

# FINAL BILL REPORT

## E2SSB 6489

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**C 167 L 04**  
Synopsis as Enacted

**Brief Description:** Revising provisions relating to correctional industries.

**Sponsors:** Senate Committee on Ways & Means (originally sponsored by Senators Hargrove and Stevens).

**Senate Committee on Children & Family Services & Corrections**

**Senate Committee on Ways & Means**

**House Committee on Criminal Justice & Corrections**

**House Committee on Appropriations**

**Background:** The Department of Corrections (DOC), through the Correctional Industries Board of Directors, operates five classes of correctional industry work programs. Inmates working in class I-IV programs receive financial compensation for their work, while class V programs involve court-ordered community work without financial compensation.

Concern exists that some correctional industries work programs compete unfairly with Washington businesses.

Class I "free venture industries" are operated and managed by for-profit and nonprofit corporations. Inmates working in these industries do so voluntarily and are paid a wage comparable to the wage paid for work of a similar nature in the locality in which the industry is located.

Class II "tax reduction industries" are state-owned and operated industries designed to reduce the costs paid by public and nonprofit entities for products which can be produced by inmates. The products of these industries may be sold only to state agencies and nonprofit corporations and to private contractors when the goods purchased will ultimately be used by a public agency or a nonprofit organization. Inmates work in class II industries by choice and are paid a gratuity which cannot exceed the wage paid for work of a similar nature in the locality in which the industry is located.

Class III "institutional support industries" include work such as janitorial duties and food preparation. Class IV "community work industries" include work crews and labor camps, such as litter control and fighting forest fires.

Wages paid to inmates in class I and II industries are subject to mandatory deductions, which are used to satisfy inmate obligations to crime victims' compensation, costs of incarceration, child support, legal-financial obligations, and to create an inmate savings account. Wages paid to inmates in class III industries are subject to deductions for crime victims' compensation, and wages for inmates in class IV industries are subject to deductions for the cost of incarceration.

**Summary:** Class I correctional industries work programs cannot be newly established and existing class I work programs cannot be significantly expanded unless the board of directors determines that the new business or expansion will not compete unfairly with any existing Washington business. Unfair competition is defined as any net competitive advantage that a business may acquire as a result of a correctional industries contract, labor costs, rent, tax advantages, utility rates, and other overhead costs. The fair competition requirement must be liberally construed by the Correctional Industries Board of Directors. Significant expansion is defined as any expansion into a new product line or service resulting from an increase in benefits provided by DOC.

For class I work programs, the board of directors must make a threshold analysis of whether the proposed new or expanded program will impact any Washington business. If a Washington business will be impacted, the board of directors must complete a business impact analysis before the board permits the establishment of the new business or significant expansion of the existing business. The analysis must include detailed statements identifying the scope and types of impact and the actual business costs of the proposed work program compared to the costs of the impacted Washington business. The completed threshold analysis and any completed impact analysis must be shared with local chambers of commerce, trade or business associations, labor unions, and government entities before the impact analysis is completed.

Upon completion of the business impact analysis, the board of directors must conduct a public hearing and take public testimony. Notification of the public hearing may be by a publicly accessible DOC website. The board must then determine if the proposed change or expansion will unfairly impact any Washington business existing on the effective date of this act. A proposed new or expanded class I industry which will compete unfairly with any Washington business is prohibited.

Business impact analyses are not required for class II, III and IV correctional industries. The Correctional Industries Board of Directors can review any class III and IV programs at the board's discretion. Except for class IV industries operated in work camps, the board sets policies for class III and IV work crews and must be provided quarterly detail statements regarding work crews.

Inmates with a release date more than 120 months in the future cannot comprise more than 10 percent of inmates participating in a new class I correctional industry not in existence on the effective date of the act.

A schedule containing targets for expansion of inmate employment in class I and II work programs is implemented. By June 30, 2005, DOC must increase inmate participation in class I and II work programs by at least 200 inmates compared to the level of inmates working in such programs on June 30, 2003. Gradually increasing targets are provided, with DOC required to increase the number of participating inmates by at least 1500 by June 30, 2010 over the number employed on June 30, 2003. The expansion requirement is subject to availability of funds for the correctional industries program.

Institutions of higher education must convene the correctional industries business development advisory committee and work collaboratively with correctional industries to develop plans to increase purchases of correctional industries products. The plan and its

implementation must be reported to the Legislature by January 30, 2005. Institutions of higher education are directed to set targets to purchase 1 percent of their total yearly requirement of goods and services from class II inmate work programs by June 30, 2006, and to purchase 2 percent of their total yearly requirement of goods and services from those programs by June 30, 2008.

Documents obtained during the process of determining whether a new business or expansion will unfairly impact Washington business are exempt from public disclosure.

The act is null and void if specific funding is not provided by June 30, 2004.

**Votes on Final Passage:**

Senate 48 0  
House 94 0 (House amended)  
Senate 41 0 (Senate concurred)

**Effective:** June 10, 2004  
July 1, 2005 (Section 3)