

ALASKA LEGISLATURE COMMITTEE FILES 1981-1982 8672

1335 HHESS HB 194 - HB 195

Recommendations linking specific product/service lines with appropriate institutions were made and are presented in this chart.

Eagle River Fairbanks Juneau Palmer New Centralized Fac.

| | Eagle River | Fairbanks | Juneau | Palmer | New Centralized Fac. |
|----------------------|-------------|-----------|--------|--------|----------------------|
| Highway signs * | | | | X | X |
| Office furniture | | | | | X |
| Decals/stickers * | X | | | | X |
| Laundry | | | X | | |
| Tire recapping | | | | X | |
| Keypunch | | | X | | |
| Janitorial supplies | | | | | X |
| Furniture Refinish. | | | | | X |
| Agriculture | | | | X | |
| Dairy | | | | X | |
| Small Engine Repair* | X | X | X | X | |
| Handicrafts * | X | X | X | X | X |

* These shops could be placed in any of these institutions.

PROGRAM PARTICIPATION

| <u>Institution</u> | <u>None</u> | <u>Alcohol Treatment</u> | <u>Drug Treatment</u> | <u>Counseling</u> | <u>Education</u> | <u>Vocational Training</u> |
|--------------------|-------------|--------------------------|-----------------------|-------------------|------------------|----------------------------|
| Statewide | 51% | 16% | 3% | 13% | 10% | 7% |
| Anchorage CC | 68% | 32% | - | - | - | - |
| Anchorage Annex | 93% | - | - | - | - | 7% |
| Eagle River CC | 18% | 25% | 3% | 33% | 13% | 8% |
| Ridgeview CC | 31% | - | - | 62% | 5% | - |
| Palmer CC | 68% | 15% | - | - | 18% | - |
| Fairbanks CC | 55% | 30% | 12% | - | 3% | - |
| Ketchikan CC | 71% | - | - | 7% | - | 21% |
| Juneau CC | 33% | 10% | 2% | 19% | 16% | 20% |
| Nome CC | 38% | - | - | 62% | - | - |
| FBP | 60% | 8% | 3% | 5% | 15% | 9% |

| <u>Institution</u> | <u>Percent of Inmates with Work</u> |
|--------------------|-------------------------------------|
| Anchorage CC | 20% |
| Anchorage Annex | 13% |
| Eagle River CC | 64% |
| Ridgeview CC | 57% |
| Palmer CC | 97% |
| Fairbanks CC | 65% |
| Ketchikan CC | 64% |
| Juneau CC | 56% |
| Nome CC | 38% |
| FBP | 65% |

Agricultural Development

The Division of Corrections can make a substantial contribution to the development of Alaska's agricultural potential by providing labor to that industry. In its publication Alaska's Agricultural Potential the Alaska Rural Development Council identified the lack of readily available labor during the summer months as one factor inhibiting the development of Alaskan agriculture. Specifically it stated that:

"Availability of labor at timely intervals is an important concern. Because of the short season for many activities in Alaska, there is substantial competition for labor during the summer months usually followed by a long period of inactivity. Thus, agriculture must be able to compete with a broad range of industrial activities. Consequently, labor intensive enterprises are placed under severe pressure to meet such competition..."*

The report goes on to identify a number of specific markets which could be developed further in Alaska if labor was more readily available. These markets include dairy products, cereal grains for livestock feeding, and year round greenhouse or growth factory production including the growth of salad greens and greenhouse ornamentals such as shrubs and trees.

* Alaska's Agricultural Potential, Alaska Rural Development Council, p. 137.

If the Division of Corrections could supply vitally needed labor to the Alaska Department of Agriculture during the summer months, then it could be making a contribution to the agricultural development of the state. We recommend that this possibility be explored further. Specifically, we recommend that:

-- REPRESENTATIVES OF THE DIVISION OF CORRECTIONS, DEPARTMENT OF AGRICULTURE, RURAL DEVELOPMENT COUNCIL, AND NATIVE ALASKAN CORPORATIONS MEET TO DISCUSS WHAT ROLE THE DIVISION OF CORRECTIONS COULD PLAY IN ALASKA'S AGRICULTURAL DEVELOPMENT

Among other topics, such a planning group should explore the availability of labor from the Division of Corrections and its contribution to the long term improvement of Alaska's agriculture.

Community Service/Public Works Projects

In the past public works crews have operated successfully out of both the Palmer and Juneau correctional facilities. At Palmer, crews performed such tasks as clearing fire breaks in parks and forest firefighting. At the Juneau facility, work crews maintained local hiking trails. In Kotzebue, the police chief presently keeps a significant percentage of the jail population busy performing community services for various city departments. Such community service/public works projects should be reinstated at the Palmer and Juneau facilities and expanded to other rural-based institutions, in addition to the one at Kotzebue. Before such projects can

Sectional Analysis of HB194
Prison Industries Bill

Sec. 1. AS 33.30.225 is repealed and reenacted to read:

Sec. 33.30.225. The policy of the state shall be that prisoners shall be as fully employed as possible within a 40 hour work week limitation. Activities constituting productive employment are routine maintenance and support services, vocational and academic education; industrial, agricultural and service activities; and public conservation projects. The Commissioner may enter into contracts or agreements with any public agency for the performance of conservation projects.

Sec. 2. A new section is added to read:

Sec. 33.30.227. Prisoners employed in the prison industries program and other activities outside the scope of the program shall be paid from appropriations at a rate determined by the Commissioner.

Sec. 3. A new section is added to AS 33.30 to read:

ARTICLE 4. CORRECTIONAL INDUSTRIES

Sec. 33.30.400. The purpose of AS 33.30.400-490 is to develop and operate employment enterprises under the jurisdiction of the Commissioner; provide as realistic work experience as possible for prisoners; encourage and develop financial responsibility and good work habits aiming at enhanced future employability; and generate monies to cover expenses of the program.

Sec. 33.30.410. Outlines the powers and duties of the Commissioner. The Commissioner, in establishing and administering the program, may use, purchase, lease, equip, maintain buildings, machinery, and other equipment, and may purchase materials and enter into contracts. The Commissioner may provide the state and political subdivisions thereof, federal government, other states and their subdivisions, nonprofit organizations with services or products of the prison industries program.

Sec. 33.30.420(a) Provides for the marketing of products.
(b) Products shall be purchased by state agencies through the Department of Administration. Products must meet certain standards and there will be an exclusivity arrangement for these products which the prison industries can provide the state. State agencies shall make maximum use of prison industries products and help develop new products or adaptations.

(c) The Commissioner shall set prices at a rate comparable to similar services and products offered by commercial sources.

(d) In addition to the above, agricultural produce may be sold to wholesalers or distributors.

(e) The Commissioner of Administration shall establish suitable accounting and purchasing methods to facilitate production, marketing, and accurate cost data figures on prison industries products.

Sec. 33.30.430. The department shall comply with federal and state health and safety regulations, except for workers' compensation. AS 23 are inapplicable to prisoners. Prisoners do not have the same rights as state employees.

Sec. 33.30.440. The Commissioner shall establish a pay plan for prisoners based on quantity and quality of work and skill level required. This may include wage incentives. The Commissioner shall also determine the amount to be credited to a prisoner after disbursements are made under (b) of this section.

(b) The Commissioner shall disburse money earned by a prisoner for the following reasons: to pay restitution or fine ordered by court; for reimbursement to victim as provided by AS 18.67; to pay civil judgment arising out of his conduct; for dependent support; to purchase commissary items or clothing. (c) The remaining funds will be retained by the Commissioner for the prisoner until his release except that a portion may be withdrawn for other purposes that the Commissioner deems appropriate.

(d) A portion of a prisoner's earnings shall be forfeited upon escape and deposited in the general fund by the Commissioner.

Sec. 33.30.450. Those portions of the prisoner payments left after disbursements are the only figures which are subject to lien, attachment, garnishment or execution or similar procedures.

Sec. 33.30.460. Provides for the Correctional Industries Commission as a policy making body. The composition of the seven member commission is to be drawn from private industry, organized labor, agriculture, the general public and one ex-offender. The Commissioners of Administration and DHSS shall also serve with the latter presiding. (b) The commission shall meet at least four times a year (c) Members serve without compensation except per diem, travel expenses.

(c) The Commission shall make recommendations to the Commissioner considering public testimony. These recommendations shall promote self-sufficiency, provide as much employment as feasible for prisoners, to minimize the impact on existing state industry and provide a service to the state.

Sec. 33.30.480. Under the approval of the Commissioner, state property and equipment may be transferred to the correctional industries program without charge.

Sec. 33.30.490. Provides for a five year analysis of the program to the legislature. This review will cover status quo and future directions. No action by the legislature will continue the program.

Sec. 4. AS 37.05.230 is amended by adding the following:

(9) Competitive bids are inapplicable to this program.

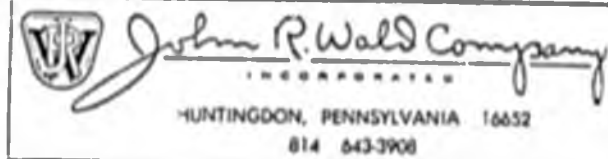
Sec. 5. AS 33.30.270/280 and AS 36.10.060 are repealed.

Sec. 6. This act takes effect immediately.

CORRECTIONAL INDUSTRY PROGRAMS

COMPARISON BY STATES

- I. INTRODUCTION
- II. CORRECTIONAL INDUSTRY PROGRAMS/STANDARD INDUSTRIAL CLASSIFICATIONS (SIC)
- III. CHART - COMPARISON BY STATES
- IV. CORRECTIONAL INDUSTRY PROGRAMS BY STATES



- INTRODUCTION -

In an effort to more completely list the variety of Correctional Industry Programs operating in corrections today and relate these to comparable industries prevalent in the private sector, we have prepared the attached Comparison by States using the Standard Industrial Classification (SIC) system, as outlined by the U. S. Department of Commerce.

Under the Standard Industrial Classification (SIC) system, an industry is generally defined as a group of establishments producing a single product or a, more or less, closely related group of products. The product groupings from which industry classifications are derived are based on such considerations as whether they are typically produced by the same establishment, similarity of manufacturing processes, types of materials used, types of customers, and the like. The system operates in such a way that the definitions become progressively narrower with successive additions of specific classifications. There are 20 very broad 2-digit groups. The products of the manufacturing industries have been assigned codes based on the industry from which they originate. An establishment is classified in a particular industry if its production of the primary products of that industry exceeds its production of products of any other single industry. In a few instances, however, the industry classification of an establishment is determined not only by the products it makes, but also by the processes employed in making those products.

In earlier censuses, a number of small establishments may have been misclassified as to industry. The industry classifications for these establishments were assigned on the basis of brief descriptions of the general activity of the establishment. Where the description is incomplete or there are relatively fine lines of demarcation between industries or between manufacturing and nonmanufacturing activity, the code assigned to an establishment could differ from that which would have been assigned on the basis of more complete product information.

While some establishments produce only the primary products of the industry in which they are classified, it rarely happens that all the establishments in an industry specialize to this extent.

II

CORRECTIONAL INDUSTRY PROGRAMS/STANDARD INDUSTRIAL CLASSIFICATIONS (SIC)

In our effort to relate Correctional Industry Programs to Standard Industrial Classifications we prepared the attached outline, listing every known Correctional Industry Program under each of the Code 20 thru Code 40 Standard Industry Classification (SIC). Industrial Code efforts were made to (identify), first, the so-called traditional correctional industries and, secondly, the variety of new ventures and/or satellite type programs with the Standard Industrial Classifications.

CORRECTIONAL INDUSTRY PROGRAM?

STANDARD INDUSTRIAL CLASSIFICATION (SIC) INDUSTRIAL CODE

20 FOOD & KINDRED PRODUCTS

Abattoir/Meat Processing
Cannery
Coffee & Tea
Dairy Products
Farming
Feed/Flour/Grain
Orchard

21 TOBACCO PRODUCTS

22 TEXTILE MILL PRODUCTS

Cordage/Twine/Rope
Knitting
Spin/Weave

23 APPAREL, OTHER TEXTILE PRODUCTS

Canvas Specialty Products
Drapery
Flags
Garment
Glove
Hosiery (see Knitting)
Linens
Rugs
Tailor

24 LUMBER AND WOOD PRODUCTS

Carpentry
Containers
Forest Mgmt./Timber
Furniture
Park Equipment
Pressure Creosote Treatment
Saw Mill & Lumber Products
Snow Fence Mfg.
Misc. Wood Products

25 FURNITURE & FIXTURES

Furniture
Wood (new)
Metal (new)
Repair/Refinishing
Upholstering
Mattress/Pillow
Office Partitions
Venetian Blinds

26 PAPER AND ALLIED PRODUCTS

Bags
Boxes (cardboard)

27 PRINTING AND PUBLISHING

Bookbinding/Repair
Decals
Engraving (Name Plates,
Plaques)
Printing
Rubber Stamps
Silkscreening
Validation Stickers

28 CHEMICALS AND ALLIED PRODUCTS

Janitorial Products
Paint
Soap Products

29 PETROLEUM & COAL PRODUCTS

Oil Recycling

30 RUBBER & PLASTICS PRODUCTS

Plastic Bags
Plastic Products
Tire Recapping

- CORRECTIONAL INDUSTRY PROGRAMS -
(SIC)

31 LEATHER & LEATHER PRODUCTS

Belts
Leather Bags
Shoes (New & Repair)

32 STONE, CLAY, AND GLASS PRODUCTS

Masonry Products
Concrete
Brick

33 PRIMARY METAL INDUSTRIES

Foundry

34 FABRICATED METAL PRODUCTS

Auto Tags
Machine Shop
Metal Working
Sheet Metal
Tubular
Signs (Metal)
Misc. Metal Products

35 MACHINERY EXCEPT ELECTRICAL

Business & Office Machine Repair
Farm Machinery

36 ELECTRICAL EQUIPMENT & SUPPLIES

Electronics
Maintenance (Electric)

37 TRANSPORTATION EQUIPMENT

Auto Repair
Bus Repair
Truck Repair

38 INSTRUMENTS RELATED PRODUCTS

Dental (Prosthetics/Lab)
Optical Lab

39 MISCELLANEOUS MANUFACTURING INDS.

Brooms/Brushes/Mops
Educational Toys

40 SERVICE INDUSTRIES (MISCELLANEOUS)

Freight Service
Laundry/Dry Cleaning
Nursery
Records Conversion
Outside Labor Services

III

CHART

CORRECTIONAL INDUSTRY PROGRAMS

COMPARISON BY STATES

The attached chart was prepared indicating those Industrial Programs (indicated by dots "•") active in each state.

As with any survey it is difficult to assure 100% validity to the programs by state. The results of our research and survey, as indicated on the chart, were arrived at by consensus thru the following sources of information:

1. John R. Wald Company chart titled "State Use Correctional Industries Comparison by States" dated 1-1-74.
2. Correctional Industries Association's 1978-79 Directory.
3. Industry Survey by State of Michigan conducted March 1977.
4. John R. Wald Company publication "Correctional Industries - State Use Sales" 11-1-77.
5. State Correctional Industry Catalogues.
6. Spot calls to Industry Directors, picked at random.
7. Spot reviews in-person with Correctional Industry personnel.

