

**HB**

**402**

<TARGET><BILL>HB 402</BILL><SUBJECT>HB  
402</SUBJECT><COMM>HL&C30</COMM></TARGET>



THE STATE  
of **ALASKA**  
GOVERNOR BILL WALKER

**Department of Corrections**

COMMISSIONER'S OFFICE

550 West 7<sup>th</sup> Avenue, Suite 1800  
Anchorage, Alaska 99501  
Main: 907.269.7397  
Fax: 907.269.7390

**MEMORANDUM**

TO: Representative Sam Kito, Chair  
House Labor & Commerce Committee

DATE: Tuesday, March 6, 2018

FROM:  Dean Williams, Commissioner

RE: Hearing request for HB 402

Please accept this request to schedule HB 402, Establish Correctional Industries Program, for consideration by the House Labor & Commerce Committee.

HB 402 establishes a Correctional Industries Board and authorizes the Commissioner of Corrections to establish a correctional industries program within the department, providing employment opportunities for inmates while serving time. This effort not only furthers the State's goal of successful rehabilitation of prisoners through improved conditions of confinement and lasting job training skills, but it has the potential to create new economic growth and expand development opportunities within existing industries.

If you have any questions regarding this hearing request, please feel free to contact Juliana Melin at 465-4645.

Thank you.



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Governor Bill Walker  
STATE OF ALASKA

March 1, 2018

The Honorable Bryce Edgmon  
Speaker of the House  
Alaska State Legislature  
State Capitol, Room 208  
Juneau, Alaska 99801

Dear Speaker Edgmon:

Under the authority of Article III, Section 18, of the Alaska Constitution, I am transmitting a bill establishing the Correctional Industries Board and authorizing the Commissioner of Corrections to establish a correctional industries program within the department.

With over 90 percent of individuals incarcerated returning to our communities it is important that we enable them to develop the skills necessary to be successful when released. One way to do this is to provide them with real-world job experience.

This bill will create a four-person board comprised of the Commissioner of Corrections, Commissioner of Labor and Workforce Development and two members of a labor organization. The Commissioner will work through the Correctional Industries Board to approve proposed industry programs, employment contracts, and agreements which will allow inmates to produce products or services that can then be sold to public or private entities.

Through these contracts and agreements, inmates will gain real-world experience, be productive with their time, and learn new skills. The public also benefits by being able to purchase quality services and products that may not otherwise be available in the area. Additionally, this legislation has the potential to create new economic growth and expand development opportunities within existing industries.

This bill is another tool in reducing recidivism while providing industry with skilled workers.

I urge your prompt and favorable action on this measure.

Sincerely,

A handwritten signature in blue ink that reads "Bill Walker".

Bill Walker  
Governor

Enclosure



**HB 402- Establish Correctional Industries Program**  
Legislation Sectional Analysis

**Section 1:** Amends 33.30.191(e) to clarify that Worker's Comp (AS 23) does not apply to the employment of prisoners under this particular section.

**Section 2:** Amends 33.30 by adding a new section, 33.30.195, that establishes the correctional industries program, detailing that in addition to cooperative agreements listed under 33.30.191, the commissioner may establish & administer correctional industries programs upon approval of the Correctional Industries Board created later in the bill under 33.30.196. Under (b)-(f), operational details of the newly established correctional industries program is laid out.

Under the new section, 33.30.196, the Correctional Industries Board is established. The board consists of four members: the commissioner of labor (or designee), the commissioner of corrections (or designee), and two representatives of organized labor that the governor shall appoint from a list submitted by a labor organization. These members serve staggered three-year terms.

The duties of the board include meeting quarterly or at regularly scheduled times determined by a majority of members, approve, monitor, and make recommendations for proposals for prison industry programs, and hold public hearing to provide opportunity for persons or organizations to submit written comments or oral testimony on proposals that may affect them. The board will also keep public record of all meetings and hearing and make this information public.

**Section 3:** Amends 33.30.201(a) by distinguishing prisoners employed under the new prison industries program (33.30.195) and removes them from this particular statute detailing compensation of prisoners who fall under current statute. It also removes 33.30.191(5) from applying to this section as "other work performed inside or outside a facility" now falls within the newly established prison industries program.

**Section 4:** Amends 33.30.201(c) by requiring compensation of employed prisoners established under the new section, (g), to follow the priority order of compensation dispersion as laid out in this section. It also reorders the priority list, making restitution payments a higher priority.

**Section 5:** Amends 33.30.201(d) to include the newly established prisoner employee's compensation section (g), detailing that any remaining compensation after any deduction under (b) or (c) of this section will be credited to the prisoner.

