

FINAL REPORT

PRIVATE INDUSTRY EMPLOYMENT OF INMATES STUDY COMMITTEE

Presented to the Legislative Council
and the Iowa General Assembly
January 1999

Prepared by the Legislative Service Bureau



Legislative
Service
Bureau

FINAL REPORT

Private Industry Employment of Inmates Study Committee

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MEMBERS

Senator Mary Lou Freeman
Co-chairperson
Senator Merlin E. Bartz
Senator Eugene Fraise
Senator Johnie Hammond
Senator Lyle E. Ziemann

Representative Michael Cormack
Co-chairperson
Representative Effie Lee Boggess
Representative Teresa Garman
Representative Geri Huser
Representative Keith Weigel

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AUTHORIZATION AND APPOINTMENT

The Private Industry Employment of Inmates Interim Study Committee was created by the Legislative Council following a request to create such a committee pursuant to 1998 Acts, chapter 1222, section 27. The Committee was authorized two meetings during the 1998 Interim.

COMMITTEE CHARGE

Review private industry employment of inmates under the custody of the Department of Corrections. The review shall include the economic impact of private industry employment, including the recoupment of inmate earnings, on the Department of Corrections, the benefits of private industry employment for inmates, and the effect of permitting private industry employment of inmates on the local community and on private sector industry and employment.



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1. Overview of Committee Proceedings.

The Committee held meetings on October 7, 1998, and November 17, 1998. The Committee received testimony from several individuals including Department of Corrections officials, private industry employers of inmates, labor representatives, an ex-inmate, and local government officials concerning the operation of the private industry employment of inmates program in Iowa. The Committee also heard testimony from the Auditor of State's Office concerning questions arising out of a sale of cattle at a prison farm. The Committee made several recommendations concerning the operation of the Private Industry Employment of Inmates Program.

2. Testimony Received.

a. Department of Corrections Presentation.

(1) Overview -- Private Industry Employment of Inmates Program. Mr. Roger Baysden, Deputy Director, Iowa Prison Industries, addressed the Committee concerning the employment of inmates in Iowa. Prison Industries has over a 50-year history in Iowa. Today, two types of programs make up inmate employment: traditional prison industries inmate employment and private industry employment of inmates. The traditional inmate employment program accounted for around 59,000 inmate hours of inmate employment in fiscal year 1997-1998. Goods produced through traditional prison industries programs can only be used by nonprofit or governmental entities and inmates earn a stipend of around 40 to 85 cents per hour for this work. Private industry employment of inmates is a relatively recent program. Federal requirements mandate that inmates are paid prevailing wages and that noninmate labor is not displaced. In Iowa, the number of inmates involved with private industry employment has increased from 21 in 1995, to an estimated 400 by the end of 1998. This increase will result in Iowa being rated first in the country for private industry employment of inmates.

(2) Advantages of Private Industry Employment of Inmates. Mr. Baysden articulated several benefits gained through the Private Industry Employment of Inmates Program.

- Inmates working for private industry consider it a privilege and tend to be among the better-behaved inmates in the prison population.
- The financial benefits of the program to the inmate, the inmate's dependents, and to the state are substantial.
- Use of inmate employment enables expanding Iowa businesses to remain in Iowa especially during periods of low unemployment.
- The recidivism rates for inmates who work is significantly less than the general inmate population.
- Inmates involved in the program are guaranteed the opportunity to remain in their jobs upon release.

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(3) **Security Issues.** Mr. Russ Behrends, Security Director, Anamosa State Penitentiary, briefly reviewed security issues associated with the facility's recycling program at the penitentiary. He noted that the program, which began in 1988, had reduced the amount of waste being transported to the area landfill. He indicated that the program had been expanded to approximately 45 inmates prior to being reduced as a result of contraband being introduced into the prison facility from inmates participating in the recycling program. He stated that at the time the program was discontinued, 20 inmates were participating.

b. Iowa Workforce Development Department.

Mr. Steve Smith, Workforce Development Department, addressed the role of the Department in the Private Industry Employment of Inmates Program. He indicated that the Department provides the Department of Corrections with information concerning prevailing wages for various job classifications on a statewide basis and employment levels in counties where inmate labor is used.

c. Private Industry Employers.

