

A SEATTLE TIMES INVESTIGATION

Broken prison labor program fails to keep promises, costs millions

SELL BLOCK



ALAN BERNER / THE SEATTLE TIMES

WAREHOUSE SERVICES: Inmates in Correctional Industries' Tumwater facility unload materials that will be used in a furniture factory.

By MICHAEL J. BERENS and MIKE BAKER Dec. 13, 2014

Promises

State contends that prison labor:

- Saves taxpayers money

Three decades ago, as get-tough-on-crime laws channeled more offenders behind bars, the state

- Does not harm private-sector companies
- Boosts employment for inmates after release
- Makes prisoners less likely to reoffend

Reality


- All these claims are unproven or untrue

The series continues

Part 2: How the state lost \$1 million in a cutthroat mattress-recycling scheme →

Part 3: The real reason license plates have cost us so much money →

Industries (CI) generates up to \$70 million in sales a year, ranking as the nation's fourth-largest prison labor program.

But behind CI's glossy brochures and polished YouTube videos is a broken program that has cost taxpayers millions of dollars, charged exorbitant markups to state agencies to make up for losses, and taken jobs from private businesses that can't compete with cheap prison labor, [a Seattle Times investigation has found](#). 

Far from being self-sufficient, CI has cost taxpayers at least \$20 million since 2007, including \$750,000 spent over three years on a fish farm to raise tilapia that has yet to yield a single meal.

CI has reaped millions of dollars — money it keeps — by inflating prices of furniture it sells to state agencies and public universities, capitalizing on a law that requires they buy from prison factories. In many cases, prisoners didn't make the items, but CI instead bought prebuilt furniture then resold it with markups, previously undisclosed state records show.

Department of Corrections launched a campaign to leverage profits from prisoners.

Compel inmates to produce low-cost goods for state agencies at no public cost. Teach offenders new skills to help them land better jobs after release. Turn bad people into better people and reduce crime.

Washington's pitch — crime can pay — was an easy public sell.

Today, some 1,600 incarcerated men and women in prison factories produce everything from dorm furniture to school lunches. Washington Correctional



ALAN BERNER / THE SEATTLE TIMES

The first factory at the state penitentiary in Walla Walla opened in 1892. Inmates were put to work making jute bags.



ALAN BERNER / THE SEATTLE TIMES

Katherina Metcalf, an inmate at the women's prison in Gig Harbor, lifts a coat she has silkscreened for another prison in Wasilla, Alaska.



ALAN BERNER / THE SEATTLE TIMES

Inmates at the penitentiary in Walla Walla have been making the state's vehicle license plates since the early 1920s.

The Times also found dozens of private business owners in Seattle and statewide who say they've had to stop hiring or lay off workers, victimized by unfair competition from an inmate workforce paid as little as 55 cents an hour. [🐦](#)

“Have we had some problems?” said Danielle Armbruster, director of Correctional Industries. “Absolutely.”

“I believe in this program. We hope to expand and reach even more inmates. If we help just one inmate, then that's one less victim in the future.”

But CI can't substantiate that key claim — that inmates who work in Correctional Industries commit fewer crimes after release than those who do not. State recidivism studies often contradict each other and are rife with shortcomings, failing to account for thousands of inmates who commit new crimes, according to a Times analysis.

Likewise, officials have publicly claimed that CI inmates more successfully gained jobs after release, but they actually have no idea which offenders get jobs or where they're working.

CI has even undermined its key mission — “Working on the Inside, Succeeding on the Outside.” Rather than always employing inmates nearing release, CI attempted to cut costs and boost profits by filling at least 171 prison jobs with those serving life sentences. They will never be on the outside.

Prisoners at work in Washington

Washington Correctional Industries employs 328 civilians and about 1,600 inmates, and brings in \$70 million in revenue. The prison-factory system has lost money over the past seven years.

1-3 industries 4-6 industries 7+ industries



Administrative services	4	Braille services	1	Cardboard boxes	1
Clothing	3	Commissary	2	Composting	1
Computer design	1	Customer service center	1	Distribution center	1
Field crops	1	Food production	2	Furniture	2
Laundry	10	License plates	1	Metal products	1
Optical manufacturing	1	Printing and engraving	1	Recycling	3
Screen printing	1	Tilapia fish farm	1	Warehouse services	6

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Data by [OpenStreetMap](#) under [CC BY SA](#).

Source: Washington Department of Corrections; Seattle Times reporting

THOMAS WILBURN / THE SEATTLE TIMES

Touring the furniture factory

CI's furniture factory is the showcase of its inmate work program, reaping more revenue than any other CI industry.

Corrections officials spent \$12 million to rebuild the factory four years ago at

Stafford Creek Corrections Center in Aberdeen. A 90,000-square-foot warehouse now holds millions of dollars of computerized manufacturing equipment.

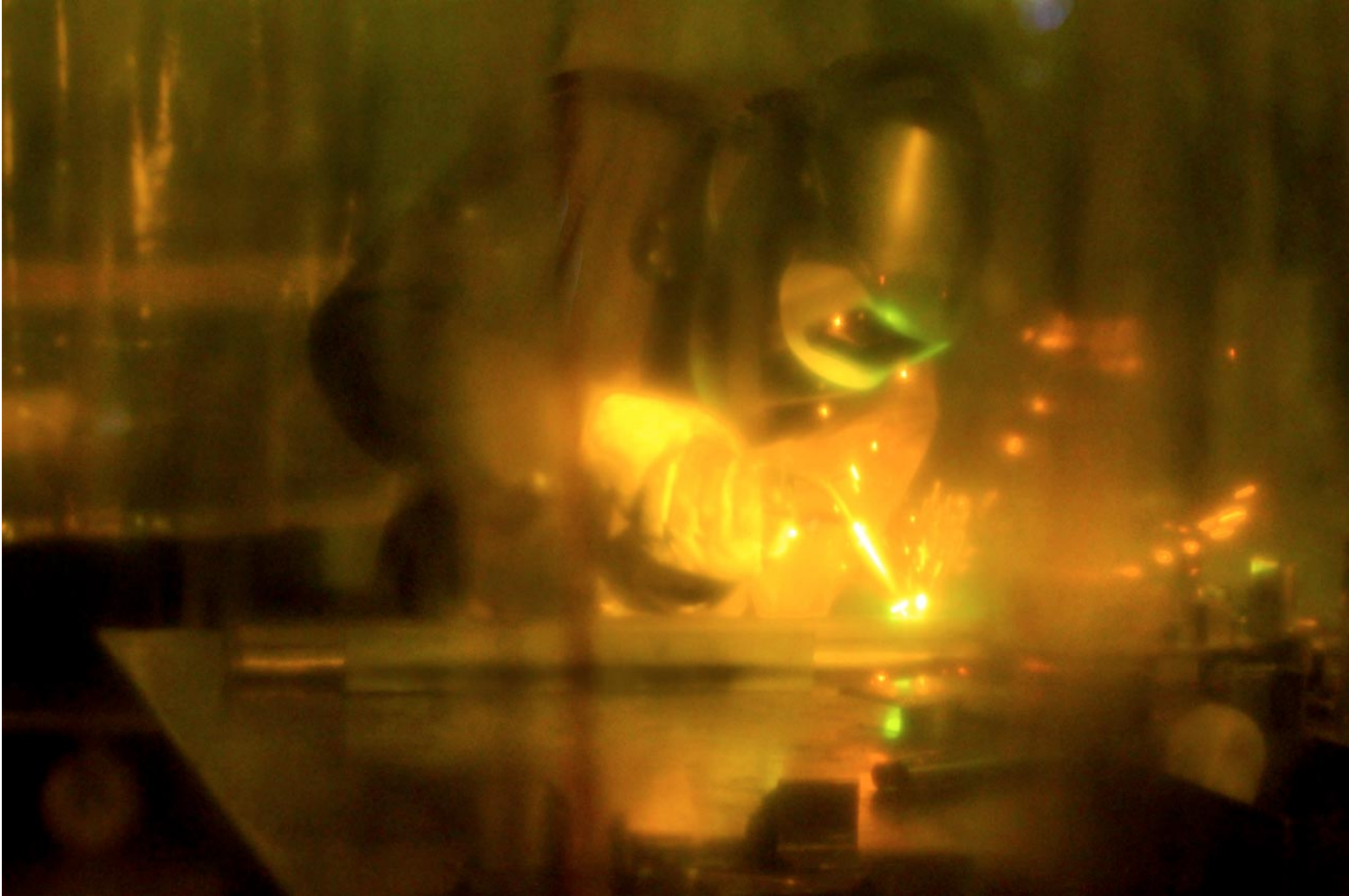
This is where lawmakers and the media are often shepherded on CI-led tours designed to highlight the benefits of prison labor.

