

ALASKA LEGISLATURE

2675

HOUSE and SENATE FINANCE COMMITTEE FILES, 2003-2004

24

**SB**

**113**

**SFIN**

**FILE**

SB 113

was referred to the  
Senate Finance  
Committee

No hearing was held  
on this bill

FRANK H. MURKOWSKI  
GOVERNOR  
GOVERNOR@GOV.STATE.AK.US



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

P.O. Box 110001  
JUNEAU, ALASKA 99811-0001  
(907) 465-3500  
FAX (907) 465-3532  
WWW.GOV.STATE.AK.US

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 give the Department more flexibility with regard to the frequency of examinations of financial institutions and the Alaska Commercial Fishing and Agriculture Bank.

Changing the date of frequency of examinations of Small Loan Companies from 12 months to 18 months will bring the schedule for the examinations in line with the rest of the banking code and eliminate the need for additional bank examiners. The bill also eliminates the Division of Banking, Securities, and Corporations' examination of the Commercial Fishing and Agriculture Bank (CFAB). This examination is unnecessary, because CFAB is required by statute to be audited annually by independent auditors and is subject to legislative audit.

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

**SB**

**114**

SFIN

FILE

SB 114

was referred to the  
Senate Finance  
Committee

Hearing(s) were held

The bill did not move  
from Committee

SENATE FINANCE  
COMMITTEE  
Amendment Number: #1  
Bill Number: SB 114  
Sponsor: Wilken Date: 5/5/03  
Logged In By: Mindy

23-GS1102AL1  
Bannister  
5/4/03

AMENDMENT

OFFERED IN THE SENATE  
TO: CSSB 114(L&C)

BY SENATOR WILKEN

- 1 Page 1, line 6, following "proprietorship":
- 2       Insert "except that the fee is \$50 if the sole proprietor is 65 years of age or older
- 3 when the license is applied for or will reach 65 years of age at any time during the year
- 4 for which the license is issued"

FRANK H. MURKOWSKI  
GOVERNOR  
GOVERNOR@GOV.STATE.AK.US



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

P.O. BOX 110001  
JUNEAU, ALASKA 99811-0001  
(907) 465-3500  
FAX (907) 465-3532  
WWW.GOV.STATE.AK.US

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 increase the fee for a business license.

The current fee has been in effect since 1949. The current revenues collected fall far short of the services provided to Alaskan businesses. The increase in fees is in line with what other states charge.

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

## SENATE COMMITTEE REPORT First Committee of Referral

DATE: 3/6/03

FURTHER: Finance

Date of 5-Day Notice: 3/13/03  
(in accordance with Uniform Rule 23)

DATE TURNED  
IN TO OFFICE: 4/30/03

Labor and Commerce Committee considered SENATE BILL NO. 114

### SB 114 INCREASE BUSINESS LICENSE FEE

"An Act increasing the fee for a state business license; and providing for an effective date."

and recommends:

- be replaced with \_\_\_\_\_ CS SB 114 (L&C)
- adopt previous \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)
- attached amendment(s)
- adopt Letter of Intent by \_\_\_\_\_ Committee
- further referral to \_\_\_\_\_ Committee

**Senate Bill:**

- same title  
 new title

**House Bill:**

- same title  
 technical title  
 new: SCR # \_\_\_\_\_

**NEW FISCAL NOTE(S):**

Department	Date	Fiscal	Zero	FN#
* CED	4/30	✓		2

**PREVIOUS FISCAL NOTE(S):**

Department	Date	Fiscal	Zero	FN#

\* Rec'd forthcoming FN - Pub. 5/1

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
French <i>[Signature]</i>			X	
Seekins <i>[Signature]</i>	✓			
G. Stevens <i>[Signature]</i>				X
CHAIR: <i>[Signature]</i>	✓			

French  
Seekins  
G. Stevens  
  
Bunde

SENATE FINANCE COMMITTEE

SIGN - IN

SB 114-INCREASE BUSINESS LICENSE FEE

NAME: Rick Union Subject/Bill No: \_\_\_\_\_

Co./Dept./Title: Director Occupational Licensing Phone: 2538

Address: \_\_\_\_\_ Zip: \_\_\_\_\_

Do you wish to testify?  Yes  No  Respond To Questions

NAME: \_\_\_\_\_ Subject/Bill No: \_\_\_\_\_

Co./Dept./Title: \_\_\_\_\_ Phone: \_\_\_\_\_

Address: \_\_\_\_\_ Zip: \_\_\_\_\_

Do you wish to testify?  Yes  No  Respond To Questions

NAME: \_\_\_\_\_ Subject/Bill No: \_\_\_\_\_

Co./Dept./Title: \_\_\_\_\_ Phone: \_\_\_\_\_

Address: \_\_\_\_\_ Zip: \_\_\_\_\_

Do you wish to testify?  Yes  No  Respond To Questions

NAME: \_\_\_\_\_ Subject/Bill No: \_\_\_\_\_

Co./Dept./Title: \_\_\_\_\_ Phone: \_\_\_\_\_

Address: \_\_\_\_\_ Zip: \_\_\_\_\_

Do you wish to testify?  Yes  No  Respond To Questions

**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
<b>TOTAL OPERATING</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>CAPITAL EXPENDITURES</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>CHANGE IN REVENUES ( )</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>
-------------------------------	------------	------------	------------	------------	------------	------------

