ARC 0790D

CORRECTIONS DEPARTMENT[201]

Adopted and Filed

Rulemaking related to Iowa state industries

The Department of Corrections hereby rescinds Chapter 37, "Iowa State Industries," Iowa Administrative Code, and adopts a new Chapter 37 with the same title.

Legal Authority for Rulemaking

This rulemaking is adopted under the authority provided in Iowa Code sections 904.108 and 904.804.

State or Federal Law Implemented

This rulemaking implements, in whole or in part, Iowa Code chapter 904.

Purpose and Summary

This rulemaking rescinds and adopts a new Chapter 37 with revised administrative rules to satisfy the requirements of Executive Order 10. The purpose of Chapter 37 is to offer work training opportunities, partner with private sector employers, and produce goods for public and private entities, ultimately improving employability, reducing recidivism, and enhancing public safety. Pursuant to Executive Order 10, the Department conducted a comprehensive review of this chapter to eliminate restrictive terms, obsolete rules, and language that duplicates State statutes. Specifically, this rulemaking does the following:

- Removes all references to the Prison Industries Advisory Board to align administrative rules with the statutory changes mandated by 2024 Iowa Acts, Senate File 2385, which dissolved the Board and transferred duties directly to the Department.
- Simplifies vendor appeal protocols by cleanly adopting by reference the Uniform Rules on Agency Procedure under 7—Chapter 2506.
- Replaces redundant statutory language regarding core functions with citations to the Iowa Code to prevent rules from becoming instantly obsolete when underlying laws shift.
- Maintains procedural compliance with the dual-agency directives between the Department and Iowa Workforce Development (IWD).
- The result is a streamlined chapter that maintains essential public transparency while ensuring alignment with provisions of the Iowa Code.

Public Comment and Changes to Rulemaking

Notice of Intended Action for this rulemaking was published in the Iowa Administrative Bulletin on September 30, 2026, as **ARC 0615D**. Public hearings were held on the following date:

- October 20, 2026

No one attended the public hearings. No public comments were received. No changes from the Notice have been made.

Adoption of Rulemaking

This rulemaking was adopted by the Department on November 4, 2026.

Fiscal Impact

This rulemaking has no fiscal impact to the State of Iowa. This rulemaking maintains existing statutory practices. Iowa State Industries is entirely self-funded and receives no State appropriation.

Jobs Impact

After analysis and review of this rulemaking, no impact on jobs has been found.

Waivers

Any person who believes that the application of the discretionary provisions of this rulemaking would result in hardship or injustice to that person may petition the Department for a waiver of the discretionary provisions, if any, pursuant to 201—Chapter 2504.

Review by Administrative Rules Review Committee

The Administrative Rules Review Committee, a bipartisan legislative committee which oversees rulemaking by executive branch agencies, may, on its own motion or on written request by any individual or group, review this rulemaking at its regular monthly meeting or at a special meeting. The Committee's meetings are open to the public, and interested persons may be heard as provided in Iowa Code section 17A.8(6).

Effective Date

This rulemaking will become effective on December 30, 2026.

The following rulemaking action is adopted:

ITEM 1. Rescind 201—Chapter 37 and adopt the following **new** chapter in lieu thereof:

CHAPTER 37
IOWA STATE INDUSTRIES

201—37.1(904) Function. Iowa state industries, established by Iowa Code chapter 904, is administered by a state director and operates manufacturing, farming, surplus and private sector work programs. Each business is entirely self-funded and receives no state appropriation.

37.1(1) Iowa state industries is charged with making available to offenders of the state correctional institutions opportunities for work in meaningful jobs that will enable the offenders' chances of a successful return to society as law-abiding and self-supporting members of the community upon the offenders' release.

37.1(2) Iowa state industries is further charged with enabling offenders to work in order to provide financial assistance to their dependents, make restitution, pay the cost of board and maintenance in a correctional institution, and accumulate savings upon their eventual return to the community.

This rule is intended to implement Iowa Code section 904.804.

201—37.2(904) Sale of products.

37.2(1) Iowa state industries may sell products as outlined in Iowa Code section 904.815.

37.2(2) Iowa state industries may sell products to a general contractor when the products purchased will be sold to a public entity as provided in Iowa Code section 904.815. The public entity will submit a written request to Iowa state industries specifying the products and quantities to be purchased. Such sales will be limited to contractors involved in construction, renovation, and remodeling projects. Sales to a general contractor above $50,000 will be approved by the state director.

37.2(3) Catalogs are available online at www.iaprisonind.com or at the Iowa state industries showroom and main office, located at 1445 East Grand Avenue, Des Moines, Iowa 50316. Inquiries or requests for a mailed catalog may be made by calling 800.332.7922.

