

HOUSE COMMITTEE ON JUDICIARY SUBCOMMITTEE ON CRIME AND CORRECTIONS

March 4, 1993                      Hearing Room 357 3:00 p.m.                      Tapes 40 - 41  
MEMBERS PRESENT: Rep. Bob Tiernan, Chair Rep. Kate Brown Rep. Peter  
Courtney Rep. Veral Tarno VISITING MEMBER:                      Rep. Kevin Mannix Rep.  
Gene Derfler STAFF PRESENT:                      Julie Nolta, Committee Clerk Holly  
Robinson, Committee Counsel MEASURES CONSIDERED: HB 2370 - Relating  
to corrections HB 2664 - Relating to murder HB 2706 - Relating to  
corrections

These minutes contain materials which paraphrase and/or summarize  
statements made during this session. Only text enclosed in quotation  
marks report a speaker's exact words. For complete contents of the  
proceedings, please refer to the tapes.

TAPE 40, SIDE A

CHAIR TIERNAN: Calls meeting to order at 3:20 P.M.

HB 2664 - WORK SESSION (EXHIBIT A - Analysis of HB 2664) 006 REP.  
TARNO: Doesn't understand why the language needs to be changed. 237 0 &  
HB 2706 - WORK SESSION

Witnesses:                      Rep. Kevin Mannix, District 32 Fred Nichols,  
Administrator, Corrections Industries Al Chandler, Department of  
Corrections Irv Fletcher, Oregon AFL-CIO Denis Dowd, Department of  
Corrections Crime and Corrections Subcommittee March 4, 1993 - page 2

016 CAROLE SOUVENIR, COMMITTEE COUNSEL: Both bills deal with prison  
industries. HB 2370 allows the Department of Corrections or a county to  
require an inmate to perform work or services in order to reimburse for  
rehabilitation costs; to provide restitution to crime victims; for  
maintenance of prison safety; for support of the inmates' family; to  
learn job skills and assist in rehabilitation. Repeals requirement that  
board adopt rules to insure that prison industries do not compete with  
private industry.

HB 2706 exempts the Department of Corrections industries from  
requirement that public contracts be based upon competitive bids.

053 REP. KEVIN MANNIX, DISTRICT 32: Has provided an outline of issues  
raised in the public hearing regarding HB 2370. (EXHIBIT B) If committee  
agrees with concepts, specific amendments can be written. The bidding  
requirement might be taken care of by citizens advisory board. Personal  
attitude is wants them to be free to operate like a business, with  
statutory restrictions, with an advisory board for oversight. Board can  
review all contracts to meet statutory concepts for prison industries.

093 REP. COURTNEY: Asks Rep. Mannix if he has met with prison  
industries representatives regarding these bills.

REP. MANNIX: No. Have just addressed concerns in the provided outline.

REP. COURTNEY: Asks Counsel if the bill regarding the advisory council  
has gone through the Senate yet.

CAROLE SOUVENIR, COMMITTEE COUNSEL: Not aware of that.

REP. COURTNEY: Confirms membership of advisory board. Main concern was  
about influence of board if jobs were threatened. Asks witnesses if they

still want to work with concept of advisory board knowing that these bills are going through.

128 FRED NICHOLS, ADMINISTRATOR, CORRECTIONS INDUSTRIES: Board prefers to move from a policy board to an advisory board mainly for liability issues involved.

141 REP. TARNO: Has been talk of down sizing the Corrections Division because of lack of funds. Concerned about man power needs for security if inmates have access to weapons at work situations. Discusses plan for productively involved inmates. (EXHIBIT C, D, E, F)

180 REP. BROWN: Concern is that inmates might be abused physically or mentally in work system. Would like advisory board to oversee.

205 CAROLE SOUVENIR, COMMITTEE COUNSEL: Discusses question one of committee issues on HB 2370 and HB 2706 regarding whether the Department of Corrections Industries should be monitored by an advisory board. (EXHIBIT G)

216 REP. COURTNEY: Need a strong advisory board in terms of its role and membership. CHAIR TIERNAN: Are there different people you would like to see on the board? Crime and Corrections Sub-Committee March 4, 1993 - Page 3

REP. COURTNEY: Made up now of three business representatives, three labor, three general public and one general services representatives. Thinks this is good but is open to suggestions.