**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
<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>

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
<b>Non-Formula Program:</b>			
<b>Component Expenditures:</b>			
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
<b>Expenditure Totals</b>	<b>1,172.6</b>	<b>1,202.2</b>	<b>963.2</b>
<b>Funding Sources:</b>			
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
<b>Funding Totals</b>	<b>1,172.6</b>	<b>1,202.2</b>	<b>963.2</b>

**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>
<b>FY2003 Authorized</b>	1,202.2	0.0	0.0	1,202.2
<b>Adjustments which will continue current level of service:</b>				
-ADN# 20-3-0020 - Correctional Industries GF Auth to Inmate Health Care	-239.0	0.0	0.0	-239.0
<b>Proposed budget decreases:</b>				
-Amendment to AS 33.32.020, Correctional Industries Fund	-963.2	0.0	963.2	0.0
<b>FY2004 Governor</b>	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
<b>Totals</b>	<b>18</b>	<b>14</b>	<b>Total Personal Services</b>	<b>963,200</b>

## 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
<b>Totals</b>	<b>3</b>	<b>1</b>	<b>5</b>	<b>5</b>	<b>14</b>

**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%
<b>Totals</b>	<b>1,172.6</b>	<b>1,202.2</b>	<b>1,202.2</b>	<b>963.2</b>	<b>963.2</b>	<b>0.0</b>	<b>0.0%</b>
<b>Funding Sources:</b>							
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%
<b>Positions:</b>							
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											
		<b>Subtotal</b>	<b>1,202.2</b>	<b>1,202.2</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>18</b>	<b>0</b>	<b>0</b>
		***** 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.													
		<b>Subtotal</b>	<b>963.2</b>	<b>963.2</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>14</b>	<b>0</b>	<b>0</b>

**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.	
<b>Totals</b>		<b>963.2</b>	<b>963.2</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>14</b>	<b>0</b>	<b>0</b>

## 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 Pre-Vacancy:	1,003,263
				Minus Vacancy Adjustment of 3.99%:	(40,063)
				Total Post-Vacancy:	963,200
				Plus Lump Sum Premium Pay:	0
Total Component Months:	168.0			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

