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(FORM UPDATED: 08/11/2010)

**WISCONSIN STATE LEGISLATURE ...
PUBLIC HEARING - COMMITTEE RECORDS**

1997-98

(session year)

Assembly

(Assembly, Senate or Joint)

Committee on ... Corrections Facilities (AC-CoFa)

COMMITTEE NOTICES ...

- Committee Reports ... **CR**
- Executive Sessions ... **ES**
- Public Hearings ... **PH**

INFORMATION COLLECTED BY COMMITTEE FOR AND AGAINST PROPOSAL

- Appointments ... **Appt** (w/Record of Comm. Proceedings)
- Clearinghouse Rules ... **CRule** (w/Record of Comm. Proceedings)
- Hearing Records ... bills and resolutions (w/Record of Comm. Proceedings)
(**ab** = Assembly Bill) (**ar** = Assembly Resolution) (**ajr** = Assembly Joint Resolution)
(**sb** = Senate Bill) (**sr** = Senate Resolution) (**sjr** = Senate Joint Resolution)
- Miscellaneous ... **Misc**

* Contents organized for archiving by: Mike Barman (LRB) (May/2012)

Assembly

Record of Committee Proceedings

Committee on Corrections Facilities

Assembly Bill 895

Relating to: the operation of private businesses in state prisons.

By Representatives Riley, Meyer, Turner, Boyle, Bock, Krug, Springer, Notestein, La Fave, J. Lehman, Black, Staskunas, Hasenohrl, Plouff and Murat; cosponsored by Senators Moen, Burke, Jauch, Decker, Clausing, Wineke, Plache and Wirch.

March 10, 1998 Referred to committee on Corrections Facilities.

March 18, 1998 **PUBLIC HEARING HELD**

Present: (4) Representatives Walker, Goetsch, Owens and Huber.

Absent: (1) Representative Staskunas.

Appearances for

- Rep. Antonio Riley, 18th Assembly District
- Phil Neuenfeldt, Wis. State AFL-CIO
- Mark Reihl, Wis. State Council of Carpenters
- Michael Ryan, Self
- Kelly Sparks, United Auto Workers

Appearances against

- None.

Appearances for Information Only

- Robert Margolies, Dept. of Corrections

Registrations for

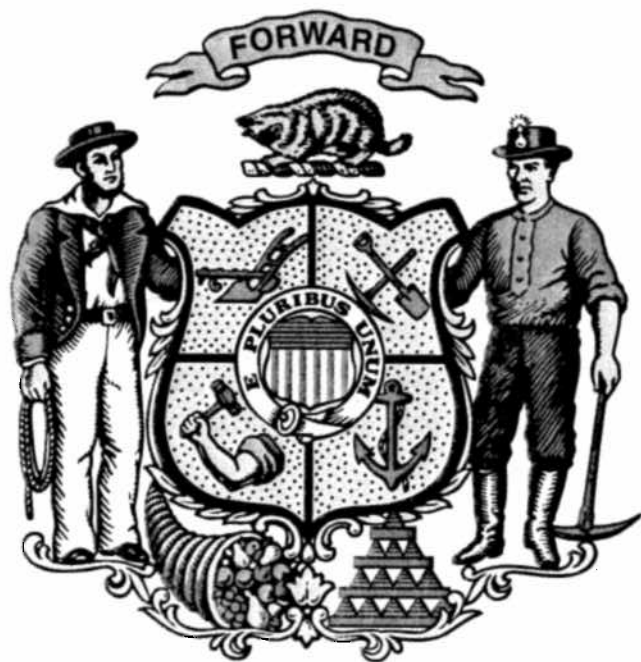
- Joe Oswald, WI Laborers District Council

Registrations against

- None.