STANDARD INDUSTRIAL
CLASSIFICATION (SIC)
INDUSTRIAL CODE

32 STONE, CLAY, AND GLASS PRODUCTS

Masonry Products
Concrete
Brick

| | |
|--|----------------------|
| | ALABAMA |
| | ALASKA |
| | ARIZONA |
| | ARKANSAS |
| | CALIFORNIA |
| | COLORADO |
| | CONNECTICUT |
| | DELAWARE |
| | DISTRICT OF COLUMBIA |
| | FLORIDA |
| | GEORGIA |

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| | HAWAII |
| | IDAHO |
| | ILLINOIS |
| | INDIANA |
| | IOWA |
| | KANSAS |
| | KENTUCKY |
| | LOUISIANA |
| | MAINE |
| | MARYLAND |
| | MASSACHUSETTS |

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| | MICHIGAN |
| | MINNESOTA |
| | MISSISSIPPI |
| | MISSOURI |
| | MONTANA |
| | NEBRASKA |
| | NEVADA |
| | NEW HAMPSHIRE |
| | NEW JERSEY |
| | NEW MEXICO |

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| | NEW YORK |
| | NORTH CAROLINA |
| | NORTH DAKOTA |
| | OHIO |
| | OKLAHOMA |
| | OREGON |
| | PENNSYLVANIA |
| | RHODE ISLAND |
| | SOUTH CAROLINA |
| | SOUTH DAKOTA |

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| | TENNESSEE |
| | TEXAS |
| | UTAH |
| | VERMONT |
| | VIRGINIA |
| | WASHINGTON |
| | WEST VIRGINIA |
| | WISCONSIN |
| | WYOMING |

33 PRIMARY METAL INDUSTRIES

Auto Trks
Pac Line Shop
Metal Working
Sheet Metal
Tubular
Signs (Metal)
Misc. Metal Products

| | |
|--|----------------------|
| | ALABAMA |
| | ALASKA |
| | ARIZONA |
| | ARKANSAS |
| | CALIFORNIA |
| | COLORADO |
| | CONNECTICUT |
| | DELAWARE |
| | DISTRICT OF COLUMBIA |
| | FLORIDA |
| | GEORGIA |

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| | HAWAII |
| | IDAHO |
| | ILLINOIS |
| | INDIANA |
| | IOWA |
| | KANSAS |
| | KENTUCKY |
| | LOUISIANA |
| | MAINE |
| | MARYLAND |
| | MASSACHUSETTS |

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| | MICHIGAN |
| | MINNESOTA |
| | MISSISSIPPI |
| | MISSOURI |
| | MONTANA |
| | NEBRASKA |
| | NEVADA |
| | NEW HAMPSHIRE |
| | NEW JERSEY |
| | NEW MEXICO |

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| | NEW YORK |
| | NORTH CAROLINA |
| | NORTH DAKOTA |
| | OHIO |
| | OKLAHOMA |
| | OREGON |
| | PENNSYLVANIA |
| | RHODE ISLAND |
| | SOUTH CAROLINA |
| | SOUTH DAKOTA |

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| | TENNESSEE |
| | TEXAS |
| | UTAH |
| | VERMONT |
| | VIRGINIA |
| | WASHINGTON |
| | WEST VIRGINIA |
| | WISCONSIN |
| | WYOMING |

35 MACHINERY, EXCEPT ELECTRICAL

Buylr/ae & Office Machine Repair
Farm Machinery
Electronics
Maintenance (Electric)

| | |
|--|----------------------|
| | ALABAMA |
| | ALASKA |
| | ARIZONA |
| | ARKANSAS |
| | CALIFORNIA |
| | COLORADO |
| | CONNECTICUT |
| | DELAWARE |
| | DISTRICT OF COLUMBIA |
| | FLORIDA |
| | GEORGIA |

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| | ILLINOIS |
| | INDIANA |
| | IOWA |
| | KANSAS |
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| | LOUISIANA |
| | MAINE |
| | MARYLAND |
| | MASSACHUSETTS |

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| | MONTANA |
| | NEBRASKA |
| | NEVADA |
| | NEW HAMPSHIRE |
| | NEW JERSEY |
| | NEW MEXICO |

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| | NORTH DAKOTA |
| | OHIO |
| | OKLAHOMA |
| | OREGON |
| | PENNSYLVANIA |
| | RHODE ISLAND |
| | SOUTH CAROLINA |
| | SOUTH DAKOTA |

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| | TENNESSEE |
| | TEXAS |
| | UTAH |
| | VERMONT |
| | VIRGINIA |
| | WASHINGTON |
| | WEST VIRGINIA |
| | WISCONSIN |
| | WYOMING |

36 INSTRUMENTS, RELATED PRODUCTS

Dental (Prosthetics/Lab)
Optical Lab
Miscellaneous Manufacturing Indus.
Brooms/Brushes/Mops
Educational Toys

| | |
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| | ALABAMA |
| | ALASKA |
| | ARIZONA |
| | ARKANSAS |
| | CALIFORNIA |
| | COLORADO |
| | CONNECTICUT |
| | DELAWARE |
| | DISTRICT OF COLUMBIA |
| | FLORIDA |
| | GEORGIA |

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| | ILLINOIS |
| | INDIANA |
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| | LOUISIANA |
| | MAINE |
| | MARYLAND |
| | MASSACHUSETTS |

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| | MINNESOTA |
| | MISSISSIPPI |
| | MISSOURI |
| | MONTANA |
| | NEBRASKA |
| | NEVADA |
| | NEW HAMPSHIRE |
| | NEW JERSEY |
| | NEW MEXICO |

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| | NORTH CAROLINA |
| | NORTH DAKOTA |
| | OHIO |
| | OKLAHOMA |
| | OREGON |
| | PENNSYLVANIA |
| | RHODE ISLAND |
| | SOUTH CAROLINA |
| | SOUTH DAKOTA |

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| | TENNESSEE |
| | TEXAS |
| | UTAH |
| | VERMONT |
| | VIRGINIA |
| | WASHINGTON |
| | WEST VIRGINIA |
| | WISCONSIN |
| | WYOMING |

40 SERVICE INDUSTRIES (MISCELLANEOUS)

Project Service
Laundry/Dw / Cleaning
Nursery
Records Conservation
Outside Labor Services

| | |
|--|----------------------|
| | ALABAMA |
| | ALASKA |
| | ARIZONA |
| | ARKANSAS |
| | CALIFORNIA |
| | COLORADO |
| | CONNECTICUT |
| | DELAWARE |
| | DISTRICT OF COLUMBIA |
| | FLORIDA |
| | GEORGIA |

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| | HAWAII |
| | IDAHO |
| | ILLINOIS |
| | INDIANA |
| | IOWA |
| | KANSAS |
| | KENTUCKY |
| | LOUISIANA |
| | MAINE |
| | MARYLAND |
| | MASSACHUSETTS |

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| | MINNESOTA |
| | MISSISSIPPI |
| | MISSOURI |
| | MONTANA |
| | NEBRASKA |
| | NEVADA |
| | NEW HAMPSHIRE |
| | NEW JERSEY |
| | NEW MEXICO |

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| | NEW YORK |
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| | NORTH DAKOTA |
| | OHIO |
| | OKLAHOMA |
| | OREGON |
| | PENNSYLVANIA |
| | RHODE ISLAND |
| | SOUTH CAROLINA |
| | SOUTH DAKOTA |

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| | TENNESSEE |
| | TEXAS |
| | UTAH |
| | VERMONT |
| | VIRGINIA |
| | WASHINGTON |
| | WEST VIRGINIA |
| | WISCONSIN |
| | WYOMING |

CORRECTIONAL INDUSTRY PROGRAMSCOMPARISON BY STATESALABAMA

Cannery
Knitting
Garment
Saw Mill & Lumber Products
Printing
Validation Stickers
Auto Tags
Records Conversion

ARKANSAS

Garment
Mattress/Pillow
Printing
Plastic Products
Records Conversion

CALIFORNIA (Cont'd)

Educational Toys
Laundry/Dry Cleaning

ALASKA

NO INDUSTRIES

ARIZONA

Abattoir/Meat Processing
Dairy Products
Farming
Carpentry
Furniture
Wood (New)
Mattress/Pillow
Decals
Engraving (Name Plates, Plaques)
Printing
Validation Stickers
Auto Tags
Metal Working
Signs (Metal)
Dental (Prosthetics/Lab)
Freight Service
Records Conversion

CALIFORNIA

Dairy Products
Farming
Orchard
Knitting
Flags
Garment
Glove
Linens
Furniture
Misc. Wood Products
Wood (New)
Metal (New)
Mattress/Pillow
Bookbinding/Repair
Printing
Validation Stickers
Janitorial Products
Shoes (New & Repair)
Auto Tags
Metal Working
Sheet Metal
Tubular
Signs (Metal)
Misc. Metal Products
Optical Lab

COLORADO

Abattoir/Meat Processing
Cannery
Dairy Products
Farming
Flags
Garment
Linens
Tailor
Furniture
Park Equipment
Saw Mill & Lumber Products
Wood (New)
Upholstering
Office Partition
Printing
Validation Stickers
Auto Tags
Metal Working
Sheet Metal
Signs (Metal)
Electronics
Auto Repair
Freight Service
Nursery

CONNECTICUT

Dairy Products
 Farming
 Garment
 Furniture
 Park Equipment
 Misc. Wood Products
 Wood (New)
 Repair/Refinishing
 Upholstering
 Mattress/Pillow
 Office Partition
 Engraving (Name Plates, Plaques)
 Printing
 Rubber Stamps
 Validation Stickers
 Tire Recapping
 Auto Tags
 Machine Shop
 Signs (Metal)
 Business & Office Machine Repair
 Auto Repair
 Dental (Prosthetics/Lab)
 Optical Lab
 Laundry/Dry Cleaning
 Records Conversion

DELAWARE

Repair/Refinishing

DISTRICT OF COLUMBIA

Garment
 Metal (New)
 Repair/Refinishing
 Upholstering
 Printing
 Silkscreening

DISTRICT OF COLUMBIA (Cont'd)

Validation Stickers
 Auto Tags
 Machine Shop
 Metal Working
 Tubular
 Signs (Metal)
 Laundry/Dry Cleaning

FLORIDA

Abattoir/Meat Processing
 Cannery
 Dairy Products
 Farming
 Garment
 Glove
 Hosiery
 Linens
 Forest Mgmt./Timber
 Furniture
 Park Equipment
 Pressure Creosote Treatment
 Saw Mill & Lumber Products
 Misc. Wood Products
 Wood (New)
 Metal (New)
 Repair/Refinishing
 Mattress/Pillow
 Boxes (Cardboard)
 Bookbinding/Repair
 Decals
 Printing
 Validation Stickers
 Janitorial Products
 Soap Products
 Tire Recapping
 Shoes (New & Repair)
 Concrete
 Brick

FLORIDA (Cont'd)

Auto Tags
 Metal Working
 Sheet Metal
 Misc. Metal Products
 Auto Repair
 Truck Repair
 Dental (Prosthetics/Lab)
 Optical Lab
 Nursery
 Records Conversion
 Outside Labor Services

GEORGIA

Garment
 Furniture
 Misc. Wood Products
 Wood (New)
 Metal (New)
 Repair/Refinishing
 Upholstering
 Mattress/Pillow
 Printing
 Silkscreening
 Validation Stickers
 Janitorial Products
 Concrete
 Auto Tags
 Metal Working
 Sheet Metal
 Signs (Metal)
 Misc. Metal Products

HAWAII

Printing

IDAHO

Carpentry
Furniture
Wood (New)
Metal (New)
Repair/Refinishing
Upholstering
Auto Tags
Metal Working
Sheet Metal
Tubular
Signs (Metal)
Misc. Metal Products
Auto Repair
Records Conversion

INDIANA

Flags
Garment
Tailor
Furniture
Misc. Wood Products
Wood (New)
Metal (New)
Mattress/Pillow
Engraving (Name Plates, Plaques)
Printing
Validation Stickers
Janitorial Products
Soap Products
Auto Tags
Machine Shop
Metal Working
Sheet Metal
Tubular
Signs (Metal)
Misc. Metal Products
Brooms/Brushes/Mops

IOWA (Cont'd)

Signs (Metal)
Auto Repair
Laundry/Dry Cleaning
Records Conversion
Outside Labor Service

ILLINOIS

Abattoir/Meat Processing
Dairy Products
Farming
Tobacco Products
Knitting
Drapery
Garment
Linens
Furniture
Saw Mill & Lumber Products
Wood (New)
Metal (New)
Repair/Refinishing
Upholstering
Mattress/Pillow
Janitorial Products
Soap Products
Metal Working
Sheet Metal
Tubular
Signs (Metal)
Misc. Metal Products
Dental (Prosthetics/Lab)
Brooms/Brushes/Mops

IOWA

Garment
Furniture
Wood (New)
Metal (New)
Repair/Refinishing
Upholstering
Mattress/Pillow
Office Partitions
Printing
Validation Stickers
Janitorial Products
Soap Products
Tire Recapping
Auto Tags
Metal Working
Sheet Metal
Tubular

KANSAS

Garment
Furniture
Wood (New)
Metal (New)
Repair/Refinishing
Upholstering
Mattress/Pillow
Silkscreening
Janitorial Products
Paint
Soap Products
Metal Working
Tubular
Signs (Metal)

KENTUCKY

Garment
Linens
Furniture
Wood (New)
Metal (New)
Validation Stickers
Janitorial Products
Soap Products
Tire Recapping
Auto Tags
Metal Working
Sheet Metal
Tubular
Signs (Metal)

LOUISIANA

Abattoir/Meat Processing
Cannery
Garment
Linens
Mattress/Pillow
Decals
Janitorial Products
Soap Products
Auto Tags
Signs (Metal)
Dental (Prosthetics/Lab)
Brooms/Brushes/Mops

MAINE

Furniture
Wood (New)
Repair/Refinishing
Upholstering
Printing
Concrete
Auto Tags
Signs (Metal)

MARYLAND

Cannery
Garment
Furniture
Wood (New)
Metal (New)
Mattress/Pillow
Boxes (Cardboard)
Printing
Paint
Auto Tags
Metal Working
Sheet Metal

MARYLAND (Cont'd)

Tubular
Signs (Metal)
Misc. Metal Products
Brooms/Brushes/Mops

MASSACHUSETTS

Canvas Specialty Products
Flags
Garments
Furniture
Wood (New)
Repair/Refinishing
Upholstering
Mattress/Pillow
Boxes (Cardboard)
Silkscreening
Shoes (New & Repair)
Foundry
Auto Tags
Metal Working
Signs (Metal)
Misc. Metal Products
Auto Repair
Brooms/Brushes/Mops

MICHIGAN

Spin/Weave
Canvas Specialty Products
Flags
Garments
Hosiery
Linens
Furniture
Misc. Wood Products
Wood (New)
Metal (New)

MICHIGAN (Cont'd)

Repair/Refinishing
Upholstering
Mattress/Pillow
Office Partition
Boxes (Cardboard)
Decals
Engraving (Name Plates, Plaques)
Printing
Silkscreening
Validation Stickers
Belts
Shoes (New & Repair)
Auto Tags
Machine Shop
Metal Working
Sheet Metal
Tubular
Signs (Metal & Wood)
Maintenance (Electric)
Brooms/Brushes/Mops
Laundry/Dry Cleaning

MINNESOTA

Cordage/Twine/Rope
Furniture
Misc. Wood Products
Wood (New)
Metal (New)
Repair/Refinishing
Upholstering
Mattress/Pillow
Printing
Validation Stickers
Plastic Products
Foundry
Auto Tags
Machine Shop
Metal Working

MINNESOTA (Cont'd)

Sheet Metal
Tubular
Farm Machinery
Bus Repair
Records Conversion
Outside Labor Services

MISSISSIPPI

Bookbinding/Repair
Janitorial Products

MISSOURI

Garment
Glove
Furniture
Park Equipment
Wood (New)
Metal (New)
Upholstering
Boxes (Cardboard)
Bookbinding/Repair
Printing
Validation Stickers
Janitorial Products
Soap Products
Shoes (New & Repair)
Auto Tags
Metal Working
Sheet Metal
Signs (Metal)
Freight Service
Laundry/Dry Cleaning
Records Conversion

MONTANA

Abattoir/Meat Processing
Dairy Products
Farming
Mattress/Pillow
Printing
Auto Tags
Signs (Metal)

NEBRASKA

Flags
Garment
Furniture
Park Equipment
Wood (New)
Metal (New)
Repair/Refinishing
Upholstering
Mattress/Pillow
Engraving (Name plates, Plaques)
Printing
Validation Stickers
Janitorial Products
Soap Products
Auto Tags
Metal Working
Sheet Metal
Tubular
Signs (Metal)
Misc. Metal Products

NEVADA

Bookbinding/Repair
Auto Tags

NEW HAMPSHIRE

Dairy Products
Farming
Furniture
Wood (New)
Repair/Refinishing
Printing
Auto Tags
Auto Repair

NEW JERSEY

Knitting
Garment
Metal (New)
Mattress/Pillow
Printing
Validation Sticker
Janitorial Products
Soap Products
Auto Tags
Machine Shop
Metal Working
Sheet Metal
Tubular
Signs (Metal)
Brooms/Brushes/Mops

NEW MEXICO

Furniture
 Misc. Wood Products
 Wood (New)
 Repair/Refinishing
 Upholstering
 Mattress/Pillow
 Decals
 Engraving (Name Plates, Plaques)
 Printing
 Silkscreening
 Validation Stickers
 Auto Tags
 Signs (Metal)
 Auto Repair

NEW YORK

Canvas Specialty Products
 Flags
 Garment
 Linens
 Tailor
 Furniture
 Saw Mill & Lumber Products
 Snow Fence Mfg.
 Misc. Wood Products
 Wood (New)
 Metal (New)
 Upholstering
 Mattress/Pillow
 Boxes (Cardboard)
 Engraving (Name Plates, Plaques)
 Printing
 Silkscreening
 Janitorial Products
 Soap Products
 Plastic Bags
 Foundry

NEW YORK (Cont'd)