227 REP. BROWN: Unless there are concerns or problems, what is wrong with current structure?

NICHOLS: The structure has worked well. Board fell out because of streamlining not because Department of Corrections wanted to eliminate it.

241 CHAIR TIERNAN: What was expense of the board?

NICHOLS: Reimburse only for meals and travel.

245 CHAIR TIERNAN: Does anyone have a problem with using the same board?

NICHOLS: May need some clarity on what decisions the director of the department makes and what decisions the board of directors makes. The board has done best in reviewing new businesses and holding public hearings

261 REP. COURTNEY: Asks the witness if he would anticipate the board having veto power.

NICHOLS: The board has that now. Are you asking if the advisory board would have that?

REP. COURTNEY: Asks for witness' feeling on giving the board single power veto.

NICHOLS: Previously board members said they would not serve on a board where there was no veto power. Now, no liability is more important than having veto power. Explains how board could be liable.

AL CHANDLER, DEPARTMENT OF CORRECTIONS: It is the intent of the department that the board would serve in an advisory capacity and the department would make the decisions.

313 REP. COURTNEY: Approves of the board's sensitivity to private sector and the fact that it is proportionately representative.

334 CHAIR TIERNAN: You are saying that the board wants veto power but they are only advisors? And the head of the Department of Corrections could veto their decisions?

NICHOLS: Yes. But typically the department would take a project to the board for a decision.

CHAIR TIERNAN: So who would have veto power? Can the board instruct the Department of Corrections on what to do with prison industries?

NICHOLS: Yes. As a policy board they have a strong say in the management of prison industries. Crime and Corrections Subcommittee March 4, 1993 - Page 4

CHAIR TIERNAN: But the head of Corrections can ignore board's decision?  
~ . NICHOLS: Yes, under proposed legislation.

358 REP. MANNIX: The concern about the board's liability could be taken care of with a exemption from liability statute.

NICHOLS: We are representing the executive branch of government and the Governor wanted to reduce the number of boards and commissions. The Department supports that position and we want to give as much information on the background of the board as possible.

373 REP. COURTNEY: How many businesses has the Department of Corrections wanted to get into that the board has vetoed?

NICHOLS: The board has denied two projects out of ten in the last five years. We agreed with their decisions.

387 CHAIR TIERNAN: If Nike, for example, wanted to get involved in prison industries, who would they call?

NICHOLS: They would call me (Administrator of Prison Industries). I would present a proposal to the board.

397 REP. TARNO: Discusses industries in Oregon prisons. Are there guidelines or an administrative body to regulate types of industries that Oregon Corrections can be involved in? There need to be limitations to their involvement in private industry. Feels protective of the private market. Has a problem with giving inmates jobs when his county is in double digit inflation.

457 REP. MANNIX: There are solutions to meet mutual goals of those involved. Can reinstate board operation and give policy-making authority. Can ask Senate to ignore earlier bill regarding the board. Set separate standards for non-competitive existing businesses and current labor market competition.

031 REP. MANNIX: A proportion of wages earned by inmates will go for expenses. We want to create jobs and new industries not take away jobs.

CHANDLER: Department has an administrative rule regarding prison industries and the private sector. Rule discusses who Department must consult before entering new business. The inmate wages from industries are also discussed. (EXHIBIT H)

081 CHAIR TIERNAN: Everything discussed so far will take away jobs somewhere in Oregon. Crime and Corrections Sub-Committee March 4, 1993-Pages

092 REP. MANNIX: The difference between working in the private sector and in the prison is that in prison you don't get to keep your wages.

CHAIR TIERNAN: That is separate issue. I'm talking about taking away jobs that could be performed by somebody else outside prison.

096 REP. MANNIX: A conceptual standard could be written about substantial competition and then let the board analyze each situation. Would write in a statement that it is not subject to judicial attack.