The following employers testified:

- **Clark Industries.** Mr. John Clark addressed the Committee. Clark Industries does welding for various companies and employs approximately 20 inmates at the Mount Pleasant Correctional Facility. Mr. Clark is extremely positive about the program and would like to increase the number of inmate employees. He indicated that the total investment at the Mount Pleasant operation, including wages, was approximately \$750,000 for the first year at the facility. Mr. Clark indicated that inmate workers have done well and that seven have stayed with the company upon their release from prison.
- **Warren Frozen Foods.** Mr. Terry Warren of Warren Foods addressed the Committee concerning his experience as an employer of inmates from the Mitchellville Correctional Facility. Mr. Warren indicated that the inmates are transported to their facility for work. Mr. Warren indicated that he has been impressed by the quality of the inmate workers. Of the 20 inmates working for Warren Foods who have been released, seven are still working for the company. Mr. Warren indicated that he has had good cooperation with corrections officials at the prison when questions and issues have arisen. Mr. Warren indicated that his company has been able to expand its production to meet the needs of its customers as a result of the use of inmate workers and that additional workers would be appreciated.
- **Iowa-Ag, LLC.** Ms. Julie Glessner, co-owner of the company (Boomsma Egg Production), addressed the Committee. She indicated that inmate labor is critical for allowing her company to operate. She indicated that the profit margin for agriculture-related businesses is small thereby, making any effort to raise wages for employees in the industry impossible.



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d. Ex-Inmate.

Ms. Karen Smith, formerly an inmate at the Mitchellville Correctional Facility, currently works for Diamond Crystal. She first began working for the company while incarcerated and has continued to work for this company upon release. She indicated that the inmate work program was very beneficial and enhanced her self-esteem as well as providing her some savings which she used to buy a car and pay for housing upon her release from prison.

e. Local Government Perspective.

Mr. Conrad Kleppe, Chairperson, and Ms. Caye Chelesvig, Wright County Supervisors, addressed the Committee concerning the use of inmate labor at the Boomsma egg-production facility in Clarion, Iowa. Both individuals expressed the following concerns about the use of inmate labor:

- The Department of Corrections did not provide them with advance notice concerning the proposed use of inmate labor at the facility.
- Inmates working at the facility will not spend money in the community and will likely increase security concerns and potential costs for the surrounding community.
- Wages at the Boomsma facility are low and the use of inmate labor reduces the pressure to increase wages at the facility.

f. Labor Representatives.

(1) *Jan Laue, AFL-CIO.* Ms. Laue expressed concern about the rapid expansion of the Private Industry Employment of Inmates Program. She noted that use of inmate labor decreases the pressure to increase wages for noninmate workers. She recommended increased public participation in the process of selecting private industry employers of inmates and full disclosure of participating companies' wages as well as available jobs. She also suggested penalties for employers who fail to comply with all the requirements of the program.

(2) *Ms. Marcia Nichols, AFSCME.* Ms. Nichols agreed that inmate work programs are beneficial to the operation of prisons. She indicated that prison officials need to be diligent in running the program in order to prevent contraband from entering prisons. She also suggested increased use of traditional prison industries programs and an enhanced dialogue between corrections officials and employees who operate these programs.

g. Auditor of State Presentation -- Glenwood Cattle Sale.

Mr. John Stineman, Auditor of State's Office, and Mr. Warren Jenkins, Chief Deputy, Auditor of State's Office, briefly reviewed the Auditor's findings with regard to a cattle sale at the prison farm located at the Glenwood State Hospital-School. Mr. Stineman indicated that although potential conflicts of interest had been alleged, the Auditor of State's Office did not find that an actual conflict existed. Mr. Stineman indicated that Prison Industries needs to

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address this type of situation by establishing written policies and procedures regarding such sales. He also indicated that an issue had arisen regarding state-purchased farm equipment which had been switched with nearly identical privately owned farm equipment. He noted that assurances from the individuals involved indicated that the identified equipment would be returned.

h. Public Sector Employer of Inmates.