Auto Tags
 Machine Shop
 Metal Working
 Sheet Metal
 Tubular
 Signs (Metal)
 Misc. Metal Products
 Electronics
 Auto Repair
 Bus Repair
 Truck Repair
 Optical Lab
 Brooms/Brushes/Mops

NORTH CAROLINA

Meat Processing
 Cannery
 Farming
 Garment
 Tailor
 Forest Mgmt./Timber
 Furniture
 Wood (New)
 Repair/Refinishing
 Upholstering
 Mattress/Pillow
 Printing
 Janitorial Products
 Paint
 Soap Products
 Oil Recycling
 Auto Tags
 Metal Working
 Sheet Metal
 Signs (Metal)
 Misc. Metal Products
 Laundry
 Outside Labor Services

NORTH DAKOTA

Furniture
 Wood (New)
 Repair/Refinishing
 Upholstering
 Janitorial Products
 Metal Working
 Tubular
 Signs (Metal)

OHIO

Tobacco Products
 Garment
 Linens
 Furniture
 Wood (New)
 Metal (New)
 Mattress/Pillow
 Printing
 Validation Stickers
 Janitorial Products
 Soap Products
 Shoes (New & Repair)
 Auto Tags
 Machine Shop
 Metal Working
 Sheet Metal
 Tubular
 Signs (Metal)
 Bus Repair
 Truck Repair
 Dental (Prosthetics/Lab)
 Brooms/Brushes/Mops
 Records Conversion

OKLAHOMA

Abattoir/Meat Processing
Cannery
Garment
Mattress/Pillow
Boxes (Cardboard)
Printing
Auto Tags
Signs (Metal)
Records Conversion

OREGON

Furniture
Wood (New)
Metal (New)
Repair/Refinishing
Upholstering
Shoes (New & Repair)
Metal Working
Sheet Metal
Tubular
Auto Repair
Laundry/Dry Cleaning

PENNSYLVANIA

Abattoir/Meat Processing
Cannery
Coffee & Tea
Dairy Products
Farming
Knitting
Spin/Weave
Drapery
Garment
Linens
Furniture
Saw Mill & Lumber Products

PENNSYLVANIA (Cont'd)

Wood (New)
Metal (New)
Repair/Refinishing
Upholstering
Mattress/Pillow
Boxes (Cardboard)
Printing
Validation Stickers
Janitorial Products
Soap Products
Shoes (New & Repair)
Auto Tags
Metal Working
Sheet Metal
Tubular
Auto Repair
Dental (Prosthetics/Lab)
Educational Toys
Freight Service
Nursery
Records Conversion

RHODE ISLAND

Flags
Printing
Auto Tags
Signs (Metal)

SOUTH CAROLINA

Abattoir/Meat Processing
Dairy Products
Farming
Garment
Furniture
Wood (New)
Metal (New)

SOUTH CAROLINA (Cont'd)

Repair/Refinishing
Upholstering
Mattress/Pillow
Venetian Blinds
Bookbinding/Repair
Decals
Silkscreening
Auto Tags
Metal Working
Sheet Metal
Tubular
Signs (Metal)
Misc. Metal Products
Laundry/Dry Cleaning
Janitorial Products

SOUTH DAKOTA

Farming
Furniture
Wood (New)
Repair/Refinishing
Upholstering
Bookbinding/Repair
Printing
Auto Tags
Signs (Metal)

TENNESSEE

Garment
Linens
Furniture
Misc. Wood Products
Wood (New)
Upholstering
Printing
Janitorial Products
Paint

TENNESSEE (Cont'd)

Soap Products
Metal Working
Sheet Metal
Tubular
Signs (Metal)

TEXAS

Abattoir/Meat Processing
Coffee
Spin/Weave
Canvas Specialty Products
Drapery
Flags
Garment
Linens
Furniture
Saw Mill & Lumber Products
Misc. Wood Products
Wood (New)
Repair/Refinishing
Upholstering
Mattress/Pillow
Boxes (Cardboard)
Engraving (Name Plates, Plaques)
Validation Stickers
Janitorial Products
Soap Products
Plastic Products
Tire Recapping
Belts
Shoes (New & Repair)
Auto Tags
Sheet Metal
Signs (Metal)
Misc. Metal Products
Bus Repair
Truck Repair

TEXAS (Cont'd)

Dental (Prosthetics/Lab)
Brooms/Brushes/Mops
Educational Toys
Freight Service
Records Conversion

UTAH

Abattoir/Meat Processing
Dairy Products
Metal (New)
Printing
Auto Tags
Machine Shop
Metal Working
Sheet Metal
Tubular
Signs (Metal)

VERMONT

Coffee & Tea
Farming
Saw Mill & Lumber Products
Misc. Wood Products
Printing
Validation Stickers
Auto Tags
Signs (Metal)

VIRGINIA

Garment
Linens
Furniture
Misc. Wood Products
Wood (New)
Metal (New)
Upholstering
Office Partitions
Boxes (Cardboard)
Bookbinding/Repair
Engraving (Name Plates, Plaques)
Printing
Tire Recapping
Shoes (New & Repair)
Concrete
Auto Tags
Machine Shop
Metal Working
Sheet Metal
Signs (Metal)
Dental (Prosthetics/Lab)
Laundry/Dry Cleaning
Records Conversion

WASHINGTON

Dairy Products
Farming
Metal (New)
Upholstering
Printing
Validation Stickers
Auto Tags
Metal Working
Sheet Metal
Signs (Metal)
Business & Office Machine
Repair
Auto Repair
Records Conversion

WEST VIRGINIA

Garment
Linens
Printing
Auto Tags
Signs (Metal)

FEDERAL

Spin/Weave
Canvas Specialty Products
Drapery
Garment
Glove
Linens
Rugs
Furniture
Misc. Wood Products
Wood (New)
Metal (New)
Repair/Refinishing
Upholstering
Mattress/Pillow
Printing
Plastic Products
Tire Recapping
Shoes (New & Repair)
Machine Shop
Metal Working
Sheet Metal
Tubular
Signs (Metal)
Misc. Metal Products
Electronics
Auto Repair
Brooms/Brushes/Mops
Records Conversion

WISCONSIN

Farming
Furniture
Wood (New)
Metal (New)
Upholstering
Decals
Engraving (Name Plates, Plaques)
Printing
Silkscreening
Validation Stickers
Auto Tags
Metal Working
Sheet Metal
Tubular
Signs (Metal)
Business & Office Machine Repair
Records Conversion

WYOMING

Garment
Upholstering
Mattress/Pillow
Printing
Shoes (New & Repair)
Auto Tags
Signs (Metal)

Sectional Analysis of HB 194 : establishing Prison Industries Program

Sec. 1. Sets out the policy of the state that prisoners be productively employed as much as possible within a 40 hour work week. Overtime shall be specifically approved by the Commissioner. The definition of "productively employed" includes: 1) routine maintenance and support services; 2) vocational and academic education; 3) prison industries activities; 4) public conservation projects. Provides for the Commissioner to make agreements regarding conservation projects.

Sec. 2. Inmate Pay. (a) Productive employment is defined as (1), (3), and (4) of AS 33.30.225(a), excluding vocational and academic employment. (b) Allows the Commissioner to establish a prevailing wage rate.

Sec. 3. The purpose of correctional industries is outlined as 1) the development and operation of projects under the jurisdiction of the Commissioner; 2) the provision of realistic work experience for prisoners with the concomitant development of good work and fiscal habits; 3) the establishment of a program which will contribute to its own upkeep as much as possible.

Sec. 33.30.410. Outlines the powers and duties of the Commissioner in the establishment and administration of a correctional industries program in which participation by prisoners is on a voluntary basis. The Commissioner 1) is empowered to make agreements for equipment and materials for the program; 2) employ prisoners to furnish goods or services to governmental entities or nonprofit organizations; 3) or for private industry, subject to the approval of the commission. Goods will have minimal negative impact on the economy of the state.

Sec. 33.30.420. Establishes a Correctional Industries Fund. a) All expenses except salaries of state workers shall be financed from the correctional industries fund. The Commissioner shall report annually to the legislature on all activities and balances of the fund. b) The legislature may appropriate funds to implement AS 33.30.400-490, which may equal or exceed the amounts received into the fund from its activities. c) The correctional fund is not a one year appropriation and appropriations carry forward to the succeeding years.

Sec. 33.30.430. a) Establishes the acceptable markets for correctional industries goods, services, materials, produce. b) Subject to commission approval, correctional industries products or services may be marketed to private industry if they contribute to the economy and will have minimal negative impact on the existing private industry in the state. c) A product or service which meets existing standards and for which there is a need in the state government shall be provided at reasonable cost. For such items, the Commissioner will have to certify to the Department of Administration that the industries are unable to provide this good or service before they can be obtained from outside sources. Maximum use and cooperation in development of correctional industries products and services will be made by the state agencies. d) Prices must approximate fair market value and shall be periodically reviewed by the Commissioner.

e) The Commissioner of Administration shall set up systems of accounting and purchasing for the program and will ensure accurate cost data.

Sec. 33.30.440. a) The Department will comply with federal and state health and safety regulations except for AS 23, workman's compensation. b) Workman's compensation statutes do not apply to prisoners participating in correctional industries program. c) Prisoners do not have the privileges and rights of state employees, including the right to participate in collective bargaining.

Sec. 33.30.450. a) The Commissioner shall establish rates of pay based on quantity, quality and skill of work. Wage incentives may be used. The Commissioner shall determine the amount credited to a prisoner's account after making disbursements in the following prioritization: 1) for support of dependents; 2) reimbursement to victim; 3) civil judgments; 4) purchasing clothing and commissary items; 5) pay restitution or fines.

c) Money credited to a prisoner will be available to the prisoner upon his release or previously if so ordered by the Commissioner. d) Upon escape, the Commissioner shall deposit a portion of the prisoner's money into the general fund.

Sec. 33.30.460. Only that portion of a prisoner's earnings which remains after disbursements are made shall be subject to lien, attachment, garnishment, execution or similar procedures of encumbrance.

Sec. 33.30.470. a) Provides for the establishment of the Correctional Industries Commission chaired by the Commissioner of DHSS. Sets out membership of five Governor appointees and the Commissioner of Administration. b) The commission shall meet at least four times a year. c) Provides for per diem and travel costs for the commission.

Sec. 33.30.480. a) Provides for the monitoring of the program by the commission and annual review of the proposed budget which will be transmitted to the legislature in the normal budgetary process. b) The commission shall hold public hearings and adopt rules not subject to the Administrative Procedure Act. c) The commission shall make particular recommendations to the commissioner regarding outlined aspects of the correctional industries program, with consideration given to public testimony.

Sec. 33.30.490. Property or equipment may be transferred from state agencies to the correctional industries program without charge.

Sec. 4. Competitive bidding does not apply to the purchase of products or services provided by the correctional industries program.

Sec. 5. Repeals Sec. 33.30.270/280, and 36.10.060.

Sec. 6. Sunset provision for 7/1/87.

Sec. 7. Effective date of 7/1/82.

POSITION PAPER

HOUSE BILL NO. 194

"An Act relating to prisoner employment and correctional industries; and providing for an effective date."

The Division of Adult Corrections supports establishment of a prison industries program as one of the measures needed to overcome idleness in the Alaskan prisons. The lack of opportunities for meaningful work is one of the most destructive aspects of confinement. The public is not served well when prisoners are released to the community after many months, sometimes years, of having been able to do little or no useful work.

A primary advantage of a good industries program is that it can eventually become partially, if not fully, self-supporting. Of greater significance, it can provide prisoners with valuable training; not always with respect to specific skills, but certainly in terms of basic work habits; the ability to work well with others, to follow instructions, to adhere to schedules and to have an interest in the product or service being produced. While these factors may be taken for granted by mainstream citizens accustomed to the world of work, they are foreign to many of those who tend chronically to get into trouble with the law. The point to be made here is that a good prison industries program can be a tremendously important aspect of an effective correctional system.

The Division of Adult Corrections anticipates initiating a prison industries on a modest scale with an emphasis during the first year on planning. While we would want to establish certain prison industries activities based on those which have proven successful in other states, our long range interest lies in identifying approaches which will best serve the unique needs of the Alaskan prison population and will become compatible with the best interest of the people of the state. The proposed bill would establish a prison Correctional Industries Commission which would address the problems of idleness and lack of training in the prisons and would also have close ties to business, agriculture, organized labor and to the public as a whole. With the guidance of such a commission, a carefully balanced prison industries program can be developed.

Recommended by:

C. F. Campbell
Charles F. Campbell, Director
Division of Adult Corrections

Date:

3-19-81

Approved by:

Helen D. Beirne
Helen D. Beirne, Commissioner
Dept. of Health & Social Services

Date:

3-19-81

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. House Bill No. 194
Title An Act Relating to prisoner employment and correctional industries
Requested by _____ Date _____

II. FISCAL DETAIL

Agency Affect. Health & Social Services
Program Category Affected Offender Confinement, Reformation, & Supervision
BRU, Program, or Subprogram(s) Affected Adult Confinement, Prison Industries
(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

| | FY 81 | FY 82 | FY 83 | FY 84 | FY 85 | FY 86 |
|---------------------------|-------|--------------|--------------|--------------|--------------|--------------|
| 100 PERSONAL SERVICES | | 40.4 | 110.2 | 324.2 | 366.5 | 399.5 |
| 200 TRAVEL | | 11.3 | 13.4 | 14.6 | 15.9 | 17.4 |
| 300 CONTRACTUAL | | 10.0 | 10.9 | 11.9 | 13.0 | 14.1 |
| 400 COMMODITIES | | 50.0 | 100.0 | 150.0 | 163.5 | 178.2 |
| 500 EQUIPMENT | | 100.0 | 150.0 | 200.0 | 25.0 | 25.0 |
| 600 LAND & STRUCTURES | | | | | | |
| 700 GRANTS, CLAUSES, ETC. | | 9.0 | 26.4 | 48.0 | 78.0 | 84.0 |
| TOTAL | | 220.7 | 410.9 | 748.7 | 661.9 | 718.2 |

FUNDING (Thousands of Dollars)

| | FY 81 | FY 82 | FY 83 | FY 84 | FY 85 | FY 86 |
|-----------------------------|-------|-------|-------|-------|-------|-------|
| GENERAL FUND | | * | * | * | * | * |
| FEDERAL FUNDS | | | | | | |
| OTHER (Specify Fund Source) | | | | | | |

* See analysis, Paragraph I

POSITIONS

| | FY 81 | FY 82 | FY 83 | FY 84 | FY 85 | FY 86 |
|-----------|-------|-------|-------|-------|-------|-------|
| FULL TIME | | 1 | 3 | 7 | 7 | 7 |
| PART TIME | | | | | | |
| TEMPORARY | | | | | | |

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Assumptions:

A. Staff

1. It is anticipated that seven additional shop supervisors will be needed to fully implement the Prison Industries Program. The seven shop supervisors would be hired during the next three fiscal years, on the following schedule:

IV. DATE March 27 PREPARED BY Roger C. Lange
AGENCY Division of Adult Corrections
PHONE 465-3376
Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named) [Signature] 2/2/81

Decision already.

How many people or inmates

Inmates

| DATE | LOCATION | # OF POSITIONS |
|---------------|-----------------------------|----------------|
| July, 1981 | Palmer | 1 |
| July, 1982 | Eagle River | 1 |
| January, 1983 | Juneau | 1 |
| July, 1983 | (Juneau, Palmer), Fairbanks | 3 |
| October, 1983 | Juneau | 1 |

3 Juneau

*107
793 cap*

80 to 95 to 160

90

what about new jail - no need

A. The positions will all be Range 16 - Shop Supervisors; FY 1982 cost is computed as follows:

Monthly Salary \$2640

| | |
|-----------------------|-----------------|
| Annual Salary | \$31,680 |
| Variable Benefits | 5,243 |
| Supplemental Benefits | 1,942 |
| Health Benefits | 1,560 |
| Total | \$40,425 |

B. Travel

- Board travel consists of 4 board meetings to be held at institutions with industries programs. It is assumed an average of 6 board members will attend each meeting, with 4 requiring air travel. It is assumed each meeting will be of a three day duration.
- Staff travel of \$2,000 is included for supervision of the program.

C. Contractual funds are included for specialized services not available from state agencies plus long distance telephone and postage costs. It is assumed that the cost for additional heat and electricity will be absorbed by the institutions conducting the industries programs.

D. Commodities funds are to purchase raw materials needed in the manufacturing of products.

E. Funds to purchase equipment will be needed in significant amounts for the first three years for the new product/service lines, as they are developed.

Funds requested in Grants and Claims is for the payment to inmates of wages earned. The following table represents the estimates of persons in the program, average wages, etc.

