BUSINESS AND INDUSTRY COMMITTEE SPECIAL SESSION II OF THE 47th MONTANA LEGISLATURE June 24, 1982

The meeting was called to order by REP. JAY FABREGA, CHAIRMAN, at 1:30 p.m. on Thursday, June 24, 1982 in Room 405 of the Capitol Building, Helena, Montana.

ROLL CALL was taken and all members were present except for REP. AARON ANDREASON who was excused.

GREG PETESCH distributed a BILL SUMMARY on HB 17. (EXHIBIT A)

REP. CALVIN WINSLOW introduced HB 17 (EXHIBIT B) with some amendments. (EXHIBIT C)

PROPONENTS

None

OPPONENTS

JIM MURRY, Executive Secretary for the AFL-CIO stated that he disagreed with Section 3. It looks as though the authority is being expanded. He felt this bill could adversely affect jobs of Montana workers. There needs to be an amendment that would protect collective bargaining agreements.

HOWARD ROSLING gave his testimony.

JIM McGARVEY from the Montana Federation of Teachers and for the AFL-CIO stated that money would be better spent providing meaningful activities rather than using people to build things that they would resent.

NADINE JENSEN for the AFSCME and AFL-CIO gave her testimony.

JOE GERAGHTY for the AFSCME gave his testimony.

BOB MURPHY gave his testimony.

REP. JERRY METCLF asked how many jobs could be in jeopardy.

MR. MURRY stated that if one Montana worker was replaced then they feel that would be wrong.

REP. BOB PAVLOVICH asked about line 12 and what would happen when an agreement expires.

REP. WINSLOW stated that under the present agreement they have not had to deal with that.

- REP. JOHN VINCENT stated that he was worried about the definition of maintenance and repair since it could be quite broad.
- REP. FABREGA stated that anything above a certain level of expenditure would have to go to bid.
- REP. VINCENT asked if a person gets hurt while working, what protection do they have.
- REP. WINSLOW stated that he was not aware of what insurance they would have.
- REP. HAL HARPER asked if he anticipated that the inmates would be paid.
- REP. WINSLOW stated that it would be only what they get now.
- REP. HARPER stated that he did not see where this bill would add anything new in affecting contract bargaining agreements. He went on to ask why they could not have the inmates do the work now and what this bill adds to the law.
- REP. WINSLOW stated that at its best it would be a statement from the Legislature telling people that "idleness" is a recognized problem. This would also get more of them working.
- CURT CHISHOLM stated that the Department of Institutions does not cover any activities. They are concerned about that because of current and pending cases where inmates get injured and the state is responsible.
- REP. FABREGA asked if this would be placing the inmates in a great risk.
- CURT CHISHOLM stated that there is a risk in anything they do.
- REP. O'HARA asked if coverage would require legislation.
- CURT CHISHOLM stated that in order to set up coverage there would have to be legislative action. It could not be done administratively.
- REP. VINCENT asked if they would need this bill to accomplish that objective to put prisoners to work more often.
- CURT CHISHOLM stated that to extend beyond there are enough with Senator Turnage's bill. This would be one more option to use inmates for labor.
- REP. FABREGA asked who is doing most of the work such as household duties.

CURT CHISHOLM stated that there are inmate workers to do the housekeeping. This bill would not deal with those workers, but with laborers such as in construction.

REP. FABREGA asked if they can command them to work now or if it is voluntary.

CURT CHISHOLM stated that they do require the inmates to work. They are ordered. They are written up if they refuse and lose their good time.

REP. JERRY KESSLER asked who did the upkeep of the lawn.

CURT CHISHOLM stated that the prisoners assist in the lawn upkeep.

HEARING ended on HB 17.

JIM MICHAELSON, Director of the Industries Program at the Montana State Prison distributed handouts. (EXHIBIT D and E)

REP. FABREGA asked what the participation level is.

MR. MICHAELSON stated that it varies. There are days when the inmate maybe required to be in self-help groups.

REP. FABREGA asked if there is any way of knowing who will and who won't be there on any given day.

MR. MICHAELSON stated that there is no way to accurately assess who will be there on any given day.

