



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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This fiscal impact statement is produced in compliance with the South Carolina Code of Laws and House and Senate rules. The focus of the analysis is on governmental expenditure and revenue impacts and may not provide a comprehensive summary of the legislation.

Bill Number:	S. 1001	Introduced on January 30, 2024
Author:	Martin	
Subject:	Inmate Labor	
Requestor:	Senate Corrections and Penology	
RFA Analyst(s):	Gardner	
Impact Date:	February 15, 2024	

Fiscal Impact Summary

This bill specifies that an inmate of a state correctional facility who provides labor for a nonprofit organization or in private industry be paid an hourly rate of no less than the federal minimum wage. Currently, §24-3-430(D) requires an inmate to earn no less than the prevailing wage for work of similar nature in the private sector. The Department of Corrections (SCDC) anticipates that this bill will help with the continuation of the Prison Industry Enhancement (PIE) program.

Currently, inmates earn at least the federal minimum wage. A recent court decision, however, ruled that the prevailing wage requirement means the average wage for the occupation at issue using records and data from the Department of Employment and Workforce (DEW). To date, inmate wages have not been adjusted to reflect the court's definition of prevailing wage. SCDC has expressed concern that having to pay higher wages would make the PIE program unviable. The PIE program currently generates approximately \$10,000,000 in Other Fund revenue annually. Of this amount, SCDC retains \$1,340,000 for room and board deductions and \$2,000,000 for the salary and fringe of 25.0 FTEs. The remaining \$6,600,000 goes toward inmate wages, victim services, and other such items. SCDC anticipates that if this bill fails to pass, the PIE program will no longer be viable, resulting in a loss of \$10,000,000 in Other Fund revenues. If the PIE program ceases to operate, SCDC anticipates requesting a General Fund appropriation for \$3,340,000, of which \$1,340,000 will be used for inmate room and board expenses, and \$2,000,000 will be used for salary and fringe for 25.0 FTEs. However, SCDC anticipates that this bill will allow the continuation of the PIE program.

Explanation of Fiscal Impact

Introduced on January 30, 2024

State Expenditure

This bill specifies that an inmate of a state correctional facility who provides labor for a nonprofit organization or in private industry be paid an hourly rate of no less than the federal minimum wage. Currently, §24-3-430(D) requires an inmate to earn no less than the prevailing wage for work of similar nature in the private sector. SCDC states that inmates currently receive at least minimum wage, with more skilled or experienced workers receiving a higher wage.

Therefore, this bill will ensure that inmates continue to receive at least minimum wage for their labor.

Additionally, SCDC notes that this bill may be needed to ensure the continuation of the PIE program. The Court of Appeals, in *Torrence v. SCDC* 433 S.C. 633, 861 S.E.2d 36 (2021), interpreted §24-3-34(D) to require an inmate’s salary to be calculated to reflect the mean average wage for the occupation at issue using records and data from DEW. To date, inmate wages have not been adjusted to reflect the court’s definition of prevailing wage. SCDC has expressed concern that having to pay higher wages would make the PIE program unviable.

Currently, the PIE program enables SCDC to use 25 percent of the gross earnings of prisoners towards the defrayment of those inmates’ room and board costs, totaling \$1,340,000 and funds 25 positions within SCDC totaling \$2,000,000. SCDC anticipates that this bill will help ensure the continuation of the PIE program and that failure to pass this bill may result in the end of the PIE program. If the PIE program ceases to exist, SCDC anticipates requesting a General Fund appropriation for \$3,340,000, of which \$1,340,000 will be used for inmate room and board expenses, and \$2,000,000 will be used for salary and fringe for 25.0 FTEs.

State Revenue

As discussed above, SCDC anticipates that failure to pass this bill may result in the end of the PIE program. The PIE program currently generates approximately \$10,000,000 in Other Fund revenue annually. The following table displays the current distribution of this revenue.

Distribution of PIE Program Other Fund Revenue	
Other Expenditures	
Inmates Wages – 430 participating inmates	\$1,760,000
Taxes and Social Security	\$742,000
Mandatory Savings	\$743,000
COGS expenses	\$1,057,400
Victim services	\$1,340,000
Inmate child support	\$517,600
Miscellaneous other program expenses	\$500,000
SCDC Expenditures	
Room and board deductions	\$1,340,000
SCDC FTE funding - 25 FTEs	\$2,000,000
PIE Program Other Revenue Total	\$10,000,000

If the PIE program ceases to exist, this will result in a decrease of \$10,000,000 in Other Funds revenue annually for SCDC.

Local Expenditure and Local Revenue

N/A

Frank A. Rainwater, Executive Director