

# Community Reinvestment Bill

## Fact Sheet

### OVERVIEW

This bill amends the legislative code to allow for the creation of cooperatives inside of California prisons, a first in the United States, and supports the development of cooperatives outside of prison through the creation of a “Green Reentry Coop Fund.” This Fund will receive 40% of revenues generated by all cooperatives operating inside of California prisons. The Fund will distribute grants to persons who were formerly incarcerated and system-impacted entrepreneurs developing ecologically regenerative worker cooperatives in, by, or for low income and system-impacted communities.

### BACKGROUND

Poverty is a well documented driver of violence and crime, yet California prisons do little to improve economic conditions, often worsening poverty and perpetuating cycles of trauma and crime. Others who are unable to create a livelihood for themselves behind bars can become a financial burden on their families and loved ones, straining familial cohesion of already poor households.

The California legislature officially acknowledged in 2015’s passage of AB816 that *“worker cooperatives have the purpose of creating and maintaining sustainable jobs and generating wealth in order to improve the quality of life of its worker-members, dignify human work, allow workers’ democratic self-management, and promote community and local development in this state.”* Worker cooperatives operated inside of prisons by incarcerated individuals offer the opportunity for fair and dignified wages, creating financial stability, and reducing criminal behavior. Nations such as Italy, England, Ethiopia, and Puerto Rico, allow incarcerated people to start, operate, and financially benefit from cooperatives inside prison because financial stability is one of the

best antidotes to criminality, and a critical foundation for reclaiming a dignified, lawful way of life.

### PROBLEM

California’s current prison system does not provide the roughly 95,600 people who are incarcerated, nor the roughly 37,000 people who are released from prison each year, with opportunities for economic stability or advancement, contributing to ongoing poverty and crime. Inside of prison, the general pay rate for workers who are incarcerated ranges from 16 to 74 cents per hour. The Joint Venture Program (JVP) allows private companies to employ incarcerated individuals. However, JVP is scandal prone and is implemented so rarely it does not present a real solution. JVP also invests 40% of worker wages into failed public safety programs.

The system also fails to meaningfully promote a dignified, lawful way of life for those reentering society. The unemployment rate for formerly incarcerated individuals is approximately 27%, five times higher than the general population's unemployment rate, comparable to conditions seen during the Great Depression. 41.9% of those released from prison return to prison within three years. There needs to be a deeper commitment to improve reentry pathways with structural incentives that provide wealth building opportunities for returning citizens.

### SOLUTION

The Governor and the State of California have prioritized the transformation of the prison system through the “California Model.” This bill aims to reduce poverty, homelessness, and violent crime by increasing access to dignified work for incarcerated individuals and returning citizens. This bill will establish a process by which people incarcerated in California prisons can

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apply to CDCR for permission to form and operate a cooperative within the custodial setting. This bill will also provide a “Green Reentry Coop Fund” which would receive forty percent of all revenue generated by cooperatives operated inside of prisons. This fund will distribute grants for developing ecologically regenerative worker cooperatives to system-impacted people, meaning those who have been legally, economically, or familially affected in a negative way by the incarceration of a close relative, those who have been arrested and/or convicted without incarceration, returning citizens, and survivors of violent crimes. While California is looking to international best practices as a way of healing from a legacy of failed carceral policies, cooperatives in prisons are a remedy that stands out as though custom-made to support the objectives of the California Model.

## FOR MORE INFORMATION

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