

Office of the  
Legislative Fiscal Analyst

## **FY 2005 Budget Recommendations**

Joint Appropriations Subcommittee for  
Executive Offices and Criminal Justice

Utah Department of Corrections  
**Utah Correctional Industries**

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**1.0 Summary: Utah Correctional Industries**

**Summary**

Utah Correctional Industries (UCI) is Utah's prison industries program. Under the direction of the UCI Advisory Board and the Utah Department of Corrections, UCI operates productive enterprises utilizing inmate labor to benefit tax-supported entities which includes all state agencies and political subdivisions. UCI is a self-supporting program, deriving its revenues solely from the sales of products and services.

	<b>Analyst FY 2005 Base</b>	<b>Analyst FY 2005 Changes</b>	<b>Analyst FY 2005 Total</b>
<b>Financing by Revenue Source</b>			
Dedicated Credits Revenue	14,500,000		14,500,000
<b>Total</b>	<b>\$14,500,000</b>	<b>\$0</b>	<b>\$14,500,000</b>
<b>Expenditures by Program</b>			
Utah Correctional Industries	14,200,000		14,200,000
<b>Total</b>	<b>\$14,200,000</b>	<b>\$0</b>	<b>\$14,200,000</b>
<b>Profit/(Loss)</b>	<b>\$300,000</b>	<b>\$0</b>	<b>\$300,000</b>
<b>FTE/Other</b>			
Total FTE	99.3	0.0	99.3
Vehicles	58	0	58

## **2.0 Issues: Utah Correctional Industries**

### **2.1 UCI Experiences Second Year of Profitability**

The overall cost of Utah Correctional Industries has in the past been subsidized by other appropriated UDC entities. While such transfers were authorized by the Legislature, the Analyst had concerns about UCI's overall profitability. In FY 2003, for the second year in a row, UCI's operating revenue exceeded its costs.

### **2.2 Bill Will Eliminate Computers for Schools**

Senate Bill 6 (2004 GS), Refurbished Computers in Schools Program, repeals a requirement that UCI establish and operate a facility at which UCI employees refurbish and repair donated computers for use in schools. While the bill does not require that UCI abandon the program, it no longer requires the program as well. S.B. 6 could result in nominal savings at UDC.

### 3.0 Utah Correctional Industries

#### Recommendation

The Analyst recommends \$14,500,000 in revenue and 99.3 FTE for Utah Correctional Industries in FY 2005.

	2003 Actual	2004 Estimated*	2005 Analyst	Est/Analyst Difference
<b>Financing</b>				
Dedicated Credits Revenue	11,602,600	14,000,000	14,500,000	500,000
<b>Total</b>	<b>\$11,602,600</b>	<b>\$14,000,000</b>	<b>\$14,500,000</b>	<b>\$500,000</b>
<b>Expenditures</b>				
Personal Services	4,183,500	5,287,900	5,274,700	(13,200)
In-State Travel	4,800	6,100	6,100	
Out of State Travel	6,900			
Current Expense	6,857,100	8,695,600	8,958,800	263,200
DP Current Expense	104,800	60,100	60,100	
DP Capital Outlay	14,000	17,700	17,700	
Capital Outlay	274,600	215,000	215,000	
Other Charges/Pass Thru	16,200	20,500	20,500	
Cost of Goods Sold	(278,400)	(352,900)	(352,900)	
<b>Total</b>	<b>\$11,183,500</b>	<b>\$13,950,000</b>	<b>\$14,200,000</b>	<b>\$250,000</b>
<b>Profit/(Loss)</b>	<b>\$419,100</b>	<b>\$50,000</b>	<b>\$300,000</b>	<b>\$250,000</b>
<b>FTE/Other</b>				
Total FTE	95.0	99.3	99.3	0.0
Vehicles	56	58	58	0

\*Non-state funds as estimated by agency

#### Purpose

The Legislature’s intention, as indicated by statute, is that Correctional Industries provide an environment for the operation of correctional industries that closely resembles the environment for the business operations of a private corporate entity. Included in this intent of the Legislature are four standards, which Correctional Industries are to maintain. These are:

- ▶ The Division is to be a self-supporting organization.
- ▶ The Division’s economic goal is to be profit-oriented.
- ▶ Revenue for operations and capital investment are to be generated by the Division.
- ▶ The Division should assume responsibility for training offenders in general work habits, work skills, and specific training skills that increase their employment prospects when released.