104 REP. COURTNEY: Asks Mr. Fletcher if he wants the bills to die.

IRV FLETCHER, OREGON AFL CIO: Would not be a bad idea. Already have adequate statutes to do what is wanted. The board is charged to insure that products and services provided under this section do not adversely affect existing production and delivery. This allows a wide latitude. Why deregulate the operation?

124 REP. COURTNEY: What about minimum wage?

FLETCHER: Concerned about competing without obscuring area standards. Ought to be providing wages and benefits to take the labor out of competition and let management of prison industries compete with private sector. Let managers compete. Don't force private sector to compete with low wages and no benefits or payroll taxes.

140 REP. COURTNEY: Did you say you'd support inmates getting minimum wages for these jobs?

FLETCHER: No, prevailing wage.

141 REP. MANNIX: Suggests using "equivalent wage."

145 REP. BROWN: Not clear about why we need this legislation. Can't we do what we want to do now without additional bills?

REP. MANNIX: We need to deal with problem of definition of "existing" product or services.

163 FLETCHER: A new business does not have an argument under current statute for being an "existing" business. Should be no competition existing when prison industries starts a new business.

CHAIR TIERNAN: If inmates are being paid a minimum wage ...

NICHOLS: Prevailing wage: from \$5.11 to \$6.20 per hour. Piece rate as well so they have the opportunity to earn more.

CHAIR TIERNAN: Do you have a problem with that rate of pay? Crime and Corrections Sub-Committee March 4,1993 - Page 6

FLETCHER: Already doing that. Board has approved it.

179 CHAIR TIERNAN: What is the problem with paying \$2.00 per hour if those jobs do not exist anywhere else in Oregon?

FLETCHER: It is below the state minimum wage.

189 CHAIR TIERNAN: The idea is to give the employer an incentive to use prison labor. Otherwise, with all the other production problems and no incentive, the production costs will go through the roof and the employer will go elsewhere.

198 NICHOLS: Until recently inmates were not allowed to produce for private sector, especially for interstate commerce. There is a pilot program now where certifications have been allocated to 20 states which allow Oregon inmates to produce a product that can be sold across state lines. When that happens, prevailing wage must be paid. The Employment Division tells us what prevailing wage is.

210 CHAIR TIERNAN: What is incentive for the employer to have his product manufactured by inmates versus private sector?

NICHOLS: There are trade offs. Won't pay property taxes, workers compensation because of inmate injury fund, utilities cost for the first year.

224 CHAIR TIERNAN: If there is no incentive, it won't happen.

229 REP. COURTNEY: How many work slots are there for making jeans in the eastern Oregon facility?

NICHOLS: Twenty-six.

REP. COURTNEY: Confirms they are receiving prevailing wage. What are the inmates at Oregon State Penitentiary receiving?

246 NICHOLS: About \$.83 per hour.

REP. COURTNEY: What is the difference?

NICHOLS: Interstate commerce.

REP. COURTNEY: Are there inmates who want to transfer to Pendleton?

NICHOLS: No. There are enough deductions from that wage...

REP. COURTNEY: So, the more they make the more they are taxed? Thought inmates in both institutions were making same wage.

270 CHAIR TIERNAN: How many pairs of jeans are manufactured per month? How many are possible? ., . Crime and Corrections Sub Committee March 4,1993 - Page 7

NICHOLS: 15,000 pair per month.

285 CHAIR TIERNAN: Suggests amendment for protecting Oregonians from losing jobs, with the exception of providing state services, to read: "a

job that would not compete with the private sector as compared to where the product is now or would be produced." Prevailing wage may eliminate competition with American products manufactured overseas without incentives.

NICHOLS: That is why there are not several thousand inmates working right now. There is no good reason for someone to work inside the prison with all the problems involved. We want to prove that we can make it work with our own products and gradually bring in the private sector either as customers or investors.

323 REP. COURTNEY: Asks Mr. Fletcher if he is opposed to prison industries cutting a deal with Nike to make shoes.

FLETCHER: At prevailing wage?

REP. COURTNEY: The jobs aren't there now. Restates the question. Why would you fight that?

FLETCHER: There are two companies in this country that the prison would be competing with. If the shoes were kept in the state it wouldn't be a problem. But it wouldn't be profitable either.