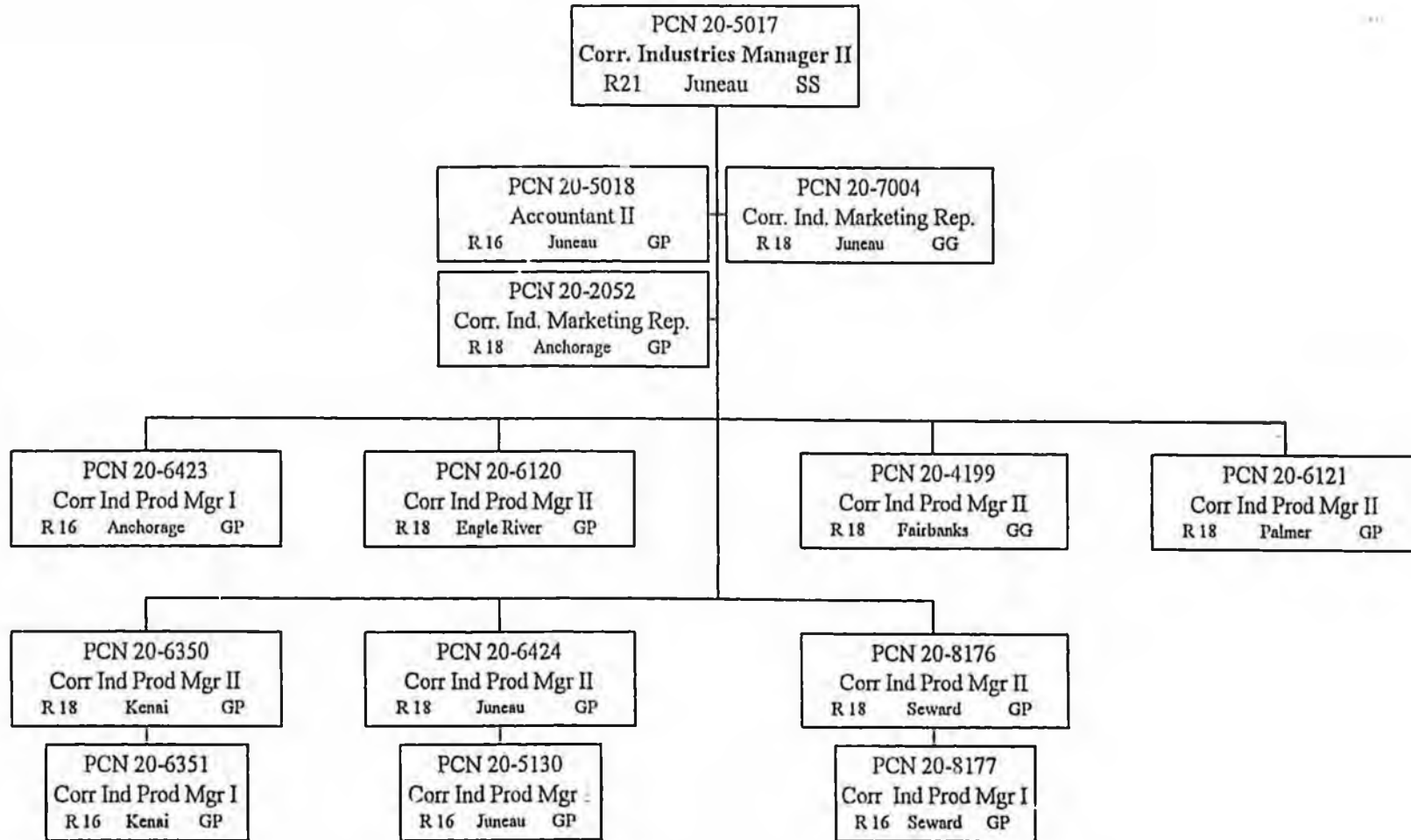
Department of Corrections

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
<b>Non-Formula Program:</b>			
<b>Component Expenditures:</b>			
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
<b>Expenditure Totals</b>	<b>3,231.8</b>	<b>4,150.6</b>	<b>4,150.6</b>
<b>Funding Sources:</b>			
1059 Correctional Industries Fund	3,231.8	4,150.6	4,150.6
<b>Funding Totals</b>	<b>3,231.8</b>	<b>4,150.6</b>	<b>4,150.6</b>

**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%
<b>Totals</b>	<b>3,231.8</b>	<b>4,150.6</b>	<b>4,150.6</b>	<b>4,150.6</b>	<b>4,150.6</b>	<b>0.0</b>	<b>0.0%</b>
<b>Funding Sources:</b>							
1059 Corr. Ind.	3,231.8	4,150.6	4,150.6	4,150.6	4,150.6	0.0	0.0%
<b>Positions:</b>							
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 *****													
	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 *****													
	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 *****													
	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  
GOVERNOR  
GOVERNOR@GOV.STATE.AK.US



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

P.O. Box 110001  
JUNEAU, ALASKA 99811-0001  
(907) 465-3500  
FAX (907) 465-3532  
WWW.GOV.STATE.AK.US

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

**SB**

**115**

SFIN

FILE

# SENATE FINANCE COMMITTEE REPORT

DATE: 3/20/03

REPORTED OUT  
  
APR 02 2003  
  
SENATE FINANCE  
COMMITTEE

FURTHER:

DATE TURNED  
IN TO OFFICE: 04/02/03

Finance Committee considered

SENATE BILL NO. 115

## SB 115 CORRECTIONAL INDUSTRIES PROGRAM EXPENSES

"An Act allowing expenses of the correctional industries program that may be financed from the correctional industries fund to include the salaries and benefits of state employees."

and recommends:

- be replaced with \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)
- adopt previous \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)
- attached amendment(s)
- adopt Letter of Intent by \_\_\_\_\_ Committee
- further referral to \_\_\_\_\_ Committee

**Senate Bill:**

- same title
- new title

**House Bill:**

- same title
- technical title
- new: SCR # \_\_\_\_\_

**NEW FISCAL NOTE(S):**

Department	Date	Fiscal	Zero	FN#

**PREVIOUS FISCAL NOTE(S):**

Department	Date	Fiscal	Zero	FN#
Corrections	3/5/03		✓	1

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	Do PASS	Do NOT PASS	No REC	AMEND
<i>Adrian Taylor</i>	✓			
<i>James [unclear]</i>			✓	
<i>J.C. Blencoe</i>	✓			
<i>Ben Stevens</i>	✓			
COCHAIR: <i>Lynne Green</i>	✓			
COCHAIR: <i>Sam Hill</i>	✓			

## SENATE BILL NO. 115

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-THIRD LEGISLATURE - FIRST SESSION

BY THE SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

Introduced: 3/6/03

Referred: State Affairs, Finance

## A BILL

## FOR AN ACT ENTITLED

1 "An Act allowing expenses of the correctional industries program that may be financed  
2 from the correctional industries fund to include the salaries and benefits of state  
3 employees."

