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A GUIDE TO PRIVATE SECTOR PRISON INDUSTRIES: IDENTIFYING, SCREENING, AND CONTACTING COMPANIES

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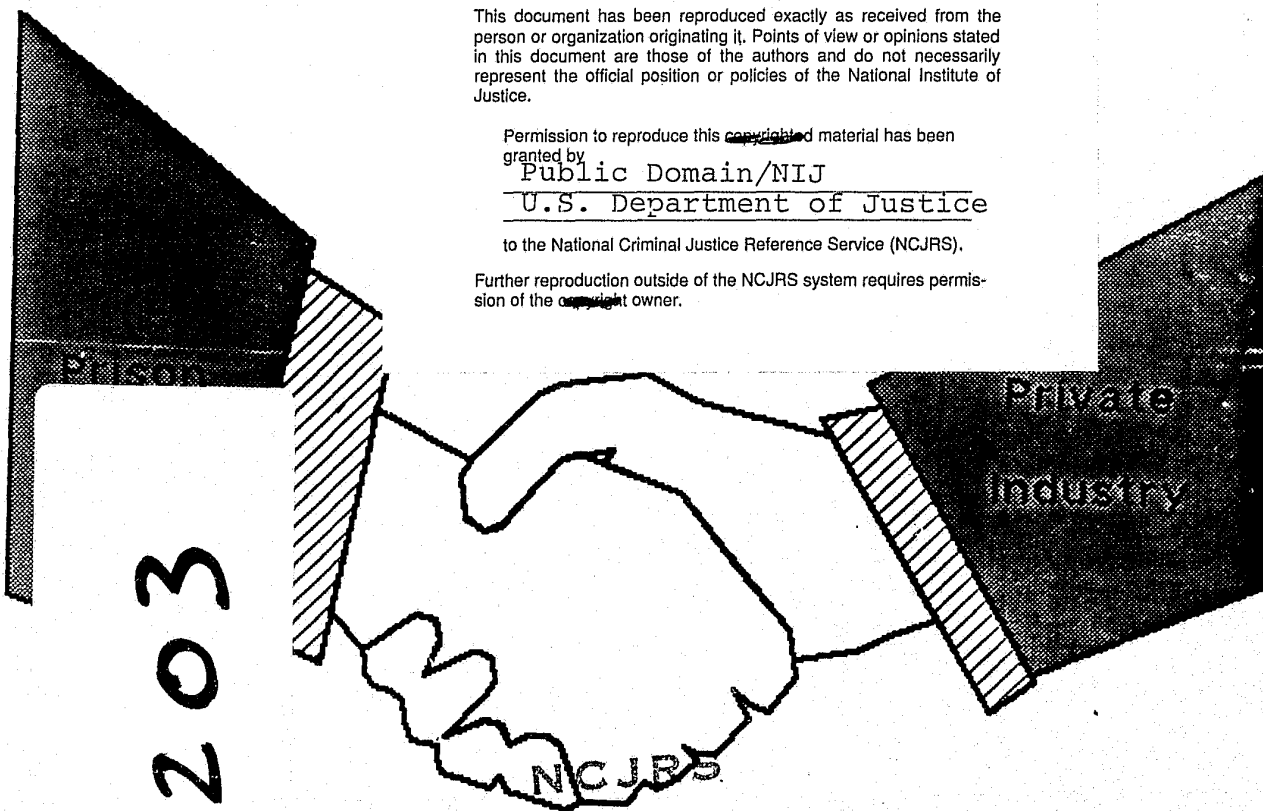
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FOREWORD

This report describes a process for identifying, screening, and contacting private sector companies which are most likely to be interested in using prisoners as a part of their work force. The issues discussed in this report will be of particular interest to Commissioners of Departments of Corrections, Prison Industry Directors and their staffs, Program Development and Planning Staff of Correctional Agencies, and Members of Prison Industry Advisory Boards. However, the report is addressed specifically to employees of correctional agencies whose job it is to market prison-based labor forces to private sector companies.