37.2(4) Information may be obtained from or reported to Iowa state industries at the Business Office, 406 North High Street, Anamosa, Iowa 52205; telephone 319.462.3706. Information is also available online at www.iaprisonind.com.

This rule is intended to implement Iowa Code section 904.815.

201—37.3(904) Procurement of goods and services.

37.3(1) The provisions of 11—Chapter 117 are hereby adopted by reference with the following amendments.

a. Strike "department of administrative services" and insert in lieu thereof "Iowa state industries" in all rules.

b. In lieu of the definitions of "department" and "director", insert the following:

"Department" means the division of Iowa state industries.

"Director" means the director of the division of Iowa state industries or the director's designee.

c. Rules 11—117.7(8A) and 11—117.15(8A) and 11—subrule 117.4(3) are not adopted.

d. In lieu of the text of 11—subrule 117.14(1), insert the following: "Purchase of goods. An agency may acquire goods not otherwise available through a master agreement in accordance with the procurement threshold guidelines in 11—subrule 117.5(3)."

37.3(2) For vendor appeals involving a competitive solicitation, 7—Chapter 2506 applies. For all other purchasing actions, including noncompetitive procurement and contract administration, the following process shall apply:

a. Step 1. Appeals will be filed in writing to the Business Manager, Iowa State Industries, 406 North High Street, Anamosa, Iowa 52205, within five working days of notification of the action being appealed. The appeal is to state the specific grounds upon which the vendor is challenging the action. The business manager, Iowa state industries, will notify the vendor in writing of the decision within ten working days.

b. Step 2. If the appeal is not resolved, it may be further appealed by the vendor to the Director of Iowa State Industries, Jessie Parker State Office Building, 510 East 12th Street, Des Moines, Iowa 50319, within ten working days of the notification of the Step 1 appeal response. The director of Iowa state industries will notify the vendor in writing of the decision within 15 working days.

c. Step 3. An unresolved appeal to the Director of Iowa State Industries will be referred to the Director of the Department of Corrections, Jessie Parker State Office Building, 510 East 12th Street, Des Moines, Iowa 50319, within ten working days of the notification of the Step 2 appeal response. The director of the department of corrections will notify the vendor in writing of the decision within 15 working days.

This rule is intended to implement Iowa Code section 904.813.

201—37.4(904) Private sector employment projects.

37.4(1) *Definitions.*

"Deputy director of prison industries" means the department of corrections deputy director responsible for the day-to-day operations of prison industries, including private sector individuals.

"Director" means the same as defined in Iowa Code section 904.101(5).

"Wage range" means the same as described in Iowa Code section 904.809(1)*"c."*

"Workforce development board" means the board created in Iowa Code section 84A.1A.

"Workforce development director" means the same as described in Iowa Code section 84A.1(2).

37.4(2) *Employer application.* Private sector employers requesting offender labor will submit an application to the deputy director of prison industries or designee. Required application information will be provided in accordance with Iowa state industries policies and procedures.

a. Upon receiving an application to use offenders in a private sector work program, the deputy director of prison industries or designee will provide a copy of the private sector work proposal, including job descriptions and proposed wages to the workforce development division administrator.

b. The deputy director of prison industries or designee will send a letter to the department of workforce development requesting the average wage rate for the job(s) the offenders will perform, the current unemployment rate in the county where the work is being performed, and the current employment level of the company that will employ the offenders.

c. The deputy director of prison industries or designee and the warden at the proposed institution will review the proposed projects with the board of supervisors and the sheriff in the county where the project will be located.

37.4(3) *Verification.* Upon written request from the deputy director of prison industries or designee, the workforce development division administrator shall verify the employment levels and prevailing wages paid for similar jobs in the area and provide to the deputy director of prison industries or designee, in writing:

a. The average wage rate for the proposed job(s);

b. The wage range;

c. The current unemployment rate for the county where the work is being performed; and

d. The current employment levels of the company that will employ the offenders based upon the most recent quarter for which data is available.

37.4(4) *Prevailing wages.* The deputy director of prison industries or designee will obtain employment levels in the locale of the proposed job(s) and the prevailing wages for the job(s) in question from the department of workforce development prior to authorizing any private sector work program. The deputy director of prison industries or designee will consider the average wage rate and wage range from the department of workforce development for the appropriate geographic area for which occupational wage information is available. The appropriate geographic area may be statewide. To reduce possible displacement of civilian workers, the deputy director of prison industries shall advise prospective employers and eligible offenders of the following requirements:

a. Offenders shall not be eligible for unemployment compensation while incarcerated.

b. Before the employer initiates work utilizing offender labor, the deputy director of prison industries or designee will provide the baseline number of jobs as established by the department of workforce development.

c. Annually, the deputy director of prison industries or designee will request from the department of workforce development the actual number of civilian workers by employer and will compile a side-by-side comparison of each employer.