March 26, 1998 **Failed to pass pursuant to Senate Joint Resolution 1.**

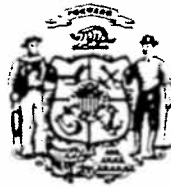
Mark Grapentine
Committee Clerk





Tommy G. Thompson
Governor

Michael J. Sullivan
Secretary



From bus Manager

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State of Wisconsin Department of Corrections

March 12, 1998

Senator Carol Roessler
119 MLK Jr. Blvd, Room 304
Madison, WI

AB 895 folder

SB 260 = 895

Dear Senator Roessler:

This is in response to your request for additional information concerning SB 260, relating to the operation of private businesses in state prisons. In our testimony on the original version of the bill, the Department expressed concerns that SB 260 would make it difficult to renew the existing 2 private sector contracts and obtain any new ones. While the Substitute amendment (LRB0558/1) addressed some of our comments, it still poses major problems for the future of the private sector ventures, as outlined in Steve Kronzer's memo of March 3rd.

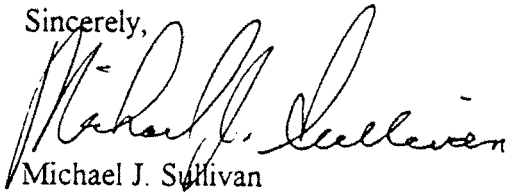
The Governor vetoed language in the biennial budget bill that would have required the Department to define displacement by administrative rule, let alone by law. His veto message stated "...I am avoiding making a rule which may conflict with the federal Prison Industries Enhancement Program (PIE) definition of displacement. I am requesting DOC to consult with the Prison Industries Board to address this issue upon completion of the federal Department of Justice's 1997 audit of the prison employment program". This same rationale would hold true for not passing a state law defining displacement. We are waiting for the audit to be completed.

In the request for proposals for the first 2 private sector projects, companies were required to include in their proposals that they weren't displacing workers and to also identify efforts to recruit and hire employees from the outside workforce. We are adding two additional requirements for future request for proposals. The first would require companies to indicate the efforts they have made to work with W-2 and obtain employees through that program. Second, if transportation is identified as an obstacle in obtaining employees, the company would be required to show that they have made an effort with DOT to provide transportation services.

The private sector work initiative is critical to addressing inmate idleness and to productively occupy offenders in meaningful work. It will require inmates to pay child support, restitution, taxes and room and board. The Department intends to be vigilant

concerning the issue of displacement, but we do not feel that SB 260 would address the situation in a constructive way. If you need any additional information, please let me know.

Sincerely,

A handwritten signature in cursive script, appearing to read "Michael J. Sullivan". The signature is written in black ink and is positioned above the printed name.

Michael J. Sullivan
Secretary



Tommy G. Thompson
Governor

Michael Sullivan
Secretary




State of Wisconsin
Department of Corrections

March 17, 1998

MEMORANDUM

TO: Bob Margolies, Legislative Liaison

FROM: Steve Kronzer, Director 
Bureau of Correctional Enterprises

SUBJECT: Assembly Bill 895

My comments are:

Section 2 – 303.01(5m)(a)

1. This is federal law. Why put in State Statute?
2. The reduction in “functions” is difficult to define. Term is too broad. An example is Fabry where we took on “inspection of gloves” which involves snipping threads. Fabry felt this was too simple a job for his higher paid employees. In this case we reduced functions of his employees.
3. I suggest that in line two the term result be modified by adding the term direct. This would give it a tighter definition.
4. Federal law.
5. There is no time limit to how long ago the employee had been laid off. Do we have to go back one year, five years, twenty years? If it was a recent lay-off we and DWD would find a surplus of skills available and the company would not qualify under federal law.
6. Reasonable wage is not defined. Is reasonable prevailing wage? Whatever it takes to get workers despite its negative result on the business? Further, “persons” needs to be modified by “qualified.” An example of the importance of this is Jorgensen who could not hire enough trained welders. I’m sure they could have hired people not trained.

To: Bob Margolies
March 17, 1998
Page 3

7. This language presents issues on limiting promotion. If Fabry had 150 more workers in his plant rather than inmates he would have three or more supervisors. Have we therefore restricted the opportunity for promotion?

