

2019 HOUSE INDUSTRY, BUSINESS AND LABOR

HCR 3051

2019 HOUSE STANDING COMMITTEE MINUTES

Industry, Business and Labor Committee Peace Garden Room, State Capitol

HCR 3051
3/4/2019
33113

- Subcommittee
 Conference Committee

Committee Clerk: Ellen LeTang

Explanation or reason for introduction of bill/resolution:

Consider studying the feasibility, desirability, and benefits of expanding the goods and services produced by Roughrider Industries into additional noncompetitive markets to provide inmates with the training and skills to successfully reintegrate inmates into society.

Minutes:

Attachment 1, 2

Chairman Keiser: Opens the hearing on HCR 3051.

2:15

Rep Steve Vetter~District 18: Attachment 1.

5:50

Rep Bosch: I find the study limiting.

Rep Vetter: The way it's set up now is, it's set up to only sell to the non-profits or are you talking about the actual markets.

Rep Bosch: It's a study of non-competitive markets. Non-competitive seems limiting.

Rep Vetter: They are learning job skills in non-competitive; this helps them to transition them to get up & go to work.

Rep Bosch: I agree with you, if we are going in this positive step, we should go a step further.

Rep Vetter: That's up to the committee to decide. We don't want to compete with private business. That's why we are pushing the non-competitive market.

Vice Chairman Lefor: Have you talked to Roughrider Industries?

Rep Vetter: Yes I have & they are in support of this.

Vice Chairman Lefor: Teaching a skill, have you talked to prisons in other states?

Rep Vetter: No, I have not.

Rep D Ruby: In the study, what kind of services or did you throw that in there for some flexibility by legislative council?

Rep Vetter: I threw that in for flexibility.

Rep P Anderson: What kind of goods are they producing?

Rep Vetter: Currently, they build custom furniture & sewing, are a few.

Chairman Keiser: I like the intention, we have to solve the problem. With our movement to justice, should we take out non-compete & study the broader issue. Treat them like interns. If we could work a program with the penile system. What would be your thoughts?

Rep Vetter: I would have no issue & agree with you to expand.

Rep Schauer: I agree with the internship because you will have to bring in other people to teach. Is there any way we could change the language or will this be in the study?

Rep Vetter: That would be up to the study but when you add the competitive market, we will have people that would object.

Rep Schauer: There is a difference between non-competitive wages & competitive market. If we can divide that out, that would be a win/win.

Rick Gardner~Director-Rough Rider Industries: Attachment 2

24:20

Rep C Johnson: Line 3, "additional noncompetitive markets" what would you think about scratching out those three words & inserting "intern program"?

Rick Gardner: I would be fine with that. I would like to expand our markets. If you look at it, there is always someone that we would compete with.

Chairman Keiser: You, Roughrider Industries, could run this internship program. If we put compete in here & we will have every business in the state & chambers opposing this. Why not stay in the noncompetitive areas you're in & a complete program where you establish guidelines & place them with jobs when they leave in the community. I believe this would be successful if that's your goal.

Rick Gardner: There is a meeting now, as we speak, that we are currently looking at. Everything out there is competitive, although our labor is low, we are still about the same.

Rep D Ruby: Aren't you constantly trying to come up with ideas to other areas that you could expand into that would be what the study is asking to do? Don't you have the authority to enact those if you do & get approval?

Rick Gardner: We are always looking. We try to keep up with technology. Space is limited, so we can't really expand a lot of programs.

Rep D Ruby: Have you run with the cost for dollar per dollar with lock down?

Rick Gardner: No we haven't. It is tough, we just had a week long lockdown. It's hard to dial in what an hourly rate would be. We analyze every 6 months.

Rep Richter: Are there worker training programs, such as electrical?

Rick Gardner: We have a welding program, that doesn't fall in with Roughrider Industries, with certifications. The apprentice programs we are weak on, strong with hands on but short for instructors.

Rep Richter: Whether this study gets approved or not, you are still going to continue.

Rick Gardner: We are always analyzing our programs. It's ever changing on the outside, so we are always doing evaluations.