37.4(5) *Ineligible projects.* The deputy director of prison industries or designee will evaluate the information from the department of workforce development to verify nondisplacement of civilian workers consistent with Iowa Code section 904.809(1)*"d."*

37.4(6) *Notification and review.*

a. The deputy director of prison industries or designee will provide a copy of the private sector work proposal and the department of workforce development review of the private sector work proposal to the following:

(1) Warden at the proposed work site;

(2) Local labor organization(s); and

(3) Department of Justice, Washington, D.C.

b. Within 14 calendar days of receiving the department of workforce development review, the deputy director of prison industries or designee will consolidate the recommendations for review and approval by the director of corrections.

37.4(7) *Disputes.*

a. Anyone who believes that the private sector work program violates this rule shall advise the department of workforce development. A written complaint may be filed in accordance with rule 877—1.2(84A). The workforce development director shall consult with the deputy director of prison industries before the workforce development board makes a final recommendation(s) to resolve any complaint.

b. The deputy director of prison industries will assist the department of workforce development in compiling all information necessary to resolve the dispute. The workforce development board shall notify the deputy director of prison industries and interested parties in writing of the recommended action to resolve a complaint, which will be binding on all parties.

This rule is intended to implement Iowa Code section 904.809.

201—37.5(904) Utilization of offender labor in construction and maintenance projects.

37.5(1) *Definitions.*

"Director" means the same as defined in Iowa Code section 904.101(5).

"Employer" means a contractor or subcontractor providing maintenance or construction services under contract to the department of corrections or under the department of administrative services.

"Workforce development director" means the same as described in Iowa Code section 84A.1(2).

37.5(2) *Scope.* Utilization of offender labor applies only to contractors or subcontractors providing construction or maintenance services to the department of corrections. The contract authority for providing construction or maintenance services may be the department of administrative services.

37.5(3) *Employer application.* Employers working under contract with the state of Iowa may submit an application to the department of corrections to employ offenders. Requests for such labor shall not include work release offenders assigned to community-based corrections under Iowa Code chapter 904.

a. The employer's application shall include:

(1) Scope of work, including type of work and required number of workers;

(2) Proposed wage rate;

(3) Location;

(4) Duration; and

(5) Reason for utilizing offender labor.

b. The department of corrections will verify through the department of workforce development the average wage rate for the job(s) the offenders will perform, the current unemployment rate in the county where the work is being performed, and the current employment level of the employer that will employ the offenders.

37.5(4) *Verification.* Upon written request from the department of corrections, the workforce development division administrator shall verify the employment levels and prevailing wages paid for similar jobs in the area and provide to the director, in writing:

a. The average wage rate for the proposed job(s);

b. The wage range;

c. The prevailing wage as determined by the U.S. Department of Labor;

d. The current unemployment rate for the county where the work is being performed;

e. The current employment levels of the employer that will employ the offenders based upon the most recent quarter for which data is available.

37.5(5) *Safety training.* The employer shall document that all offenders employed in construction and maintenance projects receive an Occupational Safety and Health Administration (OSHA) 10-Hour outreach course provided free of charge by an authorized OSHA outreach trainer.

37.5(6) *Prevailing wages.*

a. The director will not authorize an employer to employ offenders in hard labor programs without obtaining from the department of workforce development employment levels in the locale of the proposed jobs and the prevailing wages for the jobs in question. The average wage rate and wage range from the department of workforce development will be based on the appropriate geographic area for which occupational wage information is available. The appropriate geographic area may be statewide.

b. To reduce any potential displacement of civilian workers, the director will advise prospective employers and eligible offenders of the following requirements:

(1) Offenders will not be eligible for unemployment compensation while incarcerated.

(2) Before the employer initiates work utilizing offender labor, the director will provide the baseline number of jobs as established by the department of workforce development.

(3) If the contract to employ offender labor exceeds six months, the director will:

1. Request and receive from the workforce development division administrator the average wage rates and wage ranges for jobs currently held by offenders and current employment levels of employers employing offenders; and

2. Compile a side-by-side comparison of each employer.

37.5(7) *Disputes.* Anyone who believes that the employer's application violates this rule shall present concerns in writing to the workforce development board. A written complaint may be filed with the workforce development board for any dispute arising from the implementation of the employer's application in accordance with rule 877—1.3(84A). The workforce development board shall consult with the director prior to making recommendations. The director will assist the workforce development board in compiling all information necessary to resolve the dispute. The workforce development board shall

notify the director and interested parties in writing of the corrective action plan to resolve the dispute, which will be binding on all parties.

This rule is intended to implement Iowa Code section 904.701.

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EDITOR'S NOTE: For replacement pages for IAC, see IAC Supplement 11/25/26.