Per Roger Long

| Fiscal Year | Full Time Inmates | Days Per Year Worked | Hours Per Day Worked | Ave. Hourly Wage | Total Wages |
|-------------|-------------------|----------------------|----------------------|------------------|-------------|
| 1982 | 15 | 187 | 8 | \$.40 | \$8,976 |
| 1983 | 30 | 250 | 8 | .44 | 26,400 |
| 1984 | 50 | 250 | 8 | .48 | 48,000 |
| 1985 | 75 | 250 | 8 | .52 | 78,000 |
| 1986 | 75 | 250 | 8 | .56 | 84,000 |

G. Capital expenditures are addressed in the Governor's Capital budget, as follows:

| | | |
|---------|-----------------------------------|---------------------------|
| FY 1982 | Juneau Prison Industries Building | \$1,085,700 - 3 positions |
| FY 1983 | Eagle River Prison Industries | 1,135,900 - |
| FY 1983 | Fairbanks Prison Industries | 1,310,400 - 3 pos |
| FY 1984 | Palmer Prison Industries Remodel | 200,000 |

The above costs are, therefore, not included in the fiscal note.

H. Inflation

It is assumed that there will be a uniform 9% inflation rate through FY 1986.

- I. Funding identification has not been made as the proposed legislation is not specific as to the manner program receipts are to be handled. Funding could be identified as all general funds or a combination of general funds and program receipts.

Without knowing what specific industries are to be developed or the time frame in which goods or services are available to the specified consumers, no estimate of program receipts can be made at this time. It is assumed, however, that all program receipts will either be identified as part of the funding or deposited directly into the state treasury.

POSITION PAPER

HOUSE BILL No. 194

"An Act relating to correctional programs for prisoners; and providing for an effective date."

The Division of Adult Corrections proposes establishment of a correctional industries program as one of the measures needed to overcome idleness in the Alaskan prisons. The lack of opportunities for meaningful work is one of the most destructive aspects of confinement. The public is not served well when prisoners are released to the community after many months, sometimes years, of having been able to do little or no useful work. Pervasive idleness in prisons has contributed to the personal deterioration of inmates and the volatile instability of many prisons. The elimination of idleness within a correctional institution is one subject of great concern to facility administrators.

A primary advantage of a good industries program is that it can eventually become partial, if not fully, self-supporting. Of greater significance, it can provide prisoners with valuable training; especially in terms of basic work habits; the ability to work well with others, to follow instructions, to adhere to schedules and to have an interest in the product or service being produced. While these factors may be taken for granted by mainstream citizens accustomed to the world of work, they are foreign to many of those who tend chronically to get into trouble with the law. The point to be made here is that a good correctional industries program can be a tremendously important aspect of an effective correctional system.

Today, forty-eight states and the District of Columbia now have correctional industry enabling statutes written into law. The three states remaining without legislation are Delaware, Nevada, and Alaska. Of these three states, Delaware and Nevada are involved in correctional industries without enabling legislation. The State of Alaska is the last state to become actively involved in correctional industries activities. (Attached is a comparison study of Correctional Industry Programs operating in other state systems.)

The Division of Adult Corrections anticipates initiating a correctional industries program on a modest scale with an emphasis during the first year on market research and the development of potential industries. While we would want to establish certain correctional industries activities based on those which have proven successful in other states, our long-range interest lies in identifying approaches which will best serve the unique needs of the Alaskan prison population and will become compatible with the best interest of the people of the State. The proposed bill would establish a Correctional Industries Commission which would address the problems of idleness and lack of training in the prisons and would also have close ties to business, agriculture, organized labor and to the public as a whole. With the guidance

of such a Commission, a carefully balanced correctional industries program can be developed.

The marketing of products and services of correctional industries programs to private industry has the potential for contributing to the economy of the State and actively developing Alaska's resources. State capital invested in correctional industries can maintain a dual purpose of providing meaningful work for prison inmates with some real linkage to post release employment and also improve the position of industry in the State with the net result of increasing the gross product of the State.

Possibilities of promising industries include the establishment of an agricultural processing plant to process crops not presently cultivated but have had success in previous years. A netmaking operation for the developing bottomfish industry may be economically feasible and provide valuable training for the inmates. A data input service could be established to satisfy increasing state needs while providing inmates with marketable skills. Another possibility could be the establishment of a highway sign shop with decal-making capabilities for state markings on vehicles and property. The production of hardwood office furniture is another industry which has had much success in other state programs. A laundry operation may be considered for the State Ferry system. The Marine Highway system has considered establishing its own laundry and might therefor welcome a correctional industry as a regular supplier. Tire recycling within our facilities could produce crumb rubber for use as an asphalt mix aggregate for roadbed construction and joint crack fillers. Correctional Industries could develop an upholstering shop, a welding metal shop, the production of janitorial supplies, small engine repairs and numerous other successful ventures currently in operation within other state's correctional industry programs.

Recently, Chief Justice Warren Burger urged a revised approach to the rehabilitation of prisoners to bring crime under control. In remarks prepared for delivery at the University of Nebraska on December 16, the Chief Justice said, "The current human warehouse system should be changed to factories with fences around them, with inmates paid to produce goods."

Recommended by: C. F. Campbell
Charles F. Campbell
Director, Division of Corrections

Date: _____

Approved by: Helen D. Beirne
Helen D. Beirne
Commissioner

Date: 1-25-82

CORRECTIONS ^{DIGEST}

THE ONLY INDEPENDENT NEWS SERVICE FOR THE CORRECTIONS PROFESSIONAL

Vol. 12 No. 26

December 18, 1981

Page 1

Put Inmates To Work:

✓ **MAKE PRISONS INTO FACTORIES.
CHIEF JUSTICE BURGER URGES**

• • • • •
"Why Build More Warehouses?"

America's prisons should be made into "factories with fences around them," not "human warehouses," Chief Justice Warren Burger said on Dec. 16, outlining a new approach for rehabilitating criminals.

Burger made the proposal - including a call for inmates to be put to work to help pay some of the cost of their keep - in a speech at the University of Nebraska at Lincoln.

"The question I raise is this: are we going to build more warehouses, or should we change our

(See BURGER, page six)

New National Group:

✓ **JUV. FAMILY COUNSELING ASSN.
PLANS PROBATION TRAINING IN '82**

In the beginning, the coffers were full. Communities were made "safe" by placing troubled youth in institutions designed to save us from them and them from themselves.

Inevitably, new philosophies developed. "Johnny can't be saved unless we remove him from his destructive home environment." This popular

(Continued on page two)

✓ **JAIL POPULATIONS WILL GO UP,
ARGUES BOP'S NORMAN CARLSON**

Norman A. Carlson, director of the Federal Bureau of Prisons, says he expects jail populations to rise, in part as a result of the Reagan Administration's determination to crack down on crime.

(See CARLSON, page three)

✓ **U.S. JUDGE ISSUES CITATION
TO OKLAHOMA CORRECTIONS BOARD
ON PRISON DOUBLE-CELLING ISSUE**

The Oklahoma Board of Corrections and Director Larry Meachum of the Department of Corrections have been served with a criminal contempt citation by a Federal judge, who ordered them to appear before him Dec. 22 to show cause why they should not be held in contempt of a Federal Court order prohibiting double-celling at Oklahoma prisons.

(See OKLAHOMA, page four)

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BRIDE ACCUSED OF GIVING INMATE POT

A Pima County, Arizona, Jail inmate who was released for a short time recently to get married was visited three days later by his bride at the jail. She soon wound up behind bars, too.

Jailers disapproved of the wedding present she allegedly tried to give him.

Michael Hodge, 24, was getting 40 marijuana cigarettes from his new wife, Pamela, 19, when jail officials intervened, authorities said.

Mrs. Hodge was arrested and locked in a cell well away from her husband's.

Hodge, who is in the jail on charges of probation violation, kidnapping, sexual assault and burglary, had been allowed to go to court to be married.

Sheriff's Maj. Dennis Douglas said that when Mrs. Hodge came to the jail for a routine Sunday afternoon visit, she burned a small hole in the plastic partition that separates visitors from prisoners.

Douglas said she then began passing marijuana cigarettes through the small hole. He said jail officials suspected something wrong was going on in the visitation booth when they smelled burning plastic.

Hodge was returned to his cell, sans wedding present and wife. Mrs. Hodge remained behind bars until being released on her own recognizance.

Likes European Systems

Burger said he based his comments on observations as a judge and from his visits to prisons in the United States and most countries of Europe for 25 years, including the Soviet Union and recently the People's Republic of China.

"I have long been satisfied we have not gone about the matter in the correct way," he said.

He said he decided to speak out on the issue because the U.S. is about to embark on a multi-billion dollar prison construction program.

"Plainly, if we can divert more people from lives of crime we would benefit both those who are diverted and the potential victims," Burger said. "Yet all that has been done in the correctional systems up to now has not prevented this appalling increase in reported crime rates.

"For many years I shared the optimism and hopes of rehabilitation programs with such distinguished penologists as James V. Bennett (former director of the Federal Bureau of Prisons) and Torsten Eriksson, his counterpart in Sweden. Those hopes now seem to have been based more on optimism than reality," Burger added. He said that even with the "enlightened correctional practices" of Sweden and other countries, the results in terms of rehabilitation have "fallen short of expectations," although some countries have "long done much more than we do" in the education and training of prison inmates.

"But the fact that the problem is far more difficult than we had thought is the very reason we must consider changes and increase our efforts," he explained.

"On several occasions I have laid down one proposition to which I adhere today, and it is this: when society places a person behind walls and bars it has an obligation - a moral obligation - to do whatever can reasonably be done to change that person before he or she is released back into the stream of society," Burger said. "This is more emphatically so with respect to the repeat or recidivist prisoner. If we had begun 25, 35 or 50 years ago to develop the kinds of programs in correctional institutions that are appropriate for an enlightened and civilized society, the word 'recidivist' might not have as much currency as it does today. This is not simply a matter of compassion but a hard matter of our own protection."

Reading, Writing, Arithmetic

Burger said it is predictable that a person confined in a penal institution for two, three, five, or more years, who is then released without being able to read, write, spell or do simple arithmetic and not trained with any marketable skill, will be vulnerable to returning to a

(BURGER, continued from page one)

thinking and build factories with fences around them where we will first train inmates and then have them engage in useful production?" he said.

"If we are to fulfill one of the most fundamental obligations of government - the protection of people and homes - there must be both more effective law enforcement and a drastic change in our prison systems," he said.

"When a society places a person behind walls and bars it has an obligation - a moral obligation - to do whatever can reasonably be done to change that person before he or she is released."

life of crime. And very often the recidivism commences within weeks after release, he added.

"What job opportunities are there for unskilled illiterates with criminal records? What business enterprise could conceivably continue with the rate of 'recall' of its 'products' that we see with respect to the 'products' of our prisons?" he asked.

The best programs in the world will not cure all of this "dismal problem," a problem that the human race has struggled with almost since the beginning of organized societies, Burger said. But improvements in our prison system can be made, he added, and, in his opinion, the improvements will cost less in the long run than the failure to make them.

Burger told his audience that today almost \$1 billion of new prison facilities are under construction. More than 20 states have authorized construction programs approaching another billion dollars. Proposals of yet another billion and a half dollars in 33 states are being debated.

Citing the Criminal Justice Construction Reform Act (S. 186) introduced by Sen. Robert Dole (R-Kan.), Burger said Dole "has recognized the dimensions of this problem." The legislation would provide grants of six and a half billion dollars to the states for improved prison facilities over the next seven years.

"If Federal grant legislation is enacted it is important that the new standards include: (a) conversion of prisons into places of education and training and into factories and shops for production; (b) a repeal of statutes which limit prison industry production; (c) an affirmative limitation against any form of discrimination against prison products; and (d) a change in attitudes of organized labor and in the leaders of business toward the use of prison inmates to produce goods or parts," Burger said.

"These new standards are crucial and they should be developed with the participation of representatives of the state and Federal prison administrators who deal face-to-face and day-to-day with the problems and understand the needs," he added. "Representatives of labor and management should also take part. In the closing decades of the twentieth century I am confident the enlightened leaders of labor and business will no longer support reactionary restraints on production of goods in prisons and the movement of such products in commerce."

But he admitted that prison production programs will compete to some extent with the private sector.

"However, this is not a real problem because, with optimum progress, it will be three to five years before programs of this kind have a market impact, even then a small impact," he said. "I cannot believe that this great country of ours — the most voracious consumer society in the world —

could not absorb the production of even as many as 100,000 prisoners — hardly a 'drop in the bucket' in terms of the Gross National Product."

The displacement of workers in the private sector would be "insignificant" in the whole scheme of things, Burger said.

"But the benefit to the inmates — and to society — would be incalculable in the long run."

Some Are Beyond Reach

Most prison inmates, by definition, are maladjusted people, Burger said.

"From whatever cause — whether too little discipline or too much, too little security or too much, broken homes, or whatever — they lack self-esteem, they are insecure, they are at war with themselves as well as with society," he explained. "They do not share the work ethic concepts that made this country great; they were not taught at home — or in the schools — the moral values that lead people to have respect and concern for the rights of others.

"But place that person in a factory, whether it makes ball-point pens, hosiery, cases for watches, parts of automobiles, lawn mowers, computers or parts of other machinery; then pay that person some reasonable compensation, and charge something for room and board and keep, and we will have a better chance to release from prison a person able to secure gainful employment," he said. "Added to that it will be a person whose self-esteem will at least have been improved to a level where there is a better chance of living a normal life."

Burger admitted that there are exceptions, such as the "destructive arrogance" of the psychopath who has no concern for the rights of other people; he may well be beyond reach of any programs that prisons or treatment can provide.

"Our prison programs must aim chiefly at the others," Burger said.

The Chief Justice said "there is nothing really new" in his concept, citing programs in Minnesota and Kansas as examples.

It is not necessary that prisons be self-contained factories capable of producing complete finished products, Burger explained. In terms of production equipment and the probable skills of most prison inmates, it "makes more sense" and involves far less capital investment to have prisoners produce simple machine parts rather than completed products. This can be done under contracts with private industry, he added.

Burger also said U.S. prisons do not need to go so far as to pay the regular union scale of wages, with a deduction for "room, board and keep."

"We should however, consider paying some wages for the hours worked with bonuses based on quality and volume of production and deduct some reasonable amount for 'room and board,' he said.

Helping The Taxpayers

To maintain a prisoner in American prisons costs the taxpayers — in the form of a subsidy — from \$10,000 to more than \$25,000 per year without taking into account the large capital investment in the physical facilities, Burger said.

"That load on taxpayers should be lightened, if not taken off the backs of overburdened American taxpayers," he added. "We will help both the inmates and all of society if we make it feasible for them to help support themselves."

Creating prison industries, with incentives for good performance, would accomplish the dual objective of training inmates in gainful occupations and "taking off the backs" of the American taxpayers the enormous load of maintaining the prison systems of this country, Burger said.

"We are at a fork in the road or at a crossroad on what kind of prisons we are to have as we get ready for the tax collector to reach into our pockets for as much as ten more billion dollars for new prisons. We can continue to have largely human 'warehouses' with little or no education and training or we can have prisons that are factories with fences around them," he added.

Editor's Note: For a copy of Chief Justice Burger's complete text, please contact: Barrett McGurn, U.S. Supreme Court, at 202-252-3211. ■

JOB LISTINGS

● **Correctional Deputy Superintendent, Fort Madison, Iowa.** A challenging opportunity exists for a successful corrections professional to assume the overall responsibilities of the security, treatment, and industries programs of the Iowa State Penitentiary, a maximum-security facility located in Fort Madison. Candidates must have a combination of education and progressively responsible corrections administrative or supervisory experience totalling 10 years. To apply, send resume to:

Chris Ill, supervisor, Recruitment and Selection, Iowa Dept. of Social Services, Hoover Bldg., Des Moines, IA 50319.

● **Hearings And Compliance Officer, Fort Madison, Iowa.** Seeking a candidate with a law degree or a combination of seven years of education and investigative/quasi-judicial experience to conduct inmate disciplinary hearings and investigations of staff misconduct at the Iowa State Penitentiary. Interested persons should send a resume to: Chris Ill, supervisor, Recruitment and Selection, Iowa Dept. of Social Services, Hoover State Office Bldg., Des Moines, IA 50319.

● **Chief Probation Officer, San Antonio, Texas.** Judge Pat Priest of the 187th Judicial District of Texas has asked *Corrections Digest* to help him find a qualified person to serve as the chief juvenile probation officer for Bexar County (San Antonio). The position will be filled by Jan. 1 and the salary is negotiable. Anyone who is interested in this job should immediately send a resume to Judge Priest at the District Court, 187th Judicial District of Texas, Bexar County Courthouse, San Antonio, TX 78205.