REP. DICK MANNING asked of the total inmate operation of what percentage are they able to dare use around the prison.

MR. MICHAELSON stated that he would say approximately 75% of the inmates who are incarcerated are able to perform.

REP. KEN ROBBINS asked if they couldn't force the inmate workers to be there four or five days per week.

MR. MICHAELSON stated that they are required to be there five days per week.

REP. ROBBINS asked if the worker does not want to work if he could just sit in his room and not work.

MR. MICHAELSON stated that if they do, they would be fired. There is a move sheet kept each day. If the guy does not work, they find someone else who will.

REP. FABREGA asked what the projections for this year are for the industries.

SANDY HARRIS, Coordinator of the Industries Programs for the Department of Institutions stated that it is approximately \$20,000. of the \$136,000. in sales.

REP. FABREGA asked whether the Department of Institutions has had a chance to come up with a recommendation.

CURT CHISHOLM stated that their plan is simply this: the implementation of an industry program. There are already four or five now. We want to stabilize, capitalize, and improve on the ones we already have.

The meeting adjourned at 3 p.m.

REP. JAY PABREGA, CHAIRMAN

Pat Bennett Secretary

BILL SUMMARY

HB 17 provides that inmates may be required to maintain their own living quarters and to perform general maintenance and repair work on the grounds of the prison and other state institutions. Inmates are not considered to be employees. Collective bargaining agreements entered after passage and approval of HB 17 may not contain provisions prohibiting or restricting the use of inmate labor as provided in this act.

47th Legislature

Convey Cours 1201514 O COURT THE USE THINGS AN ACT ENTITLED: "AN ACT PROVIDING FOR THE USE THINGS EMPLOYEE COLLECTIVE BARGAINING AGREEMENTS FROM PROHIBITING OF INMATE LABOR; AND PROVIDING AN IMMEDIATE INSTITUTIONS; PROVIDING THAT SUCH INNATES ARE NOT EMPLOYEES EMPLOYEE RIGHTS; PREVENTING FUTURE PUBLIC OF INMATE LABOR IN THE MAINTENANCE AND REPAIR OF STATE Special Session #2 OF. FOR PURPOSES INTRAOUCED BY Breeze London SUCH USE

Š BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA: Section 1. Institution maintenance by inmates.

EFFECTIVE DATE."

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(1) keep his own living quarters clean and orderly;

inmate of the Montana state prison may be required to:

(2) perform general maintenance and repair work on prison grounds and facilities and assist in providing and services essential to the administration of the prison, including but not limited to food and laundry services;

(3) perform general maintenance and repair work on the grounds and facilities at any state institution.

be employees. An inmate

Section 2. Inmates not to

working pursuant to [section 1] is not an employee, either public or private, and employment rights accorded other

classes of workers do not apply to such inmates•

Nonnegotiable items for state institutions. not contain provisions of inmate labor entered prohibiting or restricting the use effective date of this act] may agreements provided for in [section 1]. Collective bargaining Section 3.

intended to impair any existing collective barqaining Section 4. Applicability. Section 3 of this act is not to those collective this act. Inmate labor restricted by a collective bargaining bargaining agreements entered after the effective date of agreement subject to 53-1-301(7), MCA, shall continue until agreement and is applicable only

Section 5. Codification instruction. Section 3 is intended to be codified as an integral part of Title 39, chapter 31, part 3, and the provisions of Title 39, chapter 31, part 3, apply to section 3.

such agreement expires.

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Section 6. Severability. If a part of this act is invalid, all valid parts that are severable from the invalid part remain in effect. If a part of this act is invalid in one or more of its applications, the part remains in effect in all valid applications that are severable from the invalld applications.

Section 7. Effective date. This act is effective on passage and approval.

> 23 24

-End-

-2-

Title, line 5
Following: "REPAIR OF" Insert: "THE"

Title, line 6 Following: Line 5 Strike: "INSTITUTIONS" Insert: "PRISON"

Page 1, line 21 Following: "at"

Strike: "any state institution." Insert: "the prison."

Page 2, line 1 Following: "for"

Strike: "state institutions." Insert: "the prison."