There are four parts to this report. In Part I, private sector prison industries are introduced and defined, categorized by the nature of the private sector's involvement with the correctional agency, and distinguished from other prison-based and community-based work programs for offenders such as "state-use" industries and work release programs. In Part II, the authors explore a number of issues which should be considered by correctional administrators in determining whether private sector prison industries make sense for their agencies, and then go on to discuss the factors which should be evaluated to determine which "model" of private sector involvement is most appropriate for a given correctional agency and private company. Part III outlines a process for identifying broad industry categories and then selecting specific companies which are the best potential partners for private sector prison industries. Various factors about the prison and the company which the correctional staff should research prior to contacting the company are also discussed here. Building on the material presented in Part III the authors proceed in Part IV to provide basic guidelines for contacting and meeting with decision makers in private companies.

The findings in the report are based in part on a series of interviews which the authors conducted with representatives of private firms in two states currently developing private sector prison industries. However, the report also draws on the experience of correctional agencies which have been operating such enterprises for the last several years, as compiled by Criminal Justice Associates in "Work in American Prisons: The Private Sector Gets Involved," and on the extensive market research and marketing expertise of the Wharton Center for Applied Research. Wherever possible, points made in the report are illustrated with relevant examples reflecting the experience of correctional agencies which have successfully marketed prison-based labor forces to private firms.

The report is intended to serve as a *guide* for correctional administrators who want to enhance work opportunities for prisoners through the development of private sector prison industries. The process outlined in the report is a structured and comprehensive approach, but it is also one which can be implemented in whole or in part. It is *not* intended to replace or supercede any existing process or networks

which correctional administrators may have developed to facilitate the marketing of prison labor forces within their jurisdictions. Rather, it is hoped that the guide will augment and strengthen any existing networks which may exist.

In the end, the best way to approach the private sector with this innovative concept is most likely to be determined by the combination of correctional resources, economic conditions, and business factors which are unique to each jurisdiction. The authors would welcome hearing from practitioners who use this guide as to their own adaptations and successes so that the literature can be enhanced by their experiences.

No research study can be completed without the support of a number of people. This project is no exception. We would especially like to thank Thomas Albrecht, Program Manager at the National Institute of Justice, for his commitment to an honest exploration of private sector prison industries as a tool for correctional administrators. His vision of the partnership between our organizations and his support of our work have been essential to what we believe has been a productive collaborative effort.

We also wish to acknowledge the private sector executives who graciously gave of their time and enabled us to understand these issues. They include:

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PART I: Private Sector Prison Industries Defined

Private sector prison industries (PSPI) are joint ventures between prisons and companies in which prisoners produce goods or services to be sold on the open market. Local circumstances and the particular needs of the prison and the company will determine the nature of the public-private relationship in any given PSPI. However, such ventures generally take one of two forms:

The "employer" model: A company owns and operates a business inside a prison. This business employs prisoners who in turn produce goods or services to be sold by the company on the open market. The company has direct control over the hiring, firing, and supervision of the prison-based work force.

The "customer" model: A company contracts with a prison for the provision of goods or services for a fee. The prison has direct control over the hiring, firing, and supervision of its prison-based work force.

PSPI are different from traditional prison industries because the products and services which they provide are sold on the open market as opposed to the restricted "state use" market. PSPI can be distinguished from work release in that they are located on prison grounds and use general population inmates while work release involves community-based employment and uses minimum security inmates with a limited time left to serve their sentences.

PART II: Evaluating Private Sector Prison Industries From An Agency's Perspective

The private sector manager contemplating the use of prison-based labor should be guided by one overriding consideration in determining whether private sector prison industries make sense for his company -- the economic viability of the project. For the correctional administrator, the decision making process is likely to be more complex because a host of social and correctional policy issues must be considered in addition to the project's potential economic costs and benefits.

