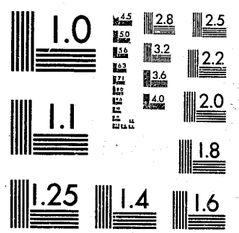

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A Study of Prison Industry:

History, Components, and Goals

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A STUDY OF PRISON INDUSTRY:

History, Components, and Goals

American Correctional Association

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PREFACE

As part of a recent mail survey on prison industries, the American Correctional Association (ACA) contacted each state, the District of Columbia, the federal and Canadian correctional systems, and several of the U.S. territories. Thirty-nine of the 56 jurisdictions replied, for a response rate of 70 percent. Their responses confirmed that prison industries today face the same challenges they did in the 1930s. (See the appendix for additional data.)

One of the questions asked was: "How can ACA assist your prison industries?" Responses fell into two general categories:

1) Provide for the public some model projects and guidelines; and

2) Lobby at the federal level for the repeal of restrictive legislation and for the passage of beneficial bills.

Both of those objectives have served to guide the development of this manuscript. The first led to the submission of a proposal to the National Institute of Corrections (NIC) to fund a project that would assist states in developing or improving their industrial operations. The second has helped spur ACA's efforts on behalf of correctional industry (such as testifying before the Surface Transportation Subcommittee of the U.S. Senate to eliminate proposed legislative language that would restrict prison industry from producing state and local highway signs).

Early in 1983 a proposal to the National Institute of Corrections was drafted. It pointed out the great confusion existing throughout the nation in regard to the purposes of correctional industries. The often-times conflicting goals established for prison industry were cited: provide meaningful work vs. reduce idleness; train inmates for meaningful post-release jobs vs. avoid conflicts with private sector businesses; develop good work habits vs. employ inmates under a schedule that conforms to prison regulations, etc. Recognizing the increased trend toward private sector involvement in prison industries, the proposal also included exploration of this area. Abusive practices and policies around the turn of the century resulted in restrictive legislation, which in turn led private entrepreneurs to work greener, noncorrectional fields. Today, changes in legislation and established safeguards have made corrections a more attractive area for outside business ventures.

This study addresses the need for information and guidance about alternative approaches to developing correctional industries. The hope is that it will assist jurisdictions in considering such questions as: What are the essential elements of a successful industrial operation? Are there good models "out there" upon which systems can base improvements in their own industrial operations? What are the implications for the future in this area?

The first chapter of this study deals with the historical development of industry in the field of corrections. Chapter 2 concerns the conflict among the diverse goals that have been imposed on prison industry. The heart of the project is found in Chapter 3, which explores the important components of correctional industry operations. It offers examples of a variety of approaches that have succeeded in different state systems. Chapter 4 presents two widely differing approaches to putting the components together: Illinois, which restructured its entire industry operation, and Florida, which opted to establish a public corporation. The final chapter offers overall conclusions, an Industries Mission Statement, and some speculation about the future.

Chapter 1

THE EVOLUTION OF PRISON INDUSTRIES

by Neal Miller and Robert C. Grieser

Work by inmates has been a constant over the ages. Galley slaves of ancient Rome were the precursors of the inmate road gangs of more recent years. The earliest reason for inmate labor was economic: It helped reduce some of the costs of maintaining prisoners. While this economic goal is still prominent, other objectives are also sought through inmate labor. The specific correctional goals to be served have varied over time as dominant correctional philosophies have changed.

PRISON INDUSTRIES IN HISTORICAL PERSPECTIVE

During the last two centuries, prisons emerged as the primary correctional mode. The history of inmate labor in the prison era — from its beginning in the late 18th century to the modern prison industrial programs of today — can be divided into four historical periods:

1. The Development Period: the prison movement and prison industries preceding the Civil War;

2. Wide-Scale Adoption: the spreading use of the prison system and variations in prison industries from the Civil War to the end of the 19th century;

3. Industry's Decline: the decline of prison industries, beginning with the push for restrictive legislation in 1900 and continuing into the Depression Era; and

4. Industry Stagnation: the continued decline and eventual stagnation of prison industries from the Depression Era until approximately 1967.

These historical periods are followed by a fifth, The Contemporary Era, which is characterized by a resurgence of interest in prison industries and a new integrative correctional philosophy. This last period serves as the basis for much of this study.

The Development Period

The concepts of inmate labor and prison industries are not the same. Prison industry connotes a wider concept than the earlier notion of simply putting inmates to work.

The origins of inmate labor in the Anglo-American tradition probably date back to the early jails of the 11th through 13th centuries. The principal objective of prisoner labor during that period was literally to pay for the costs of incarceration — including the sheriff's wages.[1]

By the 14th century, the moral virtue of labor had become distinct in English tradition. The English Statutes of Labor of 1349 and 1357 made idleness of the able-bodied a crime. Two centuries later, the first workhouse came into existence in England. A workhouse for vagrants, it was built in 1557 at Bridewell and was soon followed by laws requiring the establishment of others.[2] This development introduced the concept of hard labor as a reformative program rather than simply as payment for one's keep.[3]

The jails and workhouses in this early English system had very limited punitive purposes. They were designed primarily for pretrial detainees, tax debtors, and vagrants. Punishment for convicted criminals was primarily corporal, with public shame being a secondary objective.

The idea of a prison — as distinguished from a jail — as a correctional alternative to other types of punishment is relatively new. From its inception some 200 years ago, the prison has required work by inmates. According to Carroll Wright,[4] first director of the U.S. Bureau of Labor, the earliest writing emphasizing inmate labor as a critical element of the prison regime was that of Mabillon, a Benedictine monk at the Abbey of Saint Germaine in Paris during the reign of Louis XIV. Mabillon suggested that "penitents might be reclused in cells, like those of the Carthusian monks, and there (be) employed in various sorts of labor."[5] This idea was soon implemented in 1704 by Pope Clement XI, who established a reformatory for juveniles at Saint Michael's in Rome.[6]

The forerunner of a formal prison industry program dates from the prison at Ghent, which was constructed in 1775. Viscount Vilain XIV, the builder of the prison, emphasized labor as the primary agent for reforming criminals. The prison industries selected were highly diversified and intended to minimize competition with free labor.[7]

In the latter half of the 18th century the English penal reformer John Howard[8] and the Italian Beccaria[9] popularized the linkage between inmate labor and reformation. They viewed this as a key element in the development of prison as an alternative to capital punishment.

The early days of American corrections followed a parallel pattern. English traditions associated with jails and workhouses were introduced into the colonies in the 17th century. The first "gaol" in Massachusetts opened in 1635, and by 1700 each county was required by legislation to have a jail.[10] These colonial precursors did not, however, lead directly to the concept of a work-prison. The idea of labor-as-pay-for-keep continued in the jails, while the rehabilitative concept was restricted to the workhouse.

Incarceration was initially used for short-term inmates as a form of "way station" between multiple public punishments.[11] It was not until the last two decades of the 18th century that the populous states of New York, Massachusetts, and Pennsylvania authorized the establishment of the first U.S. prisons. Initially these institutions held both pretrial and post-conviction offenders in communal settings.[12] Labor was integrated with penitence but continued to serve the goal of economic upkeep.

The communal arrangement of these early institutions was soon seen as unsatisfactory from two perspectives. First, prisons were coming to be viewed as "schools of vice" (or crime). The Prison Discipline Society's Annual Report for 1826 made specific reference to this problem,[13] and the theme still recurs today. Second, the religious traditions of the early colonists continued to exert a strong influence. Those traditions held that penitence through silent prayer and meditation was the best method for correcting criminals, an approach not fostered by communal living.[14] The solution to both problems was separate confinement.

The resultant "Pennsylvania System" provided individual cells where inmates both slept and worked. The related "Auburn System" in New York consisted of individual cells for sleeping plus a communal work site. However, consistent with the belief in the restorative power of penitence, talking among inmates was forbidden.[15]

The New York approach soon found wider favor than the Pennsylvania system. By 1828 the Auburn and Sing Sing inmates were "paying" for their own confinement.[16] The greater economic productivity of the communal workplace was quickly recognized, and the costs of confinement both for capital expenditures and for operating expenses were significantly less.[17] Thus were prison industries begun.

By the time of the Civil War, two dozen states had prisons, largely based on the Auburn system design. During this time of experimentation the twin ideas of inmate work incentives and reform were initiated. (Some 50 years later, in 1917, New York adopted a "good time" law to encourage good behavior and reward inmates for their work.)

Many of the themes plaguing prisons and their industries today emerged during this early period. Overcrowding at the Walnut Street Jail was reported.[18] Security concerns existed regarding the commission of crimes by inmate laborers (e.g., printing counterfeit money). Diversification of work versus "unity of work" (i.e., large-scale operation of only one industry) was the subject of much discussion.[19] Most significant, perhaps, was the struggle between philosophies — economic return vs. rehabilitation — that was apparent in the operational distinctions between the Auburn and Pennsylvania industries systems.

Wide-Scale Adoption

The post-Civil War period saw an extension of the prison system concept. Prisons were built in all states save a few in the South, where the favorable climate permitted road gangs and state farms to function as viable alternatives.

Operation of prison industries in these new facilities became formalized. Writing in 1899, Carroll Wright described two basic types of prison industry systems: private vs. public benefits, each with three subtypes (Table 1).[20]

The distinguishing characteristic between the two types was the degree of private involvement. One trio of industries — the contract system, the piece-price system, and the lease system — permitted the profits or products of inmate labor to be shared with private individuals, firms, or corporations.[21]

Purportedly, it was the success of the lease and contract systems in Auburn-like prisons (providing funds and inmate employment) that allowed the penitentiary system to become firmly established.[22] At the same time, the enthusiasm for the employment aspect of the New York approach resulted in the loss of the penitent component underlying the initial theory in incarceration.

Correctional critics of this change in emphasis were joined by outside forces, especially those representing labor and business. Unbridled competition between prison industries and private enterprise had to be avoided. This was accomplished by removing the possibility of private profits accruing from inmate labor. Thus the second basic type of prison industry system used inmate labor solely for the benefit of the state or its political subdivisions. The public-account system, the state-use system, and the public-works system comprise this industries category.

Appropriate use of these prison industry systems required a consensus concerning the goals for industries. If financial interests were paramount, the lease method was preferable. If correctional goals were emphasized, the public-account system was best. If a balance between financial return and correctional control requirements was sought, the piece-price approach was most appropriate. If competition with private employers and labor was to be minimized, the state-use variant of the public-account system was the choice.

Determining which approach to use did not require choosing a single solution and excluding all others. Diverse interests could be balanced, resulting in the coexistence of several approaches within the same correctional system. By the end of the 19th century, 28 states had authorized the contract system; 6, the piece-price approach; 25, the lease method; 47 states and territories, including the District of Columbia, the public-account system; and 24, the state-use approach.[23] (By 1929 the contract system was illegal in the Federal Prison System and 17 states.)

During the past half-century, the state-use system has been the most prevalent. It was first adopted in the United States by Nevada in 1887, which by law limited its use to shoe manufacturing. This approach permitted parallel prison industry systems to continue in the state. Later that year the Massachusetts legislature passed a wide-scale state-use law. The federal government adopted a state-use approach for the U.S. Penitentiary at Fort Leavenworth, Kansas, in 1894-95.[24] The public works system persists in some of the southern states (e.g., Virginia) in the form of work camps in which inmates repair state roads.

Table 1

INDUSTRY SYSTEMS

	PRIVATE BENEFIT			NO PRIVATE BENEFIT		
	Contract	Piece-Price	Lease	Public Account	State-Use	Public Works
Inmates' location	Inside prison	Inside prison	Outside prison	Inside prison	Inside prison	Outside prison
Supervision by:	Private sector	Public sector	Private sector	Public sector	Public sector	Public sector
Payment to:	State	Inmate	State	Inmate	Inmate	Inmate
Profit to:	Private sector	Private sector	Private sector	State	State	State
Products sold by:	Private sector	Private sector	Private sector	State	State	State
Products sold to:	Open market	Open market	Open market	Open market	Government only	Government only

The Decline of Prison Industries

The passage of the state-use laws in the last decade of the 19th century heralded the first successes in long-standing political battles to prohibit or limit prison industry competition with private business. It was not long after (in 1905) that President Theodore Roosevelt signed Executive Order 325-A prohibiting the federal government from purchasing prison-made goods.

This transitional period from the late 1890s to the early 1900s also saw a reaction to the abuses of prison labor. A reform movement advocated a new concept of rehabilitation. The wide-scale implementation of alternative institutional programs was initiated to reduce idleness among inmates who were not working in industries. This work program approach resulted in the introduction of the reformatory concept; that is, training and education programs designed to assist in the reform of youthful offenders. Other activities for occupying inmates' time included military drills, athletic contests, calisthenics, and access to libraries.[25]

Although the first reformatories had been introduced as early as the 1870s, the decline of prison industries perhaps provided the opportunity for their broader adoption. For example, in 1887 New York abolished the contract system of inmate labor and, two years later, incorporated all of its industries into a reformatory scheme. First offenders were given training; recidivists thought to be amenable to rehabilitation were placed in prison industries; incorrigible recidivists were required to perform institutional maintenance chores.[26]

Opposition to prison industry continued to grow. Based on the charge of unfair competition, numerous bills to restrict correctional industries were introduced into the U.S. Congress. In 1929 Congress responded by passing the Hawes-Cooper Act (18 U.S.C. 1762),[27] which permitted states to bar the importation of prison-made goods. Implementation of the act was delayed five years to give states time to adapt to the new law.

The Great Depression added new voices to the outcry against prison industries as unemployment became a critical national problem. In 1935 Congress passed another law, the Ashurst-Sumner Act,[28] which added the weight of federal criminal law to the enforcement of state bans on the importation of prison-made goods. Impetus for this legislation came primarily from the textile industry (at that time, textiles accounted for almost one-quarter of all prison-made goods). The Sumner-Ashurst Act of 1940 (18 U.S.C. 1761) made it a crime to ship prison-made goods in interstate commerce whether or not the receiving state barred their import.

Passage of these laws sounded a death knell for the interaction between prison industry and the free market that had existed for close to three decades. Although abuses of inmate labor were deplored and alternative bases for rehabilitation were emerging, the decline of prison industry was accelerated by economic issues concerning competition with the free market and protests from labor. The climate of the times led corrections away from the traditional economic arguments that inmates should work in order to pay for their keep.

Prison industry's decline during this period was dramatic. At the beginning of the century, about 85 percent of all inmates worked in prison industries; by 1940 the figure had fallen to 44 percent — nearly a 50 percent decline.[29]

Industries' Stagnation

The post-Depression period saw the emergence of the "medical model" of correctional rehabilitation. The offender was viewed as akin to someone who was ill and required only the proper treatment to cure his or her criminality. Education no longer was considered secondary to emphasis on work; it supplanted work. Psychological counseling and therapy for inmates were added to this theme; diagnosis and classification were essential components.[30]

Except for a brief period during the war effort,[31] prison industry was viewed as having little to contribute to this treatment scheme. Its rehabilitative value was viewed as minimal, consisting only of reassurances to inmates of their innate value: "at least they are still good for something."[32]

Industry's traditional emphasis on the work ethic coexisted precariously with the medical model approach, with its counseling and therapy. Indeed, near the end of this era, the psychological approach so dominated some thinking that the federal prison at Butner, North Carolina, was designed without space for a prison industry. The idea of industries had become estranged from correctional philosophy.

Although prison industry lacked a modus vivendi with the medical model,[33] intervening events soon led to a renewal of interest. A prison reform movement in the 1950s, stimulated in part by prison riots during the first part of the decade, encouraged greater communication between corrections and the private industrial community. Correctional trade advisory committees and business advisory groups began to be formed. One consequence of this reform movement was to stimulate industry managers to change their approach in dealing with inmate workers from an autocratic style to one stressing motivation.[34]

Other outside forces were also developing that supported the proponents of a return-to-the-work-ethic basis for industries. These forces proceeded on two fronts, one academic and the other activistic.

On the academic side, Daniel Glaser's 1963 study of the federal correctional system[35] documented the relationships between pre-release preparation, post-release employment, and recidivism. The decade closing this period (1957-1967) saw several programmatic applications of Glaser's emphasis on realistic preparation for reentering the community. Real-world training for inmates was introduced into corrections by implementing U.S. Department of Labor programs under the Manpower Development and Training Act. Additionally, the civil rights movement influenced the courts to abandon their traditional "hands off" policy concerning corrections.[36] This served both to reinforce the beginning notions of correctional accountability (developed in the 1950s) and to provide another impetus for change.

By the end of this period the stage was set for the reemergence of prison industries. Correctional theory had rediscovered the linkage between prison labor and correction of the inmate. In addition, and perhaps for the first time, prison managers were developing the capabilities necessary to implement this "new" approach. Most importantly, correctional labor was now seen as a part of, not distinct from, the national labor force.[37]

THE CONTEMPORARY ERA

A convenient demarcation for the contemporary era of correctional industries is the issuance in 1967 of the President's Commission Task Force Report on Corrections.[38] That report not only formalized the decline of the medical model approach in departments of corrections; it approved a work-oriented philosophy of reintegration. In assessing prison industries, the Task Force report discussed several problems that had plagued correctional industry during its periods of decline and stagnation. These included limited markets (due to pressure from private industry and labor), inferior goods, unreliable delivery, unrealistic prices, lack of a trained labor force, featherbedding, and few provisions for adequate pay.

Introduction of the reintegrative philosophy into prison industry had a significant impact on its organization and management. The philosophy of reintegration does not stop with establishing the rehabilitative value of work, but continues with an emphasis on survival skills — that is, the tools needed to lawfully maintain oneself after release from prison. That suggested that prison industries should parallel the private industrial world and provide inmates with the knowledge, skills, practice, and experience necessary to live in the general social environment.

The solutions to the problems of prison industry proposed by the Task Force integrated the concepts and issues important to making private industry viable within the traditional values of correctional industries. An effective and efficient system of industries, according to the Task Force, provides economic return to the state. Such an approach also includes the traditional values of the inherent worth of labor and the importance of reducing idleness. Most importantly, this philosophy for correctional industry provides the inmate with the skills needed for reintegration into the private industrial world.

The report stated that several requirements must be met if prison industries were to become more effective. First and foremost, both public and political leaders had to recognize the "undesirability of idleness in prisons." Three additional elements were also needed: 1) sufficient scale of operation to compete; 2) a sales force; and 3) an inmate incentive system, including wages. Given these prerequisites, prison industries could become economically feasible. But in order to do so, industries had to solicit the advice and participation of labor and private industry.

The President's Task Force report introduced three areas that have become the foci for the reexamination of prison industry during the past 20 years: the external milieu (opportunities and constraints), internal management, and the goals that prison industry intends to achieve.

As is apparent from the preceding historical discussion, the goals of prison industry are many. Because goals pervade the entire operation, a separate section is devoted to them (see Chapter 2).

External milieu issues include marketing laws, governmental and privately developed standards, court rulings affecting industries, and the reemergence of private sector involvement in industries operations. Internal management issues include financial and personnel management, inmate wages and incentive schemes, control over the workforce, types of operations, and related production issues. Both groups of issues form the basis for the following discussion of the contemporary era in prison industries.