● **Manager, Chatham County Jail, Savannah, Georgia.** Applications are now being accepted by Chatham County for the unclassified position of Jail Manager, with selection to be made by Feb. 17. The department has 115 employees with an operating budget of approximately \$2 million. The facility was recently opened in September, 1978 and was built to house an average population of 380. The jail facility is one of a three building complex and is connected by underground tunnel to the Chatham Court House. Applications will be evaluated by a screening committee with the top three candidates being referred to the Chatham County Superior Court sheriff for selection. The sheriff is constitutionally responsible for the operation of the Jail and the jail manager will be accountable for the proper administration of the facility and all resources associated with it.

Excellent benefit package, including pension plan and group life and health insurance are provided. Salary is negotiable and commensurate with education and experience. Desirable training and experience: Combination equivalent to graduation from college with major coursework in administration, behavioral sciences or related field and five years experience in corrections with three of these years in an administrative or supervisory capacity.

Send resume, transcript, salary history and requirements to: Chatham County Personnel Office, P.O. Box 8072, Savannah, GA 31412. Additional information can be obtained by calling either the Chatham County Personnel Office at 912-944-4669 or Under-sheriff Donald Anderson at 912-944-4619. ■

STATE OF ALASKA
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

MEMORANDUM

January 27, 1982

SUBJECT: Correctional industries program
(CSHB 194)

TO: Representative Michael F. Beirne
Chairman, House Health, Education
and Social Services Committee

FROM: Tamara Brandt Cook
Legislative Counsel *TBC*

Here is the draft you requested making no changes to the original bill except the changes specifically indicated. I was directed not to rewrite any provisions or change the form and I have not done so in this version. However, it is my opinion that the bill should be entirely redrafted for clarity and in order to achieve proper bill form.

TBC:ljb

Enclosure

DRAFT

POSSIBLE ADDITIONAL SECTION FOR HB 194 (CORRECTIONAL INDUSTRIES):

1
2
3
4
5
6 Sec. __. __. __. CORRECTIONAL INDUSTRIES FUND. (a) There is
7 established in the department a fund to be known as the correctional
8 industries fund. All expenses of the correctional industries program,
9 except salaries and benefits of state employees, are to be financed
10 from the correctional industries fund and budgeted in accordance with
11 the Executive Budget Act (AS 37.07). The commissioner shall report
12 annually to the legislature all activities and balances of the fund.

13 (b) The legislature may appropriate to the correctional indus-
14 tries fund any amounts necessary to implement AS 33.30.400 -- 33.30.490,
15 which may equal or exceed the amounts received by the state for services
16 rendered or products sold by the correctional industries program.

17 (c) Unless otherwise expressly provided, money appropriated to
18 the correctional industries fund is not a one-year appropriation under
19 AS 37.25.010. Any amount which is appropriated but which is not re-
20 quired for the purposes of the fund in that fiscal year remains avail-
21 able for spending in succeeding fiscal years.
22
23

Cook ✓

Original sponsor: Rules/Governor

SB 55
SB 510

1 IN THE HOUSE

BY THE HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE

2 CS FOR HOUSE BILL NO. 194 (HESS)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to correctional programs for
7 prisoners; and providing for an effective date."

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

9 * Section 1. PURPOSE. It is the purpose of AS 33.30.410 - 33.30.490 to

10 (1) develop and operate enterprises under the jurisdiction of the
11 commissioner of health and social services which employ prisoners;

12 (2) provide work experience for prisoners under conditions like
13 those which prevail in private industry, consistent with proper penal
14 administration;

15 (3) direct prisoners toward achieving financial responsibility,
16 acquiring or improving effective work habits and occupational skills;

17 (4) increase the opportunities for employment after release; and

18 (5) establish a work program for prisoners which will be as
19 self-supporting as possible by generating enough money from the sale of
20 products and services of the program to pay the expenses of the program.

21 * Sec. 2. AS 33.30 is amended by adding a new section to read:

22 Sec. 33.30.092. DESIGNATION OF PROGRAM. Except as otherwise
23 provided by law, the commissioner may assign a prisoner committed to
24 his custody to any program established in accordance with AS 33.30.020
25 considering *parol Board.*

26 (1) safeguards to the public;

27 (2) the prospects for the prisoner's rehabilitation;

28 (3) the availability of the program and facility space;

29 (4) the prospect of future judicial proceedings requiring

delete

1 the prisoner's presence;

2 (5) the nature and circumstances of the offense for which
3 the prisoner was sentenced;

4 (6) the needs of the prisoner;

5 (7) recommendations made by the sentencing court;

6 (8) the prisoner's record of convictions, especially with
7 respect to crimes specified in AS 11.41;

8 (9) the prisoner's use of drugs or alcohol;

9 (10) the length of the prisoner's sentence; and

10 (11) other criteria including the need for experimental
11 evaluation of a correctional program.

12 * Sec. 3. AS 33.30 is amended by adding a new section to read:

13 Sec. 33.30.226. INSTITUTIONAL EMPLOYMENT. (a) Prisoners shall
14 be productively employed for as many hours each day as feasible, not to
15 exceed 40 hours per week unless an overtime assignment is specifically
16 approved by the commissioner. The term productively employed includes
17 but is not limited to the following activities:

18 (1) routine maintenance and support services essential to
19 the operation of the prison;

20 (2) ~~no pay~~ academic or vocational educational activities;

21 (3) work performed as part of the correctional industries
22 program;

23 (4) public conservation projects including but not limited
24 to forest fire prevention and control, forest and watershed management,
25 recreational area development, fish and game management, soil conserva-
26 tion, and forest watershed revegetation.

27 (b) The commissioner may enter into contracts or cooperative
28 agreements with a state or federal agency for the performance of public
29 conservation projects by prisoners.

no pay for education

1 (c) Subject to appropriations for the purpose, each prisoner who
2 is productively employed under (a) of this section shall be paid under
3 AS 33.30.450. (University in Walls)

4 * Sec. 4. AS 33.30 is amended by adding new sections to read:

Relate and

5 Sec. 33.30.247. FURLOUGHS. (a) The commissioner shall establish
6 *H3293-Parole Board* furlough programs and shall adopt regulations governing the granting of
7 furloughs to prisoners for the following purposes;

- 8 (1) to obtain counseling and treatment for alcohol or drug
- 9 abuse;
- 10 (2) to obtain medical or psychiatric treatment;
- 11 (3) to secure or engage in employment;
- 12 (4) to secure or attend vocational training;
- 13 * (5) to attend an educational institution;
- 14 (6) to secure a residence or make preparations for release;
- 15 * (7) to appear before a group whose purpose is to obtain a
16 better understanding of crime or corrections; and *is this not a furlough purpose?*
- 17 (8) other rehabilitative purposes the commissioner determines
18 to be in the interests of the prisoner and the public.

19 (b) If the commissioner determines that a prisoner can live under
20 reduced supervision without violating the law or the conditions estab-
21 lished for his conduct, the commissioner may grant a furlough after
22 considering

- 23 (1) the factors listed under AS 33.30.092;
- 24 (2) whether the prisoner has violated a condition of a prior
25 furlough;
- 26 (3) whether the prisoner has a history of misconduct while
27 institutionalized; and
- 28 (4) whether the granting of a furlough would be in the best
29 interests of the prisoner and the public.

1 Sec. 33.30.248. PRE-RELEASE FURLOUGHS. (a) The commissioner
2 shall establish a pre-release furlough program to facilitate the re-
3 integration of prisoners into society. Facilities may be used for
4 prisoners on pre-release furloughs which are specifically adapted to
5 provide residences outside prison, including halfway houses, group
6 homes, or other facilities. *Other placements which provide a certain level*
of supervision

7 (b) A prisoner on a pre-release furlough must receive more super-
8 vision and be more restricted than a prisoner who is released on proba-
9 tion. Safeguards which minimize risk to the public must be provided,
10 including

11 (1) frequent contact with the prisoner by supervisory staff
12 (2) methods by which the prisoner's location may be ascer-
13 tained at all times;

14 (3) the submission of periodic reports on the prisoner's
15 performance to the commissioner; and

16 (4) placement in a residential facility where there are
17 persons supervising the prisoner who are obligated to immediately
18 report to the commissioner a violation of a condition set for the
19 prisoner's conduct.

20 (c) A prisoner sentenced to a definite term of imprisonment is
21 eligible for a pre-release furlough only after he has served

22 (1) at least one-third of his sentence if sentenced to five
23 years or less; or

24 (2) at least one-third of his sentence or all but three
25 years of his sentence, whichever is longer, if sentenced to more than
26 five years.

27 (d) A prisoner may request a pre-release furlough under proce-
28 dures adopted by the commissioner. If the commissioner denies a
29 request, he shall provide the prisoner with a written explanation of

1 the reasons for the decision

2 Sec. 33.30.249. SHORT-DURATION FURLOUGHS. (a) A short-duration
3 furlough not to exceed 12 hours a day may be granted to a prisoner in
4 accordance with regulations adopted by the department for the purpose
5 of

6 (1) family visitation;

7 (2) medical treatment.

8 (b) A furlough of not more than seven days may be granted for
9 family visitation only once every six months.

10 * Sec. 5. AS 33.30 is amended by adding new sections to read:

11 ARTICLE 4. CORRECTIONAL INDUSTRIES.

12 Sec. 33.30.410. POWERS AND DUTIES OF THE COMMISSIONER. (a) The
13 commissioner shall

14 (1) establish and administer a correctional industries
15 program based on voluntary prisoner participation;

16 (2) after the program has been operating for five years,
17 submit a report to the legislature on the program including plans for
18 the future of the program.

19 (b) The commissioner may

20 (1) use, purchase, lease, equip, and maintain buildings,
21 machinery, and equipment, purchase materials, and enter into contracts
22 necessary for the correctional industries program;

23 (2) employ prisoners in the correctional industries program
24 to provide services or products needed by the state, political subdivi-
25 sions of the state, the federal government, other states or their
26 political subdivisions, or nonprofit organizations.

27 Sec. 33.30.420. CORRECTIONAL INDUSTRIES REVOLVING LOAN FUND.
28 There is established in the department the correctional industries
29 revolving loan fund. Appropriations to the fund shall be used to carry

1 out the purposes of AS 33.30.410 - 33.30.490. Within 30 days after the
2 beginning of each regular legislative session, the commissioner shall
3 submit a report on the fund to the legislature together with an estimate
4 of the amount of money needed during the next fiscal year for the
5 correctional industries program. Money appropriated to the correctional
6 industries revolving loan fund does not lapse into the general fund at
7 the end of the fiscal year.

8 Sec. 33.30.430. MARKETING OF PRODUCTS. (a) The commissioner may
9 sell products and services of the correctional industries program to
10 the state, a political subdivision of the state, the federal govern-
11 ment, another state or a political subdivision of another state, or a
12 nonprofit organization. Agricultural produce may also be sold to
13 commercial processors, wholesalers, or distributors.

14 (b) Products and services provided by the correctional industries
15 program which meet marketable standards of quality and which meet the
16 needs of state agencies at reasonable cost, as determined by the com-
17 missioner of administration, shall be purchased by state agencies
18 through procedures established by the Department of Administration.
19 Products and services of the type and quality of those supplied by the
20 correctional industries program may not be obtained by state agencies
21 from other sources unless the commissioner certifies to the Department
22 of Administration that the correctional industries program is not able
23 to provide the products or services. Each state agency shall make
24 maximum use of the correctional industries program in the purchase of
25 products and services, and shall assist in the development of new
26 products of the program to meet future needs of the agency.

27 (c) The commissioner shall periodically determine the prices at
28 which products and services of the correctional industries program are
29 sold. Prices must approximate the fair market value of products and

1 services of comparable quality offered by commercial sources.

2 (d) The commissioner of administration shall establish methods of
3 accounting and purchasing to facilitate the production and marketing of
4 products and services of the correctional industries program and to
5 compile data on the cost of production.

6 Sec. 33.30.440. LEGAL RIGHTS OF PRISONER WORKERS. In adminis-
7 ter'ing the correctional industries program, the department shall comply
8 with federal and state health and safety regulations, except the pro-
9 visions of AS 23 do not apply to the correctional industries program or
10 to prisoners who work in the program. Prisoners working in the correc-
11 tional industries program do not have the rights or privileges of state
12 employees.

13 Sec. 33.30.450. PRISONER PAYMENT; FORFEITURE. (a) The commis-
14 sioner shall establish a pay plan for prisoners working in the correc-
15 tional industries program based on the quantity and quality of work
16 performed and the skill required. Wage incentive plans to increase
17 productivity may be included in the pay plan. The commissioner shall
18 determine the amount to be credited to a prisoner after disbursements
19 made under (b) of this section.

20 (b) The commissioner shall disburse payments from money earned by
21 a prisoner who works in the correctional industries program in amounts
22 established by regulation for the following purposes:

23 5 (1) to pay a restitution or fine of the prisoner ordered by
24 a sentencing court;

25 (2) (2) to reimburse the state for compensation awarded under
26 AS 18.67 resulting from the prisoner's criminal conduct;

27 (3) (3) to pay a civil judgment resulting from the prisoner's
28 criminal conduct;

29 (1) (4) for support of the prisoner's dependents, if any; and

1 4 (5) for the purchase of clothing and commissary items for
2 the prisoner's personal use.

3 (c) If a prisoner who has been working in the correctional indus-
4 tries program escapes, a portion of his earnings is forfeited as deter-
5 mined by the commissioner. The commissioner shall deposit forfeited
6 earnings in the general fund.

7 (d) Money earned by a prisoner in the correctional industries
8 program which is not disbursed under (b) of this section or forfeited
9 under (c) of this section must be retained for the prisoner until his
10 release. The commissioner may authorize a prisoner to receive a portio
11 of the money before release for purposes which the commissioner con-
12 sider appropriate.

13 Sec. 33.30.460. ATTACHMENT OF EARNINGS. The money earned by a
14 prisoner and retained under AS 33.30.450(d) is subject to lien, attach-
15 ment, garnishment and execution.

16 Sec. 33.30.470. CORRECTIONAL INDUSTRIES COMMISSION. (a) The
17 Correctional Industries Commission is established to provide general
18 policy direction to the correctional industries program. The commis-
19 sion consists of seven members. Five members are appointed by the
20 governor to staggered terms of four years and must include a person
21 involved in private industry, a person involved in organized labor, a
22 person involved in agriculture, one member of the general public, and
23 one ex-offender. The commissioner of administration and the commis-
24 sioner of health and social services shall also serve on the commission
25 as nonvoting ex officio members. The commissioner of health and social
26 services is the presiding officer of the commission.

27 (b) The commission shall meet at least four times during each
28 year and may hold additional meetings at the call of the presiding
29 officer. Four members of the commission who may vote constitute a

1 quorum and a vote of a majority of the quorum is necessary for the
2 transaction of business.

3 (c) Members of the commission serve without compensation, but are
4 entitled to receive the per diem and travel allowance provided in
5 AS 39.20.180 for attending meetings and for making investigations
6 requested by the presiding officer.

7 Sec. 33.30.480. POWERS AND DUTIES OF THE COMMISSION. (a) The
8 Correctional Industries Commission shall monitor the correctional
9 industries program, annually review the proposed budget of the program,
10 and make recommendations to the commissioner.

11 (b) The commission shall hold public hearings to provide an op-
12 portunity for persons or organizations who may be affected by the plans
13 of the correctional industries program to appear and present testimony
14 concerning those plans, and the commission may hold public hearings on
15 other matters. The commission shall adopt rules governing the conduct
16 of public hearings, including provisions to assure that adequate public
17 notice of the hearing is provided. Rules adopted under this subsection
18 are not subject to the Administrative Procedure Act (AS 44.62).

19 (c) The commission shall make recommendations to the commissioner
20 concerning activities of the correctional industries program to enable
21 the program to operate in a self-supporting manner, provide maximum
22 employment possibilities for prisoners, provide diversified products
23 and services which minimize the impact of the program on private
24 industry in the state, and provide a service for the state. In making
25 recommendations, the commission shall consider testimony received at
26 public hearings.

27 Sec. 33.30.490. COOPERATION WITH STATE AGENCIES. With the ap-
28 proval of the commissioner, a state agency may, without charge, transfer
29 to the department property or equipment suitable for use in the correc-

1 tional industries program.

2 * Sec. 6. AS 37.05.230 is amended by adding a new paragraph to read:

3 (9) the provisions of this section relative to competitive
4 bids do not apply to the purchase of products or services provided by
5 the correctional industries program (AS 33.30.410 - 33.30.490).

6 * Sec. 7. AS 33.30.225, 33.30.270, 33.30.280, and AS 36.10.060 are
7 repealed.

8 * Sec. 8. This Act takes effect immediately in accordance with AS 01.10.
9 070(c).