The Key Issues

Among the initial questions which should be considered are:

1. What conditions motivate the agency to consider the private sector as a means to meet its prisoner employment needs?
2. What alternatives are there to address the need other than private sector involvement?

3. Does the agency have the legal authority to operate PSPI?
4. Why is the private sector the preferred option?
5. What are the agency's specific goals and objectives in using the private sector?
6. How do these relate to other long-range planning goals and objectives of the agency?
7. What are the potential risks for the agency?

Answers to these questions will provide a partial framework for contemplating the creation of private sector prison industries. It is likely, of course, that exploration of these broad questions will lead to additional inquiries relating to such areas as the costs and benefits of private sector prison industries, the agency's strengths and limitations vis-a-vis such enterprises, and the type of business relationships to be developed.

Weighing Costs and Benefits

Cost-benefit analysis of private sector prison industries is more complex for the public sector than for private companies because the costs and benefits cannot be expressed in common quantitative terms and because alternatives are less clear. Should, for example, the private sector prison industry be compared to a traditional prison industry operation, to some other programming option, or to a combination of both?

Costs

To attract private industry, a corrections agency should be able to provide free or low-cost space. The availability of acceptable industrial space, scarce in most prisons, not only can determine the possibility of establishing an enterprise on prison grounds, but also influences the type of product or work process involved and the number of inmates employed. The costs of maintaining a dedicated staff (responsible for the development, coordination, and supervision of projects) will, in addition, help determine final costs of the business venture.

Of course, there are intangible cost risks associated with private sector prison industries, as there are in any such business venture. Some private companies, especially small ones, experience problems because of poor management, fluctuating markets, or under-capitalization, any of which could adversely affect the operation. Private sector managers often are forced to respond quickly to resolve such problems, and this may result in abrupt changes in operations that require the prison to make rapid adjustments. These changes are often caused by the very reasons a company may be attracted to a prison in the first place (cyclical work loads, short product life, etc.).

Benefits

Private sector prison industries represent one means of addressing the severe problem of idleness which is plaguing most prisons. While such projects employ

only a relatively small number of inmates in relation to the total number of incarcerated offenders, they have value beyond their actual size in that they are usually the most highly sought after jobs and can therefore be used to encourage good performance in other industry assignments. Involvement of private industry also opens up markets for prisoner-made products and services not ordinarily available to traditional state-use industries and represents a source of capital that frees the system from sole dependence on limited state budgets.

Anecdotal information from those correctional agencies which have been operating private sector prison industries suggests that such enterprises can have a positive effect on inmate behavior while an inmate is employed in the projects and may also help inmates after they are released by enabling them to accumulate larger savings.

In the final analysis, the unique costs and benefits of each potential project must be weighed before deciding whether it is worth devoting substantial resources to its operation.

Evaluating Internal Strengths and Limitations

A comprehensive review of a correctional agency's strengths and limitations is a necessary step in determining whether private sector prison industries are an appropriate option in addressing inmate employment needs.

As indicated by the previous discussion, space is a resource which is essential for the operation of industries inside a prison. Therefore a thorough space analysis should be conducted by a person who is competent to make reliable judgments concerning the usefulness of existing space for industrial purposes. In those cases where new facilities will have to be constructed (or existing ones renovated) to accommodate a proposed industry, correctional administrators should consider all of the constraints imposed on normal construction/renovation costs and time lines by public-works bid processes in determining how economically and quickly space can be made available.

The other critical factors to be considered when evaluating internal strengths and limitations revolve around the level of staff commitment to the project's success, the characteristics of the inmate work force, and the institution's flexibility in accommodating the needs of the business.

Correctional agencies which have been operating private sector prison industries for some time cite the level of commitment to the venture by key staff, especially the host facility's warden (and in the case of the "customer" model, the industrial supervisors), as the factor most responsible for the success of their projects. For this reason it is essential that such business ventures be located only in those institutions where top management has expressed a clear interest and willingness to overcome the problems of operating a successful business in a bureaucracy. Success is most likely when top management is responsive to the needs of the company and understands that efficiency and productivity must be given high priority.