External Factors Affecting Industries

Many of the changes occurring in prison industries during the past two decades either directly or indirectly reflect the effects of phenomena external to corrections. For example, the gradual shift in public attitude during the 1970s toward a more punitive philosophy has put increased emphasis on the incarceration of offenders for longer and longer periods, leading in turn to overcrowding and volatile prison environments.[39] At the same time, there has been a reduction in resources available to meet the rising costs associated with the demands being placed on correctional systems. This has focused more attention on inmate work as a means to help offset some of these expenses. Thus, while offenders continue to be incarcerated at high rates, work provides an opportunity for prison managers to reduce idleness and simultaneously decrease (albeit to a limited extent) some of the skyrocketing costs.

Other external factors, including the standards movement[40] and court actions stemming from both crowding and inmate rights' issues, derive from growing demands for accountability in the provision of public services. Finally, there has been the subtle but certain impact of increasing reliance on the private sector to help solve public problems. (An example of this phenomenon is the creation of the U.S. Postal Service as an independent agency during the Nixon administration.)

While each of these factors has had an effect, perhaps the most potentially far-reaching has been the reappearance of private sector involvement with prison industries. The most obvious example of this is in the area of state law, where extensive changes, especially in marketing statutes, have fostered a new relationship between industries and private enterprise.

The influence of the private sector is seen in two ways: first, the direct involvement (limited to date) of private companies in industry program operations;[41] and second, but more importantly, the indirect effects of the push toward the operation of state prison industries as if they were private businesses (Free Venture).[42] This latter trend has affected all major areas of industry management and operations, including personnel, finance, marketing, and production. The adoption of a business-like approach is changing the way in which prison industry has traditionally operated and is redefining the nature of its relationship with the wider organization, i.e., the department of correction (DOC), of which it frequently is an integral part. (Chapter 4 of this report explores these organizational issues in more detail.)

Other external influences, such as standards, have also reinforced the influence of the private sector. Virtually all sets of standards make reference to private industry as a role model for prison industry or suggest direct private sector involvement.[43] Since 1970 at least 20 states have modified their legislation to permit limited sales by prison industries to the private sector.[44]

Court rulings have had equally significant effects on correctional industry. During the past decade perhaps two-thirds of the states have experienced court intervention in their prison operations.[45] While these decisions are most often directed at problems such as the effects of crowding, their resolution often influences prison industries.[46] For example, prison industry may be required to modify its hiring policies and procedures or to implement programs to employ inmates who formerly were not eligible for working in industries (e.g., protective custody inmates, women).[47]

Each of the above factors, coupled with changing public attitudes toward corrections and the "failure" of rehabilitation, has led to a rethinking of correctional approaches in general and prison industry in particular. Such reformulations in turn have provided prison industry with new opportunities to rejuvenate and recover from its low point during the Depression Era.

Internal Management of Industries

A number of issues can be grouped together under the rubric of internal management. These range from personnel and financial management to the production process itself, including the type of operation and the nature of the inmate work force.

Personnel Management. One clear trend is the recruitment of experienced industrial and business personnel from the private sector to work in prison industries. While exact figures are unavailable on the number of industry directors with backgrounds in the private sector, an examination of job turnover offers a surrogate indicator of change in top management. A comparison of the Correctional Industries Association directories from 1980 to 1983 shows that more than one-half of industries directors were new hirees during that 3-year period.[48]

The Guidelines[49] survey of recruiting patterns indicates that 27 states recruit their prison industry staff predominately from the private sector; 16 states recruit staff from both corrections and the private sector; and only 7 states recruit staff predominately from corrections.

It can be inferred, therefore, that the recruitment of industries staff parallels the pattern of states hiring skilled administrators from the private sector. State correctional systems have also initiated other personnel changes in their prison industry programs; e.g., development of sales forces (an action called for by the 1967 Task Force report) whose salaries include commissions similar to those of sales personnel in the private sector.

Financial Management. Financial management of industrial programs has received increased attention during the past 10 years. The expense associated with rising inmate populations has led to demands that industry produce a profit as an aid in reducing institutional costs. This in turn has led to the easing of laws that restricted both the purchase of raw materials and authority over expenditures. The result is that prison industries are gaining greater flexibility, autonomy, and responsibility for their own operations.[50]

Emulation of the private sector's approach to industry implies the need to identify the "true" costs of doing business. In many states, the DOC is now charged for products or services that were formerly provided gratis to institutions with industrial programs. While numerous trade-offs in costs still exist between industries and the DOC, wholesale absorption of expenses — such as industries paying an institution's utility bill — is becoming a thing of the past.[51]

The greater fiscal flexibility given to the states has permitted other changes in financial procedures. The establishment of revolving funds, for example, allows finances to be managed on a long-term rather than year-to-year basis coinciding with the appropriations cycle of the state legislature. Although upper limits have

been placed on these monies, they still offer industries some flexibility in their financial operations. Most state industries have only limited authority for capital expenditures; e.g., start-up funds for a new industry or funds to revamp existing operations. These are often subject to legislative approval, depending on the type of operation (see the discussion below on type of operation).

Wages/Incentives. Compensation packages for inmates have long been a central issue in any discussion of industries.[52] The recent trend toward regarding prison industry as a business operation has led to a corresponding emphasis on offering sufficient incentives to inmate workers to encourage production of quality products. Moreover, all the various standards relating to industries call for inmate compensation — at levels ranging from slightly above token incentives through the minimum to the prevailing market wage.[53]

In 1972 the average daily wage for inmates working in industries was about $0.60;[54] today's average salary is approximately $3.00 per day.[55] The increase in compensation is due in part to the influence of some experimental programs that have paid prevailing market wages. In addition, more states are structuring their inmate wages to provide direct incentives for performance.

Central to the debate over appropriate compensation for inmates have been questions regarding the purpose of such wages. Historically, inmate salaries were intended solely as gratuities rather than earnings for work performed. Thus they were exempt from laws requiring taxation and associated benefits such as unemployment compensation. The recent push toward minimum wages for inmates consequently raises related "employee" issues such as fringe benefits.

These are not easily resolved questions. Other incentives to motivate inmate workers have also been developed. Such methods include formal stimulants —extra good time for prisoners employed in industries — as well as a host of informal types of motivators: preferred housing, extra leisure time, earlier or better meals, special privileges, etc. Many of these non-wage incentives have successfully supplemented the purely gratuitous salaries paid in most states.

In sum, wages and other forms of compensation for inmates have increased, reflecting recent trends toward operating prison industries in a manner parallel to comparable businesses functioning in the private sector.

Type of Operation. Another shift in prison industry programs has been a change in emphasis from traditional heavy manufacturing to a more labor-intensive service operation, generally one requiring low capital investment. This subtle variation in type of operation has been due to a number of factors, including:

- Limited start-up resources,
- The need to employ more inmates, and
- The shift toward service jobs in the general economy.

The Guidelines[56] survey shows that some of the traditional prison industries of the past such as brick/concrete operations are being phased out, while new, more innovative approaches are springing up (e.g., storm window repair, painting office buildings, warehousing, and distribution).

The relationship between academic/vocational training programs and prison industry programs is also becoming more formalized; for example, electronics vocational training may be a prerequisite for a job in prison industry cable fabrication. Nearly a dozen states recently have passed legislation requiring some form of coordination between their academic/vocational training and prison industry programs. Moreover, nearly 30 states operate joint ventures between institutions whereby a product made at one facility (e.g., sheet metal) is shipped to another where it is used to produce the final product (such as metal frames for beds).[57]

Inmate Work Force. Although the size of the inmate work force has been shrinking (as measured by the percentage of inmates employed in industries), industry control over prison labor appears to be steadily increasing. A complaint typically voiced in the past concerned industry's lack of input on classification and hiring decisions for inmate work assignments. The contention was that many of the best qualified inmates were siphoned off by vocational training, education, and other programs.

The Guidelines survey found that industry now has representation on classification committees or hiring/firing authority (through a job application process) in slightly more than half of the states. Many of the recent changes in the basic structure of the classification process (fostered by National Institute of Corrections' programs in the 1970s) take potential work abilities into consideration; this appears to have had a positive effect on industry assignments.

Another historically problematic area for prison industry is time lost due to frequent interruptions during the workday caused by callouts, lockdowns, and the like. According to the Guidelines study, although slightly more than half of the states reported callouts occurred "seldom" or "never," 21 states reported they were still a problem.

State correctional systems have attempted to check the adverse effects of callouts by not paying inmates for time lost or by offering a modest salary supplement for staying on the job and not accepting callouts. Both approaches have adverse consequences, however. Lockdowns, because they are more infrequent, are less problematic; however, some states now have procedures whereby industry workers are given priority to return to work when lockdowns occur.

Thus, it appears that prison industries have begun to exercise some control over their labor force. Data regarding the most significant measure of such control — featherbedding — demonstrate that states still have a long way to go. Thirty-seven of the 50 states contend they employ more inmates than are needed.[58] This is a negative effect of overcrowding that will probably continue until more industry programs can be initiated.

Production Issues. One of the most important issues facing any industry is the quality of the goods or services it produces.[59] Poor quality control is an area that historically has plagued prison industries. It also gives prospective state-use buyers a rationale for seeking exemption from requirements to purchase prison-made goods.

In the past, quality control often meant simply responding to customer complaints. More recently, a number of states have attempted to improve product quality. Enforcing quality control is now viewed as a management responsibility

that by its nature must be assumed at the plant or shop level. Improved quality control techniques emulate those of the private sector. Some state industries have developed elaborate written checklists to assess the quality of their finished products.[60] A prerequisite to successful marketing and sales, quality control is another area where prison industry is attempting to change its past reputation.

PRISON INDUSTRY WITHIN THE CORRECTIONAL SETTING

The renewed emphasis on industries has rekindled the question: What relationship should prison industry have with the broader corrections agency in which it operates? This key question is the subject of the present study.

The interface between industries and a state department of corrections (DOC) encompasses a broad spectrum of issues. At the operations level this relationship affects classification, transfers, interface with other programs (especially education and vocational education), compensation of non-industry inmates, daily institutional schedules, and, of course, security issues. At the managerial level the DOC-industries relationship may affect the management hierarchy, budget and accounting, hiring of industry personnel, and a host of related areas.

Prison industry's decline in the 1930s relegated it to a lesser role. Industries were expected to operate under the warden and within the individual institution's budget. The operational norm became extensive featherbedding, poor product quality, promotion of unskilled correctional officers to shop foremen, and no real attempt at financial management.

Today, as prison industries resume a role of importance, there has been a shift toward establishing them as semiautonomous businesses reporting directly to a central headquarters authority, in effect bypassing the warden on all non-security issues. Such arrangements have given industries greater flexibility and have increased uniformity among institutions in purchasing, pricing of products, and dealing with customers. Two states (California and Georgia) have created a quasi-independent authority; their prison industries report to a board that is linked to but outside of the DOC.[61]

Industry directors at the central office level in many states have been elevated in status to deputy commissioner or (more often) to a position equal in stature to that of the institutional warden. In nearly 30 states, prison industries directors now attend executive-level DOC staff meetings.[62]

Another managerial concern is whether the hiring of industry personnel will be exempted from state civil service laws.[63]

The effects of prison industry's growing prominence has also been felt at the institutional level. Gerald Farkas,[64] director of Federal Prison Industries, suggests that wardens can no longer afford to let their industrial programs operate in isolation from the rest of the institution. Farkas points out the advantages that accrue when wardens take an active interest in industrial operations. He stresses the integral role industry can play in the overall support of the institution.

Industry's relationship with other institutional areas has varied. Its increased influence on classification decisions was described earlier. Its interrelationships with vocational education programs reflect less change. Moreover, with the exception of certain maximum security facilities, 20 states still do not assign correctional officers to the industry shop areas. It is unclear to what extent this is a change from past practices. While a few programs do exist that can serve as prototypes, they are limited. For the most part, as reported in the Guidelines survey, prison industry's relation with other correctional programs is, at best, neutral, or else one of friendly competition for inmate participants.

This lack of clarity regarding industry's proper role within the spectrum of programs that make up corrections is, of course, nothing new. From its beginnings, the evolution of prison industry has been intertwined with changing notions concerning the complex causes of human behavior and with fluctuations in correctional philosophy. Shifting public attitudes toward corrections in general, and industries in particular, produced restrictions that stunted industry's growth. Yet, for the reasons discussed above, the opportunities for prison industry have never been so great as they are today. Potential conflict between the goals of corrections and the goals of industries can be resolved by specifying the manner in which inmates will be worked. Lessening legal restrictions, support by federal agencies (such as NIC) and key public officials (such as Chief Justice Warren Burger), and the current private sector initiatives in corrections indicate the timeliness of making prison industries a theme for the future in corrections.

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Chapter 2

CONTEMPORARY PRISON INDUSTRY GOALS

by Randall Guynes and Robert C. Grieser

In some respects the goals of modern prison industries carry forward the concepts and ideas of the past history of corrections. Yet, just as the conditions, theories, and expectations of corrections shift over time, the goals for prison industry change — sometimes subtly, sometimes with abruptness.

From the earliest days of the use of incarceration in England, inmates were expected to pay the cost of confinement. Before the concept of prison industries emerged, this assumption was manifest either in some form of inmate labor or in gifts and sustenance provided by family. Payment for one's imprisonment was easily subsumed as a goal of prison industry.

When correctional theorists in the 17th century embraced the ethical value of work to aid in reforming offenders, another goal was created for emerging prison industries. In addition to paying for their own incarceration, inmates could be reformed by the act of laboring.

A third objective for industries emerged from correctional theories associated with penitence: reduce inmate idleness. This goal merged naturally with both the work ethic and the cost reduction objectives.

The rehabilitation theories of the mid-20th century discounted the cost-reduction theme. Rehabilitation was to be paid for by society. A full day of education, counseling, and other treatment programs would eliminate inmate idleness. Industries were able to survive under this correctional philosophy by converting the inherent ethical value of work into rehabilitative terms — preparing inmates through vocational training and work for post-incarceration experiences.

As noted in the previous chapter, the contemporary period for correctional industries began with publication of the 1967 President's Commission Task Force report.[1] The reintegration approach to corrections incorporated in that report contained another shift in prison industry goals. Rehabilitative ideas were extended: provide inmates with real work experience that will prepare them for the outside world. This subtle change had significant financial implications with respect to industries' accounting procedures and payments to inmate workers. The real-world parallel requires prison industry to operate on a financially solid basis using inmate incentives and penalties — similar to those in a free-world venture.

Few states directly paid inmates; even fewer maintained the fiscal structures necessary to evaluate their financial standing. Recognizing this lack of private enterprise skills, many in corrections began to seek private sector involvement as a way to obtain both the knowledge and resources to approach these new goals.[2]

Other events influenced the reemergence of some objectives and the development of new goals in corrections. Crowding and poor conditions of confinement became evident, if not exacerbated, during the past 25 years. The growth of inmate access to the courts resulted in numerous class-action suits concerning prison conditions. While these were seldom directed at prison industries,[3] the solutions ordered by the courts have often influenced goals and expectations for industries. For example, a 1982 case arising from violence and overcrowding in the Tennessee prisons resulted in court orders to reduce inmate idleness (Grubbs v. Bradley, 552 F. Supp. 1052 [1981]. The Tennessee Department of Correction chose to comply with the court's decision by expanding the number of jobs in both institutional support and prison industries.[4]

In a similar vein, prison work, including industries, is being used increasingly to help manage crowding. Court interpretations regarding unconstitutional prison conditions are determined in part by the portion of each day an inmate spends in a cell. Prison industry expansion is one way to reduce in-cell time. Moreover, make-work jobs won't suffice. One court has ruled that employment opportunities must prevent inmate deterioration; therefore, such work must be useful or meaningful (Laaman v. Helgemoe, 437 F. Supp. 269 [1977]).

Soaring prison populations, rampant inflation, and the attendant budgetary pressures of the past decade have brought increased pressures on state correctional systems. Legislatures have looked to prison industries to help reduce the costs of incarceration. Concurrently, legislative pressures for financial accountability have also increased; often prison industries are required to be at least self-sustaining, if not profit-making. Related to the issues of government financing, pay for prison industry work is seen as an opportunity for inmates to provide support for their dependents, thereby reducing cost burdens on the state.

Finally, public frustration over the apparent increases in crime has led to a disenchantment with the rehabilitation theory. Frequent misinterpretation of court decisions has created a "Hilton Inn" syndrome in which inmate living conditions are perceived as being better than those enjoyed by the majority of free-world Americans. In the popular media there is a return to the theme of having prisons serve a punishment — not rehabilitation — role. Also, there is increasing pressure for offenders to bear at least some of the costs that their crimes imposed on the victim. All these elements conjoin to suggest that work should be the dominant activity of prisoners, and that the fruits of that labor should be used in some way to reimburse the costs of crime to society.

Industry's modern goals are perhaps best represented in Chief Justice Warren Burger's theme: "Factories with Fences."[5] His underlying idea is the prison as a self-sustaining microcosm of the free world. This combines a reintegration approach with the explicit addition of holding inmates responsible for both their dependents and the victims of crime. Such goals imply adequate inmate pay. Consequently, the pressure increases to develop more private sector relationships, which, in turn, are expected to produce necessary capital without unduly burdening taxpayers.

It is by no means clear that all the goals targeted for prison industries can be met simultaneously. Certainly they cannot all be maximized at once. Choices must be made — by allocating goals among prison industry and other programs, rejecting some goals as inapplicable, or by selecting a sequential, optimizing strategy for goal implementation. Choosing among these alternatives requires more precise specification of industries' objectives.

A TYPOLOGY OF GOALS

The goals of prison industries that have emerged in the current era may be classified under three categories: offender-based goals; institution-oriented goals; and societal goals (see Table 2):

- Offender-based goals stress the value of industry work for the individual offender. These goals focus on elements of rehabilitation or preparation for reintegration into society.

- Institutional goals generally stress the contribution prison industry makes toward maintaining an incarcerated population. A central issue here is the degree to which industries can assist in reducing idleness and sustaining institutional order.

- Societal goals center around an offender's responsibility to repay society for the costs generated by criminal activity.

These sets of goals are not mutually exclusive. An offender-based goal may also have either direct or indirect implications for the institution. Similarly, institutional goals may support societal goals. On the other hand, some goals may be incompatible — either among themselves or with other correctional objectives. A continuing challenge to industries is how to meet the varied goals assigned.

Table 2

Goals of Prison Industries

Offender-Based	Institution-Oriented	Societal
Good work habits	Reducing idleness	Repayment to society
Real work experience	Structuring daily activities	Dependent support
Vocational training	Reducing the net cost of corrections	Victim restitution
Life management experience		
Gate money		

Offender-Based Goals

Over the years a number of specific offender-based goals have been proposed for prison industries. These vary according to the correctional theories and philosophies of the times:

1. To learn how to work (i.e., develop good work habits);
2. To learn how to work in a free-world environment (e.g., apply for work, punch a time clock, be supervised by non-sworn staff);
3. To learn a trade or vocation for post-incarceration employment;
4. To provide gate money (to assist adjustment in the free world); and
5. To learn to manage wages (e.g., pay for room and board, pay for personal needs, save money).