Rep P Anderson: What percent of our inmates participate within Roughrider Industries?

Rick Gardner: We are sitting around 9% & they have to earn their way out to be hired.

Rep P Anderson: Do we have a work release program?

Rick Gardner: Yes, we do have a work release program.

Rep Schauer: Inmates feel that the \$1.67 wage is embarrassing, what would it take for a \$10 wage for those inmates after they earn their way.

Rick Gardner: Right now we have the PIE step program that provided a family wage. North Dakota is in the top five compared to the other states for wages.

Chairman Keiser: Share us what the PIE step program.

Rick Gardner: Explains the program that allows Roughriders Industries to compete in the interstate commerce.

40:20

Chairman Keiser: Your operating cost, what do you pay each month?

Rick Gardner: We don't pay anything, everything is provided.

Chairman Keiser: What do you pay for interest on high end equipment?

Rick Gardner: No interest.

Chairman Keiser: We have to find a solution that works for everyone.

Chairman Keiser: Anyone else here to testify on HCR 3051 in support, opposition, neutral?
Closes the hearing. What are the wishes of the committee?

Vice Chairman Lefor: Moves a Do Pass.

Rep D Ruby: Second.

Rep D Ruby: Talks about his experiences working with minimal inmates. They were so proud of how fast they were getting it done, the pride & sense of accomplishment. They need the positive accomplishment.

Rep Louser: The bill from two years ago. Gives a history of the bill he introduced. House & Senate passed the bill but the legislature crushed it because industry came in & lobbied members. The word socialism came up twice in legislative management. We are on the right track with the language & I will vote yes.

Rep Schauer: We have the state bank, elevator & then we go crazy on inmates who are trying to work. Those products are in a competitive nature, that bothers me. We have to do it.

Vice Chairman Lefor: The private sector, we are constantly looking for solutions when we have challenges. There are enough solutions are out there & they need to be studied. We are not just helping the inmates; we are also helping the families.

Rep P Anderson: If more private businesses would help expand the box, we are moving in the right direction. It's a good bill.

Chairman Keiser: We should be more creative in studying the re-creation on the justice system. I'm voting against it because we have done this before.

Roll call was taken on HCR 3051 for a Do Pass with 10 yes, 1 no, 3 absent & Rep P Anderson is the carrier.

Date: Mar 4, 2019

Roll Call Vote #: 1

2019 HOUSE STANDING COMMITTEE
ROLL CALL VOTES

BILL/RESOLUTION NO. HCR 3051

House _____ Industry, Business and Labor _____ Committee

Subcommittee

Amendment LC# or
Description: _____

Recommendation

- Adopt Amendment
- Do Pass Do Not Pass Without Committee Recommendation
- As Amended Rerefer to Appropriations
- Place on Consent Calendar

Other Actions

- Reconsider _____

Motion Made by Rep Lefor Seconded By Rep Ruby

Representatives	Yes	No	Representatives	Yes	No
Chairman Keiser		X	Rep O'Brien	Ab	
Vice Chairman Lefor	X		Rep Richter	X	
Rep Bosch	X		Rep D Ruby	X	
Rep C Johnson	X		Rep Schauer	X	
Rep Kasper	Ab		Rep Adams	X	
Rep Laning	X		Rep P Anderson	X	
Rep Louser	X		Rep M Nelson	Ab	

Total (Yes) 10 No 1

Absent 3

Floor Assignment Rep Anderson

REPORT OF STANDING COMMITTEE

HCR 3051: Industry, Business and Labor Committee (Rep. Keiser, Chairman)
recommends **DO PASS** (10 YEAS, 1 NAYS, 3 ABSENT AND NOT VOTING).
HCR 3051 was placed on the Eleventh order on the calendar.

2019 SENATE INDUSTRY, BUSINESS AND LABOR

HCR 3051

2019 SENATE STANDING COMMITTEE MINUTES

Industry, Business and Labor Committee Roosevelt Park Room, State Capitol

HCR 3051
3/20/2019
Job #34034

- Subcommittee
 Conference Committee

Committee Clerk: Amy Crane

Explanation or reason for introduction of bill/resolution:

A concurrent resolution directing the legislative Management to consider studying the feasibility, desirability, and benefits of expanding the goods and services produced by Roughrider Industries into additional noncompetitive markets to provide inmates with the training and skills to successfully reintegrate inmates into society.