Frequent communication between company and institutional management is vital. The ability of company staff to reach the warden or deputy warden quickly when problems develop is helpful in heading off serious trouble.

The attitudes of middle management and line staff are shaped by their perceptions of the attitudes of top management toward the project. In a correctional agency producing goods or services for sale to a private firm, the support of the industrial work supervisors is essential. Supervisors of these shops must possess competent managerial, technical, and communications skills. If a supervisor does not have the skills necessary to manage an operation employing a civilian work force, then that individual certainly does not have the skills to manage an operation employing prison inmates.

Certain characteristics inherent in most inmate work forces (especially those related to such factors as reliability, availability, and cost) are the pivotal resources most correctional agencies have to attract private sector involvement. However, it is important that institutional staff maintain awareness of those characteristics (such as low educational and skill levels and high turnover rates) which necessarily limit the number of viable products and work processes that can be located inside a prison.

Finally, correctional staff must become aware of the challenges imposed on any business which operates inside a prison. The best way to do this is to observe the operations of traditional prison industries and to discuss their requirements with correctional industry staff. Such discussions are likely to reveal that businesses and prisons are fundamentally different in nature. Business requires flexibility; prisons thrive on routine. To overcome the limitations inherent in this basic difference, the prison may have to modify many of its policies and procedures. Adjustments in classification and assignment procedures, meal scheduling, program scheduling, and security measures -- including counts, lockdowns, vehicle searches and clearances, and space shakedowns -- may be necessary to maintain a full work day for industrial operations.

Choosing a Model

The correctional agency which chooses to implement PSPI must determine what kind of business venture to develop with the private sector. As noted earlier, the nature of the relationship between the prison and the company is most likely to take one of two forms labelled the "employer" and "customer" models.

The choice of which model is most appropriate for a given PSPI project should be made with reference to relevant state and federal laws, the goals and objectives of each party, and the unique circumstances, requirements, and capabilities of the company, and the prison in which the enterprise will be located.

It is likely that a company which favors the PSPI concept will state an immediate preference for one model over another. For example, the customer model was the choice of nearly every company which participated in the survey on which the findings of this report are partially based. This overwhelming preference was generally attributable to reservations about locating personnel and equipment inside a prison and to a greater familiarity with contracting work *out* as a method of operation because of past relationships with contract labor firms or sheltered workshops. On the other hand, many companies currently involved with PSPI have opted for the employer model because it increases their control over the operation.

A correctional agency interested in involving the private sector should evaluate its own objectives and resources before committing itself to a particular approach.

This means that the correctional agency's representative must be prepared to discuss the merits and requirements of *each* model with a prospective private partner.

The resources required, the level of agency involvement in business operations, and the risks incurred differ for each model. Some factors to be considered in evaluating the relative merits of the models are:

1. Regulatory parameters
2. Management and technical expertise
3. Production capacity
4. Level of control desired
5. Level of risk and reward desired

Regulatory Parameters

A careful review of relevant state and federal laws and emerging case law in the area of prisoner-workers' status and entitlements is a necessary first step in deciding which model is best suited for a given PSPI project.

The vast majority of states with legislation authorizing private sector involvement in prison industries and open market sales of prisoner-made goods allow the operation of either the employer or the customer model; however, there are a number of states in which legislative language is either non-existent or unclear in this area. In those cases where uncertainty exists, the legal counsel of a correctional agency or the state's attorney general should advise on which model to operate.

Federal laws and regulations also come into play when choosing operational models. In the case of the employer model, both the company and the correctional agency should realize that inmate employees are covered under the Fair Labor Standards Act, P.L. 96-157, which established the PSPI enhancement certification program and which covers both models, also guarantees certain entitlements and protections to inmates working in certified projects. See Appendix A for further information on the regulations governing PSPI.