These specific goals, which are often collapsed into a single set under the rubric of the reintegration model,[6] are seldom seen in a single state's industry. Even if they are specified in a formal statement, the organizational design and techniques necessary for their implementation are rarely found in any specific industrial program. Indeed, the resources necessary for their implementation are often explicitly rejected by state legislatures.

Good Work Habits. Based in part on the observation that many offenders have never been successful at securing or holding jobs in the free world, this goal rests on the belief that obtaining effective employment after incarceration is largely a function of learning the habit of working. Consequently, the goal of developing good work habits may well outweigh other goals related to specific skills training.

Real Work Experience. This goal goes one step beyond the goal of developing good work habits. The free-world environment requires additional elements besides the habit of working. One must apply for jobs and survive an interview with a hiring authority; one must arrive on time for work. One is supervised by free-world personnel and is held accountable for both the quality and quantity of production. The goal of successfully coping with real work expectations implies the simulation of a free-world work environment in prison industry.

Vocational Training. The vocational training goal of industries emerged sharply during the historical period described in Chapter 1 as a time of stagnation. Consistent with the "medical model," this goal holds that prison industry provides vocational training for post-incarceration employment.[7] This goal is served fairly well by programs centering on apprentice-like training in plumbing, refrigeration, and other high-skill areas. Such industries are limited by their very nature to a fairly small number of inmates. Hence, they are often based in the education or institutional support areas rather than in prison industries. Nevertheless, legislation in 35 states refers to vocational training or work experience as the purpose or goal of industries.[8]

Life Management Experience. A step beyond offering training and a real work environment is the goal of providing life management experience for inmates. This is accomplished by providing wages for the inmate's work and requiring the individual to manage those wages for room, board, and/or other essentials of life maintenance. Underlying this goal is the assumption that many offenders have never been responsible for providing life's basics by legitimate means. This approach is also viewed as minimizing inmates' loss of skills during lengthy periods of incarceration. Without sharply distinguishing among the separate issues of work habits, real work environment, and life management, legislation in 20 states establishes reintegration as a goal for prison industries.[9]

Gate Money. Providing a means to save funds for the transition from incarceration to the free world is, in a sense, a fairly simple goal. It rests on the reasonable argument that a released offender (particularly a long-timer) will have some trouble finding immediate employment. There has been some increased interest in this goal as industries observers have noted a lower recidivism rate for ex-offenders who leave with gate money.[10]

All of these goals fit within a single theme of "reintegration," "rehabilitation," or even "correction." While some members of the public would view these objectives as desirable, there are others who reject them. They argue that punishment should be the prime objective of inmate work — in prison industry or elsewhere in the correctional setting. The difficulty of finding comprehensive models for prison industries is often the result of similar incompatibilities among various audiences as well as among the goals themselves.

Institution-Oriented Goals

Prison industries serve three general institutional objectives: (1) reducing inmate idleness, which helps the facility by decreasing the likelihood of violence among inmates; (2) structuring a work schedule, which helps maintain general order within the institution; and (3) reducing cost burdens on the correctional system.

Reducing Idleness. As Chapter 1 indicated, reducing idleness has been one of the long-standing objectives of work in general and of correctional industries in particular. In recent years, nationwide crowding in prisons has focused more attention on this goal. Crowding is manifest in double and triple celling — often in space barely adequate for a single offender. Idleness in this context produces significant managerial and security problems for the institution. By getting inmates out of their cells and giving them a meaningful daily activity, prison industries offer one way to reduce these tensions.

Structuring Daily Activities. As in any complex organization, all activities in a prison are interconnected. The structuring of time necessary for the efficient functioning of industries, means that the living experiences of all inmates in the facility become more orderly. This produces managerial and supervisory benefits for the correctional staff. Currently, 12 states include this goal explicitly in their legislation related to prison industries.[11]

Reducing Net Costs. The major consumers of prison industry products over the years have been the correctional institutions themselves. A variety of commodities ranging from soap to furniture can be provided for the system's facilities at reduced costs. In addition to these product savings, correctional institutions may experience net cost reductions from reduced expenses for alternative programming. To the degree that the institution is responsible for providing some type of daily activity, industries serve as one of those. Any return received from the sale of industrial products and services will reduce net costs even when the industry program operates at a loss. The cost reduction goal is often translated into a requirement that industries operate at a profit; however, this goal can also be met even when a profit is not realized. Legislation in 25 states lists cost reduction as a goal of industries. In addition, 18 states provide that inmate wages be used to reduce the costs of confinement.

Societal Goals

Society's goals are generally based on the idea that offenders are responsible for the costs their actions impose on the community. Perhaps the most long-standing goal of this type is that offenders defray some of the expense of incarceration by working to produce goods or services for the state. As society has assumed the role of providing basic social welfare, another goal has emerged, that of inmates helping to meet their family responsibilities. Finally, in more recent years, victim restitution has been added to the list of societal goals.

Repayment to Society. Somewhat distinct from the goal of directly reducing the cost of incarceration, this goals centers around providing goods and services to other governmental units or meeting other societal needs. Historically, most work of this type has been typified by inmate gangs working on highways, parks, and other public/government areas. Because these activities are seldom integrated into prison industries, this general goal is met by industry in only a few states. Recently some states have begun to assess court costs from convicted offenders. Payment in such cases is likely to depend on industries programs that include financial compensation. The statutes of 25 states establish such benefits to the state as a goal for prison industry.

Dependent Support. For states that provide wages for inmates in industry, a general goal is to enable an inmate to send money to outside dependents and thereby reduce the burden on social welfare programs. This goal is based on the assumption that many offenders are from homes that are economically marginal. Even if they are not already on welfare rolls, family members may be more likely to become recipients due to the lost earning power of the inmate. Legislation in 23 states provides for deductions from inmate pay for dependent support.

Victim Restitution. Recently, victim restitution has been added to the goals that prison industries can serve. In states providing financial compensation to inmates, restitution payments are often deducted from offenders' industries earnings. The laws of 11 states authorize restitution deductions from inmate pay.

GOAL CONFLICT

It takes little reflection to note that achieving a variety of objectives can result in apparently unresolvable conflicts. All the goals assigned to prison industries cannot be attained simultaneously. Whatever goals are set for corrections in general or prison industries specifically, state legislatures and departments of corrections will be required to make some choices. Either they will select among the goals to be served by industries or they will choose to optimize differentially among the list of objectives.

Offender-Based Goals vs. Institution-Oriented Goals

Vocational training consumes both raw materials and staff instructional time. When these costs are imposed upon industries, the institutional cost reduction goals are endangered.

The development of good work habits in a real world environment requires production with a minimum of "featherbedding." In a correctional environment, this is contradictory to the need to maximize the number of inmates on the work force (i.e., reduce idleness).

In order to maximize inmates' capacity to learn to manage their pay, adequate salaries must be provided. While this goal is compatible with the institutional goal of cost reduction (to the degree that the offender is then responsible for room and board and commissary needs), the associated managerial expense may well increase product costs rather than reduce them. Certainly, the increased salary required to provide gate money runs counter to reducing the state's incarceration expenses.

Institution-Oriented vs. Societal Goals

Just as institution-oriented and offender-based goals may conflict, so may institutional and societal ones. Both victim restitution and dependent assistance increase industry's expenses — they require adequate inmate compensation. These increase costs, reducing the likelihood that goods and services can be provided to the state and the community at a less costly level than production by the private sector.

GOAL OPTIMIZATION

While goal conflict is likely when a correctional agency attempts to maximize more than one goal, multiple goals can be optimized if not maximized. For example, achieving the greatest cost reduction may be incompatible with attaining the largest reduction in inmate idleness. However, both goals can be approached if maximization is not insisted on; i.e., reduced but not rock-bottom costs can coexist with a little "featherbedding" (reducing the idleness level). In selecting the goals to be accomplished by prison industry, legislatures and departments of corrections should be aware of the difference between profit-making and cost reduction. Second, they must be careful to distinguish between maximization and optimization.

The general approach to examining profit-making in industries is based on comparing the costs of operating a given industry with the revenue generated by it. The level of sophistication and comprehensiveness in calculating these costs varies across the states. A true calculation would include the expense of supervisory personnel (including the share of correctional officer costs associated with managing the industry), facility space, equipment, inmate labor, raw materials, and the share of administrative expenses relating to the industry.

Whether an industry is profitable or not, a full calculation of the costs and revenues does not directly address the issue of cost reduction. That requires an analysis of expenses that would accrue in the absence of the industry. If the correctional system requires some inmate activity during the normal day, the costs of those programs would be incurred anyway.

As an example, suppose the net loss (from an industry-specific point of view) is $2.00 per day per inmate. If the alternative activity costs more than $2.00 per day per inmate, there is an overall cost reduction without any industry profit. The issue may be seen in sharper focus when the inmate pays room and board from industry wages. Any loss to industries less than the cost of room and board would represent a cost reduction to the institution.

The scope of the goals optimized also affects attainment. Net expenses may be evaluated at the facility level, at the department level, at the state government level, or from the point of view of society at large. The point is made best by looking at the extreme. Providing inmates with wages adequate to allow restitution payments, support for dependents, and gate money may raise the cost of industry products so that (compared with the private sector) no substantial reductions in expenses are evident. If savings do result, they may appear at the most general level of government and society.

Choices must be made about which goals will be pursued, the level of fulfillment required, and the arena within which goal attainment will be considered. But the problem of potential inconsistency among industry objectives does not exhaust the issue of goal assignment. Prison industry operates with constraints beyond those arising from its own assigned objectives.

PRISON INDUSTRY CONSTRAINTS

Prison industry operates within constraints imposed by the larger correctional environment. These constraints are of two general types. The first is associated with inmate workers as individuals; the second, with the correctional environment.

Inmates respond to the same behavioral considerations that concern management in any work setting — correctional or private. But these employees differ from free-world workers in that they are incarcerated, along with the various reasons and conditions that led to their imprisonment. Constraints also derive from the prison environment. Inmates have been deprived of their freedom by due process of law. Ensuring appropriate security — both internally and vis a vis society — adds operational restrictions not found in the free world.

The Inmate as a Constraint

Achieving industrial goals requires accommodating the skill limitations and lack of motivation of the vast majority of inmates. The level of educational accomplishment and skill development among inmates is notoriously low. While every prison system has inmates with various levels of achievement, the overall norm will be below average. This fact has major consequences for goal attainment strategies. Additionally, a large number of inmates may have little or no motivation to work, yet motivated workers are critical to a successful industrial operation.

Accomplishing industry's objectives therefore often requires significant inmate training in order to provide adequate numbers of inmateworkers (regardless of the degree to which vocational training or skill development is included in the goals statement). Similarly, many inmates have little or no experience at holding a job. Some training in how to work may be necessary in order to change offenders into passable employees; to paraphrase former Georgia Governor Maddox, "What industries need is a better class of inmates." In lieu of finding better inmates, identifying appropriate industry goals must include procedures for remedying these limitations.

A corollary problem was noted by one shop foreman (in the Tennessee system) who saw inmate work fall off sharply when no supervisor was present. The foreman was not suggesting that inmate workers were irresponsible or did not want to work. Rather, he argued that inmates do not have the habit of working without supervision; nor are there clear perceptions of any relation between their continued productivity and their long-term personal gain.

Motivation for work is no less significant in correctional industries than in the private sector. If anything, the problem of motivation is greater in prison. For inmates, the value of work is directly related to immediate rewards; delayed returns are less effective motivators.

The Correctional Environment as a Constraint

In postulating goals for prison industry, it is often easy to forget the correctional environment in which they are to be accomplished. Problems arise between security considerations and production requirements (e.g., the need for the count to clear vs. the need for workers to be at work on time). Conflicts develop between normal corrections operations and industry needs (e.g., competition between industry and institution maintenance for workers).

Security issues range from questions concerning tool control to lockdowns. In one state, initiation of a central tool control unit resulted in a loss of from 1 1/2 to 2 hours a day in production time. Lockdowns can mean the loss of a half to a full day or more of productivity. Controlling disruptive or dangerous inmates requires the presence of correctional officers for security, while industry production goals require the presence of free-world industrial supervisors. Yet budgetary constraints usually preclude the provision of both types of staffing in industries.

Callouts and counts, both normal correctional operations, create significant problems for production timetables. Mealtimes for inmates do not fit easily into workday schedules for the free-world staff; these impose further constraints on daily production quotas. Prison industries often find it difficult to arrange for an 8-hour workday in a correctional setting. All of these considerations affect industry's capacity to meet the production levels necessary to attain assigned goals.

Competition for workers often exists between prison industries and institution-support managers. The better skilled or more motivated inmates are always in greater demand; many institutions use inmate labor for meeting basic facility needs (such as kitchen work or facility maintenance). Moreover, inmate incentives, especially good-time allowances, may vary among jobs; this heightens competition and contributes to internal institutional conflict.

ACHIEVING PRISON INDUSTRY GOALS

While prison industry holds great hope for meeting correctional goals, there is a high potential for conflict between different sets of objectives. This chapter suggests that industries' goals need not be incompatible if their attainment is seen as an optimizing rather than simply maximizing function.

The next chapter explores how states have resolved these conflicts in their prison industry programs. The elements presented represent necessary components for successful programs. The combination of elements each state uses to develop its total industrial program hinges on which goals are selected to be pursued.

Notes

1. President's Commission on Law Enforcement and the Administration of Justice, Task Force Report: Corrections (Washington, DC: U.S. Government Printing Office, 1967).

2. G. Funke, B. Wayson, and N. Miller, Assets and Liabilities of Correctional Industries (Lexington, MA: Lexington Books, 1982), p. 8.

3. The court has ruled that there is no constitutional right to work or to programs; see McGray v. Sullivan, 509 F. 2d 1332 (5 Cir. 1975) and Hoptowit v. Ray 682 F. 2d 1237 (9 Cir. 1982).

4. Tennessee Department of Correction, Correction Plan for the 80's (Nashville, TN: Tennessee Department of Correction, 1983) p. iii.

5. Chief Justice Burger's several speeches on "Factories with Fences" were the basis for the 1984 Wingspread Conference on Prison Industries.

6. Funke et al., Assets and Liabilities of Correctional Industries.

7. J. Schaller and G.E. Sexton, Creating Free Venture Prison Industries: Program Considerations, Vol. 1 of A Guide to Effective Prison Industries (Philadelphia, PA: The American Foundation, 1979), p. 3.

8. R. Grieser, N. Miller, and G. Funke, Guidelines for Prison Industries (Washington, DC: National Institute of Corrections, 1984), pp. 57-60.

9. Discussions between Robert Grieser and Randall Guynes of the Institute for Economic and Policy Studies and Frank Beetham, retired director of prison industries, Michigan Department of Corrections, January 18, 1985.

10. Grieser et al., Guidelines for Prison Industries.

11. Ibid.

Chapter 3

EXEMPLARY COMPONENTS OF PRISON INDUSTRY OPERATIONS

by Neal Miller and Robert C. Grieser

The issues facing prison industry programs are rarely unique. A recent field study in five states[1] and a 50-state prison industries survey (Guidelines for Prison Industries[2]) confirmed this commonality of problems.

Prison industry directors have been aware for many years that they can benefit from the experience of other states. Hence, the need for a systematic exploration of "what works" in prison industries even though one state's successful approach is likely to need modification before it can be used in another setting, due to each jurisdiction's unique circumstances.

The specific examples reported below are based in large part on the information provided by industry directors. Additional information was derived from on-site visits, participation in NIC training sessions, continuing discussions with directors of industry at various conferences, and direct telephone inquiries.

Prison industry problems run the gamut of industrial concerns. Exacerbating these common issues are the unique constraints created by operating within a correctional environment and under the special restrictions imposed by state and national legislation. This chapter examines those areas most critical to the effective operation of industries.

The following descriptions of exemplary elements may run counter to statutes or even the constitution of a given state. However, this makes them no less effective. Perhaps legislators will find these approaches worthy enough to warrant consideration by their corrections and prison industry professionals.

The examples and references come from more than two-thirds of the states. All are taken from existing state operations. In addition, alternatives are mentioned and clarifying discussions offered where deemed appropriate.

The first group of elements discussed falls into four areas concerned with basic organizational issues:

1. Structure
2. Personnel
3. Financial management, and
4. Marketing and pricing.

A second cluster of problems centers around production issues. These include:

1. Production and safety

2. Inmate work force selection/supervision, and
3. Inmate compensation and other incentives.

The third set of issues focuses on problems and opportunities unique to prison industries:

1. Private sector, involvement, and
2. Relationship with other correctional programs.

While much effort has been put into verifying the data presented, several caveats are in order. First, prison industry legislation and practices are in great flux. By the time these materials are published, some practices may have changed. Second, these exemplary elements do not necessarily exhaust those available. The absence in this document of a given state's component does not mean it is unworthy of consideration by other jurisdictions.

ORGANIZATION

Structure

Organizational structure provides the setting for effective management. Historically, industrial operations were not differentiated from other correctional activities under the purview of the institutional warden/superintendent. The function of industries was to reduce both inmate idleness and correctional costs.[3]

Today the demands on prison industries are much more varied. The number of inmates has reached record levels. A directive to reduce idleness results in implicit pressures toward featherbedding. At the same time, corrections' increased costs create a demand for greater economic returns from industries. Expectations have expanded to include profit-making and, in some cases, salaries sufficient to enable inmates to make restitution payments to victims.

Prison industries exist within a correctional environment that appropriately places maximum emphasis on institutional security. Traditional methods for ensuring security may conflict with industry proposals for solving organizational problems. A further difficulty arises when state laws, by disregarding differences between an industrial operation and the service role of most government agencies, limit industries' managerial discretion.

Illinois manages these problems through a central prison industries division within the state department of corrections (DOC). The head of the division has responsibility for all aspects of the industry program: operations, marketing, and financial management. All industry personnel report to this division head, whose status within the DOC is equal to an institutional chief executive officer (CEO).

California illustrates a more drastic alternative — an independent industries organization. This corporation-like structure for prison industry is separate from the state correctional agency. The director of corrections chairs the board of directors of the Prison Industry Authority. A consequence of such public corporation status may be the non-applicability of many state laws, such as those regulating purchasing or personnel. However, in California the law established industries' staff under the state personnel laws.

New Mexico represents a compromise between an independent organization and a DOC division organization. The state has a prison industries' policy board that is separate from the DOC. The board has enumerated entitlements relating to policy decisions; it has authority without any direct management powers. The operation of industry programs is entrusted to a separate division within the DOC.

Other Alternatives. A variation on the Illinois approach is found in several smaller states that have only one or two facilities with industries and no sizable central office. Under those circumstances, an arrangement similar to Illinois' can be established at the institutional level — the industry department head reports directly to the chief executive officer. This organizational structure is also found where the correctional agency is decentralized or where the agency permits greater leeway to facility wardens. The institution-based industry manager can coordinate shop operations, which helps ensure maximum cooperation between factories and the security/program staff. One further variation involves the use of an advisory board; the utility of such boards varies significantly from state to state, depending on both the constituencies and technical expertise represented on the board.

Personnel

With the formal organization established, personnel becomes the next issue to be addressed. Prison industrial shops often require the expertise of free-world managers/supervisors in order to meet production and financial demands. There are two problematic areas: staff recruitment and personnel management.

