

SB

115

HFIN

FILE

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: SB 115
 (S) Publish Date: 3/6/03

Revision Date/Time (Note if correction): 2/05/03 - 7:45am Dept. Affected: Department of Corrections
 Title: Correctional Industries Program Fund BRU: Administration & Operations
 Component: Correctional Industries
 Sponsor: _____ Administration: Administration
 Requester: _____ Component No.: 701

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0
Travel	0.0	0.0	0.0	0.0	0.0	0.0
Contractual	0.0	0.0	0.0	0.0	0.0	0.0
Supplies	0.0	0.0	0.0	0.0	0.0	0.0
Equipment	0.0	0.0	0.0	0.0	0.0	0.0
Land & Structures	0.0	0.0	0.0	0.0	0.0	0.0
Grants & Claims	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGE IN REVENUES ()	0.0	0.0	0.0	0.0	0.0	0.0
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	(963.2)	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1037 GF/Mental Health	0.0	0.0	0.0	0.0	0.0	0.0
1059 Correctional Industries Fund	963.2	0.0	0.0	0.0	0.0	0.0
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2003) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

POSITIONS

Full-time	0	0	0	0	0	0
Part-time	0	0	0	0	0	0
Temporary	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

The Department proposes to Amend AS 33.32.020 which governs Prison Industries, to allow the administrative costs of the program to be paid from the Correctional Industries Fund, as opposed to the General Fund. This change will involve the personnel costs of 14 Correctional Industries positions and will require that the Correctional Industries Fund produce sufficient revenue to support the administrative positions. A fund source change of \$963.2 from General Funds to the Correctional Industries Fund is being requested in the Department's FY2004 Budget Submission. A legislative change is necessary to allow Correctional Industries to pay state employee salaries with product revenues.

Prepared by: Jerry D. Burnett, Director
 Division: Administrative Services
 Approved by: Portia C.K. Parker, Deputy Commissioner
 Agency: Department of Corrections

Phone 465-3339
 Date/Time 3/5/03 7:45 AM
 Date 3/5/2003

adopted

23-GS1104D
Luckhaupt
4/25/03

HOUSE CS FOR SENATE BILL NO. 115()
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-THIRD LEGISLATURE - FIRST SESSION

BY

Offered:
Referred:

Sponsor(s): SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to the correctional industries program; and providing for an effective**
2 **date."**

3 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

4 *** Section 1.** The uncodified law of the State of Alaska is amended by adding a new section
5 to read:

6 **SHORT TITLE.** This Act may be known as the Correctional Industries Program Act
7 of 2003.

8 *** Sec. 2.** The uncodified law of the State of Alaska is amended by adding a new section to
9 read:

10 **LEGISLATIVE INTENT.** It is the intent of the legislation by this Act to allow the
11 commissioner of corrections to permit the Correctional Industries Commission to expand the
12 existing correctional industries program and provide that the fund created in this Act be used
13 to pay for salaries and contracts for Correctional Industries Commission employees; if, in the
14 future, the fund is not sufficient to pay those salaries and contracts, the legislature will make

1 every attempt to fund those salaries and contracts from other fund sources.

2 * Sec. 3. AS 33.32.015(b) is amended to read:

3 (b) The commissioner of corrections may

4 (1) subject to AS 36.30 (State Procurement Code), use, purchase,
5 lease, equip, and maintain buildings, machinery, and other equipment, and may
6 purchase materials and enter into contracts that may be necessary for the correctional
7 industries program;

8 (2) provide for prisoners to be employed in rendering services and
9 producing articles, materials, and supplies needed by a state agency, a political
10 subdivision of the state, an agency of the federal government, other states or their
11 political subdivisions, or for use by nonprofit organizations or other companies as
12 approved by the Correctional Industries Commission;

13 (3) if the Correctional Industries Commission established in
14 AS 33.32.070 approves, employ prisoners to provide services or products as needed by
15 private industry if the services or products have potential for contributing to the
16 economy of the state and will be of benefit to [HAVE MINIMAL NEGATIVE
17 IMPACT ON] an existing private industry or labor force in the state;

18 (4) authorize a prisoner to engage in vocational training or in
19 productive employment within or outside a correctional facility, or enter into a
20 contract under AS 33.30.191 for the employment of a prisoner if the Correctional
21 Industries Commission determines that the employment will be of benefit to [HAVE
22 MINIMAL NEGATIVE IMPACT ON] an existing private industry or labor force in
23 the state; and

24 (5) subject to the provisions of AS 36.30 (State Procurement Code),
25 enter into joint cooperative ventures with private industry for the establishment and
26 operation of "Free Venture" industries under AS 33.32.017 if the Correctional
27 Industries Commission determines at the time of inception that the "Free Venture"
28 industry will not compete with an existing private industry or labor force in the state.