Management and Technical Expertise

The successful operation of a business requires experienced, able business managers and production supervisors. A corrections agency considering the customer model must have a competent management staff and highly skilled supervisors. When the required expertise is not available, the employer model makes more sense.

Production Capacity

Beyond management expertise, certain physical resources are necessary to operate a successful business. Space and equipment, and a system to efficiently utilize these resources, must be available. The corrections agency seeking private sector involvement should estimate the amount of space and equipment necessary to generate products or services at the production levels required to insure financial survival. The customer model is a viable option for the correctional agency that has the necessary plant, equipment, and a production system to effectively operate a business. However, when the agency has the space but possesses neither the production system nor the necessary expertise, the employer model is a more realistic form of private sector involvement.

Level of Control

The level of control that an agency wants to exercise over the business should influence selection of a model for private sector involvement. Obviously, the greatest control over a business is attained when a corrections agency owns and operates the business. Agencies that have the necessary expertise and the resources, and that wish to closely control the business, should consider the customer model. The employer model places both ownership and operation of the business in the hands of the private sector and therefore offers the corrections agency little control of the business. The agency implementing the employer model can still exercise control over the correctional and security elements of the business operations, but most business decisions will be made by the private sector.

Level of Risk and Reward

As in most business ventures, the party considering involvement in PSPI (whether it be the public or the private sector) is ideally looking for a situation with minimal risk and maximum potential for return on investment. Each of the models discussed in this report presents varying degrees of risk for both the correctional agency and the private sector. And both models expose an agency to the risk of dealing with potentially rapid changes in workload demand.

Generally speaking, the customer model places the greatest demands on the agency but also offers the highest potential for financial reward since the successful customer model project not only productively employs inmates and opens new markets for goods and services, but also generates revenue for the prison industry.

The correctional agency which has determined that PSPI may meet its needs after reviewing these issues is ready to begin the process of identifying potential private industry partners. The section which follows provides a chronological description of the first stage of the process.

PART III: Screening Industries and Selecting Companies

Screening Industries

The resources available to most correctional agencies for marketing private sector prison industries are likely to be limited. Therefore it is advisable that staff focus their attention on those industries which are most likely to make use of PSPI's. Toward this end, Criminal Justice Associates conducted a survey of PSPI's and developed a list of attributes that were common to most of the successful PSPI programs currently in operation. These attributes form the list of problems that a company might be able to solve using PSPI.

These problems and the potential solutions that PSPI might offer form the general framework for choosing which industries to approach as potential partners for PSPI projects. The following characteristics should be kept in mind when considering an industry's potential for involvement.

Industry Characteristics

Need for Low Skilled Labor

Does the company have a need for low skilled labor? Is it common knowledge in the area that a certain company or industry is always looking for entry level personnel? Do advertisements in newspapers or job orders through the employment office reflect a constant need for entry level employees? Has a certain company or industry in the area sought out alternative sources of labor, such as sheltered workshops or college students, to meet their requirements?

Labor Intensive Manufacturing Process or Service

Does the industry use a great many people to provide its goods and services? Does the industry lack automation? Is the nature of the service or the manufacturing process simple and repetitive?

Rapid and Unpredictable or Cyclical Changes in Workload

Is the industry based on a job shop type model where it must quickly respond to customer demands? Does the industry experience large swings in demand because it is seasonal? Is the industry very cyclic and prone to large layoffs and re-hirings? Is there some part of the manufacturing process that is somehow special, custom or performed infrequently?

Use of Alternative Labor Sources

Have some companies in the industry moved to other countries in order to reduce labor costs? Does the industry contract out parts of its manufacturing process? Is the industry known to use a large amount of temporary or contract labor?