Recruitment of Staff. Organizations must be able to recruit and hire qualified managerial and production staff who are also capable of working within a correctional setting. In the past, prison industry experienced problems with personnel who were not trained in industrial management and production. This was a consequence of the historical situation in which prison industry was a small in-house operation whose employees came up through the correctional ranks.

Since those early days, industries in many states have grown into sizable operations with fixed production schedules. As a result, staff requirements have changed. The modern prison industry program relies on skilled industrial personnel, frequently recruiting them from the private sector.

But even though private industry offers a pool of trained industrial personnel, each individual's ability to work in a correctional environment is still an issue. When more management and operations staff members are recruited from outside corrections, greater reliance must be placed on orientation and in-service training programs. Dealing effectively with an inmate work force must still be taught.

Correctional industries' unique personnel needs can be met through several different approaches. One approach that appears to be working particularly well is that used by North Carolina.

North Carolina's prison industry staff members are hired primarily for their technical skills. About half of the civilian work force (more than 170) was recruited directly from the private sector. The other half consists of members of the correctional work force who had relevant private industry experience. Typically, industry personnel are hired as assistant shop foremen. While learning about the unique demands of prison industry shops, they supervise inmate workers.

Promotion to shop foreman and then to central office positions is the de facto career line for those interested and able. Few personnel are placed directly in supervisory positions through lateral-entry recruitment. One result of this strategy is a relatively low turnover rate among industries' civilian staff.

Other Alternatives. Emphasizing technical skills in recruiting personnel means hiring staff members with less correctional experience. Hence, many states require that new industry recruits receive correctional training. This may be pre-service correctional officer training (e.g., North Carolina, Michigan) or simply instruction in the supervision of inmates (e.g., Illinois, Kentucky). Continuing technical skill education is also needed to ensure that staff remain conversant with current private sector methods. Illinois' industry personnel attend trade shows, receive instruction from equipment vendors, and take federal government courses from the Department of Agriculture and the Occupational Safety and Health Administration (OSHA). Attendance at relevant training is considered in decision-making concerning promotions or salary increases.

Personnel Management. As prison industry programs grow, two management issues develop: the need for staff specialization and the need to ensure continued communication among all personnel, both line staff and central office staff.

Illinois' central office for prison industries, under its own superintendent, consists of a production manager (who supervises and coordinates shop operations); a farm manager; a marketing manager; a fiscal officer; and a planning manager (who is also responsible for health/safety standards and development of an automated management information system). Formal communication, via reports between the central office and the plants, is augmented by regular staff visits: The industry superintendent visits each major operation once a month, and shops are visited by the production manager or farm manager at least monthly. Other staff members also have periodic contact with the shops (e.g., the budget officer's annual review). The intent of this type of interaction, as well as ad hoc telephone calls and similar techniques, is to instill a sense of the central office as a source of assistance rather than as merely the originator of demands.

North Carolina Enterprises' central office is unique. Its administrative staff members have coordination and management functions similar to those of the Illinois' central office for prison industries. In addition, however, they also have direct line responsibilities for plant operations. For example, the marketing head is also responsible for the operation of the seven laundries run by prison industries. Plant managers of the industries' shops report directly to the central office staff. One significant feature of this arrangement is that central office personnel spend a considerable portion of their time on, and become knowledgeable about, institution-level activities.

Other Alternatives. The organizational structure in centralized industry offices is highly dependent on the size of the system. California, with the largest prison industries program, has a somewhat different approach. Its director of industries has two assistants, one for operations and the other for administration and sales/marketing. The operations assistant is responsible for both shop activities and the production services branch, which encompasses new products or industries development, engineering, the central farm advisor, and procurement. The administration assistant's areas of responsibility include personnel, the comptroller's office, and miscellaneous duties such as space management and photocopying.

Financial Management

As greater importance has been accorded prison industry's role in the overall corrections program increased attention has been given to improving financial management. In part, this is in response to the requirement that industries determine their actual production costs. It is also in part a response to requests that industries demonstrate their effectiveness in terms of being self-supporting or profit-making.

Historically, industry programs have been plagued by major financial problems: cash flow shortages, pricing that did not cover the cost of raw materials, inability to account for operating costs, and purchasing restrictions that prevented acquiring necessary materials and equipment. To remedy these problems, states have established several successful financial management tools, including: (1) revolving funds; (2) special purchasing authority; (3) cost accounting; and (4) computerized financial systems.

Revolving Fund. The establishment of a revolving fund can provide prison industry administrators with the flexibility necessary to manage operating expenses and make capital equipment purchases as needed.

Minnesota's revolving fund, for example, provides flexibility in expenditures because the fund is not limited by any legislatively authorized budget. Availability of funds is the only limitation when industries need to purchase raw materials to meet new orders. Money in the fund earns interest in a state account and no upper limit is imposed on the amount that can accrue. Michigan's revolving fund has similar features. Idaho and New Jersey use their revolving funds to purchase equipment on a cash-available basis.

Purchasing Authority. In the past, industries frequently had to turn down potential work orders due to their inability to procure the needed raw materials quickly enough to meet the purchaser's deadline. The capacity to obtain raw materials rapidly and cheaply can mean the difference between a profitable industry and one that is not.

The approach followed by California's and Georgia's prison industries (both quasi-independent organizations) exempts them from general state purchasing laws, giving them the purchasing flexibility needed. This immunity was created as part of the organizational authority established by statute. A variation more useful to states with a traditional organizational structure is that used by Florida and New Mexico, where prison industries have discretionary authority to purchase raw materials up to a specific dollar limit (typically about $2,000).

Cost Accounting. A cost accounting system identifies and tracks direct and indirect expenses related to production. It also establishes a basis for pricing goods and services consistent with the production costs. Moreover, cost accounting enables management to identify profitable, marginal, and unprofitable plants.

Illinois has had an inmate-run cost accounting system in place for several years. The system is designed to produce product-specific cost determinations that take into account labor, raw materials, shop overhead, central office overhead allocations, and a profit assignment. Where expenses cannot be assigned to specific products, a job-cost system is used.

Computerized Financial Accounting System. Automated financial accounting systems provide current fiscal data and accounting, budgeting, and bookkeeping reports. They also detail cash flow, compare actual and budgeted performance, record accounts receivable, and produce inventory reports. Cash flow and inventory problems are better managed through timely data reporting.

South Carolina has computerized both its fiscal accounting system and its sales history information. Cost accounting and inventory will be added to the system in the near future. A Wang VS-25 mainframe computer currently serves PC computers in the central office and soon will serve PCs in the shops. The system uses a software package, purchased from a national firm, that has been adapted to the needs of industries.

Other Alternatives. Maryland has a computerized cost accounting system that yields benefits similar to those of the Illinois cost accounting system. In addition, Maryland has nearly completed a financial accounting system that will facilitate industries' ability to generate necessary financial reports on a regular basis, to plan, and to monitor accounts receivable and conduct periodic audits. The use of computerized systems encompassing financial management and cost accounting holds great hope for more effective resolution of such problems as cash flow and pricing. Coupled with a revolving fund, these financial developments offer a large range of positive approaches to industries' management.

Marketing and Pricing

Marketing per se is a relatively new function for prison industries. Traditionally, little marketing was done because the correctional system itself was the primary customer. Moreover, not only were prison industries in a status quo market; they developed a reputation for poor-quality goods. State purchase, in many cases, was based solely on the ability to secure a cheap price; quality was not a concern.

Renewed emphasis on prison industries and the necessity for increasing the number of inmate jobs (to cope with idleness produced by overcrowding) have resulted in the need to develop new markets. Four key elements are critical. The relative newness of industries' efforts in this area requires (1) motivated marketing representatives and (2) a marketing strategy. Prison industries' reputation for poor-quality products demands greater attention to (3) customer relations. Finally, industries' traditional lack of concern for cost has highlighted problems in (4) product pricing.

Motivating Marketing Representatives. The motivation of prison industries' marketing representatives will require significant modification of traditional civil service procedures in order to emulate successful private sector practices. Perhaps the most important element of motivation is rewarding sales agents for success, i.e., providing incentives (sales commissions) similar to those in private businesses.

Maryland's prison industries use contract representatives to market their products to state and local government customers. A single contractor supplies five sales agents who are under the direction of a full-time marketing manager. Selection of the contractor is through competitive bidding. Mississippi also uses independent contractors and in addition provides sales commissions (15 percent).

Iowa law authorizes prison industries to establish a bonus system for outstanding performance by their sales representatives. This sales bonus approach will be implemented following completion of a study to determine what behavior should be rewarded (e.g., new customers, sales increases) within an equity model that acknowledges differing levels of existing customer penetration in different product territories.

Other Alternatives. The independent industries' organization approach (discussed above) may permit payment of sales bonuses or commissions. This depends on specific state legislative provisions, some of which require that the independent authority follow state merit system principles.

Marketing Strategy. A "strategy" implies abandoning passive marketing and more aggressively seeking potential customers. This approach calls for setting a sales goal based on analyses of past performance as well as for ongoing comparisons between targets and achievements.

The California Prison Industry Authority establishes both yearly sales projections and 5-year market forecasts. Both are used to guide industries' policymakers in the decision/action process by highlighting areas where industries can increase their market share. The projections and forecasts also indicate where the barriers to increased sales are, and where remedial steps can be taken to reduce those barriers. A key element of this scheme is the use of monitoring tools to check on how well the Authority is meeting its sales goals. These tools include field reports on sales activity, bid questionnaires given to customers who awarded a contract to a competitor, and complaint review reports to evaluate responsiveness.

Maryland's product management data system provides historical, current, and projected sales information. Use of this data base permits analysis by geographic area or customer type. These analyses are used to focus sales efforts on the most profitable areas.

New techniques may also be part of a marketing strategy. Illinois and North Carolina have implemented telemarketing sales contracts. An agent telephones potential customers to inquire about their interest in industries' products. If there is any positive response, a sales representative will then schedule a personal visit with the customer. Wisconsin has had 5 years ad hoc experience with telemarketing; a formal full-time program is just now beginning.

Oklahoma displays prison industries' products in the state capitol building, providing constant publicity for the program and its wares. Maryland's showroom for industries' products is in the same building that houses the state purchasing agency. Maryland also uses a 50-foot traveling van to demonstrate its merchandise. Ohio and New Jersey have regional showrooms for displaying their products to government and local customers.

Other Alternatives. While advertising and promotional activities provide constant reminders of prison industry goods, a catalog serves as the customer's point of reference for comparing merchandise with that of private competitors. Michigan's prison industries have had a three-ring binder catalog for many years. North Carolina Enterprises has developed sales brochures on product lines for each of its industrial shops. Some brochures merely list prices (e.g., the meat processing plant), while others include detailed drawings or pictures of the items offered (e.g., the metal shop). North Carolina Enterprises also produces souvenir

goods like those private companies provide their customers; these include drink coasters and calendars.

Customer Relations. "Customer relations" refers to industry's efforts to develop a unique identity among its clients. This image includes such components as satisfactory products, timely delivery, and courteous service. A major method for improving customer relations is overcoming any past reputation for poor-quality products.

Corporate Image. A new corporate name for prison industries can represent to customers an intent to break with the past and any image of poor product quality. North Dakota has adopted the name Rough Rider Industries; Arizona is now known as ARCOR Enterprises; Oklahoma uses the term Oklahoma State Industries; Maryland selected State Use Industries as its industries' name. These new corporate names are placed on packages, labels, correspondence, and any other identifying materials, thereby demonstrating a commitment to modern industrial approaches.

Reinforcing this new image are consumer information efforts. Maryland produces a brochure on paint selection and application techniques. Mississippi issues a sales catalog that details first-aid procedures to be used if its janitorial products are accidentally ingested.

Customer Satisfaction. Numerous authors suggest that the most successful private companies emphasize customer satisfaction.[4] Moreover, the efforts of all their employees are directed toward this goal. The same principle is applicable to prison industries.

In North Carolina, an orientation toward customer satisfaction pervades the entire organization. Central office managers make regular visits to their counterparts in the state agencies that purchase prison industry products. Civilian truck delivery staff act as quasi-sales agents, returning with leads and consumer complaints they were unable to handle on the spot. Shop production managers provide a third layer of customer contact where special job specifications are required.

A critical element of the North Carolina consumer orientation is providing unique services. For example, the state department of transportation (DOT) purchases highway traffic paint from industries even though the paint is priced higher than some available alternatives. However, the DOT realizes a net cost savings because of free delivery to multiple work sites on an as-needed basis. This results in little paint wastage due to excessive storage time; it also reduces complaints about poor product quality. While North Carolina Enterprises tries to reduce prices on its products significantly (up to 20 percent less than private sector prices), this cannot be accomplished on all products. Hence, services like those provided the North Carolina DOT became major selling points.

Maryland has a service manager who is the initial point of contact between the industries and their customers on most matters, especially consumer complaints. This customer relations manager reports to industries' marketing and sales director. California uses a network of local private repair offices to better serve customers.

Pricing. Pricing is often thought to reflect a major advantage for prison industries because industries use cheap inmate labor. The reality is that in many states, inmate labor costs are rising. In other jurisdictions, inadequate incentives for inmates result in wasted raw materials. Further, the labor-intensive technology used by prison industries may be unable to compete economically with mass-production technology in the private sector. An adequate cost accounting system (as discussed above) can protect industry from pricing its goods below true costs.

Adequate pricing requires more than determining the cost of production before an appropriate profit level can be established. Information is needed about competitive prices quoted by private sector vendors.

The state purchasing agency in Maryland provides prison industries with pricing information based on responses to the latest requests for quotations. Alabama, Texas, and Oklahoma conduct periodic market surveys to compare private sector prices to their own. South Carolina uses several techniques, including checking state contract bids and reviewing prices in the commercial catalogs of state suppliers.

In Illinois a pricing committee determines product prices based on cost plus a 10-percent profit goal. The committee consists of the sales manager, the cost accountant, the financial officer, and the production manager. Prices are reviewed quarterly except where sales force reports indicate a need for more frequent price changes.

Other Alternatives. A final pricing issue is the emulation of private sector practices to gain customer attention, such as volume discounts or periodic sales. South Carolina, New Mexico, and Wisconsin offer volume discounts to their customers. Nebraska Correctional Industries offers a monthly "featured item," which has a reduced price for orders received during the month; this promotion is used primarily to move stale inventory. Product "tie-ins," such as free sheets with a mattress order, may be used rather than reduced prices.

PRODUCTION

Key production issues are, first, the traditional management concerns about planning, scheduling, and product quality; and second, the problem of compliance with governmental regulations regarding environmental protection and safety and health in the workplace. Additionally, there are issues involving inmate compensation.

Planning

Planning for production refers to meeting a fixed or predefined schedule so as to respond to customer orders in a timely fashion. Historically, production demands on prison industry were minimal or nonexistent, because work was assigned only when a consumer ordered a product. Industries' recent shift to a more business-like orientation has been accompanied by plans to produce for inventory so that orders can be filled promptly. One difficulty encountered has been a lack of available warehouse space to maintain sufficient inventory. This problem has been exacerbated by the pressures of prison overcrowding.

A number of states (e.g., Maryland and Illinois) have managed to retain adequate space to store inventory items. They therefore experience the advantages of quick delivery and customer satisfaction. For such an approach to be successful, industry planners need to anticipate market demands, to have good relations with state purchasing offices, and to obtain advance copies of the annual purchasing plan. (Also see marketing discussion, above.)

Scheduling of Production. As industries assume an increasing share of the state-use market, production scheduling takes on greater significance. However, the private sector's mass production approach is often inappropriate for prison industry, with its multiple product lines and significantly smaller market. Consequently, new management tools are needed to deal with the complexity of establishing schedules and monitoring compliance.

In Maryland a computerized product management system is used for scheduling. The system produces an annual sales forecast by product line and compares this with pending orders, inventories, raw material availability, and delivery schedules. Scheduling in South Carolina is based on major customer forecasts developed by the sales staff.

Illinois' customer orders are received at the central office and copies are sent to the shops. Production scheduling is done at the factory level unless there is a central office priority. When the order is received at the shop, a customer receipt with a proposed delivery date is prepared. Unless the customer objects, that is the production goal. Each plant generates a weekly production report that details scheduled units of production, units produced, total (year-to-date) units produced, and total units shipped. An open-orders report is used to monitor turnaround time on orders. If required, partial shipments can be made to customers rather than waiting until all of the goods are available. Delivery is by common carrier, United Parcel Service, and industries' own trucks. Some customers pick up their orders directly from the factory in order to save shipping costs.

Meeting production schedules requires minimal disruption of inmate workers in the particular shop involved. Callouts should be kept to a minimum and lockdowns, when they occur, managed so as to minimize disrupting industry's schedules. Several states have developed successful techniques in dealing with each of these issues.

South Dakota reduces inmate pay when callouts from other programs keep the inmate off the job for more than 2 hours each day. Minnesota schedules its inmate counseling programs in the evening to minimize disruption of industrial operations. The relatively high staff-inmate ratio in North Carolina permits civilian staff to continue production efforts whenever a lockdown occurs. Staff can also work overtime or on weekends when production crunches result from other causes.

Quality Control. State-use laws that require agencies to buy from prison industries often fail to provide an adequate market, due largely to poor merchandies quality. The dramatic increases in industries' size and profitability in a few states are due largely to improving product quality and communicating news of this change to potential customers. These improvements have resulted from formalizing the quality control process beyond the typical "eyeball" inspection of the past.

In Maryland, quality reviews on the production line are complemented by two warehouse checks: goods are checked when they are received into inventory and again when they leave for delivery. In addition, every industries' product has a 2-year warranty. Mississippi and New Mexico also use multiple inspections during production.

Oklahoma controls quality through a group incentive pay scheme (discussed below under "Inmate Wage Plans"). The amount of funds available in the group incentive pool is reduced when finished products are returned. The amount taken from the pool is double that awarded for satisfactory merchandise. Thus, both inmate checkers and production workers have an incentive to produce higher-quality goods and to prevent inferior products from leaving the factory.

Other Alternatives. New York inspects the quality of incoming raw materials and conducts laboratory tests as appropriate. In North Carolina, quality control is built into the production process: the relatively high staff-inmate ratio in the plant results in closer supervision of inmate workers than exists in many other states and, consequently, fewer opportunities for mistakes to occur. South Carolina uses its civilian warehouse staff for quality control/inspection duties. Wisconsin attaches warranty cards to the job order cards that follow products from shop to customer; they form the basis for corrective action.

Safety Management.

The 1970s witnessed a strong national concern to ensure worker safety and health. The fact that inmates constitute most of prison industries' work force does not exempt industries from complying with relevant federal and state laws. Various approaches have been taken to accomplish compliance.

Illinois' policy statement requires the following: identification of potentially hazardous equipment; written procedures for its safe operation; modification of existing equipment to incorporate safety features; the wearing of safety equipment; annual reviews of safety procedures; and at least monthly reports concerning job-related injuries. Extensive use is made of correctional agency resources. For example, each institution has staff trained by the Office of Safety and Health Administration (OSHA), and the central office has its own electrical safety and air pollution experts.

California includes inmate workers on the safety committees at each institution. In addition, an Industry Authority Safety Committee hears formal complaints from workers relating to safety matters. Copies of the committee's decisions are sent to the state Division of Industrial Safety.