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

5 \* Section 1. AS 33.32.020(a) is amended to read:

6 (a) There is established in the Department of Corrections an intragovernmental  
7 service fund known as the correctional industries fund. All expenses of the  
8 correctional industries program [~~EXCEPT SALARIES AND BENEFITS OF STATE~~  
9 EMPLOYEES.] may be financed from the correctional industries fund in accordance  
10 with AS 37.07 (the Executive Budget Act). The commissioner of corrections shall  
11 prepare a report annually on all activities and balances of the fund and notify the  
12 legislature that the report is available.

13 \* Sec. 2. This Act takes effect July 1, 2003.

# 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  
Administration  
Sponsor: \_\_\_\_\_ Component No. 701  
Requester: \_\_\_\_\_

**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
<b>TOTAL OPERATING</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>CAPITAL EXPENDITURES</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>CHANGE IN REVENUES ( )</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>
-------------------------------	------------	------------	------------	------------	------------	------------

**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
<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>

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

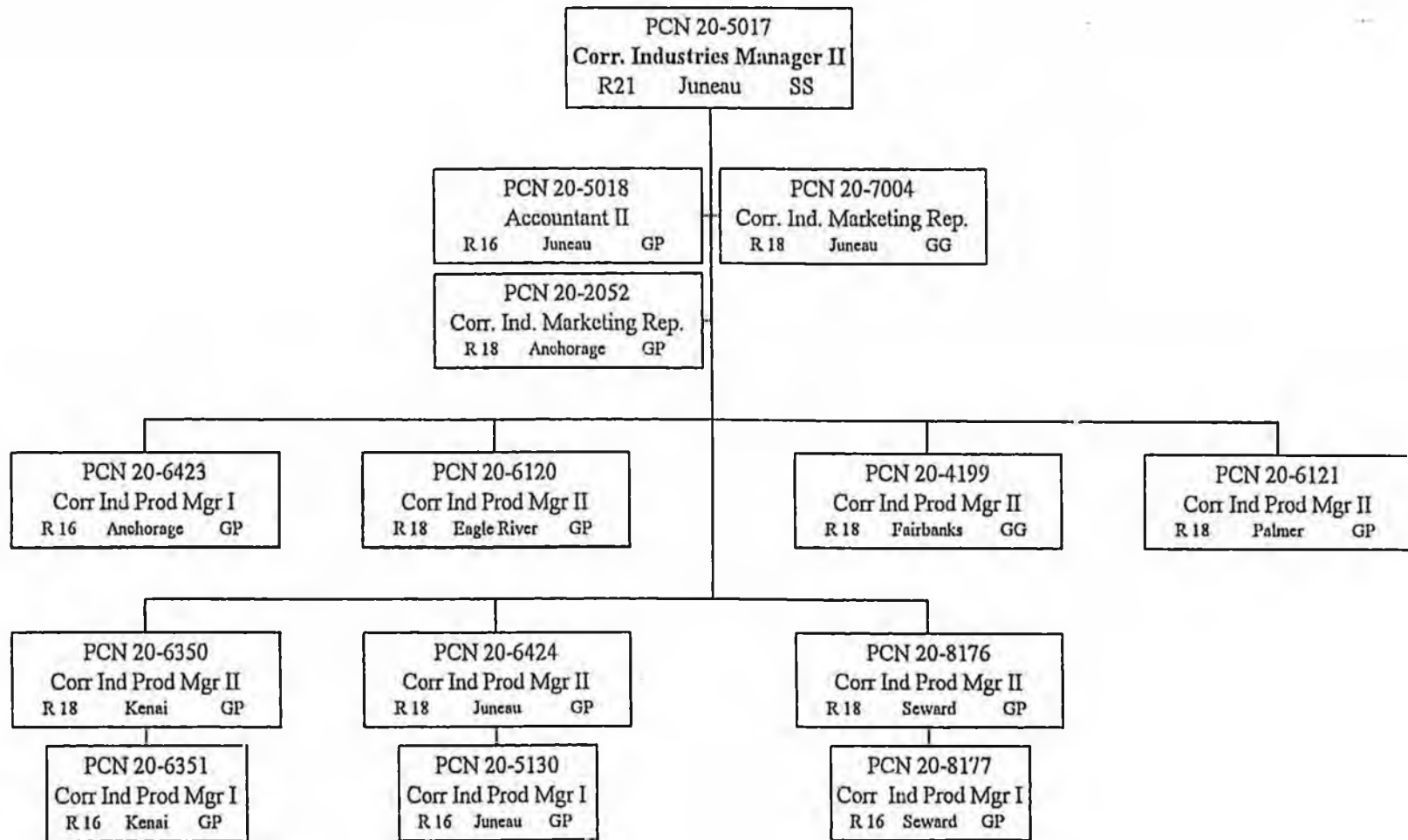
**ANALYSIS:** (Attach a separate page if necessary)