**Section 6:** Adds a new section (g) under 33.30.201 describing the compensation of prisoners employed under the newly established prison industries program (33.30.195).

**Section 7:** Amends 36.30.313 by including the newly established prison industries program, 33.30.195, in this statute that precludes the procurement of products or services provided through the employment of prisoners from competitive sealed bidding or competitive sealed proposals.

**Section 8:** Amends 37.05.146(c) by adding a new section allowing the Department of Correction to collect receipts from contracts or agreements under the new prison industries program (33.30.195).

**Section 9:** Amends 41.21.026(f) by deleting the old employment of prisoners language (33.30.191(b)) and replaces it with the new prison industries program established under 33.30.195, allowing the department to charge fees as listed under this section.

**Section 10:** Repeals AS 33.30.191(b) which is the current (and limiting) prison industries language as well as 33.30.191(g)(5) that describes other work performed inside or outside of a correctional facility which is now incorporated under the newly established prison industries program 33.30.195

**Section 11:** Effective date July 1, 2018

# Fiscal Note

State of Alaska  
2018 Legislative Session

Bill Version:	HB 402
Fiscal Note Number:	1
(H) Publish Date:	3/5/2018

Identifier: DOC-COMM-3-01-18  
 Title: ESTABLISH CORRECTIONAL INDUSTRIES PROGRAM  
 Sponsor: RLS BY REQUEST OF THE GOVERNOR  
 Requester: GOVERNOR

Department: Department of Corrections  
 Appropriation: Administration and Support  
 Allocation: Office of the Commissioner  
 OMB Component Number: 694

**Expenditures/Revenues**

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2019 Appropriation Requested	Included in Governor's FY2019 Request	Out-Year Cost Estimates					
			FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
<b>OPERATING EXPENDITURES</b>								
Personal Services								
Travel	6.2		6.2	6.2	6.2	6.2	6.2	6.2
Services								
Commodities								
Capital Outlay								
Grants & Benefits								
Miscellaneous								
<b>Total Operating</b>	<b>6.2</b>	<b>0.0</b>	<b>6.2</b>	<b>6.2</b>	<b>6.2</b>	<b>6.2</b>	<b>6.2</b>	<b>6.2</b>

**Fund Source (Operating Only)**

1004 Gen Fund (UGF)	6.2		6.2					
1005 GF/Prgm (DGF)				6.2	6.2	6.2	6.2	6.2
<b>Total</b>	<b>6.2</b>	<b>0.0</b>	<b>6.2</b>	<b>6.2</b>	<b>6.2</b>	<b>6.2</b>	<b>6.2</b>	<b>6.2</b>

**Positions**

Full-time								
Part-time								
Temporary								

**Change in Revenues**

None								
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Estimated SUPPLEMENTAL (FY2018) cost:** 0.0 *(separate supplemental appropriation required)*  
*(discuss reasons and fund source(s) in analysis section)*

**Estimated CAPITAL (FY2019) cost:** 0.0 *(separate capital appropriation required)*  
*(discuss reasons and fund source(s) in analysis section)*

**ASSOCIATED REGULATIONS**

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No  
 If yes, by what date are the regulations to be adopted, amended or repealed?

**Why this fiscal note differs from previous version/comments:**

Initial version

Prepared By:	April Wilkerson	Phone:	(907)465-3460
Division:	Administrative Services - Department of Corrections	Date:	03/01/2018 10:30 AM
Approved By:	Dean Williams, Commissioner	Date:	03/01/18
Agency:	Department of Corrections		

## FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2018 LEGISLATIVE SESSION

## Analysis

This legislation amends AS 33.30.191(e) authorizing the Commissioner of Corrections to establish correctional industries programs and also establishes a correctional industries board.

AS 33.30.195 is added allowing the commissioner to establish and administer correctional industries programs. This includes entering into contracts or cooperative agreements with public agencies, private organizations, or individuals for the productive employment of prisoners. This legislation also allows the commissioner to sell products or services to a public agency, private industry, or individuals as well as requires the commissioner to determine the prices at which the products and services are to be sold.

AS 33.30.196 establishes a Correctional Industries Board that will provide general policy direction to the commissioner when implementing the correctional industries programs. The board consists of four members and requires the board to meet at least quarterly. It is anticipated that travel will be required for these board members at a minimum of two trips per board member annually. It is estimated that \$6,200.00 would be needed annually to meet the costs of this travel and is broken out as follows:

\$3,960.00 - airfare (8 trips annually x \$495.00 = \$3,960.00)  
\$1,520.00 - hotel (8 nights x \$190.00 = \$1,520.00)  
\$ 720.00 - per-diem (16 days per diem x \$45.00 per day = \$720.00)  
\$6,200.00 - annual total

General funds are requested to cover the travel necessary for the first two years, and then switching to general fund program receipts as industries generate revenues.