Rep. Cal Winslow



Montana State Prison

PRISON INDUSTRIES DIVISION
P. O. BOX 7
DEER LODGE, MONTANA
59722

JIM MICKELSON, PRISON INDUSTRIES MANAGER 846-1320 Extension 2270

M.S.P. INDUSTRIES

M.S.P. Industries offers goods and services in the areas of printing, upholstery, furniture manufacturing and reconditioning, signs, and a post, pole and rough lumber operation. The various shops employ approximately 50 immates in custody classifications ranging from Close II to Minimum Security.

The workers are available for approximately 6 hours a day, 5 days per week. They are paid a base rate of \$1.10 per day, with an additional incentive based upon a profit sharing plan. The inmates are hired by M.S.P. Industries after going through a screening process, personal interview, and a probationary employment period.

One of the goals of the program is to provide a realistic work environment for all immates employed by M.S.P. Industries. To accomplish this, each work function has a job description and a person is hired to fill the specific position. This insures that there is a realistic work load for each individual hired and also helps to set parameters of skill learning that is expected of the worker.

Inmates are used to perform some of the clerical functions necessary to keep all shops running smoothly. There currently are three immates preforming these funtions at M.S.P. Industries. Their duties include helping prepare financial information, preparing cost analysis, typing, filing, inventory monitoring, assigning job order numbers, etc.

Sales for the current fiscial year to May 31, 1982, are \$116,000 and projected fiscal year total sales are \$136,000. Additional income was generated from a C.E.T.A. contract administered by the Private Industry Council. This generated approximately \$17,000 in the form or salaries for supervisory personnel.

Our marketing efforts so far have been directed toward the state agencies located in Helena and the small state colleges. Larger markets, such as the universities have not been explored fully, as their volume might overtax our, as yet, limited production capabilities.

Civilian personnel hired as Shop Supervisors, are all trained, skilled craftsmen in their respective fields. This has done much to increase production speed and insure that the finished products are of the highest quality.

M.S.P. Industries

An unusual aspect of our current production efforts, is the refinishing and reupholstery work done for Surplus Property. M.S.P. Industries refurbishes office chairs, desks, tables and other related office equipment under this agreement. When most of the furniture is received, it is in very poor condition. It is stripped, parts replaced or rebuilt, sanded, painted and recovered in a variety of colors and fabrics. These products are then sold by Surplus Property to various state agencies and non-profit groups within Montana.

Sandy Harris, Industries Co-ordinator, Department of Institutions or Jim Mickelson, Industries Manager, Montana State Prison may be contacted if you have any additional questions, and/or for more information. Please feel free to contact either one of us.

MONTANA STATE PRISON RANCH AND INDUSTRIES

STATUS REPORT

- 1. Summary of Operations
- 2. Industries Financial Statement FY 82
- 3. Ranch Financial Statement FY 81
- 4. Inmate Pay Policy (DRAFT)
- 5. Industries Development

Montana State Prison Ranch/Industries Operations

•	Operation	Product	Number of Inmates Employed (June 15, 1982)	FY 82 Annual Sales (Estimated)
-	Printing	Duplicating Newsletters	7	\$37,000
	Upholstery	Reupholstery Mattress Manufacturing Upholstery New Furniture Drapery Misc. (laundry bags, etc.)	8	48,000
	Furniture Renovation & Mfg.	Refinish wood & metal furnitur New Furniture construction (wood & metal)	re 9	22,000
	Timber Mgn./Wood Products	Posts/Poles Rough Lumber	9	27,000
	Tag Plant/Sign Shop	License Plates ² Street & Road Signs	18	1,000
	Clerical	Accounting, Inventory, Clerica	.1 5	-0-
•	Dairy	Dairy products for institution bulk milk sales	s, 20	460,000
	Beef-Range & Feed/Lot	Slaughter beef	15	462,840 ³
	Slaughterhouse/Packing Plant	Beef, Pork, Manufactured Meat	20	687,010
•	Ranch-Equipment Maintenance Section		10 121	

¹ Funded by Dept. of Justice - not recorded as income.

 $^{^{2}}$ Estimated annual sale of 840 head.

