

**California Code of Regulations**  
**Title 15. Crime Prevention and Corrections**  
**Division 8. California Prison Industry Authority**  
**Chapter 1. Rules and Regulations of California Prison Industry Authority**  
**Article 3. CALPIA Inmate Work/Training and Education**

**INITIAL STATEMENT OF REASONS**

**SUMMARY**

The California Prison Industry Authority (CALPIA) and the Prison Industry Board (PIB) propose to amend the California Code of Regulations, Title 15, section 8006 to increase the pay rate by \$0.15 for CALPIA incarcerated workers at all steps and skill levels. CALPIA incarcerated workers have not received a pay increase since 2017. A pay increase is expected to create incentive for incarcerated individuals to seek employment with CALPIA which furthers CALPIA's vision to change the lives of incarcerated individuals through innovative job training by providing them with productive work and training opportunities.

**AUTHORITY & REFERENCE**

Penal Code section 2801 authorizes CALPIA to develop and operate industrial, agricultural, and service enterprises employing incarcerated individuals in institutions under the jurisdiction of CDCR.

Penal Code section 2808 authorizes the PIB, in the exercise of its duties, all of the powers of and to do all of the things that the board of directors of a private corporation would do, except as limited by law, and authorizes the PIB to contract to employ a General Manager to serve as the administrative officer of the authority.

This regulatory proposal implements Penal Code section 2811, which allows CALPIA's General Manager to adopt and maintain a compensation schedule for CALPIA incarcerated workers based on quantity and quality of work as long as that compensation does not exceed one-half of the minimum wage provided in section 1182 of the Labor Code.

**BACKGROUND**

CALPIA is a self-supporting, autonomous, and customer-focused business that provides productive work opportunities for approximately 4,800 incarcerated individuals within CDCR institutions. CALPIA manages over 100 manufacturing, service, and consumable operations throughout the state. The goods and services produced by CALPIA are sold

predominately to state entities. The goal of CALPIA is to provide work opportunities to incarcerated individuals and provide job skills training with the potential for earning industry-accredited certifications.

CALPIA incarcerated workers have not received a pay increase since 2017. Since CALPIA is committed to changing incarcerated individual lives through job experience and training, CALPIA proposes to increase their pay rate by \$0.15 per hour for all steps and skill levels to incentivize them to participate in CALPIA work programs. The expectation is that this regulatory change will increase the pool of potential workers for CALPIA and reduce vacancies.

### **Objectives**

- Amend the CALPIA incarcerated worker pay rates at all steps and skill levels

### **Benefits**

- Increase the number of incarcerated individuals participating in CALPIA work programs which will ultimately:
  - Improve recidivism rates
  - Improve the current and future quality of life for incarcerated individuals
  - Improve the safety and welfare of the California public

### **CONSIDERATION OF ALTERNATIVES**

CALPIA must determine that no reasonable alternative it considered or that has otherwise been identified and brought to its attention would be more effective in carrying out the purpose for which the action is proposed, would be as effective and less burdensome to affected private persons than the proposed action, or would be more cost-effective to affected private persons and equally effective in implementing the statutory policy or other provision of law.

CALPIA has made an initial determination that no reasonable alternatives to the regulation have been identified or brought to the attention of CALPIA that would lessen any adverse impact on private persons.

### **ECONOMIC IMPACT ASSESSMENT**

CALPIA is self-supporting from the sale of its products and services and operates fiscally from the Prison Industries Revolving Fund without any appropriation from the general fund. Pursuant to Penal Code section 2806, CALPIA's revolving fund is not subject to annual appropriation by the legislature or oversight by the Department of Finance. CALPIA recognizes the implementation of this regulation will create an increase in incarcerated labor costs by approximately \$1,238,169 per year, adjusting for the number of workers.

- **Creation/Elimination of Jobs Within the State:** CALPIA has determined that this regulatory proposal will have no impact on the creation or elimination of existing jobs within the State of California because businesses are not affected by the internal management of CALPIA and the employment of incarcerated workers within CDCR institutions and CALPIA operations.
- **Creation/Elimination of Business Within the State:** CALPIA has determined that this regulatory proposal will have no impact on the creation or elimination of businesses within the State of California because businesses are not affected by the internal management of CALPIA and the employment of incarcerated workers within CDCR institutions and CALPIA operations.
- **Expansion of Business Within the State:** CALPIA has determined that this regulatory proposal will have no impact on the expansion of business within the State of California because businesses are not affected by the internal management of CALPIA and the employment of incarcerated workers within CDCR institutions and CALPIA operations.
- **Significant Adverse Impact on Business Within the State:** CALPIA has determined that this regulatory proposal will have no significant statewide adverse impact on business because businesses are not affected by the internal management of CALPIA and the employment of incarcerated workers within CDCR institutions and CALPIA operations.

### **BENEFITS TO THE CALIFORNIA PUBLIC**

- Continue to protect the health and welfare of California residents by reducing recidivism
- Continue to provide work experience and skill procurement for incarcerated workers to use upon release from custody

### **LOCAL MANDATE**

CALPIA has determined that this regulatory action would not impose a mandate on local agencies or school districts, nor are there any costs for which reimbursement is required by part 7 (commencing with Section 17500) of division 4 of the Government Code.

### **DOCUMENTS RELIED UPON**

University of California, Irvine. Center for Evidence-Based Corrections (2021). *The Effect of Prison Industry on Recidivism: An Evaluation of California Prison Industry Authority (CALPIA)*.

## **DISCUSSION OF EACH AMENDMENT**

### **Section 8006. Incarcerated Individuals' Pay Rates, Schedule, and Movement.**

**Amend subsection (d)(1)** to increase the pay rate by \$0.15 per hour for incarcerated workers at all steps and skill levels. CALPIA has determined that a \$0.15 per hour pay increase creates a more equitable wage increase (versus increasing the wage by a percentage) by impacting more workers since more workers are at a lower wage versus a higher wage. Most importantly, the wage increase is intended to create incentive for incarcerated individuals to participate in CALPIA work programs which furthers CALPIA's vision to change the lives of incarcerated individuals through innovative job training by providing them with productive work and training opportunities.

When incarcerated individuals participate in CALPIA work programs, they:

- Spend more time in educational, self-help, and cognitive behavior treatment programming than those on the waitlist for CALPIA who did not participate in a CALPIA work program.
- Experience re-arrest almost half as much as those who were only on the CALPIA waitlist
- Are significantly less likely to be convicted and returned to custody than those who were only on the CALPIA waitlist.<sup>1</sup>

This amendment is necessary to incentivize incarcerated individuals to work with CALPIA and experience the benefits of that work described above.

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<sup>1</sup> University of California, Irvine. Center for Evidence-Based Corrections (2021). The Effect of Prison Industry on Recidivism: An Evaluation of California Prison Industry Authority (CALPIA).