29 * Sec. 4. AS 33.32.020(a) is amended to read:

30 (a) There is established in the Department of Corrections an intragovernmental
31 service fund known as the correctional industries fund. All expenses of the

1 correctional industries program [, EXCEPT SALARIES AND BENEFITS OF STATE
2 EMPLOYEES,] may be financed from the correctional industries fund in accordance
3 with AS 37.07 (the Executive Budget Act). The commissioner of corrections shall
4 prepare a report annually on all activities and balances of the fund and notify the
5 legislature that the report is available.

6 * Sec. 5. AS 33.32.030(b) is amended to read:

7 (b) The commissioner of corrections may sell a product or service of a
8 correctional industries program to a private industry, subject to the approval of the
9 Correctional Industries Commission established in AS 33.32.070. Before giving its
10 approval, the Correctional Industries Commission must determine that the product or
11 service has potential for contributing to the economy of the state and will be of benefit
12 to [HAVE MINIMAL NEGATIVE IMPACT ON] an existing private industry or
13 labor force in the state.

14 * Sec. 6. AS 33.32.080(c) is amended to read:

15 (c) The Correctional Industries Commission shall recommend to the
16 commissioner of corrections the advisability of establishing, expanding, diminishing,
17 or discontinuing industrial, agricultural, or service activities to enable the program to
18 operate as nearly as possible in a self-supporting manner, to provide as much
19 employment for prisoners as is feasible, to provide diversified work activities that will
20 be of benefit to [WITH MINIMAL NEGATIVE IMPACT ON] an existing private
21 industry or labor force in the state, and contribute to the economy of the state. In
22 making recommendations, the Correctional Industries Commission shall consider
23 testimony received at public hearings.

24 * Sec. 7. This Act takes effect July 1, 2003.

4/25

To Lynn Barnes

FR Jess, Howard Fin

RE Concurrent Resolution of SB 115

per our discussion —

Thanks —

2

23-LS1047A
Luckhaupt
4/24/03

HOUSE CONCURRENT RESOLUTION NO.
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-THIRD LEGISLATURE - FIRST SESSION

BY

Introduced:

Referred:

A RESOLUTION

1 **Suspending Rules 24(c), 35, 41(b), and 42(e), Uniform Rules of the Alaska State**
2 **Legislature, concerning Senate Bill No. 115, relating to correctional industries.**

3 **BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

4 That under Rule 54, Uniform Rules of the Alaska State Legislature, the provisions of
5 Rules 24(c), 35, 41(b), and 42(e), Uniform Rules of the Alaska State Legislature, regarding
6 changes to the title of a bill, are suspended in consideration of Senate Bill No. 115, relating to
7 correctional industries.

Component: Correctional Industries Administration

Contact: Wally Roman, Correctional Industries Manager

Tel: (907) 465-3309 Fax: (907) 465-3314 E-mail: wally_roman@correct.state.ak.us

Component Mission

To assist in the rehabilitation of inmates by providing marketable work skills.

Component Services Provided

To manage and operate the Correctional Industries Production service enterprises.

Component Goals and Strategies

- Make a positive contribution to the Alaskan economy through cooperative efforts with labor organizations and private businesses and to minimize the negative impact of the program upon existing private enterprises and labor force in the State.
- Develop and operate agricultural, industrial, and service enterprises under the jurisdiction of the department.
- Structure the program and work environment to increase the prisoners' financial responsibility; provide as many jobs for prisoners as possible; allow prisoners to acquire or improve work habits and occupational skills; and increase the probability of opportunities for employment after release.
- Maintain high standards of quality in all products and services generated through the program.
- Manage the program so that it will support all expenses of the program, including administration, by generating a self sufficient amount of money from the sale of products and services.
- Ensure that all aspects of the Correctional Industries Program are consistent with proper penal administration and integrated with other programs and services within the department.