“I had one legislator who was unsure about the program,” Lyle Morse, then-director of the CI program, said earlier this year. “But I got her inside here and showed her what we’re doing and she became one of our biggest fans.”

On many tours, the first stop is at a work station manned by Andrew Raymond, 34, of West Seattle, convicted in 2000 of killing a landlord while trying to rob a suspected Everett drug dealer.

“This job has made me a better person,” said Raymond. He now makes metal fasteners and hopes his work experience will someday lead to an outside job. He has 12 years to go.

The state’s pitch: Inmates learn specialized skills using the latest technologies, better preparing them for jobs on the outside. CI has dozens of testimonials by inmates about how the program helped them.



ALAN BERNER / THE SEATTLE TIMES


FURNITURE MANUFACTURING: An inmate works as a welder behind an amber-colored protective screen at Stafford Creek Corrections Center in Aberdeen.

“This isn’t about making money,” said Morse. “It’s about making better people.”

But when The Times visited the factory early this year, inmates weren’t making furniture. This was not an aberration, previously undisclosed state records show.

Rather than always building its own furniture, CI since 2010 has spent at least \$4 million to buy prebuilt products from furniture dealers and retailers, records show.

CI officials call them “pass-through products” because inmates do little more than unpack boxes or perform basic assembly, before passing furniture to state agencies.

Although CI says pass-through products represent a small percentage of sales, state records show the furniture factory “became dependent” on prebuilt products as “revenues declined and CI became less profitable as a whole.” 

Armbruster, the current CI director, said that she has reduced the reliance on

pass-through purchases. In some cases, inmate workers do more than just put together a “kit,” such as customizing fabrics or metal frames, Armbruster said.

Either way, no matter how much furniture manufacturing experience offenders receive inside CI factories, their skills haven’t been in demand on the outside.

At least a dozen furniture retailers, dealers or manufacturers have been asked in recent years during hearings in Olympia whether they have hired a former inmate from the CI program. The answer was always no.

Correctional Industries’ backdoor funding

By law, state agencies must buy furniture from Correctional Industries (CI).



✓ **\$16.4 million revenue**

CI capitalizes on this by charging hefty markups.



✓ **17% profit margin**

With the markup and required agency buys, CI profits.

✓ **\$2.8 million profit**

Source: state Department of Corrections for fiscal year 2014

Built-in monopoly

State agencies are required by law to buy furniture from CI, and the prison program has capitalized on that monopoly with hefty markups.

Some agencies and businesses have complained about this for years. The Department of Social and Health Services once ordered two steel bookcases from CI, a furniture executive testified to lawmakers in 2005. A private vendor offered the same pair for \$376 with overnight delivery, he said. CI charged \$536 and took 13 weeks to make delivery.

Price markups have continued, The Times found. Last year, CI reaped an average profit margin of 17 percent on its furniture sales — an extraordinary boon

for an organization that is supposed to be providing low-cost goods for government.

Carly Boudreau, the second-generation owner of Coriander Designs, a furniture manufacturer in Woodinville, said that she is astounded that state agencies and

legislators have tolerated CI's high prices. She said bankers have told her that a 3 to 5 percent profit margin is considered the sign of a healthy furniture manufacturer.

If her company could get profit margins like CI's, she said, "I'd be dancing on top of my desk."

In the past fiscal year, CI reported \$16.4 million in furniture sales, nearly all to state agencies, keeping \$2.8 million in profit.



ALAN BERNER / THE SEATTLE TIMES

CI Director Danielle Armbruster says the furniture-making program has reduced its reliance on simple assembly of prebuilt products.

With tax dollars swept in from other agencies, CI amasses public money to cover losses in its other prison industries. Armbruster said 20 percent is CI's standard markup and extra revenue provides it with "working capital," allowing it to invest in new lines of business or cover unexpected expenses.

"All of that profit reinvests back into the program," Armbruster said.

Lawmakers generally expect CI to be self-sufficient and have passed laws that

make it difficult for state agencies to buy furniture from any other vendor. Many private business owners say they've been hurt by CI's competitive advantage.

Boudreau said her company, which began in 1979 in a two-car garage and now has 60 employees, has lost big projects to the prison system.

"It's absolutely hurt our business," she said. "It's not fair that they can use inmates to take business away from companies that are trying to create jobs."

Kerri Brockhaug of Zebra Solutions, a Seattle-based furniture dealer, told lawmakers in 2011 that her company had hoped to sell furniture to a public university, but CI officials swooped in and took the contract.

"I had to sit down with my staff and tell them that they were going to lose their jobs," she said.

Employees were in disbelief, she said, and asked, "You're telling me that we're going to lose our jobs and it's going to be given to an inmate who doesn't pay taxes and who's broken the law?"

Problems could deepen, private business owners said, because the prison system is hoping to command even more of the furniture market.



Inmates at Stafford Creek pound out brackets to be used in furniture construction.

Early abuses

Washington's first inmate labor program took place in the 1870s at a private prison run by a brutal sheriff in Thurston County. He required them to work in a local mill; those who refused were tortured.

“A pitcher of cold water was held high above the restrained inmate and poured directly into his open mouth. ... The near-drowning experience would be repeated until several episodes of unconsciousness were achieved,” according to the Encyclopedia of American Prisons.

In 1904, prison reforms led to the first state penitentiary in Walla Walla. There, inmates worked in a sack mill and, later, made license plates.

Founded in 1983, Correctional Industries promised that its core mission would be rehabilitation, with a goal of putting more and more inmates to work in prison each year. That never happened.

Fifteen years ago, CI employed about 2,500 inmates. Today, there are 1,626 inmate laborers, about 10 percent of the state's prison population.

While lawmakers have pushed to increase the number of inmate workers, they've limited the educational opportunities that could help offenders find work outside of prison.

As part of a “get tough on crime” effort, the Washington Legislature in 1995 passed a law prohibiting state money from being used for higher education in prisons. Some taxpayers had griped that inmates were getting college courses for free.

Rep. Larry Springer, a Democrat from Kirkland who serves as deputy majority leader, views the CI jobs as “basic skill” work that may only help former inmates find very low-paying jobs. The better use of tax dollars would be for higher education for higher-skilled jobs.

“Those are much more important, marketable skills,” Springer said.