Mr. Rick Forkenbrock, Program Support Director, Cherokee Mental Health Institute, stated that five to eight inmates are employed daily in maintenance, repair, and construction-related jobs. He stated that the inmates are subjected to a strict contraband and tool inventory regimen. He added that the Institute has saved an estimated \$180,000 in labor costs while employing the inmates. The actual costs paid to the Department of Corrections for the labor was \$4,000. He stated that he hopes to expand the inmate labor program to include food service and domestic duties such as laundry.

In reply to a question by Representative Keith Weigel, Mr. Forkenbrock stated that the inmate laborers work four days a week and are paid \$5 per day. In reply to a question by Senator Johnnie Hammond, Mr. Forkenbrock stated that the inmate labor program at the Institute is covered by a Code chapter 28E agreement and has been operating for approximately one year. He also stated that he believes the program is beneficial to an inmate's job search upon release, but the program is too new to determine its full effect on inmate rehabilitation. Representative Effie Lee Boggess stated that the inmates at the Clarinda Correctional Facility are being successfully used for laundry service, food service, and maintenance functions at the Clarinda Mental Health Institute facilities.

i. Local Economic Development Perspective.

Mr. Don Coates, Executive Director, Eastern Polk Regional Development Corporation, stated that the inmate labor program at the Mitchellville Correctional Facility has proven successful. He stated that the businesses involved are satisfied and it appears to be beneficial to the inmate employees. He noted that he finds the "outside the walls" employment especially beneficial since it increases inmate interaction with noninmate workers and helps ease an inmate's transition upon leaving prison.

3. Committee Recommendations.

The Private Industry Employment of Inmates Study Committee made the following recommendations:

- The Department of Corrections and the Iowa Workforce Development Department should develop and recommend to the General Assembly more detailed guidelines regarding the operation of the Private Industry Employment of



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Inmates Program, especially issues involving prevailing wages, worker displacement, and employer advertising.

- Inmates should be able to retain a larger percentage of the moneys earned from the private industry job.
- Private employers of inmate labor should be required to offer an equal or better job to the inmate upon his or her release if a job outside the prison walls is available. In addition, any state policies that may impede the ability of an ex-inmate to take a job upon release need to be reviewed.
- The first priority of an inmate employment program should be public safety.
- The prison inmate program should be recognized as beneficial in providing inmates with work opportunities while providing some assistance to businesses who face labor shortages and may leave the state without the use of inmate labor.
- Appropriations for Department of Corrections facilities should not be reduced by anticipated revenues from the inmate work program. Moneys received from the program should be credited to the General Fund of the State.
- The Department of Corrections should establish a uniform policy concerning the charging of certain staff, security, and transportation costs to private industry employers who employ inmates outside the prison walls.
- Private industry employers who pay for employee health care should reimburse the state for the state's cost of providing the health care of inmates employed by the private industry employers.
- The Department of Corrections should notify affected cities and counties concerning the use of inmate labor in their respective localities.
- The Department of Corrections should establish guidelines concerning the imposition on private industry employers of costs associated with "inside the walls" and "outside the walls" inmate work programs. The costs imposed should be calculated so as to "level the playing field" between employers of inmates and employers who do not or cannot participate in an inmate employment program.
- Private sector employers of inmates should be required to continue to advertise inmate jobs as being available to any prospective noninmate employee.

4. Written Materials Filed With the Legislative Service Bureau.

- a. Department of Corrections handout - "Recidivism vs. Work."
- b. Department of Corrections handout - "Iowa Prison Industry Enhancement Program."
- c. Department of Corrections handout - "Legislative Change Handout."
- d. October 7, 1998, letter - Clark Industries Ltd.
- e. October 1, 1998, letter - Warren Frozen Foods, Inc.
- f. Department of Corrections document dated August 1998 - Prison Industries Year-End Report.

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- g. Department of Corrections handout - "Private Sector Inmate Wage Distribution - July 1985 - May 1998."
- h. Iowa Legislative Fiscal Bureau - Issue Review - Prison Industries Private Sector Employment of Inmates.
- i. Handout - "The Federal Bonding Program."
- j. Handout - Iowa Department of Revenue and Finance - "Hiring Ex-Offenders."
- k. Cherokee Mental Health Institute handout - "Inmate Work Program."
- l. Forbes Magazine, September 21, 1998 - Portion of article discussing Karen Smith and the inmate work program.

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