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

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



**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
<b>Non-Formula Program:</b>			
<b>Component Expenditures:</b>			
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
<b>Expenditure Totals</b>	<b>1,172.6</b>	<b>1,202.2</b>	<b>963.2</b>
<b>Funding Sources:</b>			
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
<b>Funding Totals</b>	<b>1,172.6</b>	<b>1,202.2</b>	<b>963.2</b>

**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>
<b>FY2003 Authorized</b>	1,202.2	0.0	0.0	1,202.2
<b>Adjustments which will continue current level of service:</b>				
-ADN# 20-3-0020 - Correctional Industries GF Auth to Inmate Health Care	-239.0	0.0	0.0	-239.0
<b>Proposed budget decreases:</b>				
-Amendment to AS 33.32.020, Correctional Industries Fund	-963.2	0.0	963.2	0.0
<b>FY2004 Governor</b>	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
<b>Totals</b>	<b>18</b>	<b>14</b>	<b>Total Personal Services</b>	<b>963,200</b>

## 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
<b>Totals</b>	<b>3</b>	<b>1</b>	<b>5</b>	<b>5</b>	<b>14</b>

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%
<b>Totals</b>	<b>1,172.6</b>	<b>1,202.2</b>	<b>1,202.2</b>	<b>963.2</b>	<b>963.2</b>	<b>0.0</b>	<b>0.0%</b>
<b>Funding Sources:</b>							
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. Inc.	0.0	0.0	0.0	0.0	963.2	963.2	100.0%
<b>Positions:</b>							
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	Misc.	Positions		
											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	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
	Subtotal	963.2	963.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	14	0	0

These positions are being deleted as a result of transferring the Mt. McKinley Meat Plant to the Department of Natural Resources.

**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 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												
1059 Corr. Ind.	963.2												
<p>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.</p> <p>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.</p> <p>A legislative change is necessary to allow Correctional Industries to pay state employee salaries with product revenues.</p>													
	<b>Totals</b>	<b>963.2</b>	<b>963.2</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>14</b>	<b>0</b>	<b>0</b>

**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		41,043	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 Pre-Vacancy:	1,003,263
				Minus Vacancy Adjustment of 3.99%:	(40,000)
				Total Post-Vacancy:	963,263
				Minus Lump Sum Premium Pay:	0
Total Component Months:	168.0			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%
<b>Total PCN Funding:</b>	<b>1,003,263</b>	<b>963,200</b>	<b>100.00%</b>

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.

## 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
<b>Non-Formula Program:</b>			
<b>Component Expenditures:</b>			
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
<b>Expenditure Totals</b>	<b>3,231.8</b>	<b>4,150.6</b>	<b>4,150.6</b>
<b>Funding Sources:</b>			
1059 Correctional Industries Fund	3,231.8	4,150.6	4,150.6
<b>Funding Totals</b>	<b>3,231.8</b>	<b>4,150.6</b>	<b>4,150.6</b>

**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>
<b>FY2003 Authorized</b>	0.0	0.0	4,150.6	4,150.6
<b>FY2004 Governor</b>	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%
<b>Totals</b>	<b>3,231.8</b>	<b>4,150.6</b>	<b>4,150.6</b>	<b>4,150.6</b>	<b>4,150.6</b>	<b>0.0</b>	<b>0.0%</b>
<b>Funding Sources:</b>							
1059 Corr. Ind.	3,231.8	4,150.6	4,150.6	4,150.6	4,150.6	0.0	0.0%
<b>Positions:</b>							
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											
<b>Subtotal</b>		<b>4,150.6</b>	<b>0.0</b>	<b>47.7</b>	<b>514.0</b>	<b>3,140.9</b>	<b>48.5</b>	<b>0.0</b>	<b>399.5</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>
***** Changes From FY2003 Authorized To FY2003 Management Plan *****													
<b>Subtotal</b>		<b>4,150.6</b>	<b>0.0</b>	<b>47.7</b>	<b>514.0</b>	<b>3,140.9</b>	<b>48.5</b>	<b>0.0</b>	<b>399.5</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>
***** Changes From FY2003 Management Plan To FY2004 Governor *****													
<b>Totals</b>		<b>4,150.6</b>	<b>0.0</b>	<b>47.7</b>	<b>514.0</b>	<b>3,140.9</b>	<b>48.5</b>	<b>0.0</b>	<b>399.5</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>