Key Component Issues for FY2003 – 2004

- The Correctional Industries Program primarily markets its products to state agencies and political sub-divisions. Changes in mandatory contract awards will require Correctional Industries to re-evaluate its current pricing, and production scheduling of existing product lines to allow for the most efficient utilization of existing production capacity.
- The Correctional Industries Program will be working in conjunction with the Division of Agriculture to transition management of the Mt. McKinley Meats operation to a potential private sector entity.
- An analysis of state agency needs may require the introduction of new standardized products and revised manufacturing processes. New processes are designed to increase the quality of correctional industries products.
- Repeated turnover in inmate employees requires more on-the-job training to maintain quality of finished products and timely delivery to customers. As the number of additional inmate employees increases, production capability is reduced.
- Continued development of a web page catalog with additional improvements will increase the capability of Alaska Correctional Industries to provide marketing and delivery information to customers.

Major Component Accomplishments in 2002

- Approximately 228,345 annual hours of inmate employment were provided through on-the-job vocational training. This on-the-job training encouraged the development of acceptable work ethics by those employed inmates.
- Attained gross sales of \$3,206,770 in Correctional Industries provided products and services allowing all operations to be self-supporting.
- Pilot non-mandatory State of Alaska contracts were established to increase correctional industries service to state agency customers and as a method to streamline the marketing of the program's ergonomic chair products.

- Continuation of an existing private sector contract for a private cooperative venture to employ inmates at the Lemon Creek Correctional Center. Additional private sector companies were identified as free venture partners to market correctional industries products assisting growth in the Alaskan economy.
- Procedures relating to partnerships with private sector enterprises were again re-evaluated by the Correctional Industries Commission in order to identify potential methods for expanding private sector joint ventures.

Statutory and Regulatory Authority

- 1) Probation, Prisons and Prisoners (AS 33)
- 2) Welfare, Social Services and Institutions (AS 47)
- 3) Health and Safety (AS 18)
- 4) Criminal Law (AS 11)
- 5) Public Finance (AS 37)
- 6) State Government (AS 44)
- 7) Create Corrections (EX.OR.55)
- 8) Corrections (22 AAC)

Correctional Industries Administration

Component Financial Summary

All dollars in thousands

	FY2002 Actuals	FY2003 Authorized	FY2004 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	1,172.3	1,202.2	963.2
72000 Travel	0.0	0.0	0.0
73000 Contractual	0.0	0.0	0.0
74000 Supplies	0.3	0.0	0.0
75000 Equipment	0.0	0.0	0.0
76000 Land/Buildings	0.0	0.0	0.0
77000 Grants, Claims	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	1,172.6	1,202.2	963.2
Funding Sources:			
1004 General Fund Receipts	1,139.0	1,202.2	0.0
1007 Inter-Agency Receipts	33.6	0.0	0.0
1059 Correctional Industries Fund	0.0	0.0	963.2
Funding Totals	1,172.6	1,202.2	963.2

Correctional Industries Administration

Proposed Changes in Levels of Service for FY2004

No GF funding is included in this component for FY 04. Legislation is necessary to allow state employee salaries to be paid from product cost revenues. The Mt. McKinley meat plant will no longer be run by the department.

Summary of Component Budget Changes

From FY2003 Authorized to FY2004 Governor

All dollars in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2003 Authorized	1,202.2	0.0	0.0	1,202.2
Adjustments which will continue current level of service:				
-ADN# 20-3-0020 - Correctional Industries GF Auth to Inmate Health Care	-239.0	0.0	0.0	-239.0
Proposed budget decreases:				
-Amendment to AS 33.32.020, Correctional Industries Fund	-963.2	0.0	963.2	0.0
FY2004 Governor	0.0	0.0	963.2	963.2