303.01(5m)

- (b) Federal practice allows companies found in violation of rules to correct the situation prior to ordering a stop to the project. This language is much too severe.
- (c) Businesses already report numbers of employees to DWD on a quarterly basis for unemployment compensation purposes. This requirement is just more "red tape" for private business.

Section 3 – 303.01(11)

Joint Finance will be reviewing and approving new proposals. Those proposals will include capital equipment to be purchased. After that DOC list capital purchases in biennial budget and 16.515 requests. JFC has review over these already. This language is just further micromanaging.

In general this bill, in my opinion, will make it difficult to renew the two existing contracts and find any additional projects.



TESTIMONY OF KELLY SPARKS, UAW CAP COORDINATOR

- AB-895 Restrictions on Prison Labor and Worker Displacement
- Assembly Corrections Facilities Committee - Representative Scott Walker, Chair

March 18, 1998

Chairman Walker and respected members of this Committee, I thank you for the privilege of speaking in favor of this proposed legislation. On behalf of UAW Region 4 Director Paul Korman and the more than 30,000 UAW members in the State of Wisconsin, I register our support in favor of AB-895, which restricts the use of convict labor to displace workers on layoff or reduce the wages and fringe benefits of workers currently employed, impair a collective bargaining agreement, or choose to employ prisoners over law-abiding citizens.

We can all learn from history, and there are many examples to give. Public outcry caused the Tennessee General Assembly to legally prohibit the practice of convict lease in 1853. This did not come to pass until coal miners, who had been displaced by convicts, rebelled and took up arms against the state.

In 1885, the State of Texas forced prisoners (mostly African-Americans) to haul granite to erect its state house; many of these prisoners of the penal institutions had been born into slavery and were then being legally forced into slavery again.

The Texas convict system was legislatively prohibited soon after. Today, it is Wisconsin and Communist China who are resorting to this medieval anachronism.

Mai Lin Hua, Warden at the maximum-security Shanghai jail says, "We want prisoners to learn a working skill." What he doesn't say is that prisoners are being used to keep wages low in China and to unfairly compete against foreign competition in their own markets. We should never attempt to compete for the lowest wage at any cost or be lured into this pit of infamy.

There are more recent cases of corporations in collusion with the State to exploit workers. Weastec Corporation in Ohio hired prison inmates to assemble parts for Honda cars that are built in Marysville, Ohio. The company paid the State \$2.05 per hour for inmate labor; the prisoner gets 35 cents per hour.

Texas is back to its old tricks. Workers at Lockhart Technologies, Inc. (LTI) will never get their jobs back. Owners closed their Austin circuit board assembly factory recently, fired 150 workers, and moved all the machinery inside a minimum-security prison some 30 miles away. Prison authorities encouraged the move by offering \$1 per year rent and prison labor to build the plant interior to LTI's specifications.

In as much as the Governor has already ramrodded his prison labor scheme through the legislature, anything that can be done to slow him down is rewarding.

Workers have a right to earn a living for their families, undaunted by government action that erodes their financial security.





State Representative Antonio R. Riley
18th Assembly District

Testimony
Assembly Bill 895
Relating to the operation of private businesses in state prisons
Assembly Committee on Corrections Facilities
State Capitol, Room 328 Northwest
Wednesday, March 18, 1998

Chairman Walker and members of the committee...

Thanks for allowing me to testify this morning in favor of Assembly Bill 895 which relates to the operation of private businesses in state prisons.

Before I outline my reasons for urging your support of this bill, I would like to express a special thanks to Chairman Walker for his exceptional generosity in holding this public hearing today. I fully understand how crazy things are right now in the legislature and I just want you to know, Chairman Walker, that your efforts are deeply appreciated. Thank you.

As you may know, AB 895 is a companion bill to Senate Bill 260, which was authored by Senator Moen.

After hearing comments from representatives of the Department of Corrections to the effect that as currently drafted SB 260 would effectively prohibit any prison industry programs, Senator Moen agreed to offer an amendment to his bill that are intended to allow the program to operate in its current limited scope while at the same time providing a tighter definition of worker displacement than current law.