347 REP. COURTNEY: We should be concerned with the state of Maine?

FLETCHER: My vision isn't only Oregon even though Oregon is your responsibility. Thinks prevailing wage law is a good law.

FLETCHER: They have tools in current law to do what they can do and do it successfully.

368 REP. MANNIX: Don't think they do the job as well as they could do it. Referring to Nike manufacturing shoes here, might want to create a federal exemption for an offshore exclusion. Could not contract out for work performed by migrant workers even at prevailing wage because of competition with work force. Bill makes no distinction for aliens. Would rather have prisoners picking strawberries and paying for their support. Wants to write bill broad enough for prison industries to have opportunities and at same time not take away from existing jobs and not undermine prevailing wage.

407 NICHOLS: Only two years away from legislation being taken away if we goof up. Will be just as cautious with new legislation.

417 REP. TARNO: Likes Rep. Mannix's plan but has basic problems. Good idea to use inmate labor to its maximum. Problems with the advisory board. Would prefer to see a stronger board that could direct the flow of activities in the commercial field. Cr~nte and Corrections Su~Committee M6rch 4, 1993 - Page 8

441 CHAIR TIERNAN: If committee's intent is to put prisoners to work, must have large numbers of jobs and have them in the next two years. Prevailing wage prevents you from competing effectively.

NICHOLS: The volume hurts most. If we could get a major share of the market and keep 50 inmates busy making a product so there aren't idle times, we could pay prevailing wage.

477 CHAIR TIERNAN: Do you think the incentives are enough to offset productivity problems with prison labor?

NICHOLS: Yes, I do.

TAPE 40, SIDE B

027 CHAIR TIERNAN: What are other ways to circumvent prevailing wage? Confirms with witness that if all products made in Oregon were shipped to Europe or China it would not require prevailing wage.

032 REP. BROWN: What is preventing Nike from contracting with prison industries to make shoes and shipping them to Europe and avoiding prevailing wage?

036 NICHOLS: They failed on their own in manufacturing and didn't think the prison could do it either.

REP. MANNIX: The answer is \$10.00 per hour versus \$.83 per hour.

048 CHAIR TIERNAN: The problem is overhead plus wage rate, etc. That is why I would like to see a strong board of directors who have some clout in the community.

REP. COURTNEY: Legally there is nothing to stop you from doing what Rep. Brown suggested.

NICHOLS: Correct.

060 REP. MANNIX: The idea of this legislation is to give the board a directive to create jobs for inmates. Believes there should be an oversight board and a legislative directive for applied standards. Discusses minimal security inmates performing government services cheaply but competing with private industry at prevailing wage.

089 CHAIR TIERNAN: What is the difference between your legislation and existing legislation?

REP. MANNIX: There are times when prison industries should provide product or services that do compete with private industry when they are providing to other government entities at a cheaper price. Unemployment rate may be an applied standard but the question is the provision of the prevailing wage and whether or not there is an existing business. Discusses unclear definition of "existing" when original legislation was passed. Wants it defined it as "existing when legislation was passed". May or may not adversely affect unemployment to Crime and Corrections Subcommittee March 4, 1993 - Page 9

displace migrant workers who are documented aliens. Doesn't mind displacing them with inmates but will need clear, legal authorization in statutes to do that.

120 REP. BROWN: Refers to an inmate who walked away from a work gang. The cost of supervision probably outweighs the financial benefits of the income derived from inmate labor.

REP. MANNIX: The people put in these programs are normally behind the walls. No reason why we can't put people into these program who are not behind walls. May want to redefine sanctions for minimal security people to remain outside of prison but put to work at these jobs.

137 REP. BROWN: We are talking about people on probation or who

wouldn't typically be incarcerated.

REP. MANNIX: Goal is to pump them back into the correction system.

142 CHAIR TIERNAN: If legislation passed that says that board must find jobs for all 6500 inmates, how would you proceed to do that?

154 CHANDLER: Could not do that. The institutions do not have that number of jobs available. Meaningful work to provide the inmates with job skills is not available because of the cost of supervision and expansion of facilities.