Maine requires that inmates receive 2 weeks of training on workplace safety before being eligible for industry work. One full-time instructor teaches these classes, which train five inmates at a time; course content includes exposure to all machinery used in industries.

Other Alternatives. Variations include Iowa's use of a safety officer at each institution. This officer reports directly to the industries' manager. In addition, there is a safety committee consisting of the safety officer and two technicians selected monthly on a rotating basis. This committee submits a written report after each monthly safety inspection. At least twice annually an outside state safety expert joins the committee during its visits. The local fire inspector is invited to participate annually. Michigan has an inmate safety committee whose members are elected by the inmate workers in each shop. Formal reports from this committee are given to shop supervisors and forwarded to the central office.

Inmate Work Force Selection/Supervision

The effectiveness of most prison industries' programs is dependent on employing and motivating capable inmate workers. The major issues are whether industries can attract and recruit capable inmate workers, the degree of accommodation between security and industries staff in supervising inmates at the work site, and the degree of separation between the classification process and industries' authority to dismiss unsatisfactory inmate workers.

Recruitment. An important issue for industries is the selection and control over placement of workers; i.e., their hiring and firing. Historically, assignment to industries, as with other programs, has been at the total discretion of the warden or the institutional classification committee. Often, placement decisions were made without regard to an inmate's educational skill level or employment background. This is no longer the case. In some states, work ability is now a key factor in classification decisions; in number of instances, industries' representatives are members of classification committees. In other systems, prison industries recruit from the inmate population and then seek classification approval. A compromise approach used in some states allows industries to select from a "pool" of inmates classified as eligible for work assignments.

North Carolina uses elements from both the old and new approaches. In institutions where there is an imbalance between number of jobs and number of inmates, industry staff sit on the facility's assignment committee to represent industry's interests. They provide the classification committee with broad guidelines concerning the qualities desired in workers. Although industry staff have the right to reject an assigned inmate, this right is rarely used. In unusual circumstances, such as the need to recruit specially qualified inmate workers, industries may review a computerized inmate management information system to identify and recruit individuals with special skills (e.g., draftsmen). If willing and eligible, these inmates are transferred to facilities where the specific jobs are located. In some instances, there may be a tacit understanding that the inmate will not apply for transfer to another facility for a fixed time, notwithstanding any change to a lower security classification and eligibility for transfer.

Inmates in Washington State receive a prison industry application blank as part of their orientation booklet. Inmates are informed of openings through a job posting board or by counselors. Applications from those classified as eligible are reviewed by staff and interviews are scheduled. At the interview the shop supervisor will question the applicant about prior experience and assess the applicant's skills and verbal qualities before deciding on hiring. Similar procedures

exist in Mississippi and Utah. In Minnesota, the facility industries' director conducts an initial interview; the shop supervisor makes the final hiring decision.

In Illinois, recruitment for entry-level positions is through job postings that include position descriptions, hours, and location of work. The descriptions cover educational or experience requirements, examples of work activities, standard levels of performance and quality control, and job responsibilities/authorities. Hiring by industries must be approved by the institution's assignment committee. Information on all applicants is maintained by the facility and reported annually in summary form to the central office. Similar procedures exist in Maine, Michigan, and Wisconsin.

Supervision. Traditional prison industries emphasize custodial supervision over worker productivity; limited concern is shown toward structuring on-the-job training or formal performance evaluations. The current emphasis on economic viability has resulted in prison industry paying increased attention to these production issues. However, where industries are not responsible for reimbursing the correctional agency for the cost of assigning correctional officers to the shops, less concern may exist for structuring a work environment that will minimize these costs.

Supervision by custodial staff is minimized at one correctional center in Oklahoma through a combination of care in selecting inmate workers, an inmate wage incentive program (see below), and the physical separation of the industry work area from the rest of the institution. An essential element is the use of a special building in which inmates exchange work garb and institutional clothes, thus limiting the traffic in contraband (e.g., weapons made in industries). Iowa and Tennessee also have institutions that isolate the industry shop areas from the rest of the facility.

South Dakota uses a length-of-service contract that provides monetary incentives for reduced inmate disciplinary problems both within and outside the industries' shops. Inmates can sign a contract to remain with industry for a period of 1, 2, 3, or 6 months. Those with a 1-month agreement receive an extra 50 cents a day per added month, up to $1.50 a day for a 6-month contract. Inmates are paid at the completion of the contract; those who leave for disciplinary or other reasons before the termination date receive no pay.

Iowa reduces the need for security staff in its shops by training factory personnel in inmate supervision and making the plant manager a member of the warden's staff. This table of organization ensures mutual recognition of institutional and industrial concerns and provides an accountability mechanism for ensuring that security issues are handled appropriately by prison industry's staff.

Dismissals. Where recruitment of inmates for industries is done through classification assignment, discharging workers requires similar approval. With the advent of inmate rights litigation, removal of workers through a reclassification process may require due process procedural requirements. In some states, however, dismissing inmate workers is a less cumbersome process.

Michigan provides industries with unilateral authority to discharge inmate employees for productivity reasons. Unless dismissal is for a disciplinary reason, no formal due process hearing is required. Mississippi also has authority to discharge inmate workers without classification approval.

Minnesota requires that the manager of industries at a facility review all inmate firings. Inmates can reapply to industry within 30 days after dismissal. Washington requires that the institution's industries' manager approve all nondisciplinary dismissals proposed by shop supervisors. In addition, removal for nondisciplinary reasons usually does not take place until the worker has received counseling or some other progressive discipline akin to that found in the private sector.

Other Alternatives. A decline in the notion of inmate workers as fungible, interchangeable items, combined with court rulings, has resulted in the development of formal procedures for worker promotion, demotion, and dismissal. For example, priority for new job openings might be given to current inmate employees, or an available position might not be posted until promotional possibilities among on-staff workers have been reviewed. Also, the institution's assignment procedures need to be coordinated with inmates' requests for transfer and with dismissals from industries.

Inmate Compensation and Other Incentives

Motivating inmate employees is critical to industry success. Motivated workers are efficient; they do not waste raw materials or produce poor-quality products. The principal incentives offered inmate workers include monetary payments, reductions in sentence, and a myriad of miscellaneous privileges. The key issue is the mix of inducements offered vis a vis their costs.

Wage Plans. The notion that the state owns the labor of its inmates underlies the historical development of prison industries.[5] Unqualified acceptance of this concept leads directly to inmates being given gratuities rather than paid wages. However, in reality, inmate labor is notoriously less productive in the absence of incentives.

Until recently, the traditional inducements offered inmate workers were a small fiscal gratuity and the opportunity to reduce one's sentence through earned good time. As of 1982, 45 states paid inmates working in industries; in half of these, the average daily wage was $2.00 day or less.[6] Move than half the states providing wages did not use bonus incentives to reward outstanding inmate performance.

Recent changes in both industries' goals and its relationship to the total correctional program have resulted in greater emphasis on rewarding workers. Pressures to operate more like a private business carry the implication of motivating workers to be productive. The private sector model also suggests recruiting the best qualified inmates for industries, notwithstanding competition from other correctional programs that may also provide financial or other inducements.

Two basic approaches are being implemented: (1) plans that provide individual rewards, generally on a piecework basis, and (2) those that establish group incentive rates.

Illinois' industries have a conscious policy of ensuring their inmate workers a pay advantage over other institutional work program rewards. The piecework rate in most shops is based on historical production data to provide an additional productivity inducement; adjustments in the rate can be made based on experience, but these are never ex post facto. In other plants, a group incentive rate is set so that all workers gain from productivity increases; the rate includes a penalty for failures in product quality that result in customer returns. Christmas bonuses are provided, based on the inmate worker's length of service with industry, and range from $2.00 to $12.50. The average inmate pay is reported to be $100 a month.

Oklahoma primarily uses group incentive rates. The rate is based on the standard dollar value of the goods produced compared to the labor cost of the product. Inmates are paid from the incentive pay pool based on their wage level, days worked, and work evaluation level attained. Wage levels follow a five-tier classification scheme: (1) new employees, (2) general labor, (3) semi-skilled workers, (4) skilled workers, and (5) lead workers. The distribution of grade levels within a shop is expected to be: Grade 1, 10 percent; Grade 2, 20 percent; Grade 3, 30 percent; Grade 4, 30 percent; and Grade 5, 10 percent. "Outstanding" or "poor" evaluations must be explained in writing. In addition, bonus payments of $10.00 may be recommended by the shop foreman.

Other Alternatives. A sample policy and procedures statement for establishing an inmate wage incentive system[7] includes a composite plan containing elements from Illinois and Oklahoma as well as from other states. Washington and Utah envision inmates earning annual and sick leave based on hours worked. Inmates working on holidays are paid one and one-half times the hourly rate. Upon transfer to another facility, inmates may cash in earned annual leave. Michigan and Montana report wage plans that include longevity and seniority factors, resulting in reduced inmate turnover. Quarterly bonuses based on profitability are also part of these plans. Finally, a few states (Washington and Minnesota chief among them) pay inmates more than the minimum wage (and up to the prevailing market rate) for work in selected industry shops. However, deductions are taken for room and board, restitution, and dependent support. This approach is intended to reinforce the real-world aspects of industry work these programs attempt to emulate.

Earned Good-Time. Prison industry programs that provide only minimal wages or gratuities to inmate employees typically depend on earned good-time to motivate their workers. Even when wages are significantly increased, inmates may still be motivated by the opportunity to shorten their prison terms. Indeed, in several states, industries' ability to recruit for a 5-day work week is hampered by a good-time credit system that offers greater rewards to inmates who work in institution maintenance jobs that operate 7 days a week, such as food service.

Changes in state statutes, especially those implementing determinate sentencing schemes, have reduced the prevalence of good-time laws. Currently, only 11 states report that inmates working in industries can earn additional good-time credits. As of 1982, laws in 19 states also permitted good-time awards to individual inmate employees for such reasons as performing outstanding work, suggesting cost-saving ideas, or contributing to the safety of an industry operation.

New Mexico, for example, permits inmates in industries to earn up to 12 days more additional good-time credit than inmates in other programs (except those in the Mutual Agreement Program). An "employee of the month" program authorizes 30-day good-time awards for outstanding workers in each shop that shows improved productivity.

Special Perquisites. Inmate workers in industries may be offered special privileges in addition to wages or earned good-time. These range from simple perquisites such as extra visits (with family or others) and additional telephone calls, to privileges that directly facilitate productivity, e.g., special housing that permits an extended workday by earlier meal schedules, shortened counts, and similar changes in typical correctional routine.

Special housing is in fact a common incentive. States indicating at least partial use of this perquisite include Delaware, Illinois, Georgia, and Oregon. Oregon's special housing is available on a performance basis because there is not sufficient space for all industrial workers. The inmates in the special housing are provided with televisions, extra telephone calls, and additional recreation time. Another incentive reported was Maryland's special meals.

Other Alternatives. A three-tier wage plan was recently adopted in New Mexico. The plan offers step increases within each level, based on seniority and productivity. Employees in the third (highest) tier are designated lead workers and given quality assurance responsibilities; they can earn up to $1.75 an hour.

PRISON-RELATED PROBLEMS

Private Sector Involvement

In the 19th century, private sector employment of inmates was as common as was the state-run prison industry. However, business and labor complaints, combined with the Great Depression of 1929, virtually eliminated (until recently) any private industry involvement. In the early 1970s, states began to look again at private business as a means of revitalizing prison industries.

This trend derives from several sources. First, the need to expand prison industry to serve larger inmate populations may require substantial capital investment and technical expertise not readily available in the public sector. Second, the managerial capabilities of the private sector can help prison industry become more efficient and self-supporting. Third, private business involvement brings the benefit of providing a realistic work environment for inmates.

Today, about half the states permit some private sector involvement with prison industry. The nature and scope of this activity varies considerably, ranging from simple technical assistance, to contracting for inmate labor, to privately managed operations. A number of states allow private businesses to operate industries in shops located within their correctional facilities. Others permit state-run industries to subcontract part of their operations to private companies. Both options require legislation permitting the sale of inmate-made goods to the private sector.

Establishing Private Sector Involvement. After several years of experience with the private sector, the realistic applications, issues, and problems of the private sector's involvement with prison industries are beginning to be seen more sharply. Hopes for access to capital have met with disappointments. Inadequate capital in private companies themselves has been given as a reason for the failure of some of the operations in Washington State. Moreover, it is not always easy to locate companies that are interested in working with prison industry. Nor is it easy to find economically feasible industries. The following examples show how several states are attempting to address some of these problem areas.

Oklahoma's legislation established an executive-level committee that is responsible for recruiting private firms to operate new prison industries. A staff director position supports the committee's operations, which include soliciting interested private sector companies.

Perhaps the most extensive experiment with private sector involvement is that undertaken by Florida. A public corporation — PRIDE, Inc. — has been chartered by the state to manage all prison industries. While initial capitalization is provided by the state, long-term generation of capital is totally under the control of the quasi-public organization. (See Chapter 4 for Florida's approach.)

Subcontracting to the Private Sector. Seventeen states have laws that permit selling prison-produced products private buyers, although several statutes limit the scope of such sales. For example, two states permit sales only to commercial or wholesale buyers; in two other states, legislation permits sales on a non-resale basis only. The intent of these laws is to stimulate interaction between prison industry and private markets while simultaneously restricting some of industries' ability to compete directly in the open market. The practical impact of these laws is to allow inmate labor to support private operations that are labor-intensive and therefore costly to perform with free-world employees. The private sector provides the capital and maintains the technologically intensive manufacturing operations.

The 1978 amendment to 18 U.S. Code S 1761 permits the U.S. Department of Justice to authorize interstate sales of prison-made goods. Minnesota has implemented this law most extensively. State-run prison industry in that state currently has contracts with Control Data Corporation, B. Dalton Bookseller, Minnesota Mining and Manufacturing Company, and other private firms. Much of the work done involves assembly of products (e.g., lamp outlet plugs) from parts provided by the contractor. The emphasis on assembly work allows inmates in segregation to also be provided work opportunities.

Arizona has a joint venture with a private firm that has set up and equipped a metal shop within an institution. ARCOR operates the plant and produces metal parts for the company's heating, ventilating, and air conditioning equipment. In an earlier joint venture (now absorbed by ARCOR), a private company provided raw materials, equipment, and supervision while ARCOR provided space and inmate labor. Profits were shared between the two.

Mississippi has experimented with subcontracting with private companies. Its initial contract concerned establishing an assembly line for an energy-saving product. The state furnished the facility and supervision; the outside company provided all materials, equipment, and tools. In the first quarter of operation, more than 1,000 evaporative condensing units were assembled and shipped. The state shared in the revenue generated without expending its own funds.

New Mexico, using a sales broker, purchases component parts for furniture from five private companies. The broker is paid a commission by the private companies. The parts are assembled by inmate workers and sold to authorized buyers as industry products. Although not directly a subcontract arrangement, the shop provides labor-intensive work that is brought into the prison.

Privately Managed Operations. Twenty states permit privately managed prison industries to operate on correctional grounds; less than half, however, actually have such operations. The privately run industries include service, assembly, and manufacturing operations.

Arizona provides space at its women's facility for Best Western Motel to operate an 800-telephone number reservation line. Best Western staff members supervise the inmates, who are paid free-world wages. This service industry is labor-intensive and the inmate workers provide 24-hour coverage, coverage that had been difficult to accomplish with free-world labor, particularly during the "graveyard" shift. Oklahoma provides a similar service for Howard Johnson's.

Washington has had a dozen different companies operating industry programs within its facilities during the past several years. These programs have included assembly, service, and manufacturing operations. Seven are currently functioning; the remainder were closed because of inadequate capitalization or because they were insufficiently labor-intensive to justify continued use of inmate workers. The seven existing private industries include an assembly operation, an institutional restaurant, and a plant and flower greenhouse; the remaining four industries are manufacturing operations. Inmates working in these industries are paid 60 percent of the minimum wage during their initial training period of 3 to 6 months; after the training period, they are paid minimum to prevailing wages. Approximately 120 inmates work in these private industries, and the average length of employment is 12 to 15 months.

Zephyr Industries, in Kansas, was the first private prison industry to receive authority from the federal government to conduct sales in interstate commerce and to federal agencies. This authority is codified in 18 U.S. Code S 1761(c). It requires private industry to pay its inmate workers wages and other compensations comparable to those in the private sector. In addition, organized labor had to be consulted about the project. Zephyr Industries, which produces metal products, is located outside the institution.

To work at Zephyr, inmates must be classified as minimum security. They are bused to the work site, where there are only a limited number of security personnel (one staff member for 15 inmates). The workday is 8 hours; meals are "brown bag" or purchased by the inmates. Inmates are paid $3.35 per hour plus a bonus of 25 cents per hour for a good attendance record. Room and board charges of $35 a week are deducted from wages and are placed in a fund for prison industry development. If ordered by a court, victim compensation is also deducted from wages.

Other Alternatives. Two private companies operate industries within a medium security facility in Nevada. One manufactures brooms and the other operates a food processing and catering service.

Competition for Inmate Labor. A major issue throughout prison industries that can be especially problematic for private sector-related operations is competition for the best workers. This can produce struggles among program staff, institutional support personnel, regular industries staff, and the private sector industry. The tendency (and sometimes the requirement) for private sector industries to pay higher wages gives these operations the clear competitive advantage as far as inmates are concerned. Thus, in addition to creating tensions among correctional staff, competition for workers can create bitterness among inmates, especially among those who did not get the choice jobs.

Washington's legislation addresses this problem by establishing a three-level structure for industries: institutional maintenance, state-run tax reduction shops, and private plants. Inmates can graduate from one level to another, thereby integrating private industry with state-run activities and reducing competition among these programs for the most qualified workers.

Relationship With Other Correctional Programs. The relationship between prison industry and other programs defines in part the degree to which industries can be successful. Of particular importance are the extent to which industries compete for quality workers and the degree of preparation for industrial work provided by other correctional programs. Until recently, little effort has been expended to formalize these relations. Some new approaches, seen in a few states, suggest that these problems are being overcome.

Joint Venture. In California, Maryland, and South Dakota, joint ventures function in some institutions. These are akin to the joint ventures described above concerning private companies; however, in these cases the joint ventures are in-house and involve industries providing raw materials for use by inmates in vocational education classes. The finished products produced in those classes are then either sold by industries or used in producing other products. Industry retains the profits from the venture; the vocational instructor's salary is paid by the vocational education program.

Coordinated Efforts. The most obvious type of interaction between industries and other correctional programs should be coordination of efforts. Most commonly, such an interaction exists between industries and vocational training.

North Carolina, for example, has a cooperative arrangement between the women's prison and a local technical college that trains inmates in reupholstery; inmates spend a minimum of 3 months in training prior to placement in the industry-run shop. At another institution, inmates are trained in all aspects of furniture manufacturing by staff members from a technical school; that industry work-site is located outside of the facility in a nearby community.

Kentucky and Oklahoma also train inmates in vocational skills used in prison industries. In Michigan and Maryland, inmates employed in industries can enter apprenticeship programs to qualify as skilled workers and for union membership. Maryland has the largest program of this kind, with more than 150 inmates involved. The Michigan program includes additional training after working hours.

