

**CORRECTIONAL INDUSTRIES ACT (EXCERPT)**  
**Act 15 of 1968**

**800.327a Assignment of inmates to work in private manufacturing or service enterprise.**

Sec. 7a.

(1) Inmates may be assigned to work in a private manufacturing or service enterprise that meets all of the following requirements:

(a) The enterprise is suitably designed for the utilization of inmate labor. Prisoners shall not be granted access to any employee, customer or client information including, but not limited to, personal addresses, telephone numbers, e-mail addresses, credit card information or other financial information, health records, or any information contained in personnel, client or customer files.

(b) The enterprise either is located within 10 miles of a correctional facility or is located within a correctional facility pursuant to a lease agreement executed between the department of corrections and the enterprise. If the enterprise is located within a correctional facility, the enterprise shall pay to the local taxing authority an amount in lieu of ad valorem property taxes equivalent to the amount of ad valorem property taxes that would have been required if the enterprise had been located outside the correctional facility.

(c) The enterprise manufactures products or renders services that are permitted to be manufactured or rendered using inmate labor, as determined under section 6(5).

(d) The ratio of the number of employees of the enterprise to the number of inmates assigned to work in the enterprise shall not be less than 1 employee to 3 inmates.

(2) Only those inmates who reside in a correctional institution having a security designation of level I, who are not serving a sentence of life imprisonment, and who volunteer for the assignment are eligible to be assigned to work in a private manufacturing or service enterprise. As used in this subsection, "security designation" means 1 of 6 levels of restrictiveness enforced at each correctional institution, as determined by the department, with security level I being the least restrictive and security level VI being the most restrictive.

(3) The contract between the department and the private manufacturing or service enterprise shall ensure that a wage that is the higher of the prevailing wage or the minimum wage established under the minimum wage law of 1964, 1964 PA 154, MCL 408.381 to 408.398, shall be paid by the department to the inmate for work performed by the inmate in the private manufacturing or service enterprise. The wages of an inmate under this section shall be distributed in the following order:

(a) The department shall withhold and pay the inmate's applicable state and local income taxes and federal income, social security, and medicare taxes.

(b) Of the balance remaining:

(i) If the inmate has been ordered by the court to pay restitution to the victim of his or her crime, 20% shall be paid for that restitution on the inmate's behalf, in accordance with the court order, until the amount of restitution is satisfied. If restitution is satisfied or if the inmate was not made subject to restitution, 10% shall be added to the escrow account under subparagraph (iv) and 10% shall be deposited with the state treasurer and credited to the crime victims rights fund created in section 4 of 1989 PA 196, MCL 780.904, in addition to the amount in subparagraph (v).

(ii) If the inmate has a spouse or children, 20% shall be paid to the inmate's spouse or children for the purpose of family support. If the inmate's spouse or children receive aid to families with dependent children or general assistance under the social welfare act, 1939 PA 280, MCL 400.1 to 400.119b, while the inmate is incarcerated, the 20% designated in this subdivision shall be deposited with the state treasurer and credited to the general fund as repayment of that aid or assistance, until that amount of aid or assistance is repaid.

(iii) Ten percent shall be paid to the inmate for his or her personal use while incarcerated.

(iv) Ten percent shall be held by the department in an escrow account for the inmate, and shall be returned to the inmate upon his or her release.

(v) The balance remaining after the deductions specified in subparagraphs (i) to (iv) shall be deposited with the state treasurer and credited to the general fund, as partial reimbursement to the state for the cost of that inmate's imprisonment and care.

(vi) The inmate shall not be eligible for unemployment compensation or retirement benefits upon his or her release from a work assignment or from imprisonment.

(4) The contract between the department and the private manufacturing or service enterprise shall provide that the department shall pay the applicable employer's share of federal social security and medicare taxes and state worker's disability compensation payments or contributions.

(5) The contract between the department and the private manufacturing or service enterprise shall provide that the enterprise shall reimburse the department for the amounts paid by the department for the purposes described in subsections (3) and (4). The contract also shall require the enterprise to pay to the department an annual

administrative fee equal to 1% of the total amounts paid annually to the department by the enterprise for the purposes described in subsections (3) and (4).

(6) The contract provisions created in this section shall not be construed as making the prisoner an employee of the state of Michigan.

**History:** Add. 1996, Act 537, Imd. Eff. Jan. 13, 1997 ;-- Am. 2012, Act 261, Imd. Eff. July 2, 2012