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FISCAL NOTE

I. REQUEST

Bill/Resolution No. House Bill No. 194
 Title An Act Relating to prisoner employment and correctional industries
 Requested by _____ Date _____

II. FISCAL DETAIL

Agency Affected Health & Social Services
 Program Category Affected Offender Confinement, Reformation & Supervision
 BRU, Program, Or Subprogram(s) Affected Adult Confinement, Prison Industries
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

| | FY 82 | FY 83 | FY 84 | FY 85 | FY 86 | FY 87 |
|--------------------------|------------|--------------|--------------|--------------|--------------|--------------|
| 100 PERSONAL SERVICES | | 39.8 | 127.3 | 334.8 | 364.9 | 797.7 |
| 200 TRAVEL | | 21.8 | 23.8 | 19.7 | 21.5 | 23.4 |
| 300 CONTRACTUAL | | 10.9 | 11.9 | 13.0 | 14.1 | 15.5 |
| 400 COMMODITIES | | 100.0 | 150.0 | 163.5 | 178.2 | 194.3 |
| 500 EQUIPMENT | | 150.0 | 200.0 | 100.0 | 25.0 | 25.0 |
| 600 LAND & STRUCTURES | | - | - | - | - | - |
| 700 GRANTS, CLAIMS, ETC. | | 33.0 | 67.5 | 97.5 | 105.0 | 114.4 |
| TOTAL | -0- | 355.5 | 580.5 | 728.5 | 708.7 | 770.3 |

FUNDING (Thousands of Dollars)

| GENERAL FUND | | * | * | * | * | * |
|------------------------|--|---|---|---|---|---|
| FEDERAL FUNDS | | | | | | |
| OTHER (Specify Source) | | | | | | |

* See Analysis, Paragraph I

POSITIONS

| | | 1 | 2 | 4 | -0- | -0- |
|-----------|--|---|---|---|-----|-----|
| FULL TIME | | | | | | |
| PART TIME | | | | | | |
| TEMPORARY | | | | | | |

III. ANALYSIS (See Fiscal Note Preparation Instruction, Section III)

Assumptions:

A. Staff

- It is anticipated that seven additional shop supervisors will be needed to fully implement the Prison Industries Program. The seven shop supervisors would be hired during the next three fiscal years, on the following schedule:

Roger C. Lange

IV. DATE January 5, 1982 PREPARED BY Roger C. Lange
 AGENCY Division of Adult Corrections
 PHONE 465-3376
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)
 JJ-001 (Rev. 12/81)

Josiah C. Clark, Acting Director
Division of Management & Int'l

| <u>DATE</u> | <u>LOCATION</u> | <u># OF POSITIONS</u> |
|-------------|-----------------|-----------------------|
| July, 1982 | Palmer | 1 |
| July, 1983 | Juneau | 2 |
| Oct., 1984 | Eagle River | 2 |
| Oct., 1984 | Fairbanks | 2 |

A. The positions will all be Range 16 - Shop Supervisors; FY 1983 cost is computed as follows:

| | |
|-----------------------|----------|
| Monthly Salary \$2556 | |
| Annual Salary | \$30,672 |
| Variable Benefits | 5,101 |
| Supplemental Benefits | 1,880 |
| Health Benefits | 2,196 |
| Total | \$39,849 |

B. Travel

- Board travel consists of 4 board meetings to be held at institutions with industries programs. It is assumed an average of 6 board members will attend each meeting, with 4 requiring air travel. It is assumed each meeting will be of a three day duration. \$10,560
- Public Hearings will be conducted at @ Board meeting whenever possible. However two meetings a year in addition may be needed in FY 83 and FY 84 for start up of industries. \$5,280
- Staff travel of \$6,000 is included for supervision of the program.

C. Contractual funds are included for specialized services not available from state agencies plus long distance telephone and postage costs. It is assumed that the cost for additional heat and electricity will be absorbed by the institutions conducting the industries programs.

D. Commodities funds are to purchase raw materials needed in the manufacturing of products.

E. Funds to purchase equipment will be needed in significant amounts for the first three years for the new product/service lines, as they are developed.

F. Funds requested in Grants and Claims is for the payment to inmates of wages earned. The following table represents the estimates of persons in the program, average wages, etc.

| <u>FISCAL YEAR</u> | <u>FULL TIME INMATES</u> | <u>DAYS PER YEAR WORKED</u> | <u>HOURS PER DAY WORKED</u> | <u>AVG. HOURLY WAGE</u> | <u>TOTAL WAGES</u> |
|--------------------|--------------------------|-----------------------------|-----------------------------|-------------------------|--------------------|
| 1983 | 40 | 250 | 7.5 | \$.44 | \$33,000 |
| 1984 | 75 | 250 | 7.5 | .48 | 67,500 |
| 1985 | 100 | 250 | 7.5 | .52 | 97,500 |
| 1986 | 100 | 250 | 7.5 | .56 | 105,000 |
| 1987 | 100 | 250 | 7.5 | .61 | 114,375 |

G. Capital expenditures are addressed in the Governor's Capital budget, as follows:

| | | |
|---------|-------------------------------------|-------------|
| FY 1983 | Juneau Prison Industries Building | \$1,748,500 |
| FY 1983 | Eagle River Prison Industries | 1,306,200 |
| FY 1983 | Fairbanks Prison Industries | 1,542,000 |
| FY 1985 | Palmer Prison Industries Renovation | 200,000 |

The above costs are, therefore, not included in the fiscal note.

H. Inflation

It is assumed that there will be a uniform 9% inflation rate through FY 1986.

- I. Funding identification has not been made as the proposed legislation is not specific as to the manner program receipts are to be handled. Funding could be identified as all general funds or a combination of general funds and program receipts.

Without knowing what specific industries are to be developed or the time frame in which goods or services are available to the specified consumers, no estimate of program receipts can be made at this time. It is assumed, however, that all program receipts will either be identified as part of the funding or deposited directly into the state treasury.

For Mr. Campbell - Budget items

HB 287

Bob Larson

Intentions

Minimum hr. wages - $13 \frac{36}{100}$ low ranges between .44 & .56
What provision will be made to wage going to family -

Are inmates given work stores today - like home day pay, - as are
are preliminary plans now underway in the new jail plans
for this program.

What has been targeted the far ^{in detail} potential work a "industry":
"fire fighting" "agriculture"

44¢
3¢
\$3.52 per day

HB 194

3/28/81

Char. Lumsdell + }
Bob Lawson } of Calif. only 1 state is industry = AK,
- prison industry consulting

IDENTENESS

"potential" To pay for itself, (1) ✓

Lawson

orig. prisons were workhouses
work nec. to reform people
ICC good wiped out prison industry
social effect → No work, just counsel, etc
Now re-birth - of work ethic etc
He believes it will work well here in AK

- Bill - Commission

Should be expected - rise up to this.

" " pd.

Local approval of each project - work type.

- Tech. changes nec. (4) ✓

- education prog? under what circumstances

- Does Calif. cost effectiveness? (2) ✓

♀

- Need establish. of P.I. change concept of inst. confinement? (3) ?

[\$65-70 / day daily cost of care!]
90 x 360 = \$25,200

Workman's Comp for injuries

- Make a prisoner lose rights to student loan prog, etc? (5)

Must work with in walls.

Mon - 1/25/82

Mr. Downer.

Doc Blacksen -

Favors the prison industry concept.

Mike Stark - Div. of Law for Dev.

Wages -
Min. 3³⁰

Are your new facilities now in development planning
for necessary additional space & staff.

Unions Opposition -

Force Labor & Voluntary!

Priority of where wages go. *

Family # 1

Dev. proposals to add.

1) Voluntary overtime

2) Prisoners industries fund.

3) Market to private industry.

Processing crops.

Highway signs

Alaska Marine Hwy. Laundry (now out of state) ^{Canada}

Rep Erick Sutcliffe -

Bottom fishing - nets

Skills of fish netting.

H B

1951

alaska
state
hospital
association

319 Seward St., Juneau, Alaska 99801 • (907) 586-1790

REPRESENTING ACUTE, LONG TERM AND OUTPATIENT FACILITIES

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Hospital
Anchorage

Alternate Trustee Delegate
to American Hospital
Association
Robert Jensen
Central Peninsula Hospital
Sitka

President
Dennis L. DeWitt
Juneau

February 24, 1982

The Honorable Michael F. Beirne
Alaska State House of Representatives
Pouch V, State Capitol Building
Juneau, Alaska 99811

Dear Representative Beirne:

The HESS Comm' tee will soon be considering legislation to alter the state's Certificate of Need law. We believe that its value is nonexistent in Alaska and therefore ought to be repealed outright. However, none of the legislation currently proposes that action.

I have enclosed correspondence indicating the initiation of a Certificate Need application for an in:in-erator at Providence Hospital in Anchorage. Clearly, it demonstrates the need for at least a substantial change in the types of activities considered by the Certificate of Need regulators. We believe that raising the dollar thresh-old from the current \$150,000 to \$1.5 - \$2 million would focus the regulation activities in a more reasonable area of activity.

Sincerely,



Dennis L. DeWitt
President

DLD:bf
Enclosure

Mr. Randolph Berry
Page Two
January 22, 1982

In addition to the need to replace and upgrade the current incinerator, the new machine will be very energy efficient. We will be able to recover up to 60 pounds of steam heat which will supplement up to 25% of the steam load for the South Tower in the winter and will be able to provide the entire steam heat needs of the South Tower during the summer months.

The proposed incinerator is cost effective. It is projected that the incinerator will pay for itself within six years by savings on the steam heat and current disposal costs for waste. The incinerator is not patient related. There will be no additional operational costs due to the purchase of the machine. We will purchase the machine with cash, and there will be no impact on daily patient charges.

We would like to ask you for a determination of a need for a Certificate of Need and guidance on the process and timing.

Sincerely,


Al M. Camosso
Administrator

cc: Susan Callan
Mary Walters

ANALYSIS FOR HB 195

Relates to comprehensive health planning. Amends sections of AS 18.07 (Comprehensive Health Planning) to comply with amendments to the Public Health Service Act, P.L. 96-70. Amendments relate to certificates of need for the acquisition of major medical equipment and acquisition of an existing Health care facility. Adds new section relating to exemptions from the requirement for a certificate of need for acquisitions of equipment or facility or to provide inpatient institutional health services by health maintenance organizations of a health care facility if certain requirements are met. Amendments made relating to emergency and temporary certificates of need for health maintenance organizations, rehabilitation facilities or ambulatory care facilities. States that the commissioner may not adopt regulations which establish criteria for review of certificates other than those outlined, may not establish criteria for review of applications submitted by health maintenance organizations to provide reasonable and inexpensive services. Commissioner to adopt regulations establishing criteria for review of an application submitted by an osteopathic or allopathic facility. Repeals definitions relating to the Comprehensive Health Planning section (18.07) 111(10), "'office means the office of planning and research in the Department of Health and Social Services." "(11)'secretary' means the secretary of the United States Department of Health, Education and Welfare." Does not provide for an effective date.

HB 195

HOUSE BILL NO. 195 by the Rules Committee by request of the Governor, entitled:

"An Act relating to comprehensive health planning."

was read the first time and referred to the Health, Education & Social Services and Judiciary Committees.

Fiscal note on HB 195 appears in House Journal Supplement No. 9.

The Governor's transmittal letter dated February 18, 1981 follows:

Dear Mr. Speaker:

Under the authority of art. III, sec. 10, of the Alaska Constitution, I am transmitting a bill amending sections in AS 10.07 which relate to comprehensive health planning and resources development. Without this legislation, state law is inconsistent with P.L. 96-79 which amended the federal Public Health Service Act (PHSA) (P.L. 93-641). As a result, the Department of Health and Social Services will lose federal money under the PHSA for public health programs, planning, and resources development, under the Community Mental Health Centers Act (P.L. 94-63), the Comprehensive Alcohol Abuse and Alcohol Prevention, Treatment, and Rehabilitation Act of 1970 (P.L. 91-616), and the Drug Abuse Office and Treatment Act of 1972 (P.L. 92-255). Although the date by which the state was to have amended state law to comply with federal law was January 1, 1981, recent federal legislation has changed that date to December 31, 1981. I introduced HB 1007 to accomplish this task late in the last legislative session. The legislature did not consider that bill.

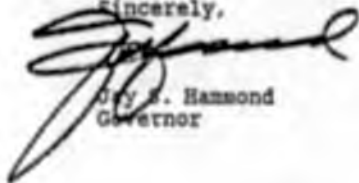
The major amendment in the bill would require a person to obtain a certificate of need before the purchase of major medical equipment for inpatients. Certain exemptions to this requirement would be provided for health maintenance organizations which may be developed in the state. Also, provisions of Titles XV and XVI of the PHSA, as amended by P.L. 96-79, would be incorporated by reference in state law to deal with the functions and responsibilities of the state comprehensive health planning program.

The bill would also clarify the participation of mental health programs, drug and alcohol abuse programs, and rehabilitation programs in the comprehensive health planning process. The bill would also allow the voluntary discontinuance of hospital services which are

HB 195 continued

not needed, and loan programs for the conversion of these services to health services for which there is a need. Technical changes in the composition of the Statewide Health Coordinating Council and Health Systems Agencies, and amendments to their duties, are also proposed in the bill.

Sincerely,



Jay S. Hammond
Governor

HB 196

HOUSE BILL NO. 196 by the Rules Committee by request of the Governor, entitled:

"An Act relating to establishment of the Alaska State Center and a state weather and climate program."

was read the first time and referred to the Health, Education & Social Services and Finance Committees.

Fiscal note on HB 196 appears in House Journal Supplement No. 7.

The Governor's transmittal letter dated February 18, 1961 follows:

Dear Mr. Speaker:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to the establishment of a state climate and weather program and a state climate center. This bill was originally introduced in the last legislature as HB 613. This version is virtually identical to the House Resources Committee's CHED 613.

STATE OF ALASKA

DEPT. OF HEALTH AND SOCIAL SERVICES
OFFICE OF THE COMMISSIONER

JAY S. HAMMOND, GOVERNOR

POUCH H 01
JUNEAU, ALASKA 99811
PHONE: 465-3030

January 13, 1982

Document# 2-82

The Honorable Michael Beirne
House of Representatives
Alaska State Legislature
P. O. Box 4-1539
Anchorage, AK 99509

Dear Dr. Beirne:

Attached are my recommended amendments to House Bill 195, which amends sections in AS 18.07 to conform to federal legislation respecting comprehensive health planning and resources development.

After HB 195 was introduced during the 1981 state legislative session, Congress enacted P.L. 97-35, the Omnibus Reconciliation Act of 1981. P.L. 97-35 raised federally mandated threshold levels for state certificate of need programs, and also allows states to adjust these thresholds annually to account for inflation. These higher threshold levels allow the state more flexibility in determining its own threshold levels and thus increase the state's options in administering its own certificate of need program.

The attached amendment would add P.L. 97-35 to the references to federal law in HB 195.

Sincerely,



Helen D. Beirne
Commissioner

CERTIFICATE OF NEED REVIEW

Sec. 936. (a) Section 1531 of the Public Health Service Act (42 U.S.C. 800n) is amended—

- (1) by striking out "\$75,000" each place it occurs in paragraph (5) and inserting in lieu thereof "\$250,000";
- (2) by striking out "\$150,000" each place it occurs in paragraph (6) and inserting in lieu thereof "\$600,000"; and
- (3) by striking out "\$150,000" each place it occurs in paragraph (7) and inserting in lieu thereof "\$400,000".

(b)(1) Section 1521(d)(1)(B) of the Public Health Service Act (42 U.S.C. 300m(d)(1)(B)(ii)) is amended—

- (A) by striking out "twelve months" the second time it appears in clause (i) and inserting in lieu thereof "twenty-four months", and
- (B) by striking out "twelve months" the second time it appears in clause (ii) and inserting in lieu thereof "twenty-four months".

(2) The first sentence of section 1521(b)(2)(B) of such Act is amended to read as follows: "The period of an agreement described in subparagraph (A) shall not extend beyond the period set forth in subsection (d)(1)(B)".

EFFECTIVE DATE

Sec. 937. The amendments made by this subtitle shall take effect October 1, 1981.

Subtitle F—Health Maintenance Organizations

CHAPTER 10—HEALTH MAINTENANCE ORGANIZATIONS

SHORT TITLE; REFERENCE TO ACT

Sec. 940. (a) This subtitle may be cited as the "Health Maintenance Organization Amendments of 1981".

(b) Whenever in this subtitle an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Public Health Service Act.

EXTENSIONS

Sec. 941. (a) Subsection (a) of section 1309 (42 U.S.C. 300e-8(a)) is amended to read as follows:

"(a)(1) For grants and contracts under sections 1303 and 1304 there is authorized to be appropriated \$20,000,000 for the fiscal years 1982, 1983, and 1984. No funds appropriated under this paragraph may be expended or obligated for a grant or contract unless the entity received a grant or contract under section 1303 or 1304 during or before the fiscal year 1981.