Correctional Industries Administration

Personal Services Information

Authorized Positions			Personal Services Costs	
	<u>FY2003</u> <u>Authorized</u>	<u>FY2004</u> <u>Governor</u>		
Full-time	18	14	Annual Salaries	744,887
Part-time	0	0	Premium Pay	0
Nonpermanent	0	0	Annual Benefits	258,376
			<i>Less 3.99% Vacancy Factor</i>	(40,063)
			Lump Sum Premium Pay	0
Totals	18	14	Total Personal Services	963,200

Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Accountant II	0	0	1	0	1
Corr Ind Marketing Rep	1	0	1	0	2
Corr Indus Prod Mgr I	1	0	1	2	4
Corr Indus Prod Mgr II	1	1	1	3	6
Correctional Indus Mgr II	0	0	1	0	1
Totals	3	1	5	5	14

Content Detail
 Department of Corrections

Component: Correctional Industries Administration (701)
 BRU: Administration & Operations (271)

	FY2002 Actuals	FY2003 Conference Committee	FY2003 Authorized	FY2003 Management Plan	FY2004 Governor	FY2003 Management Plan vs FY2004 Governor	
71000 Personal Services	1,172.3	1,202.2	1,202.2	963.2	963.2	0.0	0.0%
72000 Travel	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
73000 Contractual	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
74000 Supplies	0.3	0.0	0.0	0.0	0.0	0.0	0.0%
75000 Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
76000 Land/Buildings	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
77000 Grants, Claims	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
78000 Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Totals	1,172.6	1,202.2	1,202.2	963.2	963.2	0.0	0.0%
Funding Sources:							
1004 Gen Fund	1,139.0	1,202.2	1,202.2	963.2	0.0	-963.2	-100.0%
1007 I/A Rcpts	33.6	0.0	0.0	0.0	0.0	0.0	0.0%
1059 Corr. Ind.	0.0	0.0	0.0	0.0	963.2	963.2	100.0%
Positions:							
Permanent Full Time	18	18	18	14	14	0	0.0%
Permanent Part Time	0	0	0	0	0	0	0.0%
Non Permanent	0	0	0	0	0	0	0.0%

Change Record Detail - Multiple Scenarios With Description

Department of Corrections

Component: Correctional Industries Administration (701)

BRU: Administration & Operations (271)

Change Record Title	Trans Type	Totals	Personal Services	Travel	Contractual	Supplies	Equipment	Land/ Buildings	Grants Claims	Positions			
										Misc.	PFT	PPT	NP
		***** Changes From FY2003 Conference Committee To FY2003 Authorized *****											
Conference Committee	ConfCom	1,202.2	1,202.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	18	0	0
1004 Gen Fund		1,202.2											
		Subtotal	1,202.2	1,202.2	0.0	0.0	0.0	0.0	0.0	0.0	18	0	0
		***** Changes From FY2003 Authorized To FY2003 Management Plan *****											
ADN# 20-3-0020 - Correctional Industries GF Auth to Inmate Health Care	Trout	-239.0	-239.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
1004 Gen Fund		-239.0											
Funding is being transferred to the Inmate Health Care component to assist with the increased costs of providing necessary inmate health care services. This funding is available as a result of transferring the Mt. McKinley Meat Plant to the Department of Natural Resources.													
ADN# 20-3-0027 - Delete Position ACI Administration	PosAdj	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-4	0	0
These positions are being deleted as a result of transferring the Mt. McKinley Meat Plant to the Department of Natural Resources.													
		Subtotal	963.2	963.2	0.0	0.0	0.0	0.0	0.0	0.0	14	0	0

Change Record Detail - Multiple Scenarios With Description
Department of Corrections

Component: Correctional Industries Administration (701)
 BRU: Administration & Operations (271)

Change Record Title	Trans Type	Totals	Personal Services	Travel	Contractual	Supplies	Equipment	Land/ Buildings	Grants Claims	Misc.	Positions		
											PFT	PPT	NP
***** Changes From FY2003 Management Plan To FY2004 Governor *****													
Amendment to AS 33.32.020, Correctional Industries Fund	LegReq	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
1004 Gen Fund	-963.2	Amend AS 33.32.020, Correctional Industries Fund, which governs prison industries, to allow the administrative costs of the program to be paid from the Prison Industries Fund, as opposed to GF.											
1059 Corr. Ind.	963.2	This change would involve the personnel costs of prison industries staff. The change would also enable management to better assess the true costs of the program.											
												A legislative change is necessary to allow Correctional Industries to pay state employee salaries with product revenues.	
Totals		963.2	963.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	14	0	0

