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**Labor & Workplace Standards  
Committee**

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**HB 1227**

**Brief Description:** Concerning correctional industries' insurance costs.

**Sponsors:** Representatives Pike, Goodman, Manweller, Springer, Vick, Griffey and Harris.

**Brief Summary of Bill**

- Requires the Department of Corrections to pay workers' compensation premiums for inmates participating in class IV and V correctional industries programs.

**Hearing Date:** 1/31/17

**Staff:** Joan Elgee (786-7106).

**Background:**

Correctional Industries.

The Department of Corrections (DOC) provides inmate employment through correctional industries work programs. In response to legislative direction to consider adopting five classes of work programs, or any variation of these programs, the DOC has adopted rules establishing five classes of correctional industries. Class I industries are private sector companies allowed to operate within state correctional facilities. Class II industries are businesses owned and operated by the state, which produce goods and services for tax-supported and non-profit organizations, and class III operations are work programs at a DOC facility.

Class IV ("community work") industries provide services in the inmate's resident community. Inmates working in class IV industries provide services at a reduced cost to other public agencies, to persons who are poor or infirm, and to nonprofit organizations. Local governments that hire inmates provide work supervision and pay the inmate's wage. The wage may not exceed the wage paid for work of a similar nature in the locality. Janitorial services,

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groundskeeping, litter control, institutional kitchen support, special event seating set up, wheelchair cleaning, tree planting, forest maintenance, and fire suppression are examples of jobs in the class IV industries work program.

Class V ("community service") jobs allow an inmate to work off all or part of court ordered restitution that is performed for the benefit of the community by working for the state, local government, or a nonprofit organization. No financial compensation is paid.

#### Workers' Compensation.

An inmate employed in a class IV job is eligible for workers' compensation benefits if the inmate is injured on the job. The DOC must reimburse participating local governments for liability and workers' compensation insurance costs.

For class V jobs, the state, local government, or nonprofit organization for whom the offender is performing restitution may elect workers' compensation coverage. The DOC must reimburse nonprofit agencies for workers compensation insurance costs, to the extent that funds are specifically made available for such purposes.

Before 2016, workers' compensation premiums for inmates were handled in a variety of ways. In some cases, for example, the DOC paid the premium and incorporated the premium cost in the rate charged to the local government or nonprofit organization. In other cases, the local government or nonprofit organization reimbursed the DOC for the cost of the premium, or the DOC paid the cost with no reimbursement. The DOC adopted rules effective January 1, 2016, that require the recipient of offender work crew services to pay the workers' compensation premiums directly to the Department of Labor and Industries.

#### **Summary of Bill:**

The DOC must elect workers' compensation and pay premiums for offenders under DOC's custody working or performing services for a local government or nonprofit organization under an inmate work program. The payment of the premiums does not establish the DOC as the employer for purposes of the Department of Labor and Industries, and the DOC is not required to behave as the employer. The provision regarding reimbursement of local governments for workers' compensation and liability costs is repealed, as is the provision requiring the DOC to reimburse nonprofit agencies for class V workers' compensation premiums.

**Appropriation:** None.

**Fiscal Note:** Requested on January 25, 2017.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.