2	1372.3
TRAVEL	24.4	31.7	32.7	33.7	34.7	35.7
CONTRACTUAL	182.1	362.1	844.6	910.0	1011.8	1141.4
SUPPLIES	554.6	1030.7	1694.4	1860.0	2035.2	2229.6
EQUIPMENT	-0-	-0-	275.0	125.0	-0-	-0-
LAND & STRUCTURES	-0-	-0-	-0-	-0-	-0-	-0-
GRANTS, CLAIMS	128.0	251.4	285.0	330.0	345.0	345.0
MISCELLANEOUS	1200.0*					
TOTAL OPERATING	1443.2	2223.2	4164.2	4488.8	4752.9	5124.0

CAPITAL						
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REVENUE	1175.0	2000.0	3315.0	3875.0	4240.0	4645.0
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FUNDING: (Thousands of Dollars)

GENERAL FUND	571.6	564.8	1050.5	1248.7	1345.3	1392.0
FEDERAL FUNDS						
OTHER CORR. IND.	871.6	1658.4	3113.7	3240.1	3407.6	3732.0
TOTAL	1443.2	2223.2	4164.2	4488.8	4752.9	5124.0

POSITIONS:

FULL-TIME	11.0	11.0	19.0	22.0	23.0	23.0
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

*NON ADD - This is amount of a loan from the Dept. of Natural Resources under an RSA to provide for start up costs of the Palmer Meat Plant. For detail of revenue estimates and staffing beyond 1988, see attached.

Salary costs are increased 3.5% per year over FY88 to accommodate merit increases; other line items are projected using a 3% cost-of-living increase annually.

Prepared by: Susie Riley Phone: 465-3376

Division: Program Budget Analyst Date: 1/14/87

Approved by Commissioner: William W. Loring Date: 1/15/87

Agency: Department of Corrections

Distribution (by preparer):

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Current file entry: 1533 hours, January 12, 1986

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

Title: Continuing the Correctional Industries Program
773-87-0070

EXPENDITURES/REVENUE

OPERATING	FY87	FY88	FY89	FY90	FY91	FY92
PERSONAL SERVICES	11	14	19	22	23	23
Administrative						
Industries Mngr	1	1	1	1	1	1
Market/Sales Mngr.	1	1	1	1	1	1
Accountant	1	1	1	1	1	1
Production Managers						
Juneau:						
Bakery - PMII	1	1	1	1	1	1
Laundry- PMI	1	1	1	1	1	1
Other - PMI	1	1	1	1	1	1
Palmer:						
Farm - PMII	1	1	1	1	1	1
Auto - PMI	1	1	1	1	1	1
Meat - PMII	1	1	1	1	1	1
Bakery - PMI			1	1	1	1
Signs - PMI			1	1	1	1
Kenai:						
Metal - PMII	1	1	1	1	1	1
Furnit - PMI	1	1	1	1	1	1
Mfg/Und- PMI			1	1	1	1
Mfg/Und- PMI					1	1
Fairbanks:						
Mail Sv- PMI			1	1	1	1
Undeter- PMII				1	1	1
Seward:						
Sewing - PMI			1	1	1	1
Mfg/Und- PMII			1	1	1	1
Mfg/Und- PMI				1	1	1
Nome:						
Mfg/Und- PMI			1	1	1	1
Bethel:						
Mfg/Und- PMI			1	1	1	1
Ketchikan:						
Mfg/Und- PMI				1	1	1

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REVENUE	FY87	FY88	FY89	FY90	FY91..	FY92
Industries:						
Juneau:						
Bakery	\$ 125K	\$ 125K	\$ 125K	\$ 130K	\$ 135K	\$ 140K
Laundry	175K	195K	200K	210K	220K	225K
Mfg/Und		25K	35K	40K	45K	50K
Palmer:						
Farm	\$ 75K	85K	90K	90K	95K	100K
Auto Body	80K	90K	100K	100K	110K	125K
Meat Plant	200K	1,000K	1,200K	1,300K	1,400K	1,500K
Bakery			200K	400K	425K	450K
Sign Shop	20K		60K	75K	85K	90K
Kenai:						
Metal	\$ 380K	\$ 250K	\$ 400K	\$ 300K	\$ 300K	\$ 300K
Furniture	120K	180K	180K	180K	200K	240K
Mfg/Undeterm.			50K	75K	100K	100K
Mfg/Undeterm.					50K	75K
Fairbanks:						
Mail Servicing	\$	\$	\$ 400K	\$ 500K	\$ 500K	\$ 500K
Mfg/Undeterm.				50K	75K	100K
Seward:						
Sewing Ops	\$	\$ 50K	\$ 125K	\$ 150K	\$ 150K	\$ 200K
Mfg/Undeterm.			100K	150K	150K	175K
Nome:						
Mfg/Undeterm.	\$	\$	\$ 25K	\$ 50K	\$ 75K	\$ 100K
Bethel:						
Mfg/Undeterm.	\$	\$	\$ 25K	\$ 50K	\$ 75K	\$ 100K
Ketchikan:						
Mfg/Undeterm.	\$	\$	\$	\$ 25K	\$ 50K	\$ 75K
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REVENUE TOTALS:	\$1,175K	\$2,000K	\$3,315K	\$3,875K	\$4,240K	\$4,645K