ALAN BERNER / THE SEATTLE TIMES

LAUNDRY: Walla Walla prison laundry workers were recently shifted onto the rolls of Correctional Industries, the nation's fourth-largest inmate labor program.

Prison break

Few places were harder hit by the recession in 2008 than the garment factory at Clallam Bay Corrections Center, a 900-bed complex near the Strait of Juan de Fuca.

To cut costs and turnover, CI officials reasoned, they should employ long-term inmates rather than pay to train offenders who would soon be released.

For the next three years, CI officials readily recruited inmates with violent histories.

Among them were Dominick Maldonado, serving a 163-year sentence for gunning down shoppers at Tacoma Mall in 2005, and Kevin Newland, serving a 45-year sentence for the 2006 murder of a teenage girl, whose body was found under the floor of a Stevens County cabin.


Both were assigned jobs in the CI clothing factory, which meant extra pay and

extraordinary freedom compared to other prison jobs.

The 25-year-olds capitalized on their newfound access, hoarding survival supplies inside the linings of heavy work jackets: shoelaces; bags of chocolate treats; a lemon sugar cookie; spools of dental floss; tea bags, state records show. Newland mailed a letter to his mom and apologized for the pain he had caused and the pain he “will cause in the future.”

On a drizzly morning in June 2011, shortly after the morning shift break, Maldonado twisted apart a pair of sewing scissors and pressed a metal shear against a correctional officer’s throat. Newland jumped on a forklift, rammed through a reinforced-aluminum door and accelerated toward a perimeter chain-link gate.

Outside the secure perimeter, a corrections sergeant with a shotgun happened to be driving to the prison’s shooting range for practice. Responding to the breach, he fired a warning shot and yelled for Newland to get on the ground. As Newland drove to ram the gate once again, the sergeant fired a fatal blast to the chest. Maldonado promptly surrendered. He was later transferred to a maximum-security prison in Walla Walla.

Publicly, the corrections department was lauded for a “job well done” in handling the breakout, state and county investigations found. Behind closed doors, top prison administrators were astonished to learn the extent of CI’s use of lifers. The two escapees were among 171 inmates assigned to CI who were serving life sentences or the equivalent, an internal study found. 

Another was Byron Scherf, a three-strike convicted rapist who worked in a CI print shop at Monroe Correctional Center, records show. In January 2012, he strangled corrections officer Jayme Biendl, 34, inside the prison chapel.

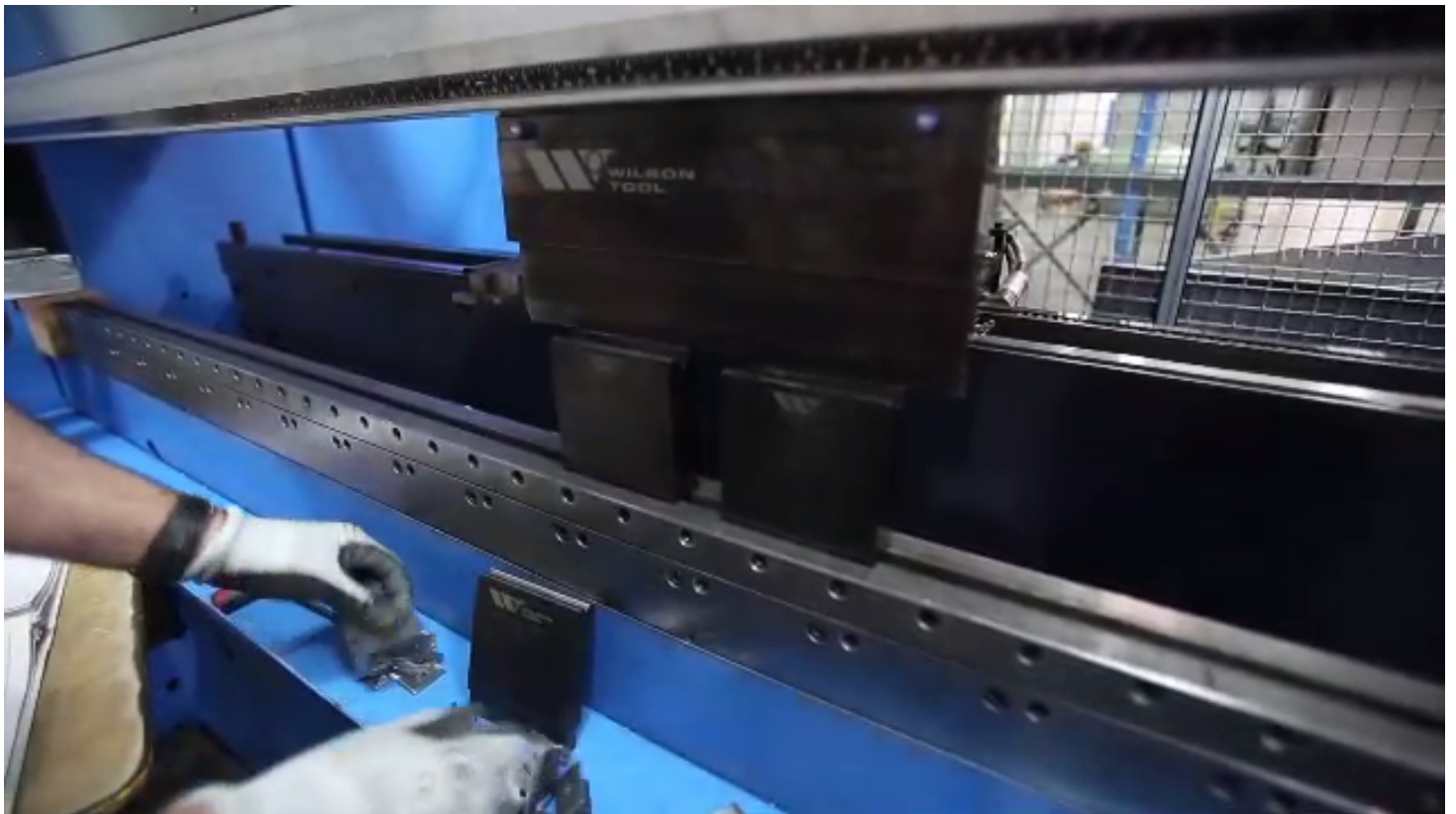
Prison officials ordered CI to refocus its programs on soon-to-be-released inmates. Among the changes: No inmate could hold a job longer than seven years; and CI’s workforce could not have a higher percentage of lifers than the prison as a whole.

A September 2013 internal audit found that five of seven prison factories surveyed remained in violation. At times, CI was employing up to 12 times the number of

inmates serving life sentences than allowed, the audit found.

An internal prison report did offer a possible explanation for why Maldonado and Newland rushed to escape: The two inmates were likely afraid they would soon lose access to weapons and a vehicle.

A CI supervisor wrote, “There has been pressure or tension within the work force due to the reduction in sales and the potential for worker [inmate] cutbacks.”



Stafford Creek inmates bend brackets for furniture construction.

Who really reoffends?

A core belief of the CI program is that most offenders, if given a chance, want to change and become law-abiding citizens.

In Washington, dozens of studies purport to track recidivism — how often felony offenders return to prison — and have often provided contradictory conclusions. Different state studies have put the recidivism rate as low as 29 percent and as high as 61 percent.

Compounding the problem, The Times found, is that the state doesn't count parole or probation violators when measuring recidivism, whether they worked in CI or not. These offenders make up a large group. In 2011, for instance, they spent

17,193 days in jail, state records show.