Minutes:

Att. #1-2

Chairman Klein: Opened the hearing on HB 3051. All members were present.

Representative Steve Vetter, District 18: see attachment #1 for testimony in support of the bill.

Senator Burckhard: The inmates are actually paid; do you know what that wage is?

Chairman Klein: There's somebody here who can answer that.

Senator Kreun: Have you looked at the internships outside of this kind of work?

Representative Vetter: Part of the discussion in the house was we can expand this industry but how could they be put back into the workforce if they are learning a noncompetitive trade? We need some kind of buy in. some more things could be developed on a more individual basis.

Rick Gardner, Rough Rider Industries: see attachment #2 for testimony in support of the bill.

Chairman Klein: I believe most of the furniture throughout the committee rooms were crafted by rough rider.

Rick: The budget cutbacks have affected us; our revenue was down almost 24%. The most concerning piece was our mission is a job training program that we didn't have a lot of work, we used to employ 200 inmates but now only 120 due to cutbacks. Most of our shops are fairly busy right now.

Chairman Klein: Its coming to the end of the biennium, orgs are seeing what they have left in their budgets so they may be able to spend something now.

Rick: Correct.

Vice Chairman Vedaa: What does it take to get into the program, is it a volunteer basis, if they are released and then get back into the prison system can they be hired back?

Rick: We try to replicate the private sector model as much as possible, to be eligible they have to have a high school degree or be GED compliant, be treatment compliant, they have to have good institutional conduct and they have to have held a job for at least 60 days within the institution. Then they go over to the chief of security to be cleared for security issues. And that's just to get on our list. Then they go through an interview process, then we choose who we want to work for us. If they were to come back into the institution, obviously if they were a good worker, they would have to meet all those criteria and then usually if we're hiring the waitlist for them isn't too long.

Chairman Klein: On the internship issue, at the MRCC we do have welding programs and there's no fence down there. Do you want to speak to that?

Rick: Rough rider was initially in charge of that but now it's shifted over, we used to partner with BSC. We've got a welding program, welding simulators. They come out with certifications. It's been a pretty good program,

Chairman Klein: That as well as the furniture construction that also gets to that reduced number of repeats.

Rick: We're trying to keep up with modern day technologies so they have a marketable skill to help them get jobs when they are on the outside. They told us that if we were to have fiber laser, our employees would have a job the day they walked out. 80% of our products are custom, built to order. We're very good at that but it's also not the most efficient.

Senator Kreun: In this intern thing, expansion, we just had our low voltage electricians that are looking for all kinds of employment, how do we do that and not still get into the competitiveness of the private sector. It's an internship but we would have to do some training and higher education? Can we get them in that internship position so that they are ready to seek out jobs as soon as they are out?

Rick: I think that's probably one of the things the study would seek out. The trades are always high demand. We can find the people to do the teaching but we struggle to find classroom time. The president of the union, we had 70 guys sign up to listen to them talk, the payback on that the trades are kind of their thing, the trades is where their skill set is but it's really hard for us to do those things. We have homebuilding where we would teach, plumbing, framing, to answer your question, we're all for looking for opportunities and helping these guys find jobs.

Chairman Klein: These guys don't generally have a lot left of their sentence?

Rick: There is good to that, those guys are three years or less that are growing through MRCC.

Chairman Klein: brings me to Senator Burckhard's question about compensation.

Rick: We actually have the top five highest wage in the nation. We start out at 45 cents. The average wage is \$1. But we don't have a cap, and I think that helps motivate them because they can receive wages.

Senator Burckhard: How many inmates do you have working for you?

Rick: 120, we would normally have 200 but coming off this two-year cycle we are a bit lower than we would normally hope to be.

Senator Roers: You mentioned you have an outside relationship?

Rick: Our dumpsters we sell to circle sanitation. We have three retailers, so if you want to buy a dumpster we sell to our retailers and then they turn around and sell those products.

