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SENATE COMMITTEE REPORT



FURTHER

FINANCE

2/22/89

DATE TURNED INTO OFFICE

3/13/89

Mr. President:

LABOR AND COMMERCE

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

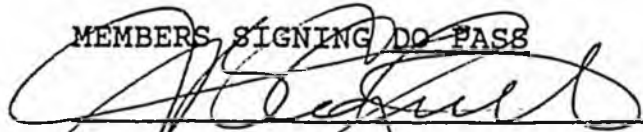
no recommendation

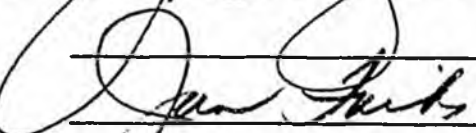
individual recommendations

further referral to _____

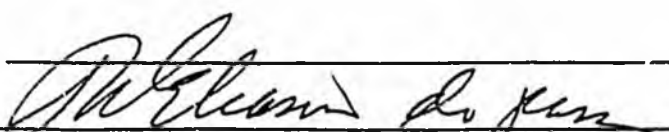
FISCAL NOTE(S) zero fiscal impact appropriation no FN
 new updated previous
 same as previous fiscal note(s) published 1/25/89

MEMBERS SIGNING DO PASS





OTHER RECOMMENDATIONS



 Chairman signature and recommendation

Committee Backup attached

3/13/89

POSITION PAPER
DEPARTMENT OF CORRECTIONS

House Bill 5

The Department of Corrections supports passage of HB 5, "An Act amending the composition and membership of the Correctional Industries Commission; and providing for an effective date" by Representatives Swackhammer, Gruenberg and Donley.

The bill would increase the size of this Advisory Board from seven to eight by adding a representative of organized labor from the service industries, (the current organized labor member represents the building trades). The service trades unions feel left out of the planning for correctional industries and have been among the programs with vocal critics. HB 5 is an effort to formally bring them into the process to help guide the program into meaningful inmate work projects.

A zero fiscal note is attached because expenses for board members are paid from the Correctional Industries' revolving fund, not the general fund.

ALASKA CORRECTIONAL INDUSTRIES PROGRAM

COMMISSION MEMBERS

February 27, 1989

GOVERNMENT MEMBERS:

John M. Andrews, Commissioner Office: 465-2200
Department of Administration
P.O. Box C MS 0200, Juneau, Alaska 99811
(Chuck Taylor, Deputy Commissioner, DOA)

Susan Humphrey-Barnett, Commissioner Anch. Office: 561-4426
Department of Corrections Juneau Office: 465-3376
2200 E. 42nd Ave., Anchorage, Alaska 99508

Walter Majoros, Director, Statewide Programs Office: 465-3376
Fuller Bldg, 3rd Floor
4th & Harris, P.O. Box T, Juneau, Alaska 99811

LABOR REPRESENTATIVE:

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Ironworker's Union
315 5th Ave., Fairbanks, Alaska 99701

BUSINESS REPRESENTATIVE:

Roger V. Lewis Juneau Office: 780-6900
635 Main St., Juneau, Alaska 99801

AGRICULTURE REPRESENTATIVE:

Joan Koponen Fbx Office: 479-6782
710 Chena Ridge, Fairbanks, Alaska 99709

PUBLIC REPRESENTATIVE:

Beverly Dunham Seward Office: 224-5623
P.O. Box 37, Seward, Alaska 99664

EX-OFFENDER REPRESENTATIVE:

James L. Hesson Juneau Office: 586-3434
601 West Willoughby, Juneau, Alaska 99801

REPRESENTATIVE
C.E. "SWACK" SWACKHAMMER

Alaska State Legislature



House of Representatives

SOLDOTNA

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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).