FRANK H. MURKOWSKI  
GOVERNOR  
GOVERNOR@GOV.STATE.AK.US



P.O. Box 110001  
JUNEAU, ALASKA 99811-0001  
1907, 465-3500  
FAX 1907, 465-3532  
WWW.GOV.STATE.AK.US

STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

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

## SENATE COMMITTEE REPORT First Committee of Referral

DATE: 3/6/03

FURTHER: Finance

Date of 5-Day Notice: 3/13/03  
(in accordance with Uniform Rule 23)

DATE TURNED  
IN TO OFFICE: 3/19/03

State Affairs Committee considered      SENATE BILL NO. 115

### SB 115 CORRECTIONAL INDUSTRIES PROGRAM EXPENSES

"An Act allowing expenses of the correctional industries program that may be financed from the correctional industries fund to include the salaries and benefits of state employees."

and recommends:

be replaced with \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)

adopt previous \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)

attached amendment(s)

adopt Letter of Intent by \_\_\_\_\_ Committee

further referral to \_\_\_\_\_ Committee

**Senate Bill:**

same title

new title

**House Bill:**

same title

technical title

new: SCR # \_\_\_\_\_

**NEW FISCAL NOTE(S):**

Department	Date	Fiscal	Zero	FN#
DOC	3/5/03	✓		1

**PREVIOUS FISCAL NOTE(S):**

Department	Date	Fiscal	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:		DO PASS	DO NOT PASS	NO REC	AMEND
Hoffman	<i>[Signature]</i>			✓	
Cowdery	<i>[Signature]</i>	✓			
Dyson	<i>[Signature]</i>	✓			
Guess	<i>[Signature]</i>			✓	
G. Stevens	<i>[Signature]</i> CHAIR:	✓			

**SB**

**116**

**SFIN**

**FILE**

SB 116

was referred to the  
Senate Finance  
Committee

No hearing was held  
on this bill

FRANK H. MURKOWSKI  
GOVERNOR  
GOVERNOR@GOV.STATE.AK.US



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

P O Box 110001  
JUNEAU, ALASKA 99811-0001  
(907) 465-3500  
FAX (907) 465-3532  
WWW.GOV.STATE.AK.US

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 Authority of article III, section 18, of the Alaska Constitution, I am transmitting a bill related to the state's air quality control program.

The State of Alaska has responsibility for management of air quality and recognizes that air permits are necessary to maintain Alaska's excellent air quality. The bill achieves protection of air quality while reforming the permit review process to make permitting predictable, reliable and rational. Specifically, the bill will:

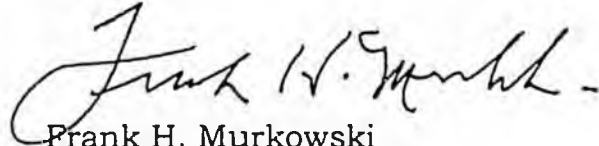
- Allow DEC's program to reflect national precedents, court decisions, and incorporate best practices from other states into our permits.
- Differentiate major source from minor source permits.
- Regulate minor sources based on standardized permit conditions that incorporate best management practices.
- Exempt sources based on standardized permit conditions that incorporate best management practices.
- Exempt sources from permitting to the extent allowed under federal law.
- Achieve efficiency through adopting federal rules by reference.

The Honorable Gene Therriault  
March 5, 2003  
Page 2

In the end, the reform that this bill initiates will result in more efficient review of permits and more "hard-hat time" for field inspectors working to make sure standards are protective and permits are enforced.

I urge your prompt and favorable consideration of this important legislation.

Sincerely,

A handwritten signature in cursive script, appearing to read "Frank H. Murkowski".

Frank H. Murkowski  
Governor

**SB**

**117**

**HFIN**

**FILE**



# FISCAL NOTE

**STATE OF ALASKA**  
**2003 LEGISLATIVE SESSION**

Fiscal Note Number: 6  
 Bill Version: CSSB 117(FIN)  
 ( S ) Publish Date: 5/14/03  
 Dept. Affected: Health & Social Services  
 BRU Medical Assistance  
 Component Medicaid Services

Revision Date/Time (Note if correction):  
 Title ELIMINATE LONGEVITY BONUS  
 Sponsor SENATE (RLS) BY REQUEST OF THE GOVERNOR

Requester \_\_\_\_\_ Component No. 2077

**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						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims	2,494.0	2,349.7	2,217.2	2,096.4	1,797.4	1,656.3
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>2,494.0</b>	<b>2,349.7</b>	<b>2,217.2</b>	<b>2,096.4</b>	<b>1,797.4</b>	<b>1,656.3</b>