165 CHAIR TIERNAN: I want to know how can we do that. What would you need ideally? CHANDLER: Would need an accelerated effort in both the public and private sector. Would look at public works that currently can't be done because of the lack of funding. Would need expansion of current prison industries, expansion of facilities.

199 NICHOLS: Would look for federal legislation that allows American companies to ship cut goods for manufacture and extend that law to prisons. CHAIR TIERNAN: Confirms the law number is 807. Would not have to pay prevailing wage?

211 NICHOLS: Could send products through interstate commerce and not take jobs away from anybody other than foreign countries. Would look at what else is being done offshore. Can we replicate that inside the prisons? Develop "make work" projects. REP. MANNIX: Why can't we announce to farmers in Oregon that we have inmate crews available free of charge if they have documented use of migrant workers for the past five years? 233 NICHOLS: Running out of minimum security inmates. REP. MANNIX: Change parole and retain others out of walls. .

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241 NICHOLS: Currently working on a partnership with a nursery to develop a container industry.

REP. MANNIX: Suggests parks and recreation maintenance jobs.

NICHOLS: Jobs not being done now because not enough money. This is how Department of Motor Vehicles jobs were developed. Discusses alder furniture manufacturing which competes only with a company in Arizona, none from Oregon.

266 CHAIR TIERNAN: Plus, you'd have to pay prevailing wage.

NICHOLS: Have plans to do that. Only selling in Oregon now but plan to expand to western states.

270 CHAIR TIERNAN: Doesn't interstate commerce apply to selling in state also?

NICHOLS: Can sell within state borders without violating interstate commerce laws.

274 REP. MANNIX: Even though concerned about prevailing wage, there are still several advantages. When adding overhead advantages, could be in a good position as long as not undercutting existing jobs and industries.

302 REP. MANNIX: Inmate injury fund provides equivalent worker compensation coverage and wage is punitive of \$1.00 per day. Designed as a substitute system for inmates.

310 NICHOLS: Those injured in a prevailing wage job would receive time loss benefits.



REP. TARNO: Have heard witness' need for board of directors and there are amendments that can be drafted to address concerns expressed in this meeting.

334 REP. MANNIX: Committee needs to decide which approach to take in order to draft amendments.

355 CHAIR TIERNAN: Confirms with witnesses that they can pay below prevailing wage. Sees that as a problem. Not certain, but maybe other incentives would add up so that it is not a problem. If we are going to get prisoners working the board needs affirmative direction and deadline. If we wanted to ship cut goods now, we could do that by paying prevailing wage?

NICHOLS: Every country now probably except for England and maybe Canada.

FLETCHER: In this country there is resistance to buying goods manufactured by Chinese prisons. International labor organization has passed an act that opposes buying the products of forced prison labor. Now we are discussing shipping goods to China.

383 CHAIR TIERNAN: Company I own manufactured a product in Oregon. It is now NAN: Company I own manufactured a product in Oregon. It is now manufactured in China because we would only have broken even if not. If we are serious we have to give an incentive and affirmative direction in this bill. Crime and Corrections Sub-Committee March 4, 1993-Page 11

421 REP. TARNO: Would that be a charge for the prison industries board to deal with?

CHAIR TIERNAN: A strong advisory board is needed.

442 REP. TARNO: We have ideas for concept for amendments to the bill and we should instruct legal counsel to draft those.

CHAIR TIERNAN: Suggests going through list of questions from staff and Rep. Mannix to determine directions for counsel. Refers to list of staff questions. (EXHIBIT G) Question #1 Should Department of Corrections be monitored by an advisory board? Everyone agrees that they should. Question #2: Should Depart of Corrections Industries be allowed to compete with private industry? 461 REP. BROWN: No, except when providing government services in Oregon.

475 REP. COURTNEY: Concerned about sponsors of a similar Senate bill and their view on this bill. REP. MANNIX: The Senate bill was requested by the Governor and this committee can signal the Senate committee that we are not pressing this bill. Will make sure that gets done.

TAPE 41, SIDE B

023 CHAIR TIERNAN: Returns to list of staff questions. Question #3: Should all joint ventures or partnerships between the Department of Corrections Industries and private industry be required to employ a certain percentage of inmate employees?