REPRESENTATIVE
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MEMORANDUM

TO: Senator Dick Eliason, Chairman
Senate Labor and Commerce Committee

FROM: Rep. C.E. Swackhammer *Swack*

DATE: February 24, 1989

TOPIC: House Bill 5

This bill was introduced during the second session of the 15th Legislature and successfully passed through both houses without amendment. It was scheduled for hearing on the floor of the senate, but unfortunately the senate adjourned prior to being heard.

House Bill 5 is basically constructed to assure greater input from labor to minimize the opportunity for the Alaska Corrections Industry to compete with private enterprise; this is especially important during the economic downswing Alaska is currently facing.

Attached is a sectional analysis which specifically spells out how the Commission's membership will be increased by one additional member of organized labor. There is a zero fiscal impact on general funds, the expense of the added member will be borne by receipts of prison industries.

I respectfully request your support of House Bill 5.

CODE	TRAVEL AND MOVING CLASSIFICATION	PRIOR YEAR FY 88 ACTUAL	CURRENT YEAR FY 89 AUTHORIZED	BUDGET YEAR - FY 90		
				ADJUSTED BASE	INCREMENT/ DECREMENT	AGENCY REQUEST
72240	Field Travel	2.8	4.7	3.2		3.2
72270	Administrative Travel	1.6	2.0	2.0		2.0
72300	Conventions and Meeting Travel	.4				
72330	Boards, Commissions and Legislators Travel	1.7	15.0	15.0		15.0
72360	Moving or Relocation Expense	2.0				
72390	Non-Employee Travel					
72500	Per Diem	8.2	8.3	8.3		8.3
72800	Honorarium/Stipends					
72000	TOTAL TRAVEL AND MOVING	16.7	30.0	28.5		28.5
	INTER-AGENCY TRANSFERS (NON-ADD)					

CODE	EXPLANATION	ADJUSTED BASE	INCREMENT/ DECREMENT
72240	Field Travel: Staff travel to develop new industries.	3.2	
72270	Administrative Travel: Staff travel to attend public hearings on the feasibility of various industries.	2.0	
72330	Boards, Commissions and Legislators Travel: Travel for members of the Prison Industries Commission to attend public hearings and quarterly meetings.	15.0	
72500	Per Diem: Per Diem for above travel.	8.3	

C200 TRAVEL AND
MOVING

AGENCY DEPARTMENT OF CORRECTIONS

BRU STATEWIDE OPERATIONS

COMPONENT CORRECTIONAL INDUSTRIES PRODUCT COST

FY 90

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Revised Date 12/1/88

000174

3/2/87

DEPARTMENT OF CORRECTIONS
 ALASKA CORRECTIONAL INDUSTRIES
 FINANCIAL DATA

FISCAL YEAR	PCNs	ADMINISTRATION COMP.		PRODUCT COSTS COMP.		REVENUES
		APPROPRIATED	EXPENDED	APPROPRIATED	EXPENDED	
FY82	(5)	\$ 147,900	\$ 59,434	\$ -0-	\$ -0-	\$ -0-
FY83	(5)	160,200	128,476	355,500	92,017	-0-
FY84	(7)	278,800	216,881	285,500	140,377	32,957
FY85	(12)	524,200	448,231	AMT. AUTH. TO SPEND ⁽¹⁾		217,849
				703,000	377,657	
FY86	(12)	<u>540,100</u>	<u>485,369</u>	<u>871,600</u>	<u>562,124</u>	<u>498,389</u>
Total		<u>1,651,200</u>	<u>1,338,391</u>	<u>641,100</u>	<u>1,172,175</u>	<u>749,195</u>
FY87	(11)	571,600	PROJECTED 556,732	871,600	PROJECTED 994,500 ⁽²⁾	PROJECTED 1,071,600
FY88	(11)	564,800	564,800	1,658,400	1,658,400	2,000,000

Note #1: No money actually appropriated in ensuing years, FY85-88.

Note #2: Total includes \$200.0 loan from Ag. Rev. Loan Fund.

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.