Personal Services Expenditure Detail

Department of Corrections

Scenario: FY2004 Governor (2755)

Component: Correctional Industries Administration (701)

BRU Name: Administration & Operations (271)

PCN	Job Class Title	Time Status	Retire Code	Barg Unit	Location	Salary Sched	Range / Steps	Comp Months	Split / Count	Annual Salaries	COLA	Premium Pay	Annual Benefits	Total Costs	GF Amount
20-2052	Corr Ind Marketing Rep	FT	A	GP	Anchorage	2A	18 D / E	12.0		51,242	0	0	18,056	69,298	
20-4199	Corr Indus Prod Mgr II	FT	A	GG	Fairbanks	1B	18 K	12.0		63,444	0	0	20,528	83,972	
20-5017	Correctional Indus Mgr II	FT	A	SS	Juneau	2A	21 M	12.0		76,344	0	0	23,165	99,509	
20-5018	Accountant II	FT	A	GP	Juneau	2A	16 B / C	12.0		41,969	0	0	16,177	58,146	
20-5130	Corr Indus Prod Mgr I	FT	A	GP	Juneau	1A	16 D / E	12.0		44,950	0	0	16,781	61,731	
20-6120	Corr Indus Prod Mgr II	FT	A	GP	Eagle River	1A	18 B / C	12.0		49,043	0	0	17,610	66,653	
20-6121	Corr Indus Prod Mgr II	FT	A	GP	Palmer	1A	18 L	12.0		63,300	0	0	20,499	83,799	
20-6350	Corr Indus Prod Mgr II	FT	A	GP	Kenai	1A	18 J	12.0		58,800	0	0	19,587	78,387	
20-6351	Corr Indus Prod Mgr I	FT	A	GP	Kenai	1A	16 E / F	12.0		47,130	0	0	17,223	64,353	
20-6423	Corr Indus Prod Mgr I	FT	A	GP	Anchorage	1A	16 E / F	12.0		46,990	0	0	17,194	64,184	
20-6424	Corr Indus Prod Mgr II	FT	A	GP	Juneau	1A	18 G / J	12.0		58,800	0	0	19,587	78,387	
20-7004	Corr Ind Marketing Rep	FT	A	GG	Juneau	2A	18 B / C	12.0		48,120	0	0	17,423	65,543	
20-8176	Corr Indus Prod Mgr II	FT	A	GP	Seward	1A	18 D / E	12.0		52,407	0	0	18,292	70,699	
20-8177	Corr Indus Prod Mgr I	FT	A	GP	Seward	1A	16 B / C	12.0		42,348	0	0	16,254	58,602	

	Total Positions	New	Deleted	
Full Time Positions:	14	0	0	Total Salary Costs: 744,887
Part Time Positions:	0	0	0	Total COLA: 0
Non Permanent Positions:	0	0	0	Total Premium Pay: 0
Positions in Component:	14	0	0	Total Benefits: 258,376
Total Component Months:	168.0			Total Pre-Vacancy: 1,003,263
				Minus Vacancy Adjustment of 3.99%: (40,063)
				Total Post-Vacancy: 963,200
				Plus Lump Sum Premium Pay: 0
				Personal Services Line 100: 963,200

Note: If a position is split, an asterisk (*) will appear in the Split/Count column. If the split position is also counted in the component, two asterisks (**) will appear in this column. [No valid job title] appearing in the Job Class Title indicates that the PCN has an invalid class code or invalid range for the class code effective date of this scenario.