THE SEATTLE TIMES

FURNITURE: Lyle Morse, former head of CI, moves a \$2,800 restraint desk made by prisoners. Troublesome inmates are shackled when taking required classes at Walla Walla.

Researchers face even more challenges when trying to study offenders who've participated in CI programs. For example, in Washington prisons, the better-educated and well-behaved inmates are typically recruited to work in CI programs. CI inmates also receive specialized training on how to handle job interviews and write résumés.

Yet, they are often compared to inmates who chose not to participate or were rejected for a CI program. These inmates are typically less-educated, underachieving offenders who may have behavioral problems.

Two state studies, published a month apart in 2011, highlight why it's nearly impossible to determine whether the CI program reduces crime. Some findings showed CI inmates returned to state prison less often than their peers, but some findings showed the opposite.



ALAN BERNER / THE SEATTLE TIMES


State employees can visit the Correctional Industries showroom in Tumwater to try out and order office chairs, which are made by inmates.

State officials acknowledge there are shortcomings with the research.

Dan Pacholke, deputy secretary at the Department of Corrections, said the state does see immediate benefits of CI work, such as teaching inmates important skills like how to manage conflict and get to work on time.

“I would certainly agree that there are limitations on the data that’s available,” he said.

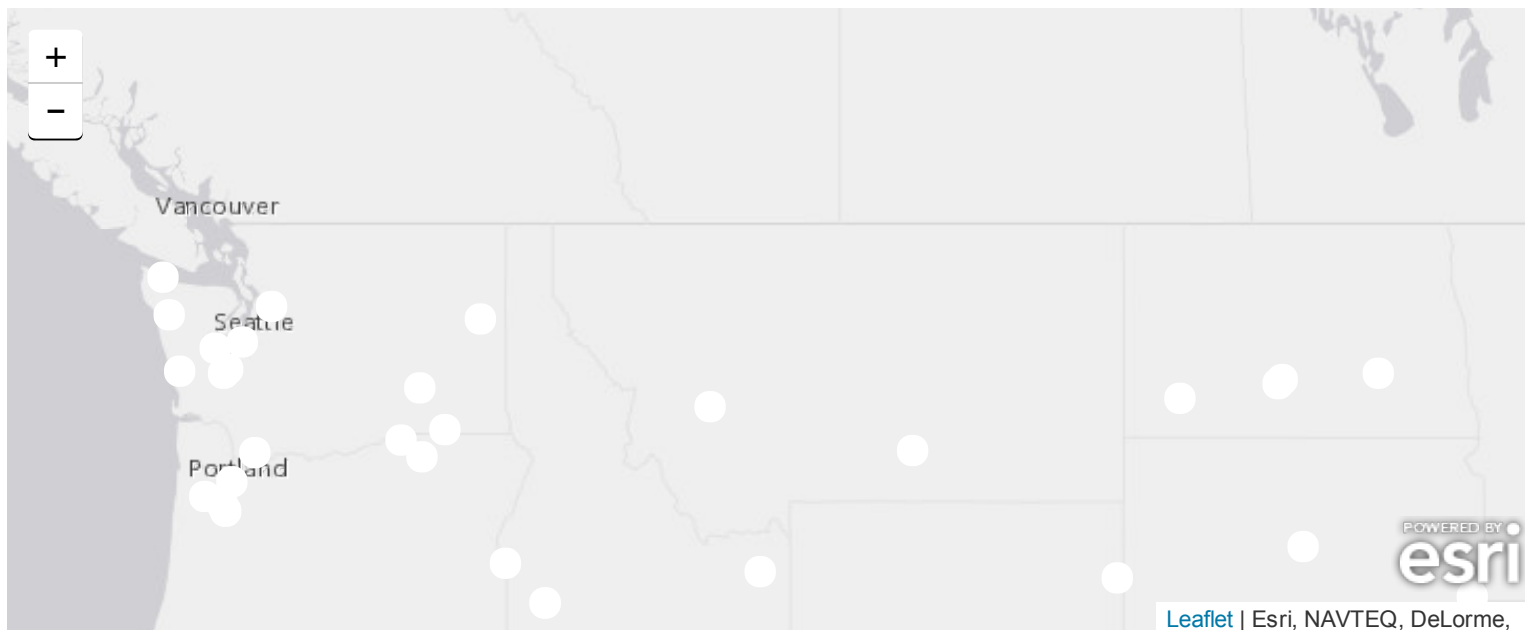
Recent skepticism

The federal government and every state except Alaska — which abandoned its program — currently operate correctional factories. In total, 542 prisons employ 67,000 inmates and produce more than \$1 billion in goods and services. 

Where prisoners are at work

Nationally, more than 500 prisons employ 67,000 inmates and produce more than \$1

billion in goods and services.



Prison type

Federal State

Explore a sampling of industries:

- All
- Clothing
- Furniture
- Metal
- Plastic bags
- Call centers
- Food/agriculture
- License plates
- Optical
- Recycling

Source: Seattle Times reporting

GARLAND POTTS / THE SEATTLE TIMES

Washington's isn't the only prison labor program to be accused of unfair competition, putting lifers in prison jobs and excessively marking up products.

In Nevada and Texas, lawmakers in recent years have placed new restrictions on prison labor programs after businesses complained it was impossible to compete

with such cheap labor.

A few months ago in Arkansas, prison officials gave one of its jobs to a man serving a life sentence for the murder of a teenager. School officials were outraged to learn the inmate's background after he was sent to a junior high school to install a wall mat in the gym.

But perhaps the most scrutinized prison labor program is in Pennsylvania, which was targeted in a scathing 2005 audit that identified many of the issues now being repeated in Washington state and elsewhere. Auditors said one-third of the Pennsylvania inmates working in the prisons were serving life terms. Most of the inmates produced clothing, but they would have difficulty finding a job, auditors noted, because there aren't many U.S. clothing factories.

And the Pennsylvania auditors found excessive profits and high prices in some industries that were used to subsidize other failing sectors.

Uniform sabotage?

While about half of corrections officers support CI, according to union officials, just as many believe it creates safety hazards and doesn't work. Their objections spilled into the Legislature in January 2012, centering on whether inmates should make uniforms for the officers.

A \$1 billion hidden economy

State and federal prison labor programs put some 67,000 inmates to work, providing more than \$1 billion in goods and services each year. Here are the 10 largest state programs.

State	Revenues*	Inmates in programs	Total inmates	% of population
California	\$180.2	6,700	116,627	5.7%
North Carolina	91.4	2,399	37,985	6.3
Texas	88.9	4,862	150,361	3.2
Washington	69.8	1,626	16,556	9.8
Pennsylvania	69.0	1,563	51,041	3.1
Colorado	65.0	1,800	20,000	9.0
Florida	64.4	2,435	100,444	2.4
Maryland	51.8	2,052	24,000	8.6
Illinois	49.7	818	48,902	1.7

***All revenues in millions of dollars. Source: Seattle Times reporting**

GARLAND POTTS / THE SEATTLE TIMES

Inmates in CI sewing shops made those uniforms for 12 years. Corrections officers repeatedly complained about shoddy work and even raised claims of sabotage.

They told of trouser zippers splitting from defective seams, crotches ripped open, pants with legs of different lengths, and cuffs on long-sleeve shirts sewn shut.

Female guards told of being overexposed by uniform blouses with buttons that were suspiciously placed too far apart.

CI officials said the complaints were exaggerated.

But lawmakers, many of them staunch CI supporters, reluctantly voted to shut down CI's uniform business, which cut about 100 inmate jobs.