MSP . INDUSTRIES

Income Statement

July 1, 1981 through March 30, 1982

TOTAL	\$ 58,119 12,391 35,973 23,951	\$130,434	\$ 65,070	7,613 13,065 5,815 27,703	\$126,608	\$ 3,826	\$ 8,302 \$ 3,750	(\$ 8,226)
Gen, Supplies		*. *		\$293	\$293	(\$293)		(\$293)
Admin.	\$ 75 6,671	\$ 6,746	\$19,074	1,154 273 18,280	\$40,240	(\$33,494)	\$ 898 \$ 3,750	(\$38,142)
Sign	\$280	\$280		47	\$ 47	\$233		\$233
Timber	\$ 1,694	\$22,645	\$ 9,191	4,298	\$15,375	\$ 7,270	\$ 4,103	\$ 3,167
Furniture	\$ 8,086 3,729 3,000	\$14,815	\$ 7,980	3,356	\$14,941	(\$ 126)	\$ 739	(\$ 865)
Upholstery	\$26,127 4,316 14,315	\$44,758	\$14,792	3,792 6,834 3,148 965	\$30,787	\$13,971	\$ 472	\$13,499
Print	\$21,857 4,346 14,987	\$41,190	\$14,033 785	2,667 2,779 2,394 2,267	\$24,925	\$16,265	\$ 2,090	\$14,175
	Income: Sales (March SBAS) March Sales CETA Add'i Income 1	TOTAL	Cost of Sales: Direct Labor 2 Inmate Labor RA	Inmate Labor - CETA Direct Materials Direct Materials CETA Misc. Operating Exp.	TOTAL	Gross Margin	Less Depreciation Admin, Allocation	NET INCOME

1 Contracts Completed - not on SBAS

² Pay Periods not on SBAS are added

MSP - RANCH

FY 81 OPERATIONS STATEMENT

	BEEF	PORK	DAIRY	TOTAL
Income	\$464,877.55	\$172,821.83	\$384,015.2 2	\$1,021,714.60
Less Cost of Production	405,495.09	156,33 5.85	334,472.13	896,303.07
Gross Margin	59,382.46	16,485.98	49,543.09	125,411.5 3
Less Delivery Expense	16,298.24	6,243.28	10,317.84	32,859.36
Less Administrative Expense	37,020.30	13,750.40	30,592.60	81,363.30
Net Operating Income	6,063.92	(3,507.70)	8,632.65	11,188.87
Inventory Inc. (Decrease)	(422.00)	(10,900.00)	5,989.00	(5,333.00)
Net Income	\$ 5,641.92	\$ (14,407.70)	\$ 14,621.65	\$ 5,855.87

FY 81 SAVINGS TO INSTITUTIONS

Ranch Prices Below Market	\$ 66,681.31	\$	10,727.36	\$ 40,516.80	\$ 117,925.47
Total Potential Income	\$ 72,323.23	\$(3,680,34)	\$ 55,138.45	\$ 123,781.34

INMATE PAY POLICY

Pay Schedule

Following are the approved hourly wage rates to be used by Montana State Prison Industries. All correctional industries inmate positions are to be assigned to one of these levels.

Step II

Step III

Step I

Skill Level
Special Skills
Technicians
Semi-skill
Labor

Special Skills.

Set up and layout men who are responsible for guiding products through production lines or are responsible for the operation of complex machines.

Mechanics and craftsmen who are responsible for difficult and technical work and have only limited or intermittent supervision.

Technicians

Journeyman mechanics, craftsmen, machinists and heavy equipment operators who have intermittent supervision.

Semi Skills

Apprentice mechanics, equipment operators, and machine operators.

Labor

Entry level positions requiring no skills as a prerequisite for employment.

Workers at each skill level may be advanced to the next step only after three months at satisfactory performance and the recommendation of the shop supervisor. Less than satisfactory performance may result in a reduction in the hourly wage rate.

Movement Between Pay Rates and Skill Levels

Changes from one pay rate to a higher rate of pay will be based upon the recommendation of the supervisor and the inmates accumulated work history as reflected in the performance reports.