Passage of this legislation would provide opportunities to inmates to receive actual employment experience, be productive while serving their time, and allow them to learn new skills. The public would also benefit by being able to purchase quality product or services that may not otherwise be available in the area.

This legislation will have minimal financial impact on the Department of Corrections as there are no contracts or cooperative agreements in place or identified at this time; however, future general fund program receipt authority will be requested as contracts or cooperative agreements are entered into and industries, products, and services are identified and implemented.

## Caitlyn Ellis

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**From:** Sorcha Hazelton  
**Sent:** Sunday, April 15, 2018 12:51 PM  
**To:** Caitlyn Ellis  
**Subject:** FW: House Bill 402

Saved and combined

**From:** Charity Lee <calee2@alaska.edu>  
**Sent:** Saturday, April 14, 2018 8:37 PM  
**To:** Rep. Sam Kito <Rep.Sam.Kito@akleg.gov>  
**Subject:** House Bill 402

Dear Sam Kito,

My name is Charity Lee and I am a concerned citizen and social worker in Juneau, Alaska. I am writing to you today in regards to House Bill 402, which is designed to establish a correctional industries program. As my representative, I would like you to bring caution to the discussion of this bill and be an advocate for the rights of inmates.

Due to discriminatory practices within the criminal justice system, prison industries across our nation have a disproportionate representation of minority peoples. The Alaskan prison population is no different with 36% of the prison population being Alaskan Native, while Alaskan Natives make up only 18% of our state's population, and African Americans making up 10% of our prison population, but only 4% of our state's population (Alaska Prisoner Reentry Task Force 2011 report). Currently, under Alaska Statute 33.30.191 prison inmates cannot earn more than half of the minimum wage and may be subject to disciplinary action should they refuse to work while incarcerated. Additionally, the state can garnish those wages to cover the cost of incarceration, reducing inmates' already meager earnings. Therefore, prisons are disproportionately incarnating minority populations and forcing them to work while incarcerated for little to no income. This bears horrible resemblance to the system in place in the 1800s following the Civil War, where African Americans were imprisoned for no reason under the Black Codes and forced to work in industries such as chain-gangs as a replacement for the loss of slave labor (Douglas Blackmon's book Slavery by Another Name). We, as a state, must take this into consideration when proposing bills that will expand prison labor within Alaska and increase contracts with for profit industries.

Although working while incarcerated is not in itself a negative thing, please be cautious that we are not promoting a system that targets minority populations and forces them to work for little to no wages. I encourage you to be a voice for the rights of inmates. Inmates should be given the choice to work, should be entitled to fair wages and all the protections afforded to any person working within the state of Alaska. Inmates are a decidedly vulnerable population, and many suffer from some form of mental health diagnosis (36.8% of inmates admitted annually according to the 2011 Alaska Prison Reentry Task Force report). Therefore, they require your voice and support even more. Please consider standing up for this vulnerable population and ensuring that a continuation of slavery practices does not occur in our great state. Thank you for taking the time to hear these concerns. If you have any questions, do not hesitate to contact me.

Sincerely,

Charity Lee



# National Right to Work Committee

A COALITION OF EMPLOYEES AND EMPLOYERS  
NATIONAL HEADQUARTERS BUILDING

March 16, 2018

The Hon. Sam Kito III  
State Capitol  
120 Fourth Street, Room 403  
Juneau, AK 99801-1182

RE: **House Bill 402 and Senate Bill 214**

POSITION: **Oppose**

Dear Representative Kito:

On behalf of the thousands of members and supporters of the National Right to Work Committee in Alaska, I urge you to **oppose House Bill 402 and Senate Bill 214** and any other bills granting union bosses guaranteed seats on a government board.

These bills would create a new "Correctional Industries Board" and require that half of the seats on this board be handed to Alaska's union elite. Only Big Labor would benefit.

The Board would inevitably be used to grant union organizers more tools to fuel their recruitment efforts and attack non-union contractors and employees by using the power of the state. Instead of granting union bosses another special privilege, the legislature should be protecting Alaska workers and businesses from Big Labor and other special interests.

Therefore, I urge you again to reject the union officials' power grab by **opposing House Bill 402 and Senate Bill 214**.

Sincerely,

Mark Mix  
President