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SENATE COMMITTEE REPORT

FURTHER

3/14/89

DATE TURNED INTO OFFICE

4/27/89

Mr. President:

FINANCE

Committee considered

HB 5

amending the composition and membership of the Correctional Industries Commission; efd

and recommended

- replace with _____ CS _____) same title
- or adopt _____ CS _____) new title
- attached amendment(s) and technical title change (HB only)
- _____ letter of intent adopted

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

FISCAL NOTE(S) ^{DCC} zero fiscal impact appropriation no FN
 new updated previous
 same as previous fiscal note(s) published _____

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

Jim Deen

[Signature]

[Signature]

Paul F. Harney

Paul [Signature]

Rich [Signature] (Do Pass)

 Chairman signature and recommendation

Committee Backup attached

John [Signature] CO-CHAIR

**STATE OF ALASKA
1989 LEGISLATIVE SESSION**

BILL VERSION: HB 5
PUBLISH DATE: HOUSE 1/25/89

FISCAL NOTE

REQUEST:

Revision Designation: _____
Title: "An Act amending the composition and membership" _____
Sponsor: Rep Swackhammer, Gruenberg _____
Requestor: and Donley _____

Agency Affected: Department of Corrections _____
BRU: Statewide Operations _____

Component: Correctional Industries _____
Product Cost: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

The increased costs for travel and per diem will be paid out of the Correctional Industries' Revolving Fund.

Susan E. Knighton

Prepared by: Susan E. Knighton, Director Phone: 465-3376
Division: Administrative Services Date: 1-19-89

Approved by: Susan Humphrey-Barnett Date: 1-19-89
Agency: Department of Corrections

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

1 IN THE HOUSE

BY SWACKHAMMER, GRUENBERG
AND DONLEY

2 HOUSE BILL NO. 5

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act amending the composition and membership of
7 the Correctional Industries Commission; and providing
8 for an effective date."

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 * Section 1. AS 33.32.070(a) is amended to read:

11 (a) The Correctional Industries Commission is established to
12 provide general policy direction to the correctional industries pro-
13 gram through the commissioner of corrections. The commission consists
14 of eight [SEVEN] members, six [FIVE] of whom shall [ARE TO] be ap-
15 pointed by the governor to serve staggered terms of four years. The
16 appointed members must include one [A] representative each from [OF]
17 private industry, [ORGANIZED LABOR,] agriculture, and the general
18 public; [, AND] one ex-offender; and two representatives from orga-
19 nized labor, one of whom must be from the building trades and one of
20 whom must be from the service industries. The commissioner of admin-
21 istration is also a member, as is the commissioner of corrections who
22 shall [IS TO] serve as chairperson.

23 * Sec. 2. AS 33.32.070(b) is amended to read:

24 (b) The Correctional Industries Commission shall meet at least
25 four times during each fiscal year and may hold additional meetings at
26 the call of the chairperson. Five [FOUR] members of the Correctional
27 Industries Commission constitute a quorum and a vote of a majority of
28 the quorum is necessary for the transaction of the business of the
29 commission.

1 * Sec. 3. TERM OF OFFICE OF EXISTING ORGANIZED LABOR REPRESENTATIVE.
2 (a) Notwithstanding AS 33.32.070(a), as amended by sec. 1 of this Act, the
3 representative of organized labor serving on the Correctional Industries
4 Commission on the effective date of this Act may continue to serve for the
5 duration of the term to which the person was appointed.

6 (b) As soon as practicable after the effective date of this Act, the
7 governor shall specify whether the representative of organized labor serv-
8 ing on the Correctional Industries Commission under (a) of this section on
9 the effective date of this Act is appointed from the building trades or
10 from the service industries.

11 * Sec. 4. TERM OF OFFICE OF NEW LABOR REPRESENTATIVE. (a) After
12 making the designation required by sec. 3(b) of this Act, the governor
13 shall appoint the second labor representative authorized by AS 33.32.-
14 070(a), as amended by sec. 1 of this Act.

15 (b) Notwithstanding the requirement of a four-year term of office set
16 out in AS 33.32.070, the governor shall specify the term of the labor
17 representative appointed under (a) of this section, but the term may not
18 extend beyond June 30, 1991.

19 * Sec. 5. This Act takes effect immediately under AS 01.10.070(c).
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REPRESENTATIVE
C.E. "SWACK" SWACKHAMMER

Alaska State Legislature



House of Representatives

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SECTIONAL ANALYSIS OF HB 5

"An act amending the composition and membership of the Correctional Industries Commission; and providing for an effective date."

Section 1 - Adds language to increase the members of the Correctional Industries Commission from seven to eight. The Governor will appoint six instead of five of these members. The appointed members criteria is amended to require that there be two representatives from organized labor; one from the building of trades and the other from the service industries.

Section 2 - Adds language that changes the number of members necessary to constitute a quorum from four to five.

Section 3 - Existing organized labor representative may continue to serve for the duration of his/her appointed term. It must be determined whether this representative was appointed from the building trades or the service industry.

Section 4 - The term of office for the new labor representative will be determined after the first labor represented has been designated and appointed. The Governor shall specify the appointed term of this representative, but may not extend this term beyond June 30, 1991.

Section 5 - Immediate effective date under AS 01.20.070 (c).

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.

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.