The job qualifications for Maine's prison industry include vocational training. Similarly, in Washington all job classifications have academic and vocational requirements. These are established in accord with the Dictionary of Occupational Titles published by the U.S. Bureau of Labor Statistics.

Absorbing Vocational Training. In several states, the industry program is organized to minimize competition and enhance coordination with other correctional programs. Delaware and Utah, for example, assign responsibility for all correctional vocational training and education to their industries' divisions. Georgia's prison industry operates its own vocational training program using self-generated profits; both classroom and on-the-job training are provided.

SUMMARY

The problem areas addressed in this chapter are critical to the effective functioning of any prison industry program. The examples presented of various approaches to these problems represent solutions that appear to be working well. However, the various elements do not simply aggregate into a model prison industry program. The several approaches presented for a singular problem suggest that choices need to be made. Moreover, at least one critical consideration in making such decisions is how each element relates to others.

Building a complete model for a particular state's prison industry involves consideration of many factors. Different goals require that differing elements be built into the total system. Attention must be paid to constraints imposed by special state laws, the correctional environment, and the types of inmate workers, all of which are significant factors in the successful operation of a correctional system and its industries. Finally, if prison industry is to serve the correctional organization most effectively, detailed consideration must be given to the interrelationship between industries and other programs.

The next chapter presents two examples of totally integrated approaches to industries. The authors, who were directly involved in the development of these programs, portray the issues and problems in integrating the required operational elements into a state-wide industries' program. One presents a traditional approach — reorganization of industries within the department of corrections. The other presents a totally private approach — developing an independent nonprofit corporation to manage prison industries.

Notes

N. Miller, G. Funke, and R. Grieser, "Prison Industries in Transition: Private Sector or Multistate Involvements," Federal Probation, 47 (December 1983), pp. 24-31.

2. R. Grieser, N. Miller, and G. Funke, Guidelines for Prison Industries (Washington, DC: National Institute of Corrections, 1984).

3. Cf. discussion in Gail S. Funke, Billy L. Wayson, and Neal Miller, Assets and Liabilities of Prison Industries (Lexington, MA: Lexington Books, 1982), pp. 25-26.

4. E.g., Thomas J. Peters and Robert H. Waterman, Jr., In Search of Excellence (New York, NY: Harper and Row, 1982).

5. N. Miller and W. Jensen, "Inmate Labor Practices and the Law: A Preliminary Analysis," in G. Alpert, ed., Legal Rights of Prisoners (Beverly Hills, CA: Sage Publications, 1980), pp. 217-242.

6. Grieser et al., Guidelines, pp. 12-14.

7. Ibid., pp. 86-89.

Chapter 4

ORGANIZATIONAL APPROACHES FOR PRISON INDUSTRIES

The following case studies describe two very different perspectives for reorganizing prison industries. The first incorporates many of the elements discussed in Chapter 3. The reorganization, undertaken to resolve problems, resulted in new structures being imposed: accepted cost accounting principles, the restructuring of management responsibilities, and the development of new inmate incentives. The reorganization process was managed within the Department of Corrections (DOC).

The second approach involved separation of prison industry from the DOC. Implicitly, it assumes that the nature of government is inherently inconsistent with the entrepreneurial character of prison industry. Hence the way to create effective industries is to restructure them into a quasi-public government corporation.

As of this writing, the two states are not at the same stage of development in their reorganization efforts. Nor were the significant issues leading to their organizational developments the same. The first case study —a description of the reorganization of Illinois Correctional Industries — develops solutions to industries' problems that grew out of managerial and operational problems at all levels. Howard Skolnik addresses a series of direct problems, such as inadequate cost accounting, inadequate financial management, marketing issues, production problems, and inmate incentives. Making use of a variety of governmental and private resources, Illinois' decisionmakers carefully restructured a large number of prison industry components to resolve these problems. As Skolnik reports, those carefully conceived efforts have produced very successful results.

The second presentation, by Paul Skelton, enumerates the goals of the Florida legislation that enabled the complete transfer of industries to the quasi-governmental corporation PRIDE. While the Illinois experience concentrated on resolving existing operational problems in correctional industries, the Florida action was based on the pursuit of a number of goals thought to be better fulfilled in a private industry structure. Those goals were: 1) cost reductions, 2) reintegration goals, and 3) reduction of inmate idleness. Skelton's description also enumerates the problems encountered and solutions developed during the process of developing contractual relations between the DOC and PRIDE. Of more than passing interest is the fact that capitalization is provided by the state, while the leasing rates are set to cover the amortization for all capital.

While a "success" evaluation is premature on the Florida experiment, the approach toward total privatization presents an organizational philosophy opposite to that of Illinois. However, both the contract elements of Florida's arrangement with PRIDE and the solutions developed by Illinois read much like the discussions of industry elements in the previous chapter.

A. ILLINOIS CORRECTIONAL INDUSTRIES

by Howard L. Skolnik, Superintendent,
Correctional Industries, Illinois Department of Corrections

INTRODUCTION

Illinois began to change its current organizational structure for Correctional Industries in 1979. This developed as a result of problems identified and priorities established when the Department of Corrections' current administration assumed office and began reestablishing industries as a viable program. Along with other activities, such as regaining control in the maximum security facilities, the revitalization of industries was identified as one of the top 10 priorities for the adult division of the DOC.

In 1979, Illinois Correctional Industries' organizational structure included a chief administrative officer, a business manager, a general manager, a farm manager, and a grants coordinator; a vacant personnel officer position also existed. The administration was split between Chicago and Springfield, the state capital, 200 miles away. The general manager and farm manager were based in Springfield, location of the central offices of most state agencies, including the corrections' department; all other positions were in Chicago. All positions are now maintained in Springfield, improving communication and coordination at all levels.

PROBLEMS

Industries' problems in the late '70s were identified in three documents: an audit report by the auditor general of the State of Illinois, a technical assistance evaluation available from a Free Venture grant through the Law Enforcement Assistance Administration (LEAA), and an internal audit done by staff of the DOC.

Major problems at that time included a lack of auditable financial records, a negative cash balance (with accompanying operating losses and an almost-nonexistent cash flow), minimal integration into the Department of Corrections (as evidenced by the extremely limited level of cooperation between industries and their host institutions), poor product quality, minimal cooperation between industries and the state purchasing office, and the need to develop industries for two new institutions then under construction. How these problems were addressed, and their impact on organizational structure, will be explained below.

INITIAL ORGANIZATIONAL STRUCTURE

Illinois Correctional Industries' current administrative structure developed as a response to specific problems. As a result of the findings in the auditor general's report, the insolvency of industries' revolving fund, and (due to slow payments) the limited number of vendors willing to do business with Correctional Industries, a strong centralized fiscal division was deemed the first priority.

Fiscal Unit

The position of fiscal officer was established, replacing the previous business manager. The individual selected to fill this role had a strong background in managing financial systems in both the private and public (state) sectors. Two priorities were set: 1) manage cash flow, and 2) implement the recommendations of the auditor general.

A list of priorities for payment of vendors was established and nearly $75,000 in uninvoiced bills were processed. Cash flow reports were generated daily and financial records for the almost-ended fiscal year were reconstructed. Record-keeping systems were converted from an inaccurate automated system to a more easily controlled manual one. By the end of June 1980, a fully certified balance sheet was obtained from outside auditors. Between 1979 and 1984, delays in payment of accounts receivable were reduced by 210 percent, and payables by 386 percent.

Through Free Venture grant funds, an outside accounting firm with both private sector and prison industry experience was contracted to reconstruct financial records for fiscal year 1979. The firm was also to develop an accounting system that complied with generally accepted accounting principles and the recommendations of the auditor general. In addition, and perhaps most importantly, the contract also required the firm to develop a cost accounting system with the following qualities:

- Simple enough to be used by inmates;
- Capable of meeting future audit needs for pricing work in progress and finished goods;
- Effective for rational price setting;
- Capable of being taught rapidly to new inmate clerks; and
- Capable of being monitored by a single staff member.

A civilian cost accounting position was established in the fiscal unit; training of the incumbent proceeded in tandem with development and implementation of the new system.

Although the new accounting system might have been developed internally, the use of outside resources expedited its acceptance by staff in the field. The first institution was on line within 6 months after initiation of the project. By the close of the next fiscal year (June 30, 1981), the new system had been introduced in all operations. In June 1982, a fully certified audit was completed.

Profitability

Profitability and cash flow were improved by the introduction of the new cost accounting system. Benefits of this system were felt most significantly in

pricing, in the ready availability of local information for management decisions, and, more subtly, in the staff's feeling of confidence in the accuracy of the information available. Items priced at or below the cost of material and labor were quickly identified and repriced, and a formal quarterly price review of all products was initiated. This led to an overall commitment to profitability. The director and assistant director of the Illinois Department of Corrections also established profitability as their number one priority. Between 1979 and 1984, profitability improved 500 percent.

Productivity

Concurrent with the emphasis on improved profitability, production problems were addressed in terms of both productivity and quality. Poor productivity was as much a factor of low sales volume as manufacturing problems. The position of general manager was eliminated and two new positions (production manager and sales manager) were created; the two existing sales positions were expanded to five. (A more detailed examination of the sales division will be found below.) The production manager selected had more than 25 years of management experience in the private sector. The sales manager, who was already employed by Correctional Industries, had several years of sales and marketing experience.

The first priority was to improve the quality of existing products. This was addressed through the development of inspection procedures, using civilians to inspect finished goods. Identification of the inspector and subsequent accountability were included in the new procedures.

The issues of productivity and quality also were addressed through review of inmate pay plans. The cost control system required an accurate accounting of direct inmate labor expenses (all overhead factors were viewed as a percentage of such direct labor). Incentive pay (both group and piece work) simplified accounting for direct labor costs. Eventually, incentive pay plans were developed for all shops. Salaries not only reflected the amount produced, but also penalized poor quality by deducting more for rejects than was paid for acceptable products. Between 1979 and 1984, the time from receipt of order to its delivery was reduced by 191 percent. During this same period, sales per inmate worker increased 218 percent.

The decisionmaking process for production and product development was decentralized. For control purposes, production scheduling and final product design work are now performed at the institutional level and are centrally monitored. Previously, both were either performed centrally or not monitored.

The central office sets production priorities and inventory levels; it also reviews proposed new products and modifications to existing ones. Generally, however, these activities are either initiated at the local level or finalized following field input. This increases commitment to these priorities and policies at the local level and, more importantly, assures that decisions are consistent with the limitations imposed by physical plants, inmate turnover, and subsequent training requirements.

Policy and Procedures

Another area that received early attention was intra-agency relationships among industries, institutions, and the Department of Corrections' central office staff. The Department of Corrections at that time was beginning to formalize policy and procedures through the development of administrative directives; the intent was to bring consistency throughout the department. One of the initial directives governed Illinois Correctional Industries and specified specific areas of responsibility for industry and institutional administration. The directive was developed as a result of a 2-day retreat and contained the combined input of both industry and institutional staff.

Retreat. The LEAA Free Venture technical assistance grant funded a 2-day retreat of industry and farm superintendents, selected central office staff, and assistant wardens of operations (the individuals to whom the industry or farm superintendent reported on site). The purposes of the retreat were: (1) to delineate which areas of authority, responsibility, and accountability should be designated to industries and which were the province of the facility; and (2) to propose procedures that would meet the needs of both the institution and industries.

Outside moderators reviewed discussion summaries and also distributed and evaluated questionnaires. They then formulated draft policies and procedures. These were distributed to all participants, wardens, and DOC executive staff members for review and comment. The result was an administrative directive that included a mission statement for the state's correctional industries. The directive also spelled out industries' explicit areas of responsibility. This initial policy, which is reviewed annually, has gradually been expanded to eight directives governing the operation of industries throughout the DOC.

Purchasing

Another area receiving early attention was industries' relationship with other agencies, particularly the state purchasing office. Invoking the state use law had occasionally resulted in lengthy delays for essential products requested by user agencies. This, in turn, led to complaints to the office responsible for state purchasing, whose lack of authority over industries proved frustrating. At the same time, industries relied on state purchasing to obtain raw materials — an often slow process geared for the majority of state agencies rather than for a production mode.

To help resolve these problems, industries designated a purchasing coordinator. At first this position was located in the fiscal division. Cash flow problems still existed, however, and late payments produced frequent complaints from suppliers. Again, these complaints also passed through the state purchasing office.

Regular meetings between the purchasing coordinator and the state purchasing officer were developed to improve this situation. The products causing the most concern to other agencies were identified, and waivers were granted to purchase these products outside of Correctional Industries until productivity and quality control could be improved. Products with a history of poor quality were identified and prioritized for upgrading. Suppliers with histories of poor delivery or who supplied inferior raw materials were identified and, when necessary, removed from the state bidders list.

As confidence in the revitalized industries' division grew, authority to purchase without advance authorization from the state purchasing office has been increased gradually from $200 to $1,500. Such purchases are limited to occasions when timely delivery of orders would be adversely affected by the state's more complex authorization process. Requisitions for critical materials above the $1,500 limit are hand-carried through the system, thereby expediting the delivery of raw materials. Improved inventory control and sales forecasting have reduced (although not eliminated) the number of items requiring such handling.

As cash flow problems were eliminated, the purchasing coordinator was moved from the fiscal division to the production and farming divisions, thereby granting more control to individuals accountable for providing the goods and services.

Product Development

The need to develop industries for new institutions and to allow for expansion, coupled with the reduced availability of federal funds, resulted in modifying the grants coordinator's position to one of planning and product development. The continued growth of the Illinois Department of Corrections has made this position more critical than ever. A file of potential new industries is maintained and regularly updated. Planning for new industries is ongoing. Equipment specifications, plant layouts, supervision, staffing patterns, and implementation strategies are reviewed and modified as necessary, and liaison is maintained with the agencies responsible for construction of the new industries.

In the past 5 years, 22 operations have been developed or have undergone major expansion.

CURRENT ORGANIZATIONAL STRUCTURE

Response to the above problem areas (and efforts to prevent their recurrence) resulted in the current organization chart and formal description of industries' areas of responsibility (Exhibits 1 and 2). No significant changes in structure have occurred at the institutional level. Each facility has a superintendent of industries and/or farms overseeing all appropriate production activities and service-related activities. Each cost center has a supervisor and, where necessary, civilian leadworkers.

Exhibit 1

TABLE OF ORGANIZATION FOR CENTRAL OFFICE
Illinois Correctional Industries

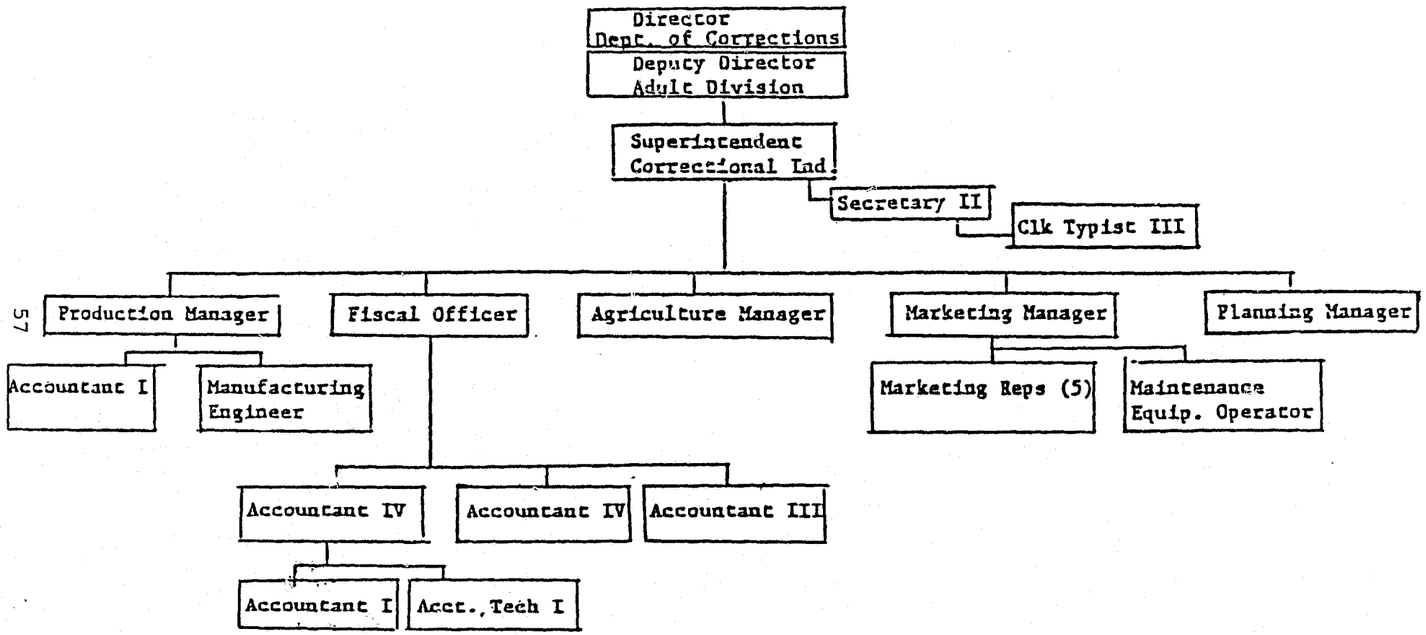

Exhibit 2

AREAS OF RESPONSIBILITY - ILLINOIS CORRECTIONAL INDUSTRIES

Correctional Industries	Number: 3.1	Page 1 of 4
Policy: Areas of Responsibility	Effective Date: 2/1/83	

The following areas of responsibility have been delegated to the Division Heads as indicated. The authority necessary to make decisions relating to these areas rests at the Division Head level, unless delegated further in writing.

PRODUCTION MANAGER

1. Implement organizational goals, objectives and priorities relating to production in manufacturing and service industries.
2. Assure profitability of industrial and service operations.
3. Coordinate institutional efforts in regard to strategic planning decisions, e.g. priorities on production scheduling (pushing a specific order), joint-production efforts (cutting in one shop, sewing in another).
4. Provide technical expertise and direction to all shops regarding efficient production (including assistance on production layout and scheduling, quality control, product design, use of personnel, etc.).
5. Respond to all institutional/shop requests for assistance in production issues.
6. Coordinate production scheduling with Sale Forecasts.
7. Develop external technical resources as needed.
8. Coordinate purchasing of equipment and raw materials.

FARM MANAGER

1. Implement organizational goals, objectives and priorities relating to farm production and processing.

2. Assure profitability of farm operations.
3. Coordinate institutional efforts in regard to strategic planning decisions, e.g., priorities on production scheduling, and joint-production efforts.
4. Provide technical expertise and direction to all farms regarding efficient production.
5. Respond to all institutional farm requests for assistance in production issues.
6. Develop sales forecast and coordinate with production scheduling.
7. Develop external technical resources as needed.

MARKETING MANAGER

1. Project and provide a sales level permitting continuous production in all manufacturing and service industries.
2. Coordinate and manage all marketing/sales efforts in accordance with industry-system goals (including ongoing sales efforts, development of new markets, product and market analysis, projections, etc.).
3. Provide updated information to all staff on the current sales effort.
4. Identify products with potential for addition to Correctional Industries' lines.
5. Establish and monitor sales quotas and target customers for each sales region.
6. Coordinate all pricing activities.
7. Determine priorities for distribution of finished goods.