Sen. James Hargrove, D- Hoquiam, clearly exasperated, tried to reinforce CI's claim that inmates find jobs related to their CI training.

During a hearing on the bill, Hargrove pressed the owner of Blumenthal Uniform, also in Hoquiam, to say that he'd consider hiring former inmates from the sewing shop.

Owner Mitch Blumenthal hesitated on the answer.

"So," Hargrove concluded, trying to pin him down, "it's possible."

"Possible," Blumenthal said. "Not probable."

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A SEATTLE TIMES INVESTIGATION

Recycling scheme lost state \$1 million

SELL BLOCK

Second of three parts



ALAN BERNER / THE SEATTLE TIMES

At Spring Back Northwest in Tacoma, mattresses are deconstructed and components are recycled, a labor-intensive business. The tiny company had to compete with Correctional Industries, the nation's fourth-largest prison labor program.

By MICHAEL J. BERENS and MIKE BAKER Dec. 13, 2014

Investigation: Part 2

Correctional Industries tried to dominate mattress recycling by using cheap inmate labor and hiring an obscure Arizona nonprofit as a money middleman.

Those tactics hurt a local company that puts hard-to-employ people to work.

More from the series

Part 1: Prison labor program costs taxpayers millions, hasn't kept promises →

Part 3: The real reason license plates have cost us so much money →

In a ramshackle warehouse off a Tacoma parking lot is a fledgling company that recycles mattresses with workers who would likely have a hard time finding jobs anywhere else.

Spring Back Northwest hires recovering addicts and the disabled, former inmates and those just down on their luck. It's the sort of small-business success story that lawmakers have tried to kick-start for decades.

It's also a company that Washington Correctional Industries (CI), one of the nation's largest inmate-labor programs, nearly drove out of

business.


Five years ago, the state-run CI launched its own mattress-recycling operation, taking in used mattresses for a fee and then selling their recyclable components. CI promised not to cost tax dollars nor harm private businesses like Spring Back.

Instead, the CI mattress program lost at least \$1 million while squeezing out competitors by offering cheap inmate labor to mattress retailers in Seattle and statewide, a Seattle Times investigation has found.

By law, CI is not allowed to sell the services of inmates to benefit private companies. But CI officials paid a newly formed Arizona nonprofit, based at the home of a former Washington mattress executive, to serve as their money middleman.

Later, on CI's behalf, a staffer at the nonprofit targeted Spring Back Northwest, trying to poach its largest retail customer, state records show.

CI's cutthroat tactics were part of a costly pattern of mismanagement. In an effort to corner the market, an analysis of state records shows, CI workers in one case drove 446 miles to deliver a small truckload of used mattresses.

The state Department of Corrections opened an investigation last month into the recycling program following questions by The Times.  The newspaper began examining the program in January. CI shuttered it in late July.

Danielle Armbruster, who became CI director in May, said she was unaware that the Arizona nonprofit, which CI paid at least \$120,000, had strong ties to the bedding industry.

The CI supervisor who oversaw the prison mattress-recycling program now works for that nonprofit group, The Times found.

Bernard Warner, secretary of the Corrections Department, said he has requested that the Washington State Executive Ethics Board conduct an investigation "given the new information you have provided us."





At Spring Back Northwest in Tacoma, workers remove mattress springs from wooden frames.

A simple plan

The mattress industry had a problem.

Many states were considering higher recycling fees to cover landfill costs. A typical mattress is a bulky, 23-cubic-foot assembly of steel, wood, cotton and polyurethane foam. Bedding executives painted the issue as “one of the biggest threats to the mattress industry.”

Correctional Industries had a different problem.

The program provided jobs for only 1,500 inmates — far lower than goals set by lawmakers. CI had difficulty finding new prison-based industries that could generate jobs and profits.

Four years ago, the two groups banded together for a shared solution.

Mattress retailers could get rid of thousands of used-mattress trade-ins to the prison system which, in turn, could employ dozens of inmates to take them apart and recycle or sell the components.

The state’s plan was simple: CI would park empty trucks at big retail mattress companies throughout the Seattle area and statewide. Once the trucks were full, CI civilians would drive to a prison recycling center in Monroe, Tumwater or Walla Walla, where inmates would do the work.

There was still a problem.

State law prohibits CI from selling the services of inmates to private companies, such as bedding retailers. The law is designed to prevent companies from gaining an unfair advantage over competitors.

But nonprofit groups are exempt from the restriction.

In June 2010, CI launched its mattress-recycling business, [issuing a news release](#) noting its partnership with a newly formed nonprofit, “Save Our Landfills.” No other details were provided.

The middlemen

The CI news release misidentified their new nonprofit partner. The group was actually named Spare Our Landfills, [which had been incorporated](#) just two weeks earlier out of an Arizona suburban home by two men, both former Washington residents who were successful mattress-industry executives, The Times found.

Joseph Paviglianti, a former president and chief executive officer of retail chain Sleep Country USA in Washington, works as a vice president for Mattress Firm in Houston.

Daryl Newton, who worked for Simmons Co. as a territory manager in Washington, founded a chain of mattress stores in Arizona, where he also works as a business consultant.

Neither responded to interview requests. But previously undisclosed state records obtained by The Times showed how the deal worked:

The mattress game

State law prohibits Washington Correctional Industries (CI) from selling services that directly benefit private industry. A small nonprofit in Arizona was used as a middleman between CI and mattress companies.

WASHINGTON CORRECTIONAL INDUSTRIES

1. CI-operated trucks took mattresses from bedding retailers...



... to CI's mattress recycling centers.



MATTRESS COMPANIES



MATTRESS INDUSTRY

4. The companies sent payments through the nonprofit.



3. Spare Our Landfills billed the invoice amount to the mattress companies.



2. Rather than bill retail stores directly, CI sent invoices charging about **\$7 per mattress** to a nonprofit in Arizona, Spare Our Landfills. It was created by two men with ties to the mattress industry.



5. Spare Our Landfills processed payments to CI. The nonprofit earned a **75-cent commission** for each mattress.



Note: CI shuttered the recycling program in July after *The Seattle Times* began looking into it.

REPORTING BY MICHAEL J. BERENS AND MIKE BAKER
GRAPHIC BY MARK NOWLIN / THE SEATTLE TIMES

Retail stores agreed to pay CI about \$7 to recycle each mattress or box spring. By comparison, dropping off a mattress at a county landfill could cost \$20, which does not factor in transportation costs.

The CI deal represented a financial bonanza for retailers.

Sleep Country became the first customer. A company spokeswoman said Spare Our Landfills pitched the deal and Sleep Country readily accepted.

Spare Our Landfills operated as a middleman between the Washington prison system and private bedding retailers. CI officials funneled invoices through the nonprofit group, which then billed mattress retailers for CI's

recycling fee.

Retailers sent payments through the nonprofit group, which forwarded them back to the CI program. In return, CI officials paid the Arizona nonprofit a “service fee” of 75 cents for every recycled mattress — more than \$120,000 overall.

The convoluted arrangement made it appear that the state was receiving payments from a nonprofit group rather than mattress companies and others.

But this workaround crumbled over time, state records show. Mattress-company managers sometimes contacted CI officials directly to arrange quick pickups of used mattresses. They did not go through the nonprofit. In one case, hotel officials called CI for a pickup of several dozen mattresses after a remodeling project.

Despite many customers, state records show, CI lost money from its very first mattress yet was allowed to continue operations for another four years.

CI is required to meet with a 13-member advisory board, composed of legislators, industry leaders and public members. The board, largely appointed by prison officials, is supposed to serve as an independent check and balance of CI operations.

