

House Judiciary Committee Approves Bill to End Federal Prison Industry's (UNICOR's) Required Provider Status

By: Frederic G. Antoun, Jr., Esq.

For many years Printing Industries of America (PIA), small business groups, and labor unions have been fighting a law that gives Federal Prison Industries (FPI) the right to require Federal agencies to purchase products and services over \$2,500, from FPI, without any competition! While PIA and these business groups have no desire to close down Federal Prison Industries, they believe that allowing FPI to require agencies to buy from it – at a higher price than that offered by private sector competition – serves no useful purpose. It certainly wastes tax dollars, unnecessarily depletes agency budgets, and does not really train inmates in the ways of business, since it teaches them that they do not have to compete or provide a high quality/service-to-price ratio in order to get business. Worse yet, the wages that inmates get for work processed through Federal Prison Industries are less than \$1.50 per hour.

Under current law, Federal agencies that want to buy at least \$2,500 worth of goods and services (at least printing) must first see if the Federal Prison Industries makes the products they want. If so, the agency has to buy the product from FPI. If not, the agency is then allowed to compete for the product in the private sector.

As a result of the hard work by PIA and its Vice President of Government Affairs, Ben Cooper, and many other business and labor union groups, and the recent appointment of F. James Sensenbrenner, Jr. (R-Wis.), H.R. 1577 was approved by the House Judiciary Committee on April 24, 2002, and will be sent to the House floor for a vote.

H.R. 1577 would phase out (over five years) the requirement that Federal agencies buy products and services from FPI whenever possible. This may not seem like a major change to some, until they see UNICOR's 2001 sales of \$583.5 million, **which includes sales to Federal Agencies from FPI's growing printing operations.**

Congressman Sensenbrenner, a strong supporter of the legislation, was critical in moving the Bill to the House floor. A similar Bill, S. 1295, is pending in the Senate (sponsored by Carl Levin, D-Mich. and Craig Thomas, R-Wyo.). If these Bills pass the House and Senate, FPI would have to compete for contracts with the private sector.

Even though H.R. 1577 seems to be moving forward, there is no guarantee they will pass. If they do not pass, the printing industry's ability to provide high-quality,

low-cost printing services to Federal agencies will continue to be restricted by existing law.

Printers that are concerned about the unfair and anti-competitive nature of the current system are encouraged to write their Congresspersons and Senators in support of H.R. 1577.

© Frederic G. Antoun Jr. 2002 All rights reserved