*UCI meets profitability goal for second year*

While the Legislature’s standards for UCI included self support and profitability, UCI did not meet those standards in a number of past years. In some of those years, the Legislature allowed Corrections to subsidize UCI operations with transfers from other Corrections operating units. The Legislature’s reasoning was that, while not profitable, the programs were beneficial to Corrections in that they provided inmates with skills and helped reduce incidents in correctional facilities.

UCI met the goal of profitability beginning in fiscal year 2002. For that year, it collected \$687,400 more than it spent. The Analyst notes that UCI generated a profit again in FY 2003. For that year, UCI collected \$419,000 more than it spent. As shown in Table 4.1, to follow, the agency projects continued profitability for FY 2004 and FY 2005.

*Bill eliminates UCI operating requirements*

In 1999, the Legislature established a Computers for Schools Pilot Program under which UCI and the state school board would refurbish and distribute donated computers to public education institutions. Under the pilot, UCI and public education managers discovered that donated computers were for the most part older generation technology. They further discovered that school administrators and teachers prefer newer equipment that can support multi-media.

Senate Bill 6 (2004 GS), Refurbished Computers in Schools Program, repeals the Computers for Schools program. As such, UCI is no longer required in statute to operate a computer refurbishing facility. While the bill does not oblige UCI to abandon its program, it no longer requires the program as well. Depending upon the decision of UCI managers, this bill could save operating expenses at UCI.

**4.0 Additional Information: Utah Correctional Industries**

**4.1 Funding History**

	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>
<b>Financing by Revenue Source</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Estimated*</b>	<b>Analyst</b>
Dedicated Credits Revenue	12,712,200	12,891,000	11,602,600	14,000,000	14,500,000
Transfers		6,100			
<b>Total</b>	<b>\$12,712,200</b>	<b>\$12,897,100</b>	<b>\$11,602,600</b>	<b>\$14,000,000</b>	<b>\$14,500,000</b>
<b>Financing by Program</b>					
Utah Correctional Industries	12,712,200	12,897,100	11,602,600	14,000,000	14,500,000
<b>Total</b>	<b>\$12,712,200</b>	<b>\$12,897,100</b>	<b>\$11,602,600</b>	<b>\$14,000,000</b>	<b>\$14,500,000</b>
<b>Expenditures</b>					
Personal Services	5,215,600	4,577,300	4,183,500	5,287,900	5,274,700
In-State Travel	28,300	10,900	4,800	6,100	6,100
Out of State Travel	2,300	1,300	6,900		
Current Expense	7,505,800	7,113,000	6,857,100	8,695,600	8,958,800
DP Current Expense	104,000	100,700	104,800	60,100	60,100
DP Capital Outlay	19,400	60,700	14,000	17,700	17,700
Capital Outlay	385,500	231,300	274,600	215,000	215,000
Other Charges/Pass Thru	(436,800)	157,900	16,200	20,500	20,500
Cost of Goods Sold		(43,400)	(278,400)	(352,900)	(352,900)
<b>Total</b>	<b>\$12,824,100</b>	<b>\$12,209,700</b>	<b>\$11,183,500</b>	<b>\$13,950,000</b>	<b>\$14,200,000</b>
<b>Profit/(Loss)</b>	<b>(\$111,900)</b>	<b>\$687,400</b>	<b>\$419,100</b>	<b>\$50,000</b>	<b>\$300,000</b>
<b>FTE/Other</b>					
Total FTE	117.0	100.0	95.0	99.3	99.3
Vehicles	45	52	56	58	58

\*Non-state funds as estimated by agency.