<b>CAPITAL EXPENDITURES</b>						
-----------------------------	--	--	--	--	--	--

<b>CHANGE IN REVENUES (3)</b>						
-------------------------------	--	--	--	--	--	--

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts	1,587.6	1,478.2	1,375.9	1,280.6	1,192.4	1,107.8
1003 GF Match	906.4	871.5	841.3	815.8	605.0	543.5
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other(Specify Type-do not abbreviate)						
<b>TOTAL</b>	<b>2,494.0</b>	<b>2,349.7</b>	<b>2,217.2</b>	<b>2,096.4</b>	<b>1,797.4</b>	<b>1,656.3</b>

Estimate of any current year (FY2003) cost: \_\_\_\_\_  
 Mark this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)  
 This bill phases out the Alaska Longevity Bonus Program. This phase-out may cause some seniors who are not currently receiving APA and Medicaid to seek help because their income has dropped below what they need to make ends meet. Seniors age 65+ who are eligible for APA payments are entitled to coverage under the Medicaid program.  
 The Division of Public Assistance estimates that approximately 500 seniors would apply and be found eligible for APA. The Division of Medical Assistance estimates that approximately 50 of those seniors are already receiving Medicaid under other categories, so 450 seniors would become newly eligible for Medicaid in FY 04.

Prepared by: Jon Sherwood Fphone 465-5820  
 Division: Medical Assistance Date/Time 05/14/2003  
 Approved by: Joel S. Gilbertson, Commissioner Date 05/14/2003  
 Agency: Department of Health and Social Services

COMMITTEE COPY

FISCAL NOTE  
FN 6

STATE OF ALASKA  
2003 LEGISLATIVE SESSION

BILL NO. CSSB 117(FIN)

ANALYSIS CONTINUATION

The estimated cost of providing Medicaid services to these seniors is \$490/month per senior. Due to death and out migration, 7 % of these new eligibles will leave the caseload each year. The cost of these new eligibles is shown below. Federal Funds are assumed to be 60% of the cost of adding new people before the adjustment.

FY 04: 450 persons x \$490/mo. x 12 mo. = \$2,646.0

FY 05: 419 persons x \$490/mo. x 12 mo. = \$2,463.7

FY 06: 390 persons x \$490/mo x 12 mo. = \$2,293.2

FY 07: 363 persons x \$490/mo. x 12 mo. = \$2,134.4

FY 08: 338 persons x \$490/mo. x 12 mo. = \$1,987.4

FY 09: 314 persons x \$490/mo. x 12 mo. = \$1,846.3

In addition, the Department currently spends \$190,000 in general funds on ALB Hold Harmless payments. These payments would be reduced as the ALB phased out. The adjusted costs of increased Medicaid coverage for senior citizens are shown below.

FY 04: \$2,646.0 - \$152.0 = \$2,494.0

FY 05: \$2,463.7 - \$114.0 = \$2,349.7

FY 06: \$2,293.2 - \$76.0 = \$2,217.2

FY 07: \$2,134.4 - \$38.0 = \$2096.4

FY 08: \$1,987.4 - \$0.0 = \$1,797.4

FY 09: \$1,846.3 - \$0.0= \$1,656.3

# FISCAL NOTE

**STATE OF ALASKA**  
**2003 LEGISLATIVE SESSION**

Fiscal Note Number: 5  
 Bill Version: CSSB 117 (FIN)  
 (S) Publication Date: 5/14/03

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Health & Social Services  
 Title: ELIMINATE LONGEVITY BONUS BRU: Alaska Longevity Programs  
 Component: Pioneers' Homes  
 Sponsor: SENATE (RLS) BY REQUEST OF  
 Requester: THE GOVERNOR Component No: 2671

**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
<b>TOTAL OPERATING</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>CAPITAL EXPENDITURES</b>						
-----------------------------	--	--	--	--	--	--

<b>CHANGE IN REVENUES ( )</b>						
-------------------------------	--	--	--	--	--	--

**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	115.7	230.8	345.8	460.9	576.0	576.0
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
1156 Receipt Supported Services	(115.7)	(230.8)	(345.8)	(460.9)	(576.0)	(576.0)
<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>

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						
Part-time						
Temporary						

**ANALYSIS:** *(Attach a separate page if necessary)*  
 Phasing-out and then eliminating the Longevity Bonus Program will result in the reduction of Pioneers' Home receipts. Certain residents on the payment assistance program will receive reduced Longevity Bonus payments and therefore will have less income to pay towards their monthly rate.  
  