Senator Roers: With this, have you got some ideas of how you could expand, some targeted industry where you would not compete with private industry?

Rick: That's the hardest part finding noncompetitive work. There is a lot of labor needed in the state at the moment, so we're really big on partnerships. We have an abundance of labor we just need work, so if that means we could bring your business into our prison, we definitely have the skillset we just need the work.

Senator Roers: Are you familiar with the f5 program?

Rick: Yep, we're always looking for partnerships. I don't want somebody who is going to take advantage of cheap labor though.

Vice Chairman Vedaa: I'm thinking about where I see some needs. Have you ever looked at putting in a facility like a butcher shop? That's kind of a dying art, is that something that you would look into?

Rick: If they came up with this in the study, if you could point us in the right direction.

Chairman Klein: The appropriation issue still lingers. Can you speak to worker's comp?

Rick: A big part of that is the screening process, accidents do happen. We used to have to supply our own insurance, but two sessions ago they decided to cover us under WSI.

Vice Chairman Vedaa: That industry is extremely hard to get labor into, would you have pushback from that industry or could you even do it at that level?

Rick: I'm always a bit gun-shy because I don't know what the response would be, I think the biggest aspect would be educating the public. We're not trying to steal jobs.

Senator Kreun: You mentioned you have some lawyers, and do they need a lot of training if they already have skills in that, as soon as they get out they wouldn't need a lot of training and they could just be put into an accounting firm or something?

Rick: Our accountant, I don't know if he would go back into the accounting field, he embezzled over a million dollars. A lot of times if they are an electrician or carpenter, we use them internally. We either use them to mentor or teach. Their previous skills can be really beneficial to our program.

Chairman Klein: The more important question is where would you go after this. It's a great initiative.

Senator Piepkorn: Could you make the chairs in the auditorium in the heritage center?

Rick: We've been contact about that actually. We're reupholstering the seats at the Fargodome too actually.

Chairman Klein: Closed the hearing HCR 3051.

Vice Chairman Vedaa: Moved a Do Pass.

Senator Kreun: Seconded.

A Roll Call Vote Was Taken: 6 yeas, 0 nays, 0 absent.

Motion Carried.

Vice Chairman Vedaa will carry the bill.

Date: 3/20
Roll Call Vote #: 1

**2019 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 3051**

Senate Industry, Business and Labor Committee

Subcommittee

Amendment LC# or Description: _____

Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar
Other Actions: Reconsider _____

Motion Made By Vedaa Seconded By Kreun

Senators	Yes	No	Senators	Yes	No
Chairman Klein	X		Senator Piepkorn	X	
Vice Chairman Vedaa	X				
Senator Burckhard	X				
Senator Kreun	X				
Senator Roers	X				

Total (Yes) 6 No 0

Absent 0

Floor Assignment Vedaa

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

HCR 3051: Industry, Business and Labor Committee (Sen. Klein, Chairman)
recommends **DO PASS** (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING).
HCR 3051 was placed on the Fourteenth order on the calendar.

2019 TESTIMONY

HCR 3051

NDLA, H IBL

From: Vetter, Steve M.
Sent: Monday, March 04, 2019 12:29 PM
To: NDLA, H IBL
Subject: HCR 3051

HCR 3051

Chairman Keiser and members of the Industry, Business & Labor committee, my name is Steve Vetter, I represent district 18, which is a small chunk of South Grand Forks, downtown, half of North Grand Forks and a small rural area extending to the Grand Forks Air Force Base.

HCR 3051 is a study considering the feasibility and benefits of expanding Roughrider Industries into additional noncompetitive markets to provide inmates with training and skills to successfully reintegrate inmates into society.

Roughrider Industries is a inmate worker program that currently builds custom furniture and other building products. Jamestown has a program in which inmates sew garments. So, there are programs in place that we can expand or innovate to make them more efficient and have a more positive effect on our state while keeping in line with the mission.

What is the mission? I see two purposes. The main purpose is to equip inmates with job skills necessary to be a productive and successful members of society. 97% of inmates return to society so this program benefits society now and in the future. The other purpose of this program is lower costs to the state.

