



# U.S. House of Representatives Committee on the Judiciary F. James Sensenbrenner, Jr., Chairman

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## *News Advisory*

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## **House Approves Bipartisan Legislation Benefitting Small Businesses and American Workers by Reforming Federal Prison Industries**

WASHINGTON, D.C. - The House today by a 362-to-57 margin overwhelmingly approved bipartisan legislation that will benefit small businesses and American workers by reforming the Federal Prison Industries (FPI) program. House Intelligence Committee Chairman Pete Hoekstra (R-Mich.) introduced H.R. 2965, the "Federal Prison Industries Competition in Contracting Act of 2006," which now moves to the Senate for consideration.

House Judiciary Committee Chairman F. James Sensenbrenner, Jr. (R-Wis.), a cosponsor of H.R. 2965 and a long-time leader in FPI reform, said, "FPI must be reformed because the manner in which this program currently operates imposes unacceptable burdens on government agencies, taxpayers, inmates, and private sector businesses. We have a duty to ensure that government corporations do not take away opportunities from small businesses. We also have a duty to ensure that the taxpayers' money is wisely spent. Neither one of these things can be guaranteed under the current FPI regime."

"By passing this legislation, we will ensure that all federal government agencies will have the ability to utilize taxpayer dollars in the most efficient manner possible, and private industry will have the right to compete with FPI for contracts. This legislation will also ensure the continued viability of FPI and provide many avenues for FPI to pursue alternative rehabilitative work and training opportunities for inmates."

FPI is a government corporation which employs Federal prisoners to manufacture goods for and provide services to Federal agencies. In fiscal year 2004, FPI employed 19,337 inmates, with a total sales of \$802.7 million and a profit of \$120.4 million. FPI pays Federal inmates between 23 cents and \$1.15 per hour. Under the mandatory source preference, Federal agencies are required by law to purchase FPI products if a product is available that meets the agencies' requirements and does not exceed current market prices. Many private companies and small businesses currently are harmed by being prohibited from competing with FPI due to the mandatory source preference. H.R. 2965 will level the playing field by allowing competition for these contracts.

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