Rep. Mary Helen Roberts, D-Edmonds, who attended quarterly meetings this year, said those sessions were little more than prison tours, presentations and free lunch.

Currently, seven of the 13 advisory positions are vacant.

The competition

In Tacoma, Spring Back Northwest opened in August 2013 with five full-time employees and a supervisor, Jeremy Simler, a former Seattle

mortgage broker who wanted to do something more meaningful.

Mattress recycling is a dirty, time-intensive job. It seemed like a perfect match for a small nonprofit with a mission to provide jobs to disenfranchised people and help divert bulky mattresses from landfills.



ALAN BERNER / THE SEATTLE TIMES

It's dirty work taking apart mattresses at Spring Back Northwest, which gives jobs to hard-to-employ people, including ex-convicts, and keeps bulky materials out of landfills.

The concept for Spring Back was developed through a student competition at Texas Christian University. Today, five nonprofit recycling centers operate nationally.

From the start, Simler said, it was clear that CI sought to monopolize the recycling market by charging “ridiculously low” fees.

Spring Back charged \$10 if customers dropped off mattresses. But the break-even price for a pickup, said Simler, was \$20 for each bedding piece, not a penny less or “We’d go broke.”

Meanwhile, the CI program, working through Spare Our Landfills, charged retailers just \$7 — including pickup.



ALAN BERNER / THE SEATTLE TIMES

Mattress retailers and the public save money by taking old mattresses to Spring Back Northwest instead of a garbage dump.

“I’d like to hire twice as many employees,” Simler said in February. “But I can’t compete with the state’s prices. We are barely getting by here. I just hope we can make it.”

That same month, unbeknown to Simler, a representative from Spare Our Landfills was poised to steal away one of Spring Back’s largest customers, state email records obtained by The Times show.

Mattress Depot, a local bedding retailer, had been dropping off mattresses at Spring Back, wrote Cape Shirley of Spare Our Landfills to a CI manager

The Seattle Times

PART 2



Perhaps the retailer could be persuaded to drop off mattresses at CI’s

Tumwater recycling center, wrote Shirley, who noted that he had met with a manager from the retailer.

Despite a legislative mandate to not harm private businesses, Shirley's plan to lure away Spring Back's largest customer met no resistance from CI officials who had been scrambling to boost revenue with more recycled mattresses, state email records show.

One CI supervisor wrote back to Shirley: "How many would they bring at a time?"



At Spring Back Northwest, workers recycle mattresses by removing foam.

Trucking costs

CI officials touted the success of the recycling program, which purportedly diverted 175,000 mattresses from landfills. But in private emails, CI officials struggled to find enough mattresses to recycle and recounted costly decisions that had diminished their bottom line.


"The big Memorial Day sale is over and it was pretty dismal as far as mattress counts go," wrote a CI official in June 2011. The recycle total for the month was 1,972 mattresses, a "far cry from the 3,000 per month our

budget requires.”

Inmate workforces were idled many days because there weren't enough mattresses to recycle, records show. In some cases, the Monroe and Tumwater prison recycling centers competed with each other over who would get the next truckload.

Compounding problems, CI civilian drivers routinely transported trailers that were only partially full. Every mattress was considered so precious that CI officials groused that nonprofit groups had been “cherry picking our trailers” for the “good mattresses.”

Transportation costs were among the biggest challenges for CI. In January, for instance, a CI truck picked up dozens of used mattresses in Spokane and drove 180 miles to the Washington State Penitentiary in Walla Walla. But nobody had told the civilian driver that the recycling program there had been closed down.

The driver was then dispatched to Monroe, another 266 miles, or total trip of 446 miles.  The cost of diesel fuel alone exceeded recycling revenue, state records show.

Long trips were normal as CI routinely paid full transportation costs for half-filled trucks in dozens of trips from Renton to Tumwater.

Other times, CI couldn't handle the sudden surge in used mattresses that poured in during seasonal retail sales.

One exasperated manager from Sleep Country USA wrote to CI officials in December 2012 and complained that there were too many mattresses and too few CI trucks.

While CI officials and drivers didn't work weekends, the manager wrote, “We are retailers and work 7 days a week. If they can't handle [it], it may be time to look for another option for transportation. This happens on every

holiday.”

Profit giveaway

CI's problems did not go unnoticed by everyone at the Department of Corrections.

Harry Likin, who helped oversee finances, wrote a series of critical emails in June 2011 that questioned a proposed CI deal with Sleep Country USA.

The mattress-recycling manager, Tom Williamson, had floated a plan to pay Sleep Country a portion of profits made by CI when selling recycled materials, like steel and cotton, to commercial vendors. In exchange, Sleep Country would guarantee more mattresses to the CI program, state records show.

Under Williamson's proposal, the CI program would return 25 percent of its profit from recycled products to Sleep Country, which was where Paviglianti, co-founder of Spare Our Landfills, had worked for five years until 2007.

Likin expressed surprise that CI, which was losing money, would offer to give away profits to Sleep Country. He noted that Sleep Country already enjoyed a steep discount on recycling, charged as low as \$6.25 to offload a mattress, compared with a \$20 landfill fee.

“I have personally never heard of giving a customer who is already saving money part of your revenue just to do business.

“Is there a piece of the puzzle I am not privy to?”

State records do not show that the deal was completed. Likin declined to comment.

CI officials said that Williamson retired in late 2013 after his job title was downgraded to a lower pay rank.

Williamson is now director of operations for Spare Our Landfills. He is described on the group's website as "developer of Washington statewide mattress-recycling program."

He told The Times that he had grown disenchanted with the future plans of the CI program, but he declined to elaborate.



ALAN BERNER / THE SEATTLE TIMES

Fabric covers from old mattresses are loaded into a trailer at Spring Back Northwest in Tacoma for recycling. Business has boomed since CI shut down its mattress program.

Booming business

The telephone call came on the business line at Spring Back Northwest in late June this year.

"How would you like a bunch of mattresses?" the caller asked, Simler recalled. "We can give you as many as you can take."

The caller was a CI official, said Simler, who reported that the prison recycling program had been closed down. No explanation was given.

At Spring Back, business has boomed. Mattress Depot never bolted and remains a customer. The staff has grown as well. “It’s been unbelievable,” Simler said. “We will definitely be expanding.”

The irony, Simler says, is that Spring Back is one of the few places that welcome workers with troubled pasts.

“Why would the prison system want to hurt us? Just for a little bit of money?” 

There are now 11 employees at Spring Back, more than double from the beginning of the year, representing a cross-section of people who are most in need of steady jobs.

That includes four recently released felons.

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◀ Part 1: Empty promises of
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Part 3: Why license plates have
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A SEATTLE TIMES INVESTIGATION

Why license plates have cost us so much

SELL BLOCK

Third of three parts



ALAN BERNER / THE SEATTLE TIMES

All Washington license plates are made by inmates at the Walla Walla prison. Over the past eight years, Correctional Industries' profit on the plate business has totaled \$5.8 million. And a new rule means the average Washington motorist may need to buy plates more often.

By MIKE BAKER and MICHAEL J. BERENS Dec. 15, 2014

Investigation: Part 3

An obscure meeting in 1996 spawned one of the state's most-hated laws. It's made millions for the prison labor program, and it's been a boon for 3M.

Drivers have paid the price. Now they could pay even more.

More from the series

Part 1: Prison labor program costs taxpayers millions, hasn't kept promises →


Part 2: Inside the cutthroat mattress-recycling industry →

Each year, Washington motorists flood state government with complaints about having to buy new license plates every seven years.

