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**Criminal Justice & Corrections  
Committee**

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**HB 1682**

**Brief Description:** Modifying requirements for correctional industries.

**Sponsors:** Representatives Cairnes, O'Brien and Mielke.

**Brief Summary of Bill**

- Requires that contracts between the Department of Corrections and a Class I industry employer to be reviewed by the Correctional Industries Board to determine the potential impact on the Washington business community and labor market.
- Requires Class II industries to make every effort to reduce or eliminate the creation of surplus products that are then sold to private persons.

**Hearing Date:** 2/18/03

**Staff:** Yvonne Walker (786-7841).

**Background:**

The Department of Corrections (Department) provides inmate work programs through the Correctional Industries Board of Directors (Board). The Board develops and implements programs that offer inmates employment, work experience, and training, which helps to reduce the cost of housing inmates. To achieve these goals, the Board operates five classes of work programs. All inmates working in Class I - IV employment receive financial compensation for their work. Class V jobs are court ordered community work that is preformed for the benefit of the community without financial compensation.

*Class I Industries:* Inmates working in Class I ("free venture") industries are paid according to the prevailing wage for comparable work in that locality. There are two models for Class I industries authorized under state law « an employer model and a customer model.

Employer model industries are operated and managed by for-profit or nonprofit organizations under contract with the Department. They produce goods and services for sale to both the public and private sector. Customer model Class I industries are operated and managed by

the Department to produce and provide Washington businesses with products or services currently produced only by out-of-state or foreign suppliers. There are currently no customer model Class I industries operating in the state.

*Class II Industries:* Class II ("tax reduction") industries are state-owned and operated industries designed to reduce the costs for goods and services for public agencies and nonprofit organizations. Industries in this class must be closely patterned after private sector industries but with the objective of reducing public support costs rather than making a profit. The products and services of this industry, including purchased products and services necessary for a complete product line, may be sold to public agencies, nonprofit organizations, and to private contractors when the goods purchased will ultimately be used by a public agency or a nonprofit organization. However, to avoid waste or spoilage, byproducts and surpluses of timber, agricultural, and animal husbandry enterprises may be sold at private sale or donated to nonprofit organizations, when there is no public sector market for such goods.

**Summary of Bill:**

*Class I Industries:* Any agreement between an employer model Class I industry and the Department must first be reviewed and approved by the Board. The review must include an analysis of the potential impact of the contract on the Washington business community and labor market, and must include a public hearing (that includes public testimony). Washington businesses that are in the same industrial classification as the business seeking the contract must be notified of the date, time, and place of the hearing. The Board is prohibited from approving any agreement that will have an adverse economic impact on a Washington business.

*Class II Industries:* Class II industries must make every effort to reduce or eliminate the creation of surplus products that are then sold to private persons.

**Appropriation:** None.

**Fiscal Note:** Requested on February 11, 2003.

**Effective Date:** The bill takes effect on July 1, 2005.