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BILL ANALYSIS



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House Bill 5658 (Substitute H-2 as reported without amendment)

Sponsor: Representative Joe Haveman

House Committee: Judiciary

Senate Committee: Judiciary

CONTENT

The bill would amend the Correctional Industries Act to 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), and those assigned inmates would not be subject to the prevailing or minimum wage.

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.

MCL 800.322 et al.

Legislative Analyst: Patrick Affholter

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.

Date Completed: 6-13-12

Fiscal Analyst: Dan O'Connor