"(2) For grants under section 1317 there is authorized to be appropriated \$1,000,000 for each of the fiscal years 1982, 1983, and 1984."

(b) Subsection (b) of section 1309 is amended to read as follows:

"(b) To maintain in the loan fund established under section 1309(a) for the purpose of making new loans a balance of at least \$5,000,000 at the end of each fiscal year and to meet the obligations of the loan fund resulting from defaults on loans made from the fund and to meet the other obligations of the fund, there is authorized to be appropriated to

the loan fund
be necessary
(c) Section
"1981" and it

REVIEW

Sec. 942. (1) subparagraph as subparagraph (2) Section subparagraph (3)(A) Section striking out thereof "provisions which are provided by (B) Section services" and (4) Section 1 out "or (B)" and other health or (C)".

(5) The amendments respect to the accordance with after four year health maintenance Act if the health maintenance years it will provide which are provided professionals within medical group (b)(1) Section striking out clauses (i) and (j) (2) Subparagraph follows: "(D) Certain health professional health services require, but only insure the delivery management." (c)(1) The first amended by inserting "except that a health service area located within health service is not a health service within 1 members of the (2) The first sentence promptly a reasonable prompt

"Part C--State Health Planning and Development

"Designation of State Health Planning and
Development Agencies

"Sec. 1521. (a) For the purpose of the performance within each State of the health planning and development functions prescribed by section 1523, the Secretary shall enter into and renew agreements (described in subsection (b)) for the designation of a State health planning and development agency for each State.

"(b)(1) A designation agreement under subsection (a) is an agreement with the Governor of a State for the designation of an agency (selected by the Governor) of the government of that State as the State health planning and development agency (hereinafter in this title referred to as the 'State Agency') to administer the State administrative program prescribed by section 1522 and to carry out the State's health planning and development functions prescribed by section 1523. The Secretary may not enter into such an agreement with the Governor of a State unless--

"(A) there has been submitted by the State a State administrative program which has been approved by the Secretary,

"(B) an application has been made to the Secretary for such an agreement and the application contains assurances satisfactory to the Secretary that the agency selected by the Governor for designation as the State Agency has the authority and resources to administer the State administrative program of the State and to carry out the health planning and development functions prescribed by section 1523, and

"(C) in the case of an agreement entered into under paragraph (3), there has been established for the State a Statewide Health Coordinating Council meeting the requirements of section 1524.

"(2)(A) The agreement entered into with a Governor of a State under subsection (a) may provide for the designation of a State Agency on a conditional basis with a view to determining the capacity of the designated State Agency to administer the State administrative program of the State and to carry out the health planning and development functions prescribed by section 1523. The Secretary shall require as a condition to the entering into of such an agreement that the Governor submit on behalf of the agency to be designated a plan for the agency's orderly assumption and implementation of such functions.

"(B) The period of an agreement described in subparagraph (A) shall not extend beyond the period set forth in subsection (d)(1)(B).
~~July 31, 1970, or thirty-six months after such agreement has been entered into, whichever comes later, except that the Secretary may extend the period for such additional time as he finds appropriate if he finds that the designated State Agency is making a good faith effort to comply with the requirements of section 1523.~~ During such period the Secretary may require that the designated State Agency perform only such of the functions of a State Agency prescribed by section 1523 as he determines it is capable of performing. The number and type of



such functions shall, during such period, be progressively increased as the designated State Agency becomes capable of added responsibility, so that by the end of such period the designated State Agency may be considered for designation under paragraph (3).

"(C) Any agreement with a Governor of a State entered into under subparagraph (A) may be terminated by the Governor upon ninety days' notice to the Secretary or by the Secretary upon ninety days' notice to the Governor.

"(3)(A) If, on the basis of an application for designation as a State Agency (and, in the case of an agency conditionally designated under paragraph (2), on the basis of its performance under an agreement with a Governor of a State entered into under such paragraph), the Secretary determines that the agency is capable of fulfilling, in a satisfactory manner, the responsibilities of a State Agency, he shall enter into an agreement with the Governor of the State designating the agency as the State Agency for the State. No such agreement may be made unless an application therefor is submitted to, and approved by, the Secretary. Any such agreement shall be for a term of not to exceed thirty-six months, except that, prior to the expiration of such term, such agreement may be terminated--

"(i) by the Governor at such time and upon such notice to the Secretary as he may by regulation prescribe, or

"(ii) by the Secretary if the Secretary determines, in accordance with subparagraph (B), that the designated State Agency is not complying with the provisions of such agreement.

An agreement under this paragraph shall contain such provisions as the Secretary may require to assure that the requirements of this part respecting State Agencies are complied with.

"(B) Before the Secretary may terminate an agreement with a designated State Agency under subparagraph (A)(ii), the Secretary shall--

"(i) consult with the Statewide Health Coordinating Council of the State for which the State Agency is designated respecting the proposed termination,

"(ii) give the State Agency notice of the intention to terminate the agreement and in the notice specify with particularity (i) the basis for the determination of the Secretary that the State Agency is not in compliance with the agreement, and (ii) the actions that the State Agency should take to come into compliance with the agreement, and

"(iii) provide the State Agency with a reasonable opportunity for a hearing, before an officer or employee of the Department of Health, Education, and Welfare designated for such purpose, on the matter specified in the notice.

The Secretary may not terminate such an agreement before consulting with the National Council on Health Planning and Development respecting the proposed termination. Before the Secretary may permit the term of an agreement to expire without renewing the agreement, the

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Secretary shall make the consultations prescribed by clause (i) and the preceding sentence, give the State Agency with which the agreement was made notice of the intention not to renew the agreement and the reasons for not renewing the agreement, and provide, as prescribed by clause (iii), the State Agency an opportunity for a hearing on the matter specified in the notice.

"(4)(A) An agreement entered into under paragraph (3) for the designation of a State Agency may be renewed by the Secretary for a period not to exceed thirty-six months if upon a review under section 1535 of the State Agency's operation and performance of its function he determines that it has fulfilled, in a satisfactory manner, the responsibilities of a State Agency during the period of the agreement to be renewed and if the applicable State administrative program continues to meet the requirements of section 1522. Before renewing an agreement under this paragraph with a State Agency for a State, the Secretary shall provide each health systems agency designated for a health service area located (in whole or in part) in such State and the Statewide Health Coordinating Council of such State an opportunity to comment on the performance of the State Agency and to provide a recommendation on whether such agreement should be renewed.

"(B) If upon a review under section 1535 of the State Agency's operation and performance of its functions, the Secretary determines that it has not fulfilled, in a satisfactory manner, the responsibilities of a State Agency during the period of the agreement to be renewed or if the applicable State administrative program does not continue to meet the requirements of section 1522, he may terminate such agreement or return the State Agency to a conditionally designated status under paragraph (2) of subsection (b) for a period not to exceed twelve months. At the end of such period, the Secretary shall either terminate its agreement with such State Agency or enter into an agreement with such State Agency under paragraph (3) of subsection (b). The Secretary may not terminate an agreement or return a State Agency to a conditionally designated status unless the Secretary has--

"(i) provided the State Agency with notice of his intent to return it to a conditional status or terminate the agreement with it and included in that notice specification of any functions which the Secretary has determined the State Agency did not satisfactorily fulfill and of any requirements which the Secretary has determined it has not met;

"(ii) provided the State Agency with a reasonable opportunity for a hearing, before an officer or employee of the Department of Health, Education, and Welfare designated for such purpose, on the action proposed to be taken by the Secretary; and

"(iii) in the case of a proposed termination, consulted with the National Council on Health Planning and Development respecting the termination.

"(c) If a designation agreement with the Governor of a State entered into under subsection (b)(2) or (b)(3) is terminated before the date prescribed for its expiration, the Secretary shall, upon application

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and in accordance with subsection (b)(2), or (b)(3) (as the Secretary determines appropriate), enter into another agreement with the Governor for the designation of a State Agency.

"(d)(1) If an agreement under subsection (b)(3) for the designation of a State Agency for a State is not in effect upon the expiration of--

"(A) the fourth fiscal year which begins after the calendar year in which the National Health Planning and Resources Development Act of 1974 is enacted; or

"(B)(i) if the legislature of the State is in a regular session on the date of the enactment of the Health Planning and Resources Development Amendments of 1979 and the legislature will be in session for at least ~~twelve months~~ twenty-four months from such date, from such date, or

"(ii) if the legislature of the State is in session on such date of enactment but twelve months do not remain in such session after such date or if the legislature of the State is not in session on such date, ~~twelve months~~ twenty-four months after the beginning of the first regular session of the legislature beginning after such date,

whichever occurs later, the Secretary shall take the action prescribed by paragraph (2).

"(2) If upon the expiration of the period applicable under paragraph (1) an agreement is not in effect for the designation of a State Agency for a State, the Secretary shall until such an agreement is in effect take the following action:

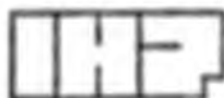
"(A) During the first twelve months after the date of the expiration of the applicable period, the Secretary shall reduce by 25 percent the amount of each allotment, grant, loan, and loan guarantee made to and each contract entered into with an individual or entity in such State during such period under this Act, the Community Mental Health Centers Act, the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment, and Rehabilitation Act of 1970, and the Drug Abuse Office and Treatment Act of 1972.

"(B) During the second twelve months after such expiration date, the Secretary shall reduce by 50 percent the amount of each such allotment, grant, loan, loan guarantee, and contract.

"(C) During the third twelve months after such expiration date, the Secretary shall reduce by 75 percent the amount of each allotment, grant, loan, loan guarantee, and contract.

"(D) After the expiration of thirty-six months after such expiration date, the Secretary may not make or enter into any such allotment, grant, loan, loan guarantee, and contract.

Material added by FY 1981 Budget Reconciliation Act is
underlined; material deleted is crossed out.
HP 7/31/81



"Part D--General Provisions

"Definitions

"Sec. 1531. Except as otherwise provided, for purposes of this title:

"(1) The term 'State' includes the District of Columbia.

"(2) The term 'Governor' means the chief executive officer of a State or his designee.

"(3) The term 'provider of health care' means an individual--

"(A) who is a direct provider of health care (including a physician, dentist, nurse, podiatrist, optometrist, physician assistant, or ancillary personnel employed under the supervision of a physician) in that the individual's primary current activity is the provision of health care to individuals or the administration of facilities or institutions (including hospitals, long-term care facilities, rehabilitation facilities, alcohol and drug abuse treatment facilities, outpatient facilities, and health maintenance organizations) in which such care is provided and, when required by State law, the individual has received professional training in the provision of such care or in such administration and is licensed or certified for such provision or administration;

"(B) who holds a fiduciary position with, or has a fiduciary interest in, any entity described in clause (ii) or (iv) of subparagraph (C) other than an entity described in such clause which is also an entity described in section 501(c)(3) of the Internal Revenue Code of 1954 and which does not have as its primary purpose the delivery of health care, the conduct of research, the conduct of instruction for health professionals, or the production of drugs or articles described in clause (iii) of subparagraph (C);

"(C) who receives (either directly or through the individual's spouse) more than one-fifth of his gross annual income from any one or combination of--

"(i) fees or other compensation for research into or instruction in the provision of health care,

"(ii) entities engaged in the provision of health care or in research or instruction in the provision of health care,

"(iii) producing or supplying drugs or other articles for individuals or entities for use in the provision of or in research into or instruction in the provision of health care, or

"(iv) entities engaged in producing drugs or such other articles;

"(D) who is the member of the immediate family of an individual described in subparagraph (A), (B), or (C); or

"(E) who is engaged in issuing any policy or contract of individual or group health insurance or hospital or medical service benefits.

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Notwithstanding subparagraph (B), an individual shall not be considered a provider of health care solely because the individual is the member of the governing body of an entity described in clause (ii) or (iv) of subparagraph (C).

"(4) The term 'health resources' includes health services, health professions personnel, and health facilities, except that such term does not include Christian Science sanatoriums operated, or listed and certified, by the First Church of Christ, Scientist, Boston, Massachusetts.

"(5) The term 'institutional health services' means health services which (A) are provided through private and public hospitals, rehabilitation facilities, nursing homes, and other health care facilities, as defined by the Secretary by regulation, and (B) entail annual operating costs of at least the expenditure minimum. For purposes of this paragraph, the term 'expenditure minimum' means ~~\$75,000~~ \$250,000 for the twelve-month period beginning with the month in which this paragraph is enacted and for each twelve-month period thereafter, ~~-\$75,000~~ \$250,000 or, at the discretion of the State, the figure in effect for the preceding twelve-month period, adjusted to reflect the change in the preceding twelve-month period in an index maintained or developed by the Department of Commerce and designated by the Secretary by regulation for purposes of making such adjustment.

"(6) For purposes of sections 1523 and 1527, the term 'capital expenditure' means an expenditure--

"(A) made by or on behalf of a health care facility (as such a facility is defined in regulations prescribed under paragraph (5)); and

"(B)(i) which (I) under generally accepted accounting principles is not properly chargeable as an expense of operation and maintenance, or (II) is made to obtain by lease or comparable arrangement any facility or part thereof or any equipment for a facility or part; and

"(II) which (I) exceeds the expenditure minimum, (II) substantially changes the bed capacity of the facility with respect to which the expenditure is made, or (III) substantially changes the services of such facility.

For purposes of subparagraph (B)(ii)(I), the cost of any studies, surveys, designs, plans, working drawings, specifications, and other activities essential to the acquisition, improvement, expansion, or replacement of any plant or any equipment with respect to which an expenditure described in subparagraph (B)(i) is made shall be included in determining if such expenditure exceeds the expenditure minimum. Donations of equipment or facilities to a health care facility which if acquired directly by such facility would be subject to review under section 1527 shall be considered capital expenditures for purposes of sections 1523 and 1527, and a transfer of equipment or facilities at fair market value would be subject to review under section 1527. For purposes of this paragraph, the term 'expenditure minimum' means ~~-\$150,000~~ \$600,000 for the twelve-month period beginning with the month in which this paragraph is enacted and for each twelve-month period

Material added by FY 1981 Budget Reconciliation Act is underlined; material deleted is crossed out.

IMP 7/31/81



thereafter, ~~-\$150,000-~~ \$600,000 or, at the discretion of the State, the figure in effect for the preceding twelve-month period, adjusted to reflect the change in the preceding twelve-month period in an index maintained or developed by the Department of Commerce and designated by the Secretary by regulation for purposes of making such adjustment.

"(7) For purposes of sections 1523 and 1527, the term 'major medical equipment' means equipment which is used for the provision of medical and other health services and which costs in excess of ~~-\$150,000-~~ \$400,000, except that such term does not include medical equipment acquired by or on behalf of a clinical laboratory to provide clinical laboratory services if the clinical laboratory is independent of a physician's office and a hospital and it has been determined under title XVIII of the Social Security Act to meet the requirements of paragraphs (10) and (11) of section 1861(s) of such Act. In determining whether medical equipment has a value in excess of ~~-\$150,000-~~ \$400,000, the value of studies, surveys, designs, plans, working drawings, specifications, and other activities essential to the acquisition of such equipment shall be included.

"(8) The term 'health maintenance organization' means a public or private organization, organized under the laws of any State, which--

"(A) is a qualified health maintenance organization under section 1310(d); or

"(B)(i) provides or otherwise makes available to enrolled participants health care services, including at least the following basic health care services: usual physician services, hospitalization, laboratory, X-ray, emergency and preventive services, and out of area coverage; (ii) is compensated (except for copayments) for the provision of the basic health care services listed in clause (i) to enrolled participants by a payment which is paid on a periodic basis without regard to the date the health care services are provided and which is fixed without regard to the frequency, extent, or kind of health service actually provided; and (iii) provides physicians' services primarily (i) directly through physicians who are either employees or partners of such organization, or (ii) through arrangements with individual physicians or one or more groups of physicians (organized on a group practice or individual practice basis).

"(9) For purposes of paragraph (5) of this section and sections 1523(a)(4)(B) and section 1527, the term 'rehabilitation facility' means an inpatient facility which is operated for the primary purpose of assisting in the rehabilitation of disabled persons through an integrated program of medical and other services which are provided under competent professional supervision. For purposes of the remaining provisions of this title, the term 'rehabilitation facility' means an inpatient facility described in the preceding sentence and, in addition, an outpatient facility which is operated as described in such sentence.

"(10) The term 'medically underserved population' has the same meaning as such term has under section 330(b)(3).

"(11) Any reference to the term 'health' includes physical and mental health.