An inmates pay rate will not be reduced except for cause.

Inmates approved for advancement to a higher skill classification will enter the new position at a pay grade equal to or higher than the present pay grade. Inmates moving from one industry to another may enter any available position, providing that person is qualified, as agreed to by the Industries Manager.

A quarterly evaluation shall be prepared, by the immediate supervisor, on each inmate working within MSP Industries. This evaluation will be submitted to the Industries Manager within 10 working days following the end of a fiscal quarter. Evaluations will be based on the following criteria:

- 1. Demonstrated skill and knowledge.
- 2. Observed work habits.
- 3. Attitude towards fellow inmates and staff while on the job.
- 4. Quality of work.
- 5. Quantity of work.
- 6. Care and use of tools and equipment.
- 7. Learning ability, adaptability to new procedures and methods.
- 8. General comments as desired by the immediate supervisor.

One hundred percent attendance is expected of all inmate workers. There will be no compensation for absences. Absences in excess of 15% of available work hours for two consecutive pay periods shall be cause for removal from the Industries Program.

Submission of an unsatisfactory work report by an immediate supervisor shall be grounds for immediate removal pursuant to institutional grievance policy.

Timekeeping Procedures

All correctional industries workers time will be recorded upon the appropriate form by the worker's immediate supervisor. The supervisor will be responsible for verifying the accuracy of the time card before it is submitted.

If an inmate leaves a position or is reassigned during a pay period, the supervisor shall complete the time sheet and submit it to the time keeping function.

Time records will be consolidated on a summary form which will be checked and signed by the Industries Manager.

The consolidated summary will be forwarded to the institutional Accounting Office upon close of the pay period.

A copy of the individual pay record will be made available to each employee by the Industries Accounting function.

Activities for which Industries Inmate Pay is Authorized.

Productive work.

Specified related trade training activities which have the prior approval of the Industries Manager.

Time lost due to job related illness or injury up to a maximum of 30 working days per occasion.

State holidays. Inmate workers will be paid their regular rate of pay on all officially declared state holidays, only if the inmate works the day before and the day after the holiday. If requested to work on an official holiday, the inmate will be paid holiday pay, plus pay for the hours worked, at the regular rate of pay.

Inmates requested to work additional hours after the regular work day has ended or requested to work on weekends in addition to their regular work week will be compensated at a rate equal to their regular rate of pay.

Employee Hiring Procedures

In order to maintain production goals and develop a productive work force, only those employees that are needed for actual shop production will be hired by the Industries Program. Inmates will be assigned to the Industries shops after completing the following process.

- A. The Industries Manager will announce a position vacancy within the shop.
- B. Applications from inmates meeting the job requirements will be submitted to the Industries Manager.
- C. Applications will be reviewed and selected inmates will be tested and interviewed.
- D. The employee will be selected and notified of his selection by the supervisor of the area he is to work in.
- E. New employees will serve a 60 day probationary period during which their work habits and attitudes will be observed. If work habits and attitudes are deemed acceptable at the end of the probationary period, the employee will be considered a permanent employee.

Source of Pay

Inmate workers assigned to Correctional Industries will be paid from the Industries Revolving Fund or other authorized funding sources. It shall be the responsibility of the Industries Manager to administer the Industries inmate pay program consistent with the law and details of this plan.

The Industries pay plan and any proposed changes shall be submitted to the Director of the Department of Institutions for review and approval.

Industries will follow federal directives in regard to equal opportunity employment.

An inmate wishing to resign from Industries will be expected to provide two weeks notice. Resignation must be in writing and will be submitted to employees immediate Supervisor.

