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BILL



ANALYSIS

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House Bill 5658 (Substitute H-2 as passed by the House)
Sponsor: Representative Joe Haveman
House Committee: Judiciary
Senate Committee: Judiciary

Date Completed: 6-12-12

CONTENT

The bill would amend the Correctional Industries Act to do the following:

- Specify that the Act would not prohibit the assignment of prison labor to a private contractor for the production of goods or services to be used solely within a facility housing prisoners under the jurisdiction of the Department of Corrections (DOC).**
- Specify that those assigned inmates would not be subject to the prevailing or minimum wage.**
- Exclude those goods or services from the definition of "correctional industries products".**
- Define "correctional institution".**

The Act prohibits inmate labor to be used or contracted for private or corporate profit, subject to several exceptions. Under one of these exceptions, inmate labor may be used to manufacture a product or provide a service in a private manufacturing or service enterprise established under Section 7a (described below), if a particular service is not performed in this State or if more than 80% of a particular product sold in the United States is manufactured outside of the country and none is manufactured in Michigan.

Section 7a permits inmates to be assigned to work in a private manufacturing or service enterprise that meets specific requirements, including proximity to a correctional facility and the ratio of employees to inmates. In this situation, the contract between the DOC and the private enterprise must ensure that inmates are paid the higher of the prevailing wage or the minimum wage.

The bill would make another exception to the prohibition against the use of inmate labor for private or corporate profit. The bill specifies that the Act would not prohibit the assignment of prison labor to a private contractor for the production of goods or services to be used solely within a correctional institution, jail, or reentry facility that houses a prisoner population under the jurisdiction of the DOC. Inmates assigned by the DOC under these circumstances would not be subject to the prevailing or minimum wage.

The bill would define "correctional institution" as a State prison, prison facility, or other prison institution, correctional camp, community corrections center, correctional farm, State reformatory, or probation recovery camp, owned, operated, leased, supervised, or contracted for by this State.

The Act defines "correctional industries products" as all services provided, goods, wares, and merchandise manufactured or produced, wholly or in part, by inmates in any State correctional institution. The term does not include products manufactured with inmate labor or services rendered with inmate labor in a private manufacturing or service enterprise established under Section 7a. The bill also would exclude goods or services provided by inmate labor assigned to a private contractor to be used solely within a correctional institution, jail, or reentry facility.

MCL 800.322 et al.

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

Currently, the State does not have any prison labor assigned to a private contractor for the production of goods and services to be used within correctional facilities. Therefore, under the status quo, this change would have no fiscal impact. However, competitive bidding processes are currently under consideration in a few areas of prison operation that use prison labor, such as food service. If this bill were to become law, it could allow some of these processes to move forward to implementation because the selected vendors would be able to pay prison labor below minimum wage, which would be consistent with the Department-run operations' current practice.

Fiscal Analyst: Dan O'Connor

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.