The discarded plates still gleam like new. People suspect the forced swap is merely a ploy to squeeze them for more tax dollars.

Lawmakers heard the gripes and promised to fix the problem. Next month, a new law takes effect that will let you keep license plates for as long as you own the car. No more replacement schedule. No more memorizing a new plate number.

But lawmakers weren't doing you a favor. They knew the change would mean owners will likely end up paying millions of dollars more in the coming years.

While the new rule lets you keep your plates longer than seven years, the average driver gets a different car about every five years. Plates will no longer transfer with a vehicle after it is sold. [Because of that, Washington motorists over the next five years are projected to buy 1 million additional license plates.](#) 

Government will benefit from the new millions. So will 3M, which sells the reflective sheeting for the plates. And so will Washington Correctional Industries, the prison-labor program that has turned plate manufacturing into a lucrative business.

The genesis

The push to require plate replacements began in the summer of 1996, when a small study group of Washington lawmakers was hashing out how to curtail the rising number of specialty license plates, such as the one featuring a silhouette of



ALAN BERNER / THE SEATTLE TIMES

Washington license plates are stacked, waiting to be embossed with numbers at the state penitentiary in Walla Walla. License-plate replacement is one of the most unpopular rules in the state.

square dancers.

At one point, a representative from 3M — a multinational conglomerate involved in producing almost every license plate on U.S. roads — changed the topic. He warned that the 3M coating that made license plates brighter at night wore out over time. The problem with older plates, said David Grove, is that “reflectivity diminishes so much that it basically becomes indiscernible to a driver in lights.” 3M made its case, in part, with hand-drawn charts.

The company aggressively lobbied the committee and lawmakers, successfully promoting a bill that required owners to replace license plates every seven years, said former state Sen. Mary Margaret Haugen in a recent interview. She believed 3M’s chief concern was profits.

“It was obvious,” she said. “They were the ones who were going to benefit.”

Haugen, a Democrat from Camano Island and a member of the study group, was one of only a handful of lawmakers who voted against the bill.

3M wasn't the only one lobbying. At the initial 1996 hearing, a representative from the State Patrol, which got a portion of the plate fees, supported 3M's pitch. Reflectivity was a "significant" factor that helped drivers see other vehicles at night, Capt. Marsh Pugh argued.

An official with Correctional Industries said plates "represent a significant portion of our business." The organization was also under order from the Legislature to increase the number of jobs for offenders, CI official Jill Will said.

Haugen recalled CI making the pitch to lawmakers that producing more plates was a great opportunity to put more inmates to work.

Buying the claims

Decisions to replace plates more frequently — here and in other states — have largely been based on dubious safety claims.

Lawmakers who approved the Washington replacement rule didn't demand a specific replacement schedule, instead giving the Department of Licensing power to determine the frequency "in accordance with empirical studies documenting the longevity of the reflective materials."

A few years later, when a Licensing staffer was finalizing the written rules for the replacement schedule, he emailed his colleagues to ask for a copy of the state's empirical study.

"So that you know, there was NO study," a colleague responded. The state had simply accepted the claims of 3M and looked at other states that were replacing plates. Department leaders decided not to do their own study and "picked seven years" as a replacement rule, the staffer wrote.

3M's charts had shown that plates lose brightness rapidly, even after the first year, and that almost all brightness was lost by about year eight.

3M still maintains a similar message in lobbying efforts around the country. Last year, in a presentation to Ohio lawmakers, the company again made the case that license-plate readability deteriorates, noting particularly years five to 10.

Ohio last replaced its license plates in 2001. But last year's License Plate Safety Task Force recommended that the plates be replaced regularly — every five to seven years. Montana and Indiana replace them every five.

Fanna Haile-Selassie, a 3M spokeswoman, said recently that company testing indicates 3M-coated license plates may lose more than half their brightness after five years and that aging plates “present identification issues.” 3M provides those results to state officials to help them determine “how often drivers should replace their plates,” she said.



ALAN BERNER / THE SEATTLE TIMES

The first license plates were made by vehicle owners. In the early 1920s, a jute mill at the Walla Walla prison became a license-plate factory, where all the state's plates are made.

The 3M claims have largely gone unchallenged, even though some states don't have replacement schedules at all. In places like Maryland and California, plates have been on the road for decades without issue. California Highway Patrol officials noted their troopers don't have trouble reading older plates at night, and neither do the Patrol's license-plate-recognition devices.

In Washington, officials wrote in a 2012 report that public-safety organizations had observed that plates can maintain effective reflectivity beyond seven years.


The Department of Licensing consulted with law-enforcement agencies, which agreed that keeping plates on the road longer would not “have an adverse effect on public safety.”

Even the State Patrol, which had strongly supported the seven-year rule, has grown indifferent on the issue.

“Our [troopers] really don’t care how old a plate is if they can see and read it,” said spokesman Bob Calkins in a recent email. “If the owner has kept it in good condition, it’s unlikely the trooper would even recognize that it’s an old plate.”

Some lawmakers had suggested moving to a 10-year replacement schedule instead. But Lyle Morse, the former director of Washington’s Correctional Industries, said 3M lobbyists encouraged lawmakers in recent years not to tinker with the seven-year rule.

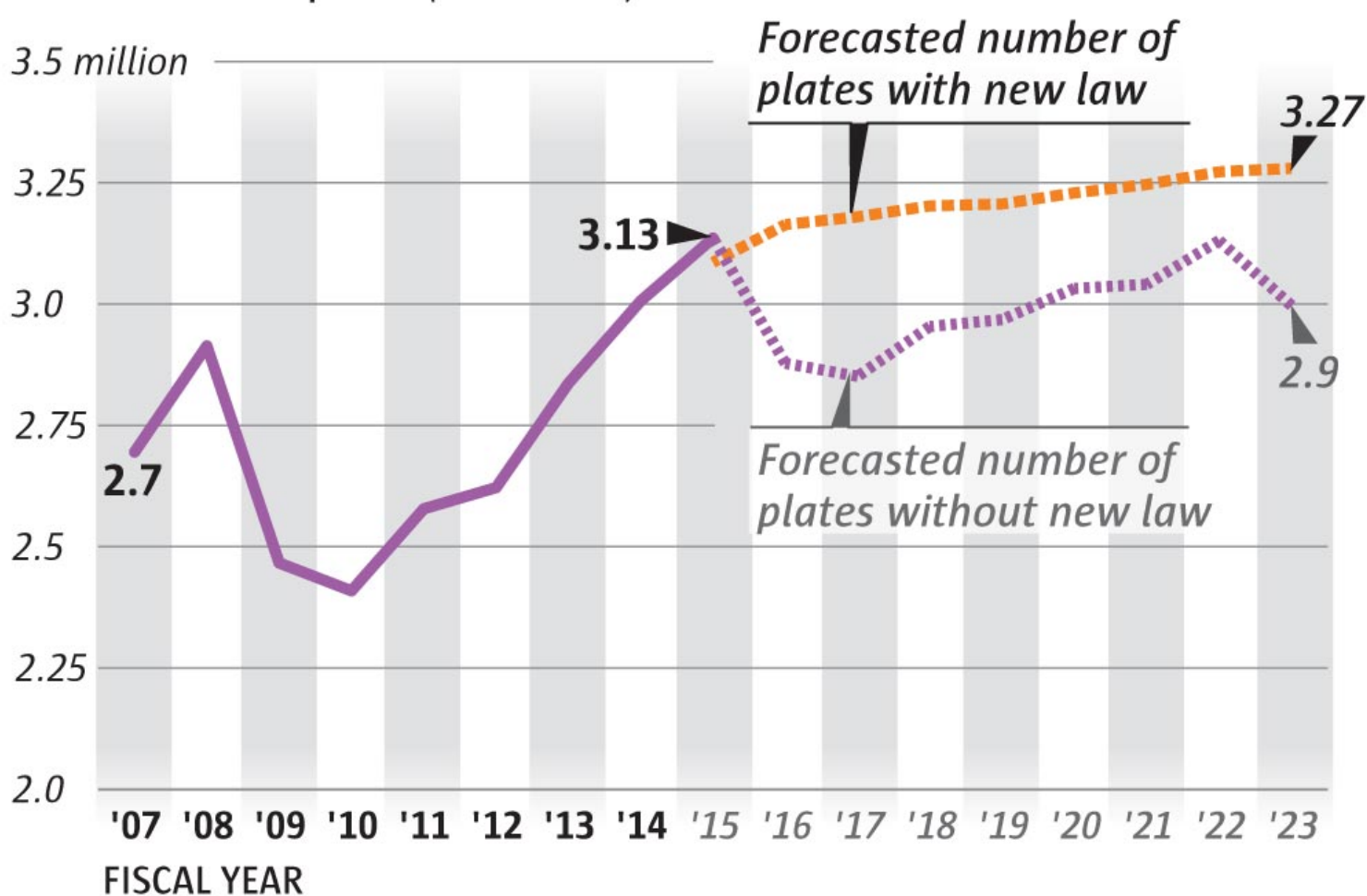
3M has sponsored annual meetings of prison-labor administrators from around the country. In Washington, 3M provides Correctional Industries with preprinted license-plate sheeting, for which CI pays about \$1 million a year, at a cost of 78 cents per linear foot.