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Bulldno	9 \$ Bulldno				Staplers	465.50				
	9 \$				Pintacker	243.00				
	\$ 6,982.00				Hose & Coupling	123.00				

INDUSTRIES DEVELOPMENT

A. Expansion possibilities with Existing Industries

2. Increase marketing efforts

INDUSTRIES DEVELOPMENT

Industries	Inmates Employed	Needed for Expanded Operation	Cost	Advantages	Innates Employed
the state of responses and the state of the			man maybe under		
Timber Management/Wood Products	o	1. Usad Equipment '69 Rubber Tired Skidder \$10,500	\$52,350	1. Increase inmate employees 2. Allow operation to handle TSI and	10 - 25
Capacity: \$50,400		'72 Self Loading Log Truck 38,750		slash for timber sale	
Breakeven Point: 47,614 Profit: \$ 2,786		76 4 x 4 Vehicle 3,600 \$52,350		3. Annual Capacity \$78,000 Slash & TSI Income 15,000	
				Breakeven 60,927 Profit \$32,073	
. •					
B. Potential Industries Development with Existing Facilities	nt with Existing Fa	cilities			
Industries		Needed for Expanded Operation	Cost	Advantages	Inmates Employed
			700000		¢
hing binger manuracture, miscellaneous plastic products		i. Equipment 6 kw heat seeler (5,500 used - 10,500 new)	\$27,025 - New	Stores for ring binders	o
Breakeven: \$22,159		Die Heater - \$1,550 Cornering Machine - 29 River Machine - 300 Dies		University system would be good market for shower curtains, plastic place mats, portfolio	
Signs		1. State market 2. Equipment Additions	N/A	More efficient use of tag plant facilities Provide additional work for inmate	ities
				employees 3. Increase Sign Shop profits 4. Decrease cost of license plate operation	tion

\$123,275 -\$130,275

TOTAL

INDUSTRIES DEVELOPMENT

Potential Industry Development requiring new facilities, major expenditure and extensive research ပ

The following industries appear to have a reasonable potential of meeting the following criteria for development:

- · The industry is adaptable to a prison setting and can be operated primarily with inmate labor.
- · Production volume of the industry will be adequate to sustain a self-sufficient operation.
- The industry will produce a product or service that is needed and used by state agencies, institutions, political subdivions or other authorized markets.
- The industry can produce a product or service at or below commercial prices.
 - The new industry will not present undue competition to private enterprise.
- The training program associated with the new industry will have relevance either directly or through transferable skills to work skills in the private sector.

The selections were made after reviewing a list of potential industries based on prison industries in other states and the federal system, previous research of the Montana market, and product recommendations by the Purchasing Division, Surplus Property Division, Private Industry Council, Administrator for Lewis & Clark County and Western Montana College: (The complete list is attached.)

- A spring on the Prison Ranch maintains a temperature of close to 100 °. It would require cooling but would appear to support year round fish production. Fish could be produced for the Institutional market with a processing operation employing additional inmates. 1. Fish Farm
- We could provide training and Keypunch services to agencies like the Department of Health to generate income for the program. Computerizing

Keypunch and Data Processing

6

School Bus Repair

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4. Cardboard Boxes

- I would see us operating the Equipment Maintenance Section as a separate industry to maintain institutional vehicle and equipment for all Several states operate this type of industry. With competent staff and facilities this may be a viable industry. institutions in the Deer Lodge Valley including the Ranch, Industries and Prison. the accounting services for Ranch & Industries would also be a possibility.
- There are box manufacturing industries in Montana but apparently they do not produce specialized containers or sell in small quantities that are needed by smaller Montana Industries. There may be a possibility of producing products at the Prison that are more labor
- Research needed to determine technology, equipment, facilities, markets, potential products, costs.

5. Paper Recycling and Manufacturing

6. Wood Chips/Resin

Building Material

- Very little information available right now but has potential of fitting in with Timber Management and Wood Products Industries.
- Research Needed Recommended by Purchasing Division. 7. Football Helmet Repair

VISITORS' REGISTER

HOUSE BUSINESS AND INDUSTRY COMMITTEE

LL SB1, HJR1, HB17	·	Date June 2	4, 1982	
NAME	RESIDENCE	REPRESENT NG	SUPPORT	OPPOSE
Madringer	Helena	PASCME, ARZ-CATE	9	48 17
Maron Douglaso	1 - 1	AFEME, AFEZIO	2	4617
Sangue Harghi	Deerhodge	DAI		
The Generally	Butte	Karal 971- ATSC	ł	VHBIS
Marcia Merogho	Gutte	Mont. State AFL	i-cro	VHB1

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