FISCAL OFFICER

1. Assure compliance with all State and Departmental Fiscal policies and procedures. Implement accepted fiscal and compliance audit recommendations.

2. Coordinate and manage all industry fiscal affairs, including a central fiscal information system, sales records, system-wide inventory control records, and financial statements.

3. Provide required fiscal information for effective management of Correctional Industries.

4. Coordinate annual budget preparations for Department of Corrections submission subject to approval of the Superintendent.

5. Develop operating budgets in conjunction with the appropriate Division Manager(s) subject to approval of the Superintendent.

6. Provide technical expertise and direction to all shops regarding the maintenance of localized financial records.

7. Respond to all requests from the institutions/shops regarding fiscal issues and clarification of policy and procedural guidelines. Provide training.

PLANNING MANAGER

1. Develop an automated management information system.

2. Coordinate all aspects of the development and implementation of new industries.

3. Coordinate ongoing review of existing and potential products for possible product-line modifications.

4. Coordinate all grant-related activities.

5. Develop health and safety standards.

Howard L. Skolnik
Superintendent

As initial problems were resolved, new ones emerged. These centered around sales and marketing, expansion of existing operations, and increasing current product lines — problems traditionally found in the private sector. As focus shifted from fiscal and profitability areas, to production areas, and finally to sales and marketing concerns, the general philosophy changed from "sell what we can make" to "make what we can sell." This reflected an increased sophistication in production capability as well as the need to create more inmate assignments. The number of assignments increased 35 percent during fiscal year 1984.

Outside Consultation

Assistance was requested from the Executive Service Corps, a group of retired Chicago executives. Following their review of the organizational structure, recommendations were made for a marketing plan and the addition of a production engineer. Although the sales and marketing division did do simple sales forecasting, these efforts were expanded to include development of a marketing plan. The plan addressed specific concerns: increasing the volume of sales; broadening the customer base; improving the accuracy of forecasting; increasing and updating the product mix; and determining what the market structure and its demands would be in 5 to 10 years.

Modifications

Regions. Initially, Illinois was divided into five sales regions with a sales representative for each. Following the first contract with the Executive Service Corps, the configuration was reorganized into three regions, each with its own sales representative. The two remaining sales representatives were assigned specialized responsibilities: one was assigned to focus on drapery, office furniture, and furniture refinishing, and the second was directed to handle critical assignments, particularly those involved with marketing new industries.

Through a subsequent grant from the National Institute of Corrections, marketing and sales efforts were reviewed by a private sector sales and marketing company that had experience in correctional industries. The firm's recommendations have further refined staff utilization, eliminating (as no longer necessary) the two specialist sales representative positions and extending their support functions to the three regional sales representatives.

Other recommendations included: clarification of sales goals, improved forecasting, more frequent sales analyses, efforts to increase sales of unique products to other states, upgrading the sales catalog, and introduction of mailings and telemarketing. These recommendations are currently being implemented.

Deliveries. Distribution (trucking) efforts, which previously had been coordinated from two institutions, have been centralized. Dispatching has been placed under sales and marketing to allow it to be more responsive to customers than to the needs of a particular institution. Consequently, trucking is now self-supporting, with trucks rarely running empty or with partial loads.

Telemarketing. One sales representative is to be trained in telemarketing. This will allow all three regional sales representatives to replace cold calls with pre-screened potential customers. The anticipated savings (from reduced travel and more efficient use of time) are being redirected to provide more sales tools to further support the regional representatives.

An effort to merchandise Correctional Industries as a whole (rather than product-by-product) is being undertaken by the central office. The jobs of the furniture/drapery specialist and the special projects representative are being redefined to accommodate the emerging emphasis on monitoring sales volume (an effort aided by the recent automation of the accounts receivable system), updating projections, increasing the use of mailings and telemarketing, and reviewing existing product lines. These efforts have helped identify items for elimination or modernization and expansion.

CONCLUSION

When the current administration of DOC assumed office in 1979, it established revitalization of industries as one of its top 10 priorities. This led to a limited reorganization that has provided stability and the capability to respond to the specific needs of Illinois Correctional Industries. New positions and changed areas of responsibility for meeting priorities or new problems have not disrupted the basic structure of five divisions: production and service industries' management, farm management, fiscal management, planning and product development management, and sales and marketing management. This stable structure has contributed significantly to increased sales (up 270 percent between 1979 and 1984); increased profitability (up 500 percent in the same time period); and, most importantly, an increase in the number of inmate assignments (up 35 percent in fiscal year 1984).

B. FLORIDA'S PRISON AND REHABILITATIVE INDUSTRIES AND DIVERSIFIED ENTERPRISES, INC. (PRIDE): ORIGIN AND PURPOSE

by Paul A. Skelton, Jr., Assistant Secretary for Operations (Retired)
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INTRODUCTION

In 1981 the Florida Department of Corrections (DOC) was operating the fourth-largest correctional industry program in the nation. Its sales exceeded $23 million; its assets totaled $30.8 million. Sixty-one separate industries, operating at 16 of the department's 26 major institutions, produced 150 products. Out of 27,000 inmates, more than 2,000 were assigned to industries. The department's goal was to have 15 percent of its inmates assigned to the program, but an increase of 9,000 in the inmate population during a 2-year period quashed that ambition.

Florida's correctional industry program had been initiated in 1957 following a $250,000 appropriation. The prison system was given authority to develop self-supporting enterprises (such as the license tag plant, tobacco factory, and garment factory) and to operate them under a state-use arrangement. During the next 25 years, industries operated at a profit while keeping prices low to its best customer — the Florida prison system. The program also enabled other tax-supported agencies to purchase commodities at prices lower than those available through private industry.

Operating a prison industry program within the Florida Department of Corrections presented a number of problems. First was the lack of purchasing flexibility necessary for efficient production and inventory control.

The state purchasing procedures, which were established to procure finished goods, have built-in protections to assure broad participation of vendors and the integrity of the procurement process and the purchased product. However, the procedures impede the purchase of raw materials for reuse in a manufacturing program. The purchasing schedules are rigid and the procedures time consuming; they do not allow the flexibility needed to meet constantly changing demands. The process takes a minimum of 90 days, depending on the work load of the outside procurement agency. The procedures require an excessive investment in raw materials and finished goods inventories that would not be necessary if the purchasing cycle were shorter; inventories are very costly and reduce cash flow to a level detrimental for daily operations.

The second major problem area that faced Florida's prison industries centered around industry personnel issues. The state's classification and pay system was insufficiently flexibile to take into consideration the size, complexity, technical expertise, working conditions, job locations, and outside job competition for each industry program.

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*Also contains comments abstracted from the remarks of Louie L. Wainwright, Secretary, Florida Department of Corrections, the National Forum on Corrections and the Private Sector, National Institute of Justice, February 1985.

Many industry positions require unique skills. The need for interpersonal skills on the part of correctional industries' supervisors is greater than in private industry. The average inmate employee is poorly motivated. Even the motivated worker is apt to have little, if any, experience with the particular product he or she is making. Florida did not have an established salary level that would enable industries to recruit and retain the high-quality civilian personnel needed.

The issue of inadequate compensation was compounded by industry programs being housed in institutions far from any metropolitan area where personnel with industrial backgrounds would normally be found.

Additionally, state regulations do not permit the payment of cash for overtime to shop supervisors; reimbursement is restricted to compensatory time only. This obviously defeats the strategy of overtime work to meet delivery schedules.

A third major constraint Florida faced involved the organization of correctional industries' programs. Basically, it was a loose confederation of semi-autonomous shops. Because the program had insufficient management personnel, it had to rely on the abilities of its plant personnel for such important functions as customer relations, production scheduling, inventory management, and delivery scheduling. Moreover, the industry administrator had no line authority over institutional staff and served mainly as a liaison between the institutions and top management.

In 1981, however, the Florida legislature, encouraged by two first-term senators, instituted a major change through the passage of Chapter 81-125. This bill created a nonprofit corporation — PRIDE (Prison and Rehabilitative Industries and Diversified Enterprises) — to assume control over the prison industry program, thereby removing the Department of Corrections from its management role. The bill passed both houses of the state legislature with few dissenting votes and was signed into law with the wholehearted endorsement of the governor.

LEGISLATIVE INTENT

Chapter 81-125 declared in its preamble that prison industry programs differed from other correctional activities and should be financed from operating revenues in order to make them as self-sustaining as possible.

The mission of prison industries as outlined in the legislation was three-fold:

1. To reduce the costs of corrections for Florida's citizens through the establishment of profit-making enterprises (primarily operated by inmates) that did not compete unreasonably with private business;

2. To serve the rehabilitative goals of the Department of Corrections by replicating (as closely as possible) free-world production and service operations in conjunction with relevant education, training, and post-release job placement; and

3. To serve the security goals of the DOC by reducing tension and violence (through minimizing inmate idleness) and by providing an incentive for good behavior in prison.

The preamble to the law reads: "The Legislature finds that the constraints of state government restrict the ability of the prison industries program to operate on a profit-making basis." In acknowledging the limited ability of government to be flexible, the state legislature was finally recognizing what the DOC had been advocating for many years; namely, that restrictions on purchasing, personnel, salaries, and other restraints had to be removed if the correctional industry program was to be successful. The ability to purchase commodities or pay competitive salaries without bureaucratic red tape or similar encumbrances and without interference from other state agencies would facilitate performance. It would permit buying needed goods and services expeditiously and paying appropriate salaries, which would allow the DOC to both hire and retain competent supervisors capable of being responsible for million-dollar operations.

The preamble to Chapter 81-125 also advocates the following: tax incentives to encourage private businesses to employ inmates, parolees, probationers, and ex-offenders; more effective and efficient management of the prison industries' program; and separating the administration of the correctional system from the management of the prison industries' program by establishing a private, nonprofit corporation (PRIDE) to manage and operate prison industries and the public funds associated with that program.

1981 Legislative Provisions

Chapter 81-125 was a sweeping reform of the traditional state-use industries program. (Many suggested amendments were finally passed in 1983 and are discussed in the section on "1983 Legislative Provisions.")

Under the 1981 legislation, the department was instructed to lease to PRIDE all prison industry facilities as well as all furnishings, equipment, and other chattels used in the program's operation. If more than one industry was located at a specific prison, the corporation was required to assume operation of all of them. "Other chattels" was interpreted by the Department of Corrections to include anything of value being used in an industry (inventories, dairy cattle, beef herd, etc.).

Rentals paid for leasing space were to be agreed on by the department; however, no contract was to be entered into without PRIDE demonstrating to the department that sufficient funds were available — through donations and pledges — to cover initial expenses.

In addition, the DOC was authorized to request recommendations from the governor for any terms in the lease not provided by the law.

Contract Provisions. The main provisions of the contract between the department and the nonprofit PRIDE corporation were:

1. Approval of the articles of incorporation by the governor.
2. Governance of the corporation by a board of directors appointed by the governor and confirmed by the state senate.
3. The availability of sufficient labor and necessary security to operate the industrial facilities leased by the corporation.

4. Provision for compensation to inmates for their labor.
5. Orderly and just transition of industry employees from state to corporation employment with the same or equivalent seniority, earnings, and benefits.
6. Transfer of funds appropriated from, and accumulated by, the operation of the industries' program to the nonprofit corporation in proportion to the components of the program leased by PRIDE.
7. Preparation of periodic financial reports. (The statute did not specify who was to review the financial reports or what authority the reviewer had concerning what was to be done.)
8. Audit requirements. (The statute did not state, however, whether this was to be accomplished by the legislative auditor or a private accounting firm. The 1983 law specified review by the legislative auditor.)
9. Within 10 days of appointment, members of PRIDE's board were to file articles of incorporation with the Secretary of State. These were to include prohibitions against any director voting on matters that would result in direct monetary gain to self or any firm, partnership, corporation, or other business enterprise in which the director had an interest.
10. The corporation could request through the DOC an appropriation of general revenue funds to increase, remodel, or renovate industry facilities, provided that the rental paid by the corporation for such new, remodeled, or renovated facilities was sufficient to amortize the costs thereof over a reasonable period of time.
11. PRIDE was to provide the DOC with technical and sales assistance for the industry programs that the DOC continued to operate.
12. The corporation was to receive general revenue funds for the fiscal year in which the lease for any industry facility became effective; trust funds accumulated in an amount proportionate to the programs leased by PRIDE were to be transferred to the corporation for the operation of the industries' programs and to fund contracts between the DOC and PRIDE.
13. The Department of Corrections was required to negotiate in good faith for the transfer of any facility to PRIDE.
14. In the event a lease was terminated for any reason, the DOC was to resume management and operation of both programs and funds. In such event, the Administration Commission was authorized to appropriate revenue generated from the operation of the industries' program to pay the costs and expenses of operating that program for the remainder of the fiscal year in which the termination occurred.

15. The Department of Corrections was required to submit a report to the legislature before January 1 of each year describing the status of the industries' program. This was to include, but not be limited to, the programs and funds that had been retained by the department; the programs and funds that had been transferred to the corporation; the number of inmates employed by each entity; and a report on post-release job placement, as well as rate of subsequent contact with the correctional system, for inmates who had participated in the industries' programs.

16. The PRIDE corporation was required to submit a report to the legislature before January 1 of each year that included, but was not limited to, the following: an evaluation of the corporation; a listing of the inmates employed by the corporation; an annual financial statement; and other information as requested.

17. The legislature would also consider recommendations from PRIDE to provide reasonable tax incentives to private enterprises that employ inmates, parolees, or ex-offenders who had participated in prison industries.

The contract also addressed the following issues related to inmate employment and compensation:

- It authorized employment of an inmate on the grounds of a correctional institution without the inmate being in work release.
- It authorized compensation received by the offender to be credited to an account that could then be used to reimburse the state for food, lodging, and other expenses incurred by the inmate.
- It authorized court-ordered restitution to be paid from inmate earnings.
- It directed development of a formula to determine the amounts to be disbursed to the legal dependents of a convicted felon and to the victim(s) of the crime or to their dependents. The balance in the inmate's account would be disbursed to the individual upon release from the Department of Corrections.

Lease Agreement. The lease agreement developed by the department and the PRIDE corporation contained two parts. The first pertained to the particular institution whose industries were being transferred to the corporation; the second part was a "boiler-plate agreement" that would apply to each transfer.

The standard agreement requires that accounts receivable and payable be determined on the date of transfer, with the net receivables being transferred to the corporation. If payables exceed receivables, there will be no transfer.

According to the agreement, the corporation is to do the following:

1. Operate premises in a manner that substantially complies with the American Correctional Association's standards.
2. Employ as many existing department staff as possible and provide the same or better fringe benefits and salaries.

3. Conduct the prison industry program in accordance with all security precautions established by the department, including permission for unscheduled searches for contraband and plant tool control.
4. Submit any required periodic reports on inmates.
5. Suspend or discontinue operation of a program if for any reason inmates from an institution are unavailable for assignment.
6. Supply tools and special clothing, and comply with all DOC health, safety, and environmental policies.
7. Consider employment of an ex-inmate, but be under no obligation to do so. If PRIDE chooses to employ a released inmate, the department must be notified prior to such employment.
8. Provide on-the-job training.
9. Coordinate hours of work with the institutional administration.
10. Submit proof of liability insurance in the amounts approved by the department.
11. Agree that in an emergency, institutional security takes precedence over inmates being released to and from work.
12. Provide technical and sales assistance when requested by the department.
13. Consult with the department regarding the manufacture of products and the provision of services to eliminate any conflicts.
14. Agree to submit a report to the legislature by January 1 containing all elements required by law.

The agreement sets forth the following responsibilities for the Department of Corrections:

1. Transfer all assets of the corporation, with written acceptance and signed responsibility by PRIDE for accountable fixed assets.
2. Provide training to corporation staff on the same basis as that provided to DOC industries' supervisors.
3. Provide the number of inmates mutually agreed upon.
4. Permit use of outside personnel as long as this does not unreasonably detract from job opportunities for inmates.
5. Provide medical care at no cost to PRIDE.

6. Agree that inmates provided to the corporation be given precedence in checking out to reach their work stations.

7. Discipline inmates. Corporation staff are not to discipline inmates, and PRIDE must coordinate all offender management problems with the institution.

8. Permit the corporation to be solely responsible for the operation of all leased premises.

In addition to the above requirements, the standard agreement approved by the legislature contains a mutual termination clause and other provisions to ease assimilation of the total industries' program by the corporation. It also provides for mutual agreement on the products to be manufactured and services rendered. The agreement cannot be assigned to another corporation without prior departmental approval.

The corporation agrees to retain its accounting books and records for a period of 3 years from the end of the corporation's fiscal year. The department is to have access to all fiscal records to ensure compliance with the intent of the statute.

Individual leases are to be reviewed by the industries' administrator and the superintendent of the respective institution. Those leases are to contain:

1. A description of the property and/or facilities being leased.

2. The corporation's agreement to maintain the buildings and equipment.

3. The term of the lease and amount of rental.

4. An agreement by the corporation to surrender the premises and equipment in the same condition they were in when they were transferred, fair wear and tear excepted.

5. A provision for termination upon destruction of premises.

6. A provision for restoration of damaged premises by the department.

7. A provision for maintenance of hazard insurance by the department with reimbursement from the corporation.

8. Provision for PRIDE to remove tools, equipment, and other chattels that are the corporation's property when the lease is terminated; the corporation may donate tools to the department.

9. Provision for use of premises by PRIDE solely for the statutory purpose of operating a correctional industries program.

10. Terms of a landlord/tenant relationship between the department and the corporation that prohibits assignability of lease except upon consent of the department.

11. A requirement that all utilities used by PRIDE be separately metered to eliminate the institution subsidizing the corporation.

12. Provision that PRIDE pay all existing and future taxes, assessments, duties, or special assessments.

1983 Legislative Provisions

The Department of Corrections and PRIDE encountered difficulty in drafting a contract under the 1981 statute. As a result, a new law was written in 1983 with a separate chapter assigned to the corporation. It resolved questions concerning the amount of cash to be transferred and took into consideration the fact that operating losses were not to be transferred. Other major provisions were as follows:

1. Responsibility for lease negotiations is assigned to the Department of General Services in order to provide more objectivity in their preparation; both the department and PRIDE will be involved in the negotiations.

2. In the event an industries' program at a particular location is terminated, all assets are to revert to the department.

3. The state self-insurance program is to supply insurance on all buildings and equipment used by the corporation at the department's cost.

4. The legislative auditor is to conduct biannual audits beginning January 1, 1983.

5. PRIDE is authorized to apply for construction and renovation funds but must amortize the cost over a 4-year period.

6. PRIDE is authorized to sell agricultural products to private sources. (This authority was not given to the department.)

7. State agencies must purchase from the corporation as they did from the department. The law makes the governor the arbiter between agencies and PRIDE in the event of a dispute.

8. The new law clearly enunciates that inmates are not to be considered employees of the state and have no civil rights restored as a result of assignment to the corporation.

CORPORATION PROGRESS

PRIDE's first take-over of a former state prison industry was at the Zephyrhills Correctional Institution, where the printing plant was transferred on September 1, 1982. As of July 3, 1984, all Department of Corrections industries' programs have been transferred to PRIDE.

