



August 10, 2016

Gary Johnson
Johnson Weld 2016
PO Box 4422
Salt Lake City, UT 84110-4422

Dear Governor Johnson:

I am writing on behalf of the American Apparel & Footwear Association (AAFA) – the national trade association for the apparel and footwear industry – to ask you to commit to meaningful reform of the federal prison factory system.

Promoting “Made in USA” is an important concept that has received well-deserved attention in the national presidential campaigns. Unfortunately, this initiative is undermined by competition from Federal Prison Industries (UNICOR), a U.S. government owned complex of federal prison factories that produces its products in the United States – and promotes them as American made – but at a significant, unfair advantage over Made in USA manufacturers.

For example, UNICOR products are manufactured at U.S. prison facilities by inmates paid as little as 23 cents per hour. Further, UNICOR is not subject to the same health or safety laws as Made in USA manufacturers. Just as important, UNICOR benefits from a mandatory source requirement, meaning that the federal government is required to give contracts to UNICOR for any products that UNICOR is capable of manufacturing, even if there is a better value available from a Made in USA manufacturer. When UNICOR’s dominance in a category grows so large that it exceeds the maximum five percent market share allowed for mandatory source, it is able to compete without limitation for contracts that are set aside for small, women-owned, veteran, or disadvantaged businesses. UNICOR’s ability to operate as a small business occurs despite the fact that it is one of the largest federal government contractors.

UNICOR employs more than 12,000 inmates at 83 facilities nationwide, and has annual revenue of almost \$500 million. While its damage is felt by many industries, much of its predatory activity occurs in the textiles and apparel sector. Although federal statute dictates that no single industry should be forced to bear an undue burden, 46 percent of UNICOR inmates are dedicated to clothing and textile production, and those products account for 59 percent of UNICOR’s annual earnings.

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UNICOR's special status ultimately results in misappropriated contracts, lost U.S. jobs, closed U.S. factories, and U.S. manufacturers going out of business. We must stop the hollowing out of our U.S. manufacturing capacity by federally-run prison factories.

If you are elected President, will you commit to support Made in USA manufacturing by:

- Eliminating UNICOR's mandatory source requirement, and
- Prohibiting UNICOR from competing as a small business?

Because we want to share your commitment with our members, I ask that you respond to this letter by **August 31, 2016**. I have taken the liberty of including more information about UNICOR, and its business practices with this letter.

Sincerely,

A handwritten signature in black ink that reads "Rick Helfenbein". The signature is written in a cursive, slightly slanted style.

Rick Helfenbein
President and CEO

Attachment

Our Convict Economy*

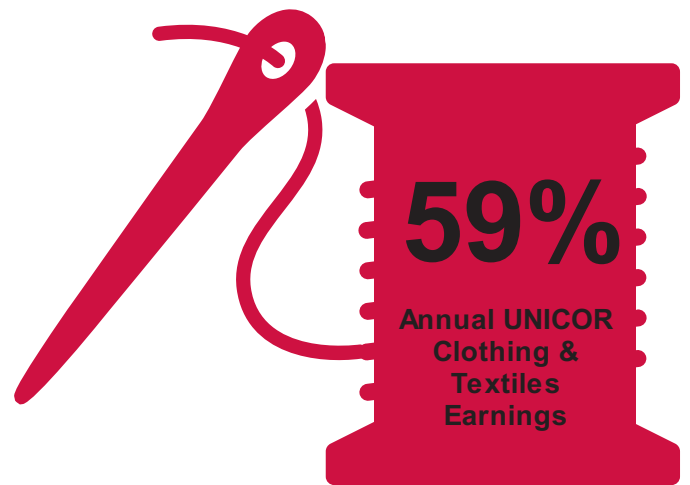
The Law Says: UNICOR shall "operate the prison shops [so] that no single private industry shall be forced to bear an undue burden of competition from the products of the prison workshops"



What UNICOR Does: Starting wage for UNICOR inmate employees is 23 cents per hour, even though the minimum wage for private sector employees can be as high as \$10.50 (and is scheduled to go even higher).

The Law Says: UNICOR shall "diversify its products so that its sales are distributed among its industries as broadly as possible."

What UNICOR Does: Sales from Clothing & Textiles make up more than half of UNICOR's annual earnings.



The Law Says: UNICOR shall "reduce to a minimum competition with private industry"

What UNICOR Does: UNICOR would be one of the top government contractors by dollar amount if it was ranked.



. . . it still competes for, and wins, contracts set aside for small businesses.



*Mandates are taken from 18 USC § 4122. Statistics are from UNICOR annual reports and marketing information