 This estimated loss in receipt supported services is based on our current resident population receiving Longevity Bonus warrants.

Prepared by: John Vowell Phone 465-4416  
 Division: Alaska Longevity Programs Date/Time 5/14/03 1:46 PM  
 Approved by: Bob Labbe, Deputy Commissioner Date 5/14/2003  
 Agency: Department of Administration

# FISCAL NOTE

STATE OF ALASKA  
2003 LEGISLATIVE SESSION

Fiscal Note Number: 4  
Bill Version: CSSB 117(FIN)  
(S) Publish Date: 5/14/03

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Health & Social Services  
Title: ELIMINATE LONGEVITY BONUS BRU: Longevity Bonus Grants  
Component: Longevity Bonus Grants  
Sponsor: SENATE (RLS) BY REQUEST OF  
Requester: GOVERNOR Component No.: 26

**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						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims	(8,956.4)	(16,617.9)	(23,034.5)	(28,162.8)	(32,130.4)	(29,080.8)
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>(8,956.4)</b>	<b>(16,617.9)</b>	<b>(23,034.5)</b>	<b>(28,162.8)</b>	<b>(32,130.4)</b>	<b>(29,080.8)</b>

CAPITAL EXPENDITURES						
----------------------	--	--	--	--	--	--

CHANGE IN REVENUES ( )						
------------------------	--	--	--	--	--	--

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	(8,956.4)	(16,617.9)	(23,034.5)	(28,162.8)	(32,130.4)	(29,080.8)
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
<b>TOTAL</b>	<b>(8,956.4)</b>	<b>(16,617.9)</b>	<b>(23,034.5)</b>	<b>(28,162.8)</b>	<b>(32,130.4)</b>	<b>(29,080.8)</b>

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						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)  
This fiscal note reflects the estimated savings by reducing the Longevity Bonus payments 20% each fiscal year beginning FY 2004 and ending FY 2007. The program will be eliminated June 30, 2007.

Prepared by: John Vowell Phone: \_\_\_\_\_  
Division: Alaska Longevity Programs Date/Time: 5/14/03 1:40 PM  
Approved by: Bob Labbe, Deputy Commissioner Date: 5/14/2003  
Agency: Department of Health & Social Services

COMMITTEE COPY

# FISCAL NOTE

STATE OF ALASKA  
2003 LEGISLATIVE SESSION

Fiscal Note Number: 3  
 Bill Version: CSSB 117(FIN)  
 ( S ) Publish Date: 5/14/03  
 Dept. Affected: Health & Social Services  
 BRU Public Assistance  
 Component OAA-ALB Hold Harmless

Revision Date/Time (Note if correction): 5/14/2003  
 Title ELIMINATE LONGEVITY BONUS

Sponsor SENATE (RLS) BY REQUEST OF THE GOVERNOR

Requester \_\_\_\_\_

Component No. 223

**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						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims	( 291.9)	( 583.8)	( 875.7)	( 1,167.6)	( 1,459.5)	( 1,459.5)
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>( 291.9)</b>	<b>( 583.8)</b>	<b>( 875.7)</b>	<b>( 1,167.6)</b>	<b>( 1,459.5)</b>	<b>( 1,459.5)</b>

<b>CAPITAL EXPENDITURES</b>						
<b>CHANGE IN REVENUES (0)</b>						

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	( 291.9)	( 583.8)	( 875.7)	( 1,167.6)	( 1,459.5)	( 1,459.5)
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other(Specify Type-do not abbreviate)						
<b>TOTAL</b>	<b>( 291.9)</b>	<b>( 583.8)</b>	<b>( 875.7)</b>	<b>( 1,167.6)</b>	<b>( 1,459.5)</b>	<b>( 1,459.5)</b>

Estimate of any current year (FY2003) cost: \_\_\_\_\_

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

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

This legislation phases out the Alaska Longevity Bonus Program (ALB) over a five-year time period. Longevity bonus payments will be reduced by 20% in FY05, by 40% in FY05, by 60% in FY06, by 80% in FY07, and by 100% in FY08.

Federal SSI eligibility rules require that the ALB must be counted as income when determining SSI eligibility. This results in the loss of all or a portion of SSI benefits to approximately 1000 ALB/SSI recipients. To mitigate the loss of SSI income, the ALB Hold harmless program replaces these lost SSI benefits. As the ALB payments are phased out, the amount needed to replace lost SSI benefits will be reduced by the same percentage as the longevity bonus.

Prepared by: Angela Salerno  
 Division: Public Assistance  
 Approved by: Joel S. Gilbertson, Commissioner  
 Agency: Department of Health and Social Services

Phone 465-3200  
 Date/Time 04/29/2003  
 Date 05/14/2003

COMMITTEE COPY