Problems Encountered by the Department

DOC personnel encountered several problems at the outset of the transfer. These included difficulties in the following areas:

1. Developing a lease, because of vagueness in the 1981 statute;

2. Determining the amount of cash to be transferred (there was only one cash account for the 16 institutions); and

3. Determining the amount to be charged for the lease (this was finally set at an initial cost of $1 per year with the right to review after the first year).

In addition, the legislative auditor was critical of the DOC for transferring all assets. The department maintained that total transfer of all inventories, including raw materials, work in progress, and finished goods, was the legislative intent.

Problems also arose in the area of personnel. Fearing loss of retirement and other fringe benefits, industry personnel who were long-time state employees did not want to transfer to the corporation; the department had to reassign those with high seniority.

Since the transfer of industries to PRIDE, prices on products, particularly canned goods, have been increased. This has negatively affected the food budgets of correctional institutions.

Initially, inmates were disappointed at not being paid; however, a compensation plan subsequently was developed and put in place.

Problems Encountered by PRIDE

The corporation had initial problems in getting organized because no agency had been designated to draft the articles of incorporation. Eventually the governor designated the Department of Corrections to initiate such action; this was done and the members of PRIDE's board of directors were appointed.

The corporation's problems with personnel were the reverse of the department's problem with state employees. PRIDE wished to retain qualified people but, because of vested time toward retirement, accumulated sick leave, and other fringe benefits, many of these indivduals did not wish to transfer. Although the corporation set up a retirement program, it was difficult to provide for long-term, experienced employees.

Problems were also encountered in the area of assets. Much of the equipment transferred was in poor condition and needed replacement. This placed a drain on the cash initially available to PRIDE. Moreover, because of the impending transfer and cash flow problems, the DOC had reduced its inventory levels. This caused an additional drain on the corporation's cash while it tried to build up inventories.

The corporation stated it found that state agencies were unaware of product availability or else were reluctant to buy because of previous problems with receiving items on schedule. This latter problem probably reflects the state purchasing procedures, which create problems in purchasing raw materials.

In addition, PRIDE is experiencing collection problems because of the lengthy state vouchering process. State law requires payment within 15 days, but many agencies find it difficult to comply.

CONCLUSION

Florida's Department of Corrections and PRIDE, Inc., represent a first attempt at the total transfer of an ongoing correctional industry program from a state to a quasi-governmental corporation. Despite the problems encountered in interpretation of the law and criticism from the legislative auditor, both the DOC and PRIDE have proceeded in a good-faith effort to carry out the intent of the legislation — to reduce the costs of operating the correctional system through the establishment of profit-making enterprises that also serve the department's rehabilitative and security goals. The corporation will be under great pressure to carry out this legislative intent.

The success or failure of PRIDE will hinge on its ability to maintain open communication and close cooperation within the department and all institutions. Success will also be contingent on the ability of PRIDE and the DOC to convince private industry of the benefits of this approach to inmates, the state, and the private sector itself.

Chapter 5

CONCLUSION

Throughout the development of this project, interesting and consistent patterns have developed. Both the materials assembled and the staff surveys indicate that prison industrial problems go beyond day-to-day operational difficulties, although the latter often receive the most attention by researchers and practitioners. Prison industrial problems do not always originate, and cannot always be solved, within the system. Solutions must come from a much broader segment of society than the correctional field alone.

The underutilization of prison industry programs is one of the most serious deficiencies on the correctional scene today. Industrial programs can and should be enhanced in almost every correctional system. To accomplish this goal will require a major redirection in criminal justice philosophy. One of the major issues that must be resolved by society is determining the primary purpose or mission for correctional industries.

Legislation and executive orders often offer unclear directives and goals for correctional industry programs. Reducing idleness, providing job skills training related to employment after release, offering meaningful work opportunities for inmates, and providing inmates with an opportunity to earn money are among the objectives most frequently cited.

A more recent addition to this list of goals is the idea that inmates should be required to pay for a part or all of the cost of their incarceration and to contribute toward restitution and victim compensation.

There is frequent reference to industries' need to be self-supporting. While an important goal (and one that should be part be of an industries' mission statement), it is not the major goal of an industries' program.

Much of the ambiguity surrounding industries, and the continuing controversy over their performance and "effectiveness," stems from a lack of clarity as to their basic purpose. Some of this confusion is attributable to the history of correctional industries and its more recently conceived role as a "treatment program." Also pertinent are the differing perspectives of numerous observers of industries' programs. Whatever the source of the confusion, the result has been frustration for correctional administrators and industrial managers. Statements of purpose and guidelines for operation must be broad in scope and devoid of "single-interest" perspectives if society expects correctional systems to become totally effective components of the criminal justice field.

The value of a self-supporting prison industry program that can provide work for a significant portion of an institutional population without using tax funds is apparent to legislators and correctional administrators alike. However, this increased interest in correctional industries is not limited to legislators and correctional administrators. Indeed, a major force in directing attention toward expanded prison industrial employment has been the Chief Justice of the United States, Warren Burger. His consistent support, and that of other leading jurists throughout the nation, has raised the level of interest in "Factories with Fences."

But the "wheel of history" has not turned full circle entirely. Although there is renewed interest in correctional industries, it exists within a framework of inmates' rights undreamed of 100 years ago. New industry operations must not only be cost-effective but must also provide a safe and humane work environment for correctional staff and inmate workers. This means an opportunity to work productively in an atmosphere where inmates are treated with dignity and encouraged to develop a sense of accomplishment and self-worth. These concerns and considerations cycle back to the importance of a clear understanding of the basic mission of correctional industries.

A mission statement for correctional industries not only serves to identify the reason for the organization's existence. It also distinguishes it from other entities with similar purposes. Persons in and out of the organization need to know why the program exists and have a clear understanding of its goals. When there is a lack of understanding, there is a tendency for some legislators, the media, labor groups, and other segments of the power structure to oppose inmate work programs; they anticipate that such activities will threaten the "turf" of special interest groups.

The unique characteristic separating industries from other activities in correctional institutions is their ability to offer a work setting that more closely replicates private industry. Industries should provide inmates with a realistic work experience in a business-like environment that emphasizes the same performance standards and rewards used for workers in the outside world. Prison industries should be self-supporting, generating sufficient revenues from the sale of products and services to meet the costs of operation (i.e., staff and inmate wages, raw materials, business expenses). As such, industries provide the most significant opportunity that an institution can offer inmates to experience work-related expectations, satisfactions, and failures.

For the past decade, the federal government has supported the concept of expanding prison industry programs, first through the efforts of the Law Enforcement Assistance Administration Program and later by the Prison Certification Program. This latter approach permits expansion of state prison industries into interstate commerce, provided specified conditions are met. Both programs have generally been perceived by the correctional field as steps in the right direction.

Another important aid to an industries' program is an active, involved advisory or supervisory board or commission. Such a body, representing all elements of the community (including labor, industry, etc.), provides a forum in which to examine critically the plans of the industrial operation. Moreover, through such involvement the business community, legislators, labor leaders, and the citizenry not only lend support to the program; they can interpret it to other key components of the community's power structure.

The relationship between the central industries' administrator and the warden/superintendent is a significant organizational issue and one frequently mentioned by correctional practitioners during the development of this study. Both persons have an important role in the operational success or failure of the institutional industry program. The warden/superintendent, as the administrative head of the institution, and the industries' administrator, as the person responsible for the industrial program, must maintain continuing communication and cooperation concerning plans and problems.

One area of cooperation that could greatly facilitate a mutually beneficial relationship involves vocational training. With the support of the chief executive officer, it should be relatively simple to structure a pre-industrial employment program, involving vocational training and on-the-job training, that culminates in a prison industry position. Such a continuum replicates good free-world employment practices, and also provides prison industry with well-qualified inmate workers — a real boost to better levels of productivity.

Sound fiscal management is another key element of efficient industrial operations. An effective cost accounting system should provide accurate, timely fiscal reports to inform all concerned about current operational status. An effective system permits monitoring of essential items, i.e., cash flow, revenues and expenditures, and profit and loss data.

The manner in which industries' programs treat inmate workers is also a critical test of their effectiveness. Industries provide an opportunity to hold inmates accountable for job performance levels similar to objective standards of real-world activity. Consistent with security requirements, participation in such programs should be made available to all segments of the prison population.

Additionally, prison industry programs have the potential to help rectify current disparities in correctional program opportunities for male and female inmates. In the decade 1974 to 1984, the female prison population increased 135 percent. During this same time, the courts repeatedly found a lack of parity in the programs offered male and female inmates, e.g., Glover v. Johnson and Conterine v. Wilson in Michigan and Kentucky, respectively. Employment of female offenders in prison industry programs would aid in meeting judicially recognized standards of equity.

One consistent line of commentary from correctional administrators and industrial managers throughout the course of this project concerned the urgent need for refined marketing techniques for prison industrial products. Marketing is an important management area that rarely gets the attention it deserves in the industries' program. It is more than catalog distribution or order-taking. Most importantly, it is concern for customers and their needs. In a state-use market, all too often the customer is taken for granted or at best is tolerated as a necessary evil. As in the private sector, correctional industry administrators must recognize that their financial success rests as much on customer acceptance and goodwill as it does on technology and productivity.

These considerations require that prison industries incorporate more sophisticated market analysis techniques into their planning and develop marketing strategies that take into account future trends. For example, sophisticated demographic studies are increasingly being used to predict future prison populations with long-range accuracy. Such data would also be of relevance to prison industries' planning.

Finally, despite continued emphasis on private sector practices, the prison industries' administrator must recognize there are certain unavoidable restraints within a correctional setting. The real test of the industries' administrator is to maintain that perspective and still provide competitive products or services that benefit the state, the staff, the inmate, and the customer.

This study suggests that, to accomplish these desired objectives, society as a whole, and the executive, judicial, and legislative branches of government in particular, must take bold steps to increase the effective use of prison industries. These steps should:

1. Reduce to the minimum the restrictions imposed on the manufacture and distribution of correctional industry products.

2. Provide meaningful industrial employment for all available inmates who are able to work, including female and handicapped inmates.

3. Consider programs where inmates contribute a portion of their earnings to help defray the cost of their incarceration, or contribute to victim restitution or to the care of their families back home.

4. Provide industries with adequate resources — equipment, money, and personnel.

5. Encourage the development of vocational training programs that relate directly to existing and potential prison industries' programming and free-world job opportunities.

6. Expand the cooperative spirit between society and the correctional community by increasing the public's awareness that allowing inmates to work furthers the needs of correctional staff, inmates, and taxpayers.

These goals have been partially accomplished in many jurisdictions and substantially achieved in a few. If they are to have a significant impact on society, though, such goals must become the operational standard for prison industries rather than an occasional exception to the rule.

MISSION STATEMENT

The historical review in Chapter 1 and the responses received to the ACA survey, as well as preceding material in this chapter and Chapter 2, suggest that a major issue facing prison industry is determination of its mission.

During NIC's 1984 Special Issue Seminars on Prison Industries Management, participating states were encouraged to produce a written mission statement. Based on an amalgam of the available responses, the following three-part statement emerges. The statement avers that the mission of correctional industries is:

1. To modify the behavior (work habits/marketable skills) of individuals sentenced to departments of corrections through reinforcing society's work ethic. This is to be done by providing meaningful employment and training opportunities similar to those in the private sector - the resulting compensation will help inmates meet financial obligations, such as victim restitution and support of dependents — and thereby enhance inmates' job-finding and job-retention capabilities, which will gives them alternatives to resuming criminal activities following their release to the community.

2. To produce a quality product or service, competitively priced and delivered in a timely fashion, that will generate revenues and assist states in offsetting the taxpayers' costs for incarceration.

3. To accomplish the above through sound, business-like procedures (similar to those used in the private sector), that will reduce the potential dangers of inmate idleness and boredom and, as a consequence of revenues produced, help industry remain self-sustaining while assisting in its expansion.

This multifaceted statement contains all the components listed as important by the state representatives. What it suggests is that correctional industries' mission is complex; "one-liners" will not adequately convey the intent.

THE FUTURE

At the January 1984 Winter Conference of the American Correctional Association in Denver, Colorado, Neal Miller of the Institute of Economics and Policy Studies cited two major themes in that agency's study Guidelines for Prison Industries: a high degree of tension between industries and correctional administrators, and the lack of stable organizational structures.

The high level of tension results from a series of factors:

- Overcrowded prisons, leading to higher expectations being placed on industries to reduce inmate idleness.
- Lack of knowledge and understanding of what industries can do.
- Misunderstandings regarding funds — how they originate, who directs their expenditure, what happens to the profits.
- Divisive attitudes — industry managers feel their needs are not understood by correctional administrators, while corrections officials view industries' managers as not being part of the "team."

Organizational difficulties center around the following issues:

- Tables of organization — and to whom does (or should) correctional industry report.
- Separate legislative mandates that "end run" corrections administrators.
- Lack of continuity in leadership — between 1980 and 1983, 32 industries' directors changed, compared to 28 DOC directors.
- Minimal use of advisory and policy boards.

Looming on the horizon are impending issues concerning the following topics:

- Equity — industrial work for female and Hispanic inmates.
- Planning — including the issue of including industry staff members on the architectural team for new construction.
- Tying together vocational training, pre-industrial training, on-the-job training, and post-release survival skills.
- Finally, the development of new industrial operations that coincide more directly with the nationwide trends toward service industries.

APPENDIX

ANALYSIS OF ACA SURVEY OF STATE PRISON INDUSTRIES

The ACA survey asked: "What changes would you like to see in your state's statutes to facilitate your industrial operation?" Responses fell into two general categories: increase the market base for goods and services, and eliminate operational constraints.

INCREASED MARKETS

Many respondents saw the need to increase revenues as a major issue in their continued successful operation. Three ways were envisioned by which this goal could be achieved:

1. Increase the number of prospective buyers;
2. Require mandatory purchasing by state agencies; and
3. Increase the number and type of product and service lines.

Prospective Buyers

For many states, the prospective buyers of prison industries goods are limited to other state agencies. Prison industries in these states would like this rather restricted market to be expanded. For example, they want authorization to sell their goods intrastate on the open market to the public, in competition with private industry, as long as no resale of the items is involved.

Other potential markets mentioned were nonprofit organizations, the federal government, and interstate buyers. The Department of Justice's Office of Justice Assistance, Research and Statistics has proposed that the guidelines for the Prison Industries Enhancement Certification Program be revised to allow prison-made goods to be transported in interstate commerce and sold to federal agencies; public comment is being solicited.

Mandatory Purchasing

The second area in which markets could be expanded concerned mandatory purchasing by the state. Respondents reported that state agencies find a variety of ways to avoid purchasing prison industries' goods, even in jurisdictions that have state-use laws. This issue could be resolved by granting prison industries the right to first-refusal for meeting the needs of other governmental entities. In other words, state agencies that wish to purchase a type of product produced by prison industry would be required to document that the item was unavailable from prison industries before purchasing it on the open market.

Expanded Product Line

A third way that markets could be expanded rests on developing a wide range of products and services. In a listing reported in the 1983 Correctional Industries Association Directory, updated by survey data collected by the Institute for Economic and Policy Studies, the number of different industrial operations reported by the 50 states varied from 1 (Hawaii) to 37 (Florida); the median was 12 (Chart 1), and more than 100 different industrial operations were reported (Chart 2).

OPERATIONAL CONSTRAINTS

The second major issue reflected in the responses to ACA's survey concerned the elimination of current operational restrictions. In general, this took the form of wanting approval to operate state prison industries as a free enterprise. States concerned with this issue would like to request additional funding in order to expand their operations, buy newer equipment, and maintain a larger inventory of raw materials. Respondents saw the establishment of revolving funds as a way to solve many of these problems. One way to accomplish this would be to permit prison industries to retain all profits for reinvestments that would enhance their industrial operations. Finally, permitting more flexibility in state purchasing requirements would be facilitative to correctional industries.

CONTINUED

1 OF 2

Chart 1

NUMBER OF DIFFERENT INDUSTRIAL OPERATIONS BY STATE

#	State*
1	Hawaii
2	Alaska
3	West Virginia
4	Maine, Wyoming
7	Alabama, Arkansas, Idaho, Nevada
8	Delaware, Louisiana, Oregon, South Dakota
9	Kentucky, Rhode Island, South Carolina, Utah, Vermont
10	Kansas, New York
12	Arizona, Georgia, Maryland, Missouri, Montana, New Jersey, Wisconsin
13	Nebraska
14	Iowa, New Hampshire, New Mexico, Tennessee, Texas, Washington
15	Illinois, Minnesota
16	Virginia
17	Ohio
18	Indiana, Michigan
19	Colorado
20	California, Massachusetts, North Dakota
21	North Carolina
22	Connecticut, Oklahoma
34	Pennsylvania
37	Florida

* Data on Mississippi not available.

Chart 2

TYPES OF PRODUCTS AND SERVICES REPORTED BY STATE PRISON INDUSTRIES

Acoustic Screens
Assembly Subcontracts
Aquaculture
Auto Repair/Refinishing
Auto Validation Decals

Bedding (Linens)
Beef Herd (Livestock)
Binders (3-Ring)
Body Fender
Book Bindery
Booklet Printing
Box Factory
Brick Plant
Broom Factory
Brush Manufacturing
Bus Reconditioning

Canning Plant
Chemical Products
Chewing and Shredded Tobacco
Cigarette Manufacturing
Coffee and Tea
Community Service Crews
Concrete Products
Construction
Cordwood

Dairy
Data Entry
Decals and Seals
Dental Prosthetics
Desk Accessories
Die-Cut Letters
Drapery
Dry Cleaning
Dump Bed Bodies

Engraving
Ethanol Production

Farming
Feed Lot
Flag Making
Forestry/Sawmill
Foundry
Freight Trucking
Furniture Manufacture and Refinishing

Garment Factory
General Labor
Graphics

Hay Production
Hosiery and Gloves

Institutional Services

Janitorial Products

Key Punch
Knitting

Laundry
Letter Press
License Tags

Machine Shop
Mattress and Pillow Manufacturing
Meat Processing
Metal Products
Micrographics
Microfilming
Mop Manufacturing

Name Plates

Office Supplies
Optical Lab
Orchards

Paint Manufacturing
Park Furnishings
Plant Nursery
Playground Equipment
Pork Products
Poultry and Eggs
Pressure-Treated Lumber
Printing
Purchasing

Restaurant

Safety Vests
Sales and Customer Service
Sewing
Shoe Factory (Repair)
Silk Screen Shop
Sign Shop
Slaughterhouse
Soap Plant
Sod Farm
Solar Energy
Survey and Grade Stakes
Swine Herd

CHART 2 (cont'd)

Telephone Reconditioning
Textile Products
Timber Management
Tire Recapping
Truck Modifications
Typewriter Repair

Upholstery

Vegetable Farm
Vinyl

Warehousing
Welding
Wood Products (Refinishing)

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WANT MORE INFORMATION?

For additional information and documentation on the subject of prison and jail industry, practitioners may call or write to the NIC Information Center, 1790 30th Street, Suite 130, Boulder, Colorado, 80301; telephone 303-444-1101.

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