REP. MANNIX: That was a protective provision to prevent "pseudo" inmate industries.

030 CAROLE SOUVENIR, COMMITTEE COUNSEL: That was an issue raised by the

Oregon Rehabilitation Association.

REP. MANNIX: Could be dealt with better by a provision saying that this is not intended to put inmate industries in front of the rehabilitation programs. The policy board will have to approve programs anyway.

CHAIR TIERNAN: Private industry would include a sheltered workshop.  
Question #4: Should the Department of Corrections Industries be required to pay a minimum hourly rate of pay for inmate labor that is comparable to the rate of pay for employees in the same industry?

043 REP. MANNIX: If contracting inmates in private sector, then should.

CHAIR TIERNAN: Then we just follow existing law.

REP. MANNIX: That was for interstate commerce. What about within Oregon? Depends on if jobs are being displaced. If not other than aliens, then wouldn't worry about rate of pay. Crime and Corrections Sub-Committee  
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051 NICHOLS: When creating an industry program, it would slow down process if we were required to pay minimum wage. Would prefer to set comparable market pricing. If we can make a profit and bring back to the state because we pay less labor, it would be better as long we are not undercutting pricing.

058 CHAIR TIERNAN: How could this possibly work under existing practice?

NICHOLS: It could not.

060 CHAIR TIERNAN: Question #5: Should use of inmate labor be restricted during strikes or lockouts?

NICHOLS: They can't leave the prisons. Maybe they are referring to security officers.

CHAIR TIERNAN: Refers to the employees of the private business. Thinks it is far reaching.

REP. MANNIX: Thinks it is a nice restriction.

REP. COURTNEY: Likes the restriction.

069 CHAIR TIERNAN: Question #6: Should employers receive a tax credit on inmates' wages?

REP. BROWN: No.

REP. MANNIX: There will be enough other advantages to the program.

CHAIR TIERNAN: We don't know that. Need to ask the businesses what the incentives are. Question #7: Should inmate wages be designated for certain uses?

REP. BROWN: They already are.

079 REP. MANNIX: Those are rules, not statutory.

080 CHAIR TIERNAN: Question #8: Should Department of Corrections

Industries only be allowed to enter into joint ventures or partnerships with Oregon businesses and should Department of Corrections Industries only purchase products from Oregon vendors? If you are going to be serious about making products you are going to need to be able to purchase them from wherever you can get them. NICHOLS: Associated Oregon Industries recommended to Washington County that they buy one of our products because we bought our raw materials from Oregon and we were not competing with any jobs.

089 CHAIR TIERNAN: Refers to Rep. Mannix's list of issues. (EXHIBIT B) ISSUES 3 and 4 have already been dealt with. Issue #7: Clarify in the bill that we are not asking the government to give preferential treatment in bids to prison industry. Crime and Corrections Sub-Committee March 4,1993 Page 13

REP. MANNIX: This refers to the rehabilitation workshop.

CHAIR TIERNAN: Issue #10: Insert a provision clearly expressing that prison industries are exempt from surplus and purchasing laws.

101 REP. MANNIX: Thinks they still need that for flexibility to compete.

CHAIR TIERNAN: Agrees.

NICHOLS: Absolutely have to have that.

107 CHAIR TIERNAN: Question #10: Create a fund to help companies build industry facilities inside the prisons.

112 REP. MANNIX: It was an issue that came up and for the time being we should probably pass on it.

CHAIR TIERNAN: Asks committee's opinion on mandating a percentage of prisoners working by a specified deadline.

REP. TARNO: Will not work. Cannot force some prisoners to work. They will work only if motivated. Cannot set rigid guidelines until a base has been created for observation or evaluation.

134 CHAIR TIERNAN: How many prisoners could be put to work?

NICHOLS: If industries were to run/manage/operate the business it would cost millions of dollars.

CHAIR TIERNAN: How many actually work or could?

NICHOLS: Maximum 50%. No federal agency has managed to do more than 25%. Personal target is 1,000 inmate jobs. Will create another target when that is reached. Anything more than 1,000 puts a hardship on us.