STEVE COWPER
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

2/11/87

February 9, 1987

The Honorable Jan Faiks
President of the Senate
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Senator Faiks:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill continuing the correctional industries program created by ch. 53, SLA 1982. (The correctional industries program was enacted as AS 33.30.400 -- 33.30.490, but was renumbered in 1982 as AS 33.32.010 -- 33.32.090 by the revisor of statutes.)

The correctional industries program has been successful in expanding and showing a profit despite reduced funding. The program, which presently provides jobs for approximately 80 inmates, has reduced inmate idleness, provided meaningful jobs and marketable skills to inmates, and has provided inmates with earnings to help meet their obligations. The program showed a 10 percent profit in FY 86, returning money to the state general fund and thereby reducing the cost of incarceration in state institutions. Last year's enactment of AS 33.32.017 to provide for "free-venture" cooperative industries will provide for expanded markets and flexibility in developing new jobs for inmates and private-sector companies.

The bill repeals the section of ch. 53, SLA 1982, which would terminate the program on July 1, 1987. In light of the program's overall success, I urge your continued support and your prompt and favorable action on this measure.

Sincerely,

A handwritten signature in black ink, appearing to read "Steve Cowper".

Steve Cowper
Governor

FY88 Correctional Industries Request

Industry:	EXPENSES:				Total	Estimated
	Travel	Contractual	Supplies	Gratuities	Expenses	Receipts
Juneau Bakery	2.0	34.5	75.5	15.6	127.6	150.0
Juneau Laundry	2.0	23.0	45.0	40.0	110.0	185.0
Palmer Agriculture	1.0	24.0	20.4	13.6	59.0	85.0
Palmer Body Shop	1.2	15.3	32.9	13.6	63.0	90.0
Palmer Sign Shop	---	4.3	27.4	5.8	37.5	60.0
Palmer Bakery	1.0	27.7	85.5	38.8	153.0	180.0
Heat Plant	6.0	123.0	478.7	28.0	635.7	650.0
Kenai Metal Production	4.0	62.0	134.0	30.0	230.0	300.0
Kenai Furniture	4.0	18.0	75.5	30.0	127.5	150.0
Fairbanks Sewing	1.2	16.6	38.2	30.0	86.0	120.0
Fairbanks Other	.1	3.5	15.5	6.0	25.1	---
Seward Industry		4.0			4.0	30.0
TOTAL	22.5	355.9	1,028.6	251.4	1,658.4	2,000.0
FY87 Authorization	15.2	175.9	552.5	128.0	871.6	871.6
FY88 Increment Requested	7.3	180.0	476.1	123.4	786.8	

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ADDITIONAL EXPLANATION FORM

AGENCY Department of Corrections
 BRU Administration and Support
 COMPONENT Correctional Industries Product Cost

FY 88

Page 2 of 2
 Revised Date: _____

DEAR SENATORS:

THE DISTRICT COUNCIL OF LABORERS OPPOSES SB-116.

THIS LEGISLATION SURPASSES THE INTENT OF THE LAW, .I.E. CONVICT LABOR SHOULD HAVE MINIMAL NEGATIVE IMPACT ON EXISTING ALASKAN PRIVATE INDUSTRY AND LABOR FORCE. IN FACT, CURRENT ACTIVITIES BY THE DEPARTMENT OF CORRECTIONS IN USE OF CONVICT LABOR SURPASSES IT'S CURRENT LAW.

THIS LEGISLATION CONDONES PUBLIC SUPPORTED CONVICT LABOR COMPETING WITH HONEST WORKING ALASKANS WITHIN OUR COMMUNITIES. AT A TIME WHEN NECESSARY STATE PROGRAMS ARE BEING CHOPPED FROM THE BUDGET, WORKERS ARE LOSING THEIR JOBS (BOTH IN THE PRIVATE AND PUBLIC SECTOR) AND BUSINESSES ARE FILING CHAPTER 11 ON A DAILY BASIS. IT IS HYPOCRITICAL TO SPEND OUR LIMITED FUNDS ON COUNTER-PRODUCTIVE CONVICT LABOR AS IS QUITE APPARENT IN THE ATTACHED FISCAL NOTE.

WE URGE THE COMMITTEE TO OPPOSE SB-116. THANK YOU.



Don Rouleau
District Council of Laborers
710 W. 9th St.
Juneau, AK 99801
586-3707