My bill already incorporates the amendment that Senator Moen has agreed to.

Let me first explain what the bill does. After that, I will offer reasons why I think this committee should support this legislation.

Right now, as you know, DOC is authorized to lease space and equipment in the state prisons to 6 private businesses to employ inmates to manufacture products or provide services for sale on the open market.

This bill, which seeks to tighten a rather nebulous federal definition of worker displacement, provides that no private business may operate under this DOC program if...

1. The private business employs inmates in skills, crafts or trades in which there exists a surplus of available gainful labor in the locality in which the inmates are to perform the skills, crafts or trades.
2. The manufacturing, production or other work-related functions of the employees of the private business who are not inmates are reduced as a result of the employment of prison inmates.
3. The hourly wages or fringe benefits of the employees of the private business who are not inmates are reduced as a result of the employment of inmates.
4. The employment of inmates impairs a collective bargaining agreement covering employees of the private business who are not inmates.

5. The private business employs inmates to perform manufacturing, production or other work-related functions that can be performed by employees of the private business who have been laid off by the private business.
6. The private business employs inmates in lieu of employing persons at a reasonable wage who are not inmates.
7. The employment of inmates restricts the promotional opportunities of qualified employees of the private business who are not inmates.

Furthermore, the bill provides that:

1. If DOC determines that any of the results specified in numbers one through seven have occurred, the private business must immediately cease its operations under the program; and
2. That DOC may not enter into a contract to purchase or lease equipment that has a value of \$10,000 or more for use by a private business under the DOC program (as well as the entire prison industries program) without the approval of the joint committee on finance and requires any private business that conducts operations under the DOC program to report quarterly to the joint committee on finance on the number of persons it employs who are not inmates.

From my perspective—as a representative of a central city district in Milwaukee where three people chase every one job that opens and where unemployment runs as high as 24 percent for African-American men—acting to protect jobs for

people on the outside...for law-abiding citizens—is a matter of values, of societal priorities.

I believe that this bill will serve to ensure that inmates don't get first dibs on jobs that pay the prevailing wage, that inmates don't prevent workers on the outside from getting promoted at their jobs, that inmates aren't viewed by business as an attractive pool of union-proof, low-wage labor.

Now, I understand that there are good motivations behind the private business/prison labor program...

...I understand the desire to keep prisoners busy and to give them marketable job skills, but what I don't understand is why the Governor and DOC seem to think that this program is the only way to keep prisoners from being idle.

Furthermore—and most importantly—I don't like the values message this program sends. That message seems to me to be: break the law, go to prison and get not only affordable housing and three meals a day, but also a decent prevailing wage job.

I also understand that despite our conversations with DOC, the department may still have concerns that the law we are proposing is too restrictive.

I am willing to entertain further refinements to the bill as long as they strengthen Wisconsin's definition of worker displacement...That's my bottom-line: we need better worker protections under this program.

I hope you share this bottom-line concern of mine.

Jobs should go first to law-abiding citizens trying to survive and get ahead in the world on the outside and not to inmates on the inside.

Thank you.

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AB895
folder

From Kelly Sparks, UAW

Inmate work program in red ink

MILWAUKEE — A state program that employs inmates to make gloves for a Green Bay company had a \$1.3 million deficit at the end the first quarter of this fiscal year, a state document says.

The program's deficit is up nearly \$800,000 since March 31, according to a draft letter from Corrections Secretary Michael Sullivan to the Legislature's Joint Finance Committee. The Department of Corrections will make administrative changes in the program because of the red ink and criticism of it, according to the letter.

For example, the state will stop buying raw materials for use by felons who then make gloves for sale by Green Bay's Fabry Glove & Mitten Co.

The raw material purchases require the state to eat losses incurred when too much fabric is purchased or when raw materials are damaged. The letter notes the deficit was partially offset by inventory and raw materials valued at \$504,000 and accounts receivable of \$369,000.

The program employs about 140 inmates in Green Bay and Jackson.

from the Wisconsin State Journal and the Associated Press

RacJournal 11-15-97 p 3C