Personal Services Expenditure Detail

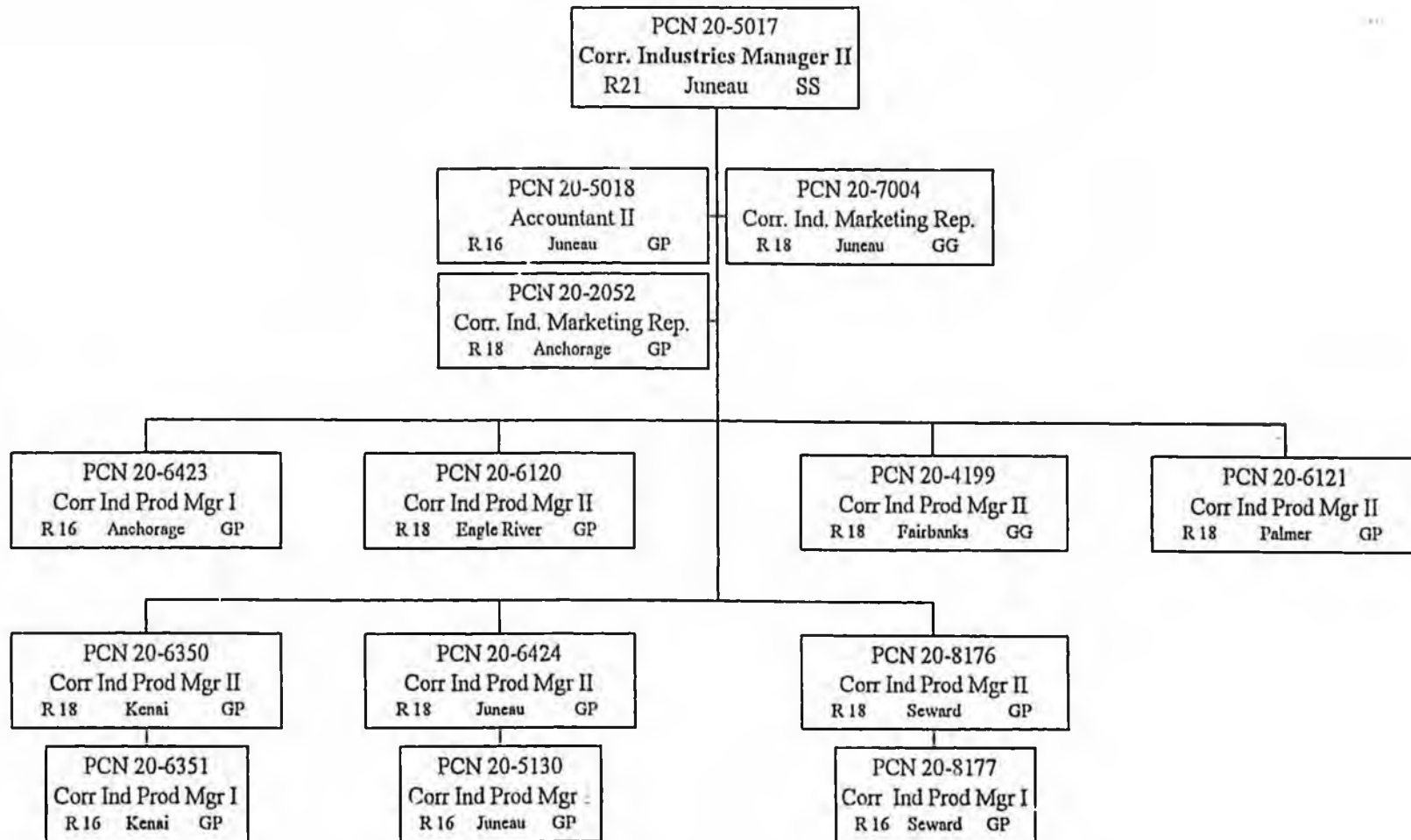
Department of Corrections

Scenario: FY2004 Governor (2755)
Component: Correctional Industries Administration (701)
BRU Name: Administration & Operations (271)

<u>PCN Funding Sources:</u>	<u>Pre-Vacancy</u>	<u>Post-Vacancy</u>	<u>Percent</u>
1059 Correctional Industries Fund	1,003,263	963,200	100.00%
Total PCN Funding:	1,003,263	963,200	100.00%

Note: If a position is split, an asterisk (*) will appear in the Split/Count column. If the split position is also counted in the component, two asterisks (**) will appear in this column. [No valid job title] appearing in the Job Class Title indicates that the PCN has an invalid class code or invalid range for the class code effective date of this scenario.