Why Study this topic?

How do we expand? What noncompetitive markets are the best fit? Will there be buy-in from local business? How do we best equip inmates with work skills they need to be successful citizens? In order to expand Roughrider Industries or expand into other noncompetitive market, a study is necessary.

What if in 10 years there was a world war with China or another global power? We don't produce certain types of goods and are reliant on other nations to produce our clothing, most of our furniture, and many of the computer hardware. Wouldn't it be wise to produce some of those goods here. Some of these industries, American private business can't compete with other countries that pay very low wages anyway. An expanded program could help in a dramatic event like war.

The study only deals with noncompetitive industries. There are several industries we stopped producing in our country. It would have the potential option to support companies by getting a better and less expensive item that they currently buy from foreign producers. If you had a furniture store and you buy your products from China or Sweden, if you could sell your customers another option, that would help the ND company, would it not? However, it is currently ONLY set up to sell to nonprofit organizations, political subdivisions and government agencies, including federal, state and tribal agencies but may not sell directly to the general public. That may be the best way to go forward or may not. That is for you and the potential study committee to decide.

This resolution in the hands of your committee now. If there are other ideas this study could to look into, I would welcome positive additions that could expand the program or other similar programs like Roughrider Industries. I would hope that you agree with me that this worthy of a legislative study.

HOUSE INDUSTRY, BUSINESS, AND LABOR COMMITTEE**Representative George Keiser, Chair****March 4, 2019****North Dakota Department of Corrections and Rehabilitation****Rick Gardner, Director, Rough Rider Industries****Presenting Testimony in support to House Concurrent Resolution No. 3051**

Good morning, Chairman Keiser and members of the Industry, Business, and Labor Committee. My name is Rick Gardner and I am the Director of Rough Rider Industries (RRI). I am here on behalf of the Department of Corrections and Rehabilitation (ND DOCR) to provide testimony in support to House Concurrent Resolution No. 3051.

House Concurrent Resolution No. 3051 proposes studying the feasibility, desirability, and benefits of expanding the goods and services produced by RRI into additional noncompetitive markets to provide inmates with the training and skills to successfully reintegrate the inmates into society, including consultation with the ND DOCR and any private North Dakota business seeking to provide input, and require the Legislative Management to report its finding and recommendations, together with any legislation required to implement the recommendations, to the Sixty-seventh Legislative Assembly.

RRI currently offers a line of diverse products and services, including wood and furniture manufacturing, seating, metal fabrication, license plate production, CAD design, sign production, plastic bag manufacturing, laser engraving, sewing, upholstery, and welding services. All projects commissioned with RRI allow for the purchase of materials from local suppliers enhancing trickle-down economics. During the last biennium, RRI purchased \$21.3 million in raw materials, supplies, component parts, equipment and services to support its operations and mission. Out of these RRI purchases, all lumber, stain and finish, hardware, miscellaneous

accessories, and raw steel product were purchased directly from North Dakota providers.

RRI's job skills training program provides many benefits to the state, including:

1. Increasing the learning and work rehabilitative opportunities for incarcerated individuals. Teaching and instilling valuable job skills to this population has been proven to lessen the cost of incarceration. Correctional Industry programs report significant reductions in recidivism rates for participants. RRI worker recidivism rates for those individuals previously enrolled in our program from 13-24 months is 38%; individuals enrolled 25+ months have a 28.6% recidivism rate, which compares very favorably to the ND DOCR's current rate of 49%. A 2015 study conducted by the Washington State Institute for Public Policy found for every \$1 spent on correctional industries, \$4.77 is saved in future criminal justice costs attributable to the reduction in recidivism.
2. Fewer work opportunities make for a less safe prison environment, along with having an increase in cost to the state government. RRI's training programs offset the need to spend additional taxpayer dollars for offender supervision and alternative programming costs.
3. Providing work opportunities allow RRI participants to send a portion of their earnings home to support their families, offsetting the need for additional taxpayer public assistance programs. It also increases the participant's ability to contribute to their financial obligations from their earnings.