"(12) The term 'physician' means a doctor of medicine or osteopathy legally authorized to practice medicine and surgery by a State.



STATE OF ALASKA

DEPT. OF HEALTH AND SOCIAL SERVICES

OFFICE OF THE COMMISSIONER

JAY S. HAMMOND, GOVERNOR

POUCH H 01
JUNEAU, ALASKA 99811

PHONE: 465-3030

January 13, 1982

Document# 2-82

The Honorable Michael Beirne
House of Representatives
Alaska State Legislature
P. O. Box 4-1539
Anchorage, AK 99509

Dear Dr. Beirne:

Attached are my recommended amendments to House Bill 195, which amends sections in AS 18.07 to conform to federal legislation respecting comprehensive health planning and resources development.

After HB 195 was introduced during the 1981 state legislative session, Congress enacted P.L. 97-35, the Omnibus Reconciliation Act of 1981. P.L. 97-35 raised federally mandated threshold levels for state certificate of need programs, and also allows states to adjust these thresholds annually to account for inflation. These higher threshold levels allow the state more flexibility in determining its own threshold levels and thus increase the state's options in administering its own certificate of need program.

The attached amendment would add P.L. 97-35 to the references to federal law in HB 195.

Sincerely,



Helen D. Beirne
Commissioner

CERTIFICATE OF NEED REVIEW

Sec. 936. (a) Section 1531 of the Public Health Service Act (42 U.S.C. 800m) is amended—

- (1) by striking out "\$75,000" each place it occurs in paragraph (5) and inserting in lieu thereof "\$250,000";
- (2) by striking out "\$150,000" each place it occurs in paragraph (6) and inserting in lieu thereof "\$600,000"; and
- (3) by striking out "\$150,000" each place it occurs in paragraph (7) and inserting in lieu thereof "\$400,000".

(b)(1) Section 1521(d)(1)(B) of the Public Health Service Act (42 U.S.C. 800m(d)(1)(B)(ii)) is amended—

- (A) by striking out "twelve months" the second time it appears in clause (i) and inserting in lieu thereof "twenty-four months", and
- (B) by striking out "twelve months" the second time it appears in clause (ii) and inserting in lieu thereof "twenty-four months".

(2) The first sentence of section 1521(b)(2)(B) of such Act is amended to read as follows: "The period of an agreement described in subparagraph (A) shall not extend beyond the period set forth in subsection (d)(1)(B)."

EFFECTIVE DATE

Sec. 937. The amendments made by this subtitle shall take effect October 1, 1981.

Subtitle F—Health Maintenance Organizations

CHAPTER 10—HEALTH MAINTENANCE ORGANIZATIONS

SHORT TITLE, REFERENCE TO ACT

Sec. 940. (a) This subtitle may be cited as the "Health Maintenance Organization Amendments of 1981".

(b) Whenever in this subtitle an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Public Health Service Act.

EXTENSIONS

Sec. 941. (a) Subsection (a) of section 1309 (42 U.S.C. 800e-8(a)) is amended to read as follows:

"(a)(1) For grants and contracts under sections 1303 and 1304 there is authorized to be appropriated \$20,000,000 for the fiscal years 1982, 1983, and 1984. No funds appropriated under this paragraph may be expended or obligated for a grant or contract unless the entity received a grant or contract under section 303 or 304 during or before the fiscal year 1981.

"(2) For grants under section 1317 there is authorized to be appropriated \$1,000,000 for each of the fiscal years 1982, 1983, and 1984."

(b) Subsection (b) of section 1309 is amended to read as follows:

"(b) To maintain in the loan fund established under section 1309(a) for the purpose of making new loans a balance of at least \$5,000,000 at the end of each fiscal year and to meet the obligations of the loan fund resulting from defaults on loans made from the fund and to meet the other obligations of the fund, there is authorized to be appropriated to

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POSITION PAPER
ON
HOUSE BILL NO. 195

For an Act entitled "An Act relating to comprehensive health planning."

House Bill 195 amends AS 18.07 to comply with amendments to the National Health Planning and Resources Development Act, as incorporated in Public Law 96-79, signed into effect October 4, 1979. Such amendments are required of all states wishing to participate in and receive funding under the Public Health Service Act, the Community Mental Health Centers Act, the Comprehensive Alcohol Abuse Act and Alcoholism Prevention, Treatment and Rehabilitation Act and the Drug Abuse Office and Treatment Act of 1972. The Department of Health and Social Services supports passage of House Bill 195, and recommends amendments to HB 195 to include provisions of P.L. 97-35 which was signed into effect since the introduction of House Bill 195. Proposed amendments are attached to this position paper and explained herein.

The purpose of the national health planning law is to encourage consumer and provider involvement at both the local and the state level in planning for and implementing a health care system in Alaska that provides equitable access to quality care at reasonable costs. This process requires the development of local health plans which are used as an information source in the development of a State Health Plan. The State Health Plan is to serve as a guide to the Governor and the Legislature for health policy development and resource allocation.

The primary amendments to AS 18.07 as set out in HB 195 fall into three categories: coverage of rehabilitation facilities, major medical equipment and coverage of health maintenance organizations. Each of these issues is addressed in detail below:

Rehabilitation Facilities

Section 2 of the proposed amendment includes rehabilitation facilities as facilities subject to certificate of need review. Rehabilitation facility is defined to mean an inpatient facility which is operated primarily to assist in the rehabilitation of disabled persons through an integrated program of medical and other health services which are provided under competent supervision. This definition should not result in additional health care facilities being subject to certificate of need review in Alaska, but will serve to clarify the type of rehabilitation facilities which are subject to certificate of need review.

employment training - ACA-

Major Medical Equipment

Section 3 of the proposed amendment adds a requirement for certificate of need review of major medical equipment which will be used for inpatients, regardless of its location. Major medical equipment located outside a health care facility may be exempt from review if: 1) the sponsor notifies the state agency in writing of intent to purchase such equipment; and 2) the state agency determines that the equipment will not be used for inpatients.

The purpose of this provision is to close the gap which currently allows a physician to purchase major medical equipment for a health care facility and thereby avoid the requirement for a certificate of need. Although this provision is required to be in effect in each state, its impact will not be significant in Alaska, since Alaskan physicians generally rely upon hospitals to provide such equipment.

Health Maintenance Organizations

Section 4 of HB 195 would add a new section to AS 18.07 providing an exemption for certain health maintenance organizations (HMOs) which have an enrollment of at least 50,000 from certificate of need review. The impact of this provision is not expected to be significant since there are no such HMOs in Alaska.

The amendments to the National Health Planning Law as incorporated in P.L. 96-79 and addressed in House Bill No. 195 also modify the planning process, strengthen the role of the Governor in approval and use of the State Health Plan and introduce organizational changes within the planning boards and advisory committees.

Amendments to Existing Bill

After House Bill 195 was introduced during the 1981 state legislative session, Congress enacted P.L. 97-35, the Omnibus Reconciliation Act of 1981. This Public Law allows increased options with regard to state health planning and state certificate of need programs. The federally mandated threshold levels for state certificate of need programs were raised, and states permitted to make adjustments to those thresholds to account for inflation. The new Federal threshold levels are as follows:

- \$600,000 - capital expenditures related to construction;
- \$400,000 - for capital expenditures for major medical equipment; and
- \$250,000 - for annual operating costs for new institutional health services.

Section 18.07.031 (5) of House Bill 195 provides certificate of need coverage of the "acquisition of an existing health facility." The Federal program requires states to include a provision for reviewing proposed acquisitions of health facilities, but permits states to exempt from review of those those acquisitions which do not involve a change in the facility's bed capacity, the addition of a new service, or the elimination of an existing service. With passage of House Bill 195 the Department intends to adopt regulations providing for these exemptions. This provision of House Bill 195 is not expected to have a significant effect since the State program already requires a certificate of need review of activities involving a change in bed capacity, or the addition or elimination of a health service regardless of whether an acquisition occurs.

The department also recommends an amendment in Section 2 of the Bill. Line 7, page 3 should be changed to read:

- (2) to acquire major medical equipment which is not owned by or...

The word "not" was unintentionally deleted during the typing of the Bill.

Impact of non-passage of the Bill

There are significant potential fiscal losses to the State if legislation is not passed enabling the State Health Planning and Development Agency (SHPDA) to carry out its full responsibilities under the Public Law 96-79 ("The Health Planning and Resources Development Amendments of 1979"). If SHPDA is not fully empowered by State statute as of by January 1983, to conduct the "State Program" mandated by P.L. 93-641, as amended by P.L. 96-79, the SHPDA designation agreement with the Federal government is subject to termination, or the SHPDA designation agreement may be made conditional for one year and the designation then withdrawn. Should the agreement be terminated, the State would no longer be eligible for certain federal human service program funds

Recent indications of reduced Federal funding through block grant programs has caused uncertainty as to the impact of a reversion of the State Health Planning and Development Agency (SHPDA) to "Conditional Designation" for the period of January 1, 1983 through December 31, 1983 or termination of the SHPDA/Federal health planning agreement. During 1981 the total Federal funding which could be impacted by sanctions under P.L. 93-641, as amended by P.L. 96-79 was approximately \$7,000,000 annually received under the Public Health Service Act, the Community Mental Health Centers Act, the Comprehensive Alcohol Abuse Act, and Alcoholism Prevention, Treatment and Rehabilitation Act, and the Drug Abuse, Office and Treatment Act of 1972. Approximate 1983 Federal funding under those Acts is given as follows:

| | |
|----------------------|-------------|
| Total Project Grants | \$4,161,000 |
| Formula Grants | \$ 900,000 |

The methods by which the Federal government would reduce program funds under the aforementioned Acts is unclear. Some of the funds are made available to municipalities and other entities; some will be through block grants to the State. Some of the affected programs are within the purview of the Alaska Department of Health and Social Services; some relate to the Department of Education and/or the University system.

The National Health Planning and resources Development Act is scheduled for renewal by October 4, 1982. It is unclear at this point whether Congress will be seeking to amend or extend this legislation, replace this act with an Administration pro-competitive bill, or allow the federal authority to expire. Alaska's statutes incorporate the federal act by reference and will need to be amended at some future date to be consistent with Congressional action.

attachment: proposed amendments to HB 195

Recommended by:

Phoebe A Lindsey
Phoebe A. Lindsey, Director
Division of State Health
Planning & Development

Date:

Approved by:

Helen D. Beirne
Helen D. Beirne
Commissioner

Date:

3-1-82

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

I. REQUEST

Bill/Resolution No. Modification to House Bill 195
 Title "An act relating to comprehensive health planning"
 Requested by Department of Health and Social Services

II. FISCAL DETAIL

Agency Affected Health and Social Services
 Program Category Affected Health
 B.U., Program, Or Subprogram(s) Affected
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

| | FY 82 | FY 83 | FY 84 | FY 85 | FY 86 | FY 87 |
|--------------------------|------------|------------|------------|------------|------------|------------|
| 100 PERSONAL SERVICES | -0- | -0- | -0- | -0- | -0- | -0- |
| 200 TRAVEL | -0- | -0- | -0- | -0- | -0- | -0- |
| 300 CONTRACTUAL | -0- | -0- | -0- | -0- | -0- | -0- |
| 400 COMMODITIES | -0- | -0- | -0- | -0- | -0- | -0- |
| 500 EQUIPMENT | -0- | -0- | -0- | -0- | -0- | -0- |
| 600 LAND & STRUCTURES | -0- | -0- | -0- | -0- | -0- | -0- |
| 700 GRANTS, CLAIMS, ETC. | -0- | -0- | -0- | -0- | -0- | -0- |
| TOTAL | -0- | -0- | -0- | -0- | -0- | -0- |

FUNDING (Thousands of Dollars)

| | | | | | | |
|------------------------|-----|-----|-----|-----|-----|-----|
| GENERAL FUND | -0- | -0- | -0- | -0- | -0- | -0- |
| FEDERAL FUNDS | -0- | -0- | -0- | -0- | -0- | -0- |
| OTHER (Specify Source) | -0- | -0- | -0- | -0- | -0- | -0- |
| | -0- | -0- | -0- | -0- | -0- | -0- |

POSITIONS

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

III. ANALYSIS (See Fiscal Note Preparation Instruction, Section III)

This Bill does not directly impact the Division of State Health Planning and Development. The amendments proposed do not change the original fiscal note which projected a -0- impact

IV. DATE 2/16/82

Phyllis A. Bendley
 PREPARED BY Dave W. Williams
 AGENCY DS - Division of State Health Planning
 PHONE _____

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)
 33-001 (Rev. 12/81)

400
✓

A M E N D M E N T

Offered in the HOUSE

TO: HOUSE BILL 195

Page 1, lines 12, 14, 15, 22, 25, 27;

Page 2, lines 1 and 5;

Page 8, lines 19 and 23; and

Page 9, line 9:

following "P.L. 96-79", insert "and P.L. 97-35"

Page 3, line 7 should be amended to read:

(2) to acquire major medical equipment which is not owned by or...

*Certificate of Need only when public monies are used.
Not if only private monies are involved.*

Introduced: 2/19/81
Referred: Health, Education & Social Services and Judiciary

1 IN THE HOUSE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 HOUSE BILL NO. 195

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to comprehensive health planning."

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

8 * Section 1. AS 18.07.011 is amended to read:

9 Sec. 18.07.011. STATEWIDE HEALTH COORDINATING COUNCIL. There is
10 created the Statewide Health Coordinating Council. The council shall
11 be organized in the manner described by sec. 1524(b), P.L. 93-641,
12 as amended by P.L. 96-79 [SEC. 237(a)(1)(A), P.L. 94-63 AND AS 47.30.-
13 605(a)]. The council shall perform the functions listed in sec.
14 1524(c), P.L. 93-641, as amended by P.L. 96-79, and comply with
15 sec. 1524(d) and (e) of P.L. 93-641, as amended by P.L. 96-79 [SEC.
16 237(a)(1)(A), P.L. 94-63 AND AS 47.30.605(b)].

17 * Sec. 2. AS 18.07.021 is amended to read:

18 Sec. 18.07.021. STATE HEALTH PLANNING AND DEVELOPMENT AGENCY.

19 The OFFICE OF PLANNING AND RESEARCH IN THE DEPARTMENT IS THE state
20 health planning and development agency in the department is the state
certificate of need - cost 25% for budget + fiscal control
21 agency designated under sec. 1521(b)(3), P.L. 93-641, as amended by
22 P.L. 96-79. The state agency [OFFICE] shall *no monies = no reg.*

23 (1) administer the state program and perform the state
24 functions set out in [ENUMERATED UNDER] sec. 1522, [SEC.] 1523, 1525,
25 and 1526 of P.L. 93-641, as amended by P.L. 96-79;

26 (2) administer the certificate of need program set out [OUT-
27 LINED] in sec. 1527 of P.L. 93-641, as amended by P.L. 96-79, for a
28 health care facility including a rehabilitation facility;

29 (3) conduct health system reviews under sec. 1523 and

NB 195

eliminate Health System agency

1 1532 of P.L. 93-641, as amended by P.L. 96-79,

2 (4) administer the grant, loan, and loan guarantee programs
3 for health facility construction, modernization, or conversion under
4 secs. 1620 -- 1625 and secs. 1640 -- 1643 of P.L. 93-641, as amended
5 by P.L. 96-79 [AS 18.07.041 -- 18.07.111, AND OTHER FUNCTIONS PRE-
6 SCRIBED IN THIS CHAPTER].

7 * Sec. 3. AS 18.07.031 is amended to read:

*No or
change
amendment*

8 Sec. 18.07.031. CERTIFICATE OF NEED REQUIRED. (a) No person may
9 undertake the following unless authorized under the terms of a certifi-
10 cate of need or exempt from the requirement for a certificate of need
11 in accordance with this chapter [ISSUED BY THE OFFICE]:

- 12 (1) construction of a health care facility;
- 13 (2) alteration of the bed capacity of a health care facility;
- 14 (3) addition or elimination of a category of health services
15 provided by a health care facility;
- 16 (4) acquisition of major medical equipment; and
- 17 (5) acquisition of an existing health care facility.

18 (b) This section applies to a health care facility controlled by
19 a health maintenance organization or an ambulatory care facility con-
20 trolled by a health maintenance organization only if

21 (1) the organization or facility offers inpatient health care
22 services or acquires major medical equipment for use primarily for in-
23 patient health care; and

24 (2) the department does not grant the organization or faci-
25 lity an exemption under AS 18.07.032.

26 * Sec. 4. AS 18.07 is amended by adding a new section to read.

27 Sec. 18.07.032. EXEMPTION FROM THE REQUIREMENT FOR A CERTIFICATE
28 OF NEED. (a) A person may be exempt from the requirements of AS 18.-
29 07.031 only if the person applies to the department for the exemption

AS-