Department of Corrections
Correctional Industries - Admin.
FY 2004 Organizational Structure



Component: Correctional Industries Product Cost

Contact: Wally Roman, Correctional Industries Manager
Tel: (907) 465-3309 Fax: (907) 465-3314 E-mail: wally_roman@correct.state.ak.us

Component Mission

To assist in the rehabilitation of inmates by providing marketable work skills.

Component Services Provided

To operate the following Correctional Industries Product service enterprises:

- Juneau Commercial Laundry
- Fairbanks Garment/Flat Goods Shop
- Kenai Office Furniture Systems Plant
- Eagle River Garment Shop
- Kenai Metals Plant
- Seward Wood Furniture Plant
- Palmer Auto Body Shop
- Juneau Staph Guard Hospital Laundry (a private cooperative venture)

Component Goals and Strategies

Accomplish the following goals through sound, business-like procedures that will reduce the potential dangers of inmate idleness.

- Structure the program and work environment to increase the prisoners' financial responsibility; provide as many jobs for prisoners as possible; allow prisoners to acquire or improve work habits and occupational skills; and increase the probability of opportunities for employment after release.
- Provide vocational training and realistic work activity to prepare offenders for post-incarceration experiences.
- Modify behavior (work habits/marketable skills) of sentenced individuals through reinforcing society's work ethic.
- Produce a quality product or service, competitively priced and delivered in a timely fashion that will generate revenues.
- Manage the program so that it will support all expenses of the program, including administration, by generating a self sufficient amount of money from the sale of products and services.

Key Component Issues for FY2003 – 2004

- The Correctional Industries Program primarily markets its products to state agencies and political sub-divisions. Changes in mandatory contract awards will require Correctional Industries to re-evaluate its current pricing, and production scheduling of existing product lines to allow for the most efficient utilization of existing production capacity.
- The Correctional Industries Program will be working in conjunction with the Division of Agriculture to transition management of the Mt. McKinley Meats operation to a potential private sector entity.
- An analysis of state agency needs may require the introduction of new standardized products and revised manufacturing processes. New processes are designed to increase the quality of correctional industries products.
- Repeated turnover in inmate employees requires more on-the-job training to maintain quality of finished products and timely delivery to customers. As the number of additional inmate employees increases, production capability is reduced.
- Continued development of a web page catalog with additional improvements will increase the capability of Alaska Correctional Industries to provide marketing and delivery information to customers.

Major Component Accomplishments in 2002

- Approximately 228,345 annual hours of inmate employment were provided through on-the-job vocational training. This on-the-job training encouraged the development of acceptable work ethics by those employed inmates.
- Attained gross sales of \$3,206,770 in Correctional Industries provided products and services allowing all operations to be self-supporting.
- Pilot non-mandatory State of Alaska contracts were established to increase correctional industries service to state agency customers and as a method to streamline the marketing of the program's ergonomic chair products.
- Continuation of an existing private sector contract for a private cooperative venture to employ inmates at the Lemon Creek Correctional Center. Additional private sector companies were identified as free venture partners to market correctional industries products assisting growth in the Alaskan economy.
- Procedures relating to partnerships with private sector enterprises were again re-evaluated by the Correctional Industries Commission in order to identify potential methods for expanding private sector joint ventures.

Statutory and Regulatory Authority

- 1) Probation, Prisons and Prisoners (AS 33)
- 2) Welfare, Social Services and Institutions (AS 47)
- 3) Health and Safety (AS 18)
- 4) Criminal Law (AS 11)
- 5) Public Finance (AS 37)
- 6) State Government (AS 44)
- 7) Create Corrections (EX.OR.55)
- 8) Corrections (22 AAC)

Correctional Industries Product Cost

Component Financial Summary

All dollars in thousands

	FY2002 Actuals	FY2003 Authorized	FY2004 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	0.0	0.0	0.0
72000 Travel	55.7	47.7	47.7
73000 Contractual	593.6	514.0	514.0
74000 Supplies	2,285.1	3,140.9	3,140.9
75000 Equipment	3.6	48.5	48.5
76000 Land/Buildings	0.0	0.0	0.0
77000 Grants, Claims	293.8	399.5	399.5
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	3,231.8	4,150.6	4,150.6
Funding Sources:			
1059 Correctional Industries Fund	3,231.8	4,150.6	4,150.6
Funding Totals	3,231.8	4,150.6	4,150.6

Correctional Industries Product Cost

Proposed Changes in Levels of Service for FY2004

No GF funding is included in the Correctional Industries Administration component for FY 04. Legislation is necessary to allow state employee salaries to be paid from product cost revenues. The Mt. McKinley meat plant will no longer be run by the department.