Mr. Chairman, the DOCR and RRI fully support House Concurrent Resolution No. 3051.

Mr. Chairman, I would be happy to answer any questions at this time. Thank you.

Recidivism Data on 2014 Releases

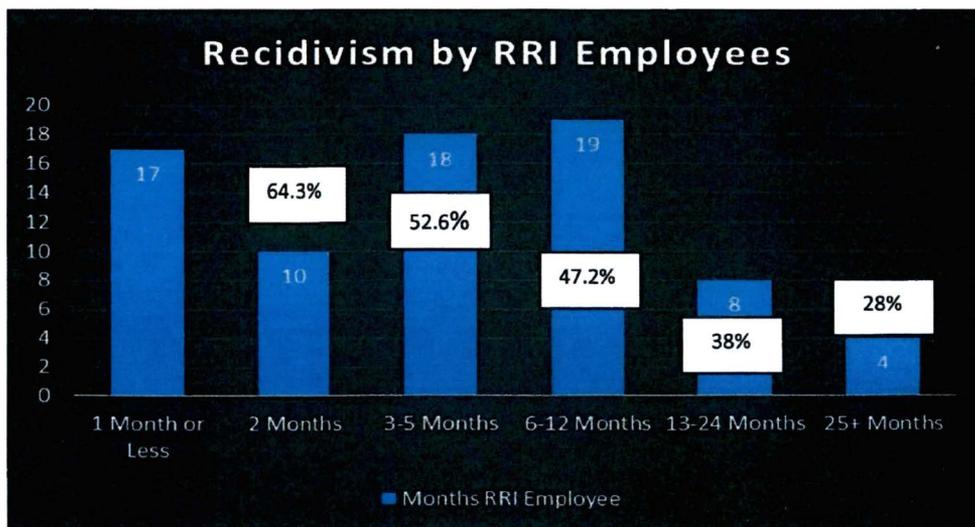
Total Males Released in 2014: 1052
RRI Employees Released in 2014: 165 or 16%

Chart below breaks down the 165 RRI employee by number of months they were employed by RRI prior to release.



Total Returns of Those Released: 511
Overall Male Recidivism Rate: 49%
Total Returns of former RRI Employees: 76 or 7% overall
RRI Recidivism Rate: 46%

Chart below breaks down the 76 RRI employees by number of months they were employed by RRI prior to release.



From: Vetter, Steve M. smvetter@nd.gov
Subject: HCR 3051
Date: Mar 20, 2019 at 9:35:01 AM
To: Vetter, Steve M. smvetter@nd.gov

HCR 3051

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What is the mission? I see two purposes. The main purpose is to equip inmates with job skills necessary to be a productive and successful members of society. 97% of inmates return to society so this program benefits society now and in the future. The other purpose of this program is to lower costs to the state. Roughrider Industries is self-sufficient and does not cost the taxpayer anything. What if they could make the state money?

Why Study this topic?

How do we expand? What noncompetitive markets are the best fit? How do we best equip inmates with work skills they need to be successful citizens?

Internship programs teaching specialized skills is another possibility. Would there be buy-in by vocational schools or local businesses? Workforce shortages in the state.

In order to expand Roughrider Industries, create an internship program or to expand into other noncompetitive markets, a study is necessary.

The best reason to expand Roughrider Industries is the reduction in the recidivism rate for inmates that work in the program. The current recidivism rate is 48%. Those that work in the system over 2 years is 28%. That's a huge number!

What if in 10 years there was a world war with China or another global power? We don't even produce certain types of goods and are reliant on other nations to produce our clothing, most of our furniture, and many of the computer hardware. Wouldn't it be wise to produce some of those goods here. Some of these industries, American private business can't compete with other countries that pay very low wages anyway. An expanded program could help in a dramatic event like war.

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In review,
The number reason to expand this program is

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SENATE INDUSTRY, BUSINESS, AND LABOR COMMITTEE

Senator Jerry Klein, Chair

March 20, 2019

North Dakota Department of Corrections and Rehabilitation

Rick Gardner, Director, Rough Rider Industries

Presenting Testimony in support to House Concurrent Resolution No. 3051

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