“The 3M lobbyists worked hard behind the scenes in Olympia to keep tight control of license plates,” Morse said. [“There is a lot of money at stake in the license-plate business.”](#) 

New law may cost drivers more

A new law will allow motorists to keep their license plates for as long as they own a car, but plates will no longer transfer with a vehicle after it is sold. Drivers are projected to pay millions more under the new standard because owners keep their cars on average for about five years.

Numbers of new plates (in millions)



Source: state Department of Licensing

REPORTING BY MIKE BAKER
GRAPHIC BY MARK NOWLIN / THE SEATTLE TIMES

Boon for prisons

More than a century ago, Washington state's first license plates were handmade by vehicle owners who painted their state-issued numbers over wood, metal or leather.

As vehicle traffic surged, state officials took on the task of producing plates. But, by 1921, so many plates were stored in the basement of the Capitol, awaiting distribution, that their sheer weight was damaging the floor.

Around that time, prisoners began manufacturing plates at the penitentiary in Walla Walla. It's now one of 43 prison factories around the country that produce plates for 40 states and the federal government.

Correctional Industries has built the license-plate business into a consistent profit center, averaging 21 percent margins over the past eight years — even after

accounting for depreciation, indirect inmate labor costs, janitorial services, disposal fees and utilities.

CI's profit from license plates over the eight years totaled \$5.8 million , negating losses in its other lines of business — a tactic previously criticized by the Department of Licensing.

In 2000, CI's license-plate revenue was fine, but Larry McKinstry, a CI program administrator, wrote to the licensing department about an “alarming reduction” in overall revenue that “may adversely affect our fiscal viability.”

CI had just changed its sheeting vendor for the plates and expected to save money on that front, but it didn't want to pass on the full savings to Licensing. Officials there vehemently objected, saying it was “simply not a good business practice” for CI to profit even more from license plates in order to offset losses elsewhere.

Licensing wanted CI to have no more than a 20 percent profit on the plates.

CI has exceeded that benchmark in five of the past eight years, including up to 27 percent in one year.

Consumer tip

How to save money under the new license-plate law:

- Starting Jan. 1, you can keep your current license plates for as long as you own your car. (This is a change from the old law, which required replacing plates every seven years.)
- However, plates will no longer transfer with a car when the car is sold. The average driver gets a different car about every five years, so the state projects motorists will end up buying many more sets of plates, which

Million more plates

Washington state implemented its seven-year replacement schedule at the beginning of 2001. Four days later, Lois Stone was fed up enough [to contact the governor](#).

At 69 years old, Stone already owned the modern centennial license plate — a red, white and blue design featuring Mount Rainier. But the state was asking her to buy a replacement.

“I live on a fixed income + I'm being forced to spend \$7.00 for the same plates I already have on my car,” wrote Stone,

cost \$24.

- If you're selling a car and buying another, keep the plates. For a \$10 fee you can transfer them to your new vehicle, saving \$14. Bonus: You won't have to remember a new plate number.

then a resident of Newport, a town on the Idaho border north of Spokane.

Stone's note was just the first of many objections now stored in boxes at the state archives. Republicans and Democrats alike found the replacement law to be one of those most disliked by voters. A few years later, when Gov.

Chris Gregoire solicited ideas from the public about laws that needed changing, axing the seven-year replacement rule was one of the most popular ideas out of some 2,000 submissions.

Sen. Christine Rolfes, D-Bainbridge Island, said lawmakers explored ways in recent years to get rid of the replacement rule but always backed off because it generated so much revenue for the state.

When Florida extended its license-plate replacement schedule from six years to 10 years, its prison-labor program lost 10 percent of its revenue.

Washington state Sen. Doug Ericksen said he found the way to solve the problem vexing car owners. He proposed the bill to require replacement of license plates only when a vehicle changes hands.

"It's good customer-service policy that we're putting in place," [Ericksen told his colleagues](#).

His solution sparked enthusiastic bipartisan support. One lawmaker said he was "thrilled" by it. Minutes later, the Senate approved the bill unanimously.

But before they voted, lawmakers knew that ditching the seven-year rule would likely result in more plate sales. A 2012 study by a vehicle-data firm found that U.S. drivers keep their vehicles an average of 4.75 years, with people who buy used cars changing vehicles more often than those who buy new.

Ericksen also had told colleagues before the vote that Washington drivers keep cars for longer than other states but that his information showed the average

length of ownership was 5.6 years.

As a result, Washington's new law is projected to force people to buy 1 million more license plates over the next five years than if the hated seven-year replacement schedule had stayed in place, according to state data.

A set of license plates will still cost \$24, which includes a \$4 "reflectivity fee." If you want to keep your plates and move them to a different vehicle, you will still have to pay \$10. The law also resets the registration schedule of the vehicle every time there is a transaction, so you can no longer buy a vehicle and wait to re-register it until after the previous owner's paid year has expired.

It all means more money for 3M, more money for state agencies and more money for Correctional Industries.

Although 3M never testified in favor of the bill, lawmakers in Olympia were well aware of the company's interest in the issue.

Ericksen, a Republican from Ferndale, said he pushed the new license-plate bill after hearing complaints from constituents. He recently said through a spokeswoman that he believes the state's revenue projections may be high and that the state could reduce how much motorists pay for plates.

But he's also close to 3M's influential contract lobbyist, T.K. Bentler.

Over the past two years, Bentler has treated Ericksen to meals and drinks from restaurants and bars in Olympia on at least 16 occasions. In 2013, Ericksen also attended two barbecues at Bentler's Olympia home on Puget Sound.

The day after the new license-plate bill passed the Senate earlier this year, Bentler held a "cigar night" at his property.

Ericksen was one of two senators to attend.

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