CHAIR TIERNAN: Possibly 50% of the prison population could be put to work. 156 CHANDLER: Referring to full employment, 20% of the population at any given time is in the infirmary, segregation, etc. so they must be eliminated. Some are in other programs and so would only be available for part time work. Supports this idea and wants to expand what is available. Problem is that it takes additional resources.

172 CHAIR TIERNAN: It is possible to put 50% to work?

CHANDLER: May be a possibility.

CHAIR TIERNAN: What can you do to make them work if they are unwilling?  
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181 CHANDLER: Every inmate is obligated to work if given the direct order. If he refuses he goes to segregation.

REP. MANNIX: A realistic reportable goal is every inmate not in the infirmary or in segregation should be productively engaged 40 hours per week in some manner.

195 REP. BROWN: We have 2600 already working at some level, correct?

DENIS DOWD, ASSISTANT DIRECTOR, INSTITUTIONS BRANCH, DEPARTMENT OF CORRECTIONS: Currently have 2,150 engaged in institutional work activities, 450 engaged in Corrections Industries activities, 600 engaged in community service. Over 50% are already working at least 30 hours per week. Another 2,000 would take any job they could get if we could give them a job. Maybe 3% or 4% wouldn't work. The issue is providing opportunities to work.

221 CHAIR TIERNAN: If a company was to locate a plant next to the prison, you've got 2,000 who could staff th\$ facility? DOWD: We would have 500 or 600 at the Oregon State Penitentiary that could work. The security problem would be an issue and a large expense. 250 CHAIR TIERNAN: If we gave you the goal of putting 2,000 to work in the next six years and incentives were there to bring companies in, you could coordinate that? DOWD: Yes. Goal has always been to have all of our inmates engaged in meaningful activity. Don't have resources. Asking for an opportunity to expand prison industries to occupy more inmates at no extra expense. 262 REP. BROWN: If we require you to put 2,000 more to work, what can we do to help you provide more jobs? DOWD: Allow us to expand corrections industries by allowing us to operate more prof~tably. We might be able to provide 2,000 more jobs if required but may not be productive or have the results you have in mind. REP. BROWN: What prevents you from expanding now other than not competing with ongoing businesses, etc.? DOWD: There are not enough incentives to enter into joint ventures with private industry. 297 CHAIR TIERNAN: If incentives can be incorporated into the legislation and had a strong board, the business would be there. 322 REP. MANNIX: One incentive would be a direct authorization in the law that says you can provide the land for a joint venture facility. Do you already have that authority? DOWD: We have authority and have exercised it at the Santiam facility.  
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REP. MANNIX: The key then is loosening up restrictions.

CHAIR TIERNAN: Did someone build on that land with their own money?

DOWD: We provided the building and they have expanded and constructed another building at their own expense.

338 CHAIR TIERNAN: That would have to be worked out in case of disagreements. Any other incentives you would like to see in a package to help get prisoners to work?

NICHOLS: The two bills go a long way to giving us what we need.

NICHOLS: The alder furniture shop in Arizona mentioned previously is a

non-union shop and most of the industry is non-union. Have not competed with Oregon businesses or unionized shops. Associated Oregon Industries supports us. Please don't ask us to employ 3,000 inmates. It has been done in California and has met with failure. 391 CHAIR TIERNAN: Would give a target and put incentives in for you as well.

CHAIR TIERNAN: Adjourns meeting at 5:10 p.m.

Submitted by: Reviewed by:

Julie Nolta Anne May Committee Clerk Committee Assistant

EXHIBIT LOG:

A - Analysis of HB 2664 - Committee Counsel - 3 pages B - Outline for Work Session - Rep. Kevin Mannix - 2 pages C - Testimony on HB 2706 - Oregon Dept. of Corrections - 11 pages D - Plan for Productively Involved Inmates - Oregon Dept. of Corrections - 12 pages E - 1992 Plan for Productively Involved Inmates - O.D.C - 12 pages F - 1991 Plan for Productively Involved Inmates - O.D.C. - 11 pages G - Issues for Work Session - Committee Counsel - 1 pages H - Private Sector/Prison Industries Enhancement Program - O.D.C. - 5 pages