Summary of Component Budget Changes

From FY2003 Authorized to FY2004 Governor

All dollars in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2003 Authorized	0.0	0.0	4,150.6	4,150.6
FY2004 Governor	0.0	0.0	4,150.6	4,150.6

Component Detail
Department of Corrections

Component: Correctional Industries Product Cost (702)
 BRU: Administration & Operations (271)

	FY2002 Actuals	FY2003 Conference Committee	FY2003 Authorized	FY2003 Management Plan	FY2004 Governor	FY2003 Management Plan vs FY2004 Governor	
71000 Personal Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
72000 Travel	55.7	47.7	47.7	47.7	47.7	0.0	0.0%
73000 Contractual	593.6	514.0	514.0	514.0	514.0	0.0	0.0%
74000 Supplies	2,285.1	3,140.9	3,140.9	3,140.9	3,140.9	0.0	0.0%
75000 Equipment	3.6	48.5	48.5	48.5	48.5	0.0	0.0%
76000 Land/Buildings	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
77000 Grants, Claims	293.8	399.5	399.5	399.5	399.5	0.0	0.0%
78000 Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Totals	3,231.8	4,150.6	4,150.6	4,150.6	4,150.6	0.0	0.0%
Funding Sources:							
1059 Corr. Ind.	3,231.8	4,150.6	4,150.6	4,150.6	4,150.6	0.0	0.0%
Positions:							
Permanent Full Time	0	0	0	0	0	0	0.0%
Permanent Part Time	0	0	0	0	0	0	0.0%
Non Permanent	0	0	0	0	0	0	0.0%

Change Record Detail - Multiple Scenarios With Description

Department of Corrections

Component: Correctional Industries Product Cost (702)

BRU: Administration & Operations (271)

Change Record Title	Trans Type	Totals	Personal Services	Travel	Contractual	Supplies	Equipment	Land/ Buildings	Grants Claims	Positions			
										Misc.	PFT	PPT	NP
***** Changes From FY2003 Conference Committee To FY2003 Authorized *****													
Conference Committee	ConfCom	4,150.6	0.0	47.7	514.0	3,140.9	48.5	0.0	399.5	0.0	0	0	0
1059 Corr. Ind.		4,150.6											
***** Subtotal *****													
		4,150.6	0.0	47.7	514.0	3,140.9	48.5	0.0	399.5	0.0	0	0	0
***** Changes From FY2003 Authorized To FY2003 Management Plan *****													
***** Subtotal *****													
		4,150.6	0.0	47.7	514.0	3,140.9	48.5	0.0	399.5	0.0	0	0	0
***** Changes From FY2003 Management Plan To FY2004 Governor *****													
***** Subtotal *****													
		4,150.6	0.0	47.7	514.0	3,140.9	48.5	0.0	399.5	0.0	0	0	0
***** Totals *****													
		4,150.6	0.0	47.7	514.0	3,140.9	48.5	0.0	399.5	0.0	0	0	0

FRANK H. MURKOWSKI
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SB 115

March 5, 2003

The Honorable Gene Therriault
President of the Senate
Alaska State Legislature
State Capitol, Room 107
Juneau, AK 99801-1182

Dear President Therriault:

Under the authority of art. III, sec 18, of the Alaska Constitution, I am transmitting a bill that would allow the administrative costs of the Correctional Industries Program to be paid from product revenues instead of the general fund.

Currently, 14 Correctional Industries positions are paid from the general fund. By allowing employee salaries to be paid from the correctional industries fund, we are taking the first step toward making the program self-sufficient. This charge is consistent with my FY04 amended budget. A legislative change is required to allow state employees' salaries to be paid from the Correctional Industries Fund.

I urge your prompt and favorable action on this measure.

Sincerely,

A handwritten signature in cursive script that reads "Frank H. Murkowski".

Frank H. Murkowski
Governor