How to Identify Companies Which Meet Characteristics

In attempting to find the answers to the above questions, it is recommended that correctional staff first rely on information specific to their area or state. While it is possible to obtain national information on various industries, marketing PSPI will be greatly affected by local factors and situations. For example, most state development boards keep records of wage rates, employment levels and other industrial information for the state as a whole, as well as for individual counties. Similarly, state and local employment agencies know which industries and companies are looking for unskilled labor. On a more informal level, speaking with the directors of sheltered workshops and other such programs may reveal which companies in the area use these alternative sources of labor. Finally, the leaders of state and local chambers of commerce are good sources of general information and may know of a company that could benefit from PSPI. All of these informational avenues should be explored in the attempt to identify companies which may benefit by participating in a PSPI program.

While use of local information and contacts is the first approach to take, all too often there is a group of industries about which very little is known. If local information is unavailable on these industries, it is helpful to develop a general set of guidelines that will determine whether an industry has potential as a PSPI client.

The research for this report established a set of guidelines which sought to approximate the attributes listed above. As a way of organizing industries the Standard Industrial Classification (SIC) system was used. This system was developed by the United States government and has been in use for many years. It groups service and manufacturing industries into 1,450 different classifications, each of which has its own number or code. (See Appendix B for more information on the SIC System and a listing of SIC industries.) Use of this very complete classification system is helpful and various government agencies compile statistics based on the groupings.

Beginning with the full SIC listings, those industries which could not be located in a prison environment were eliminated as potential candidates. This criterion eliminated retail stores and most personal service businesses. To determine which of the remaining SIC industries had a need for low-skilled labor or a high degree of labor intensity, two tests were applied. Data for the tests were taken from Department of Labor reports that tabulate average weekly wage rates and production worker ratios for all SIC industries. (See Appendix C for information on these Department of Labor reports.) If an industry passed either of these tests, it was considered a potential PSPI candidate.

TEST 1: Is the average weekly wage for the industry in the lowest 10% of all industries listed?

TEST 2: Are over 80% of the workers in the industry production workers?

Certainly these tests are a very rough way to classify industries and may eliminate some excellent candidates. However, if national data is used, the PSPI advocate is faced with sorting through a large number of industries. In developing and using

such tests, the recommended approach is erring on the side of including too many industries. Contacting companies is simple and inexpensive, and so it is better to include a few dead-ends in the hope of discovering an excellent PSPI candidate. In all cases, the use of local knowledge and common sense to augment this type of selection process is recommended. A list of industries that passed these two tests is included in Appendix D.

Selecting Companies to Contact

Once the correctional administrator has developed a list of potential PSPI client industries, he must select individual companies to contact. The most useful source of company listings is a state's Industrial Directory. This directory, sometimes called the Directory of Manufacturers, is published yearly by either the state chamber of commerce or the development board. Within these directories, state manufacturers are listed alphabetically, by geographic location and by SIC industrial group or number. In general, each listing will contain a company's address, phone number, product or service, number of employees, and executive officers.

For service industries, or for a check on the listings of a state directory, two widely available reference books are useful. The Million Dollar Directory and Standard & Poor's list all U.S. public and private companies with assets of over \$500,000. The listing is by SIC code, with companies arranged in alphabetic order by state. Contact people, however, are not listed. A phone call to the company to obtain the name of its president is more appropriate than sending a letter without the name.

Given the information that the industrial directory provides, the selection procedure is fairly simple. For each industrial group chosen, a number of companies will be listed. To choose from this potentially large list, another set of selection rules must be applied. These selection rules have to do with the location, size and nature of the company, as follows:

1. Select companies or manufacturing sites within a 50 mile radius of the prison.
2. Select companies which are *not* small, entrepreneurial start-up organizations.

Proximity to Prison

The research for this report revealed that a major concern of corporate executives was the *logistics* of the PSPI program -- shipping costs, shipping time and their ability to reach the prison quickly for supervision purposes. All of these concerns indicate that a company closer to the prison is more likely to consider a PSPI. Companies within a 50 mile radius of the prison should be approached *first* and marketing efforts should then be expanded outward as companies within that radius are exhausted. This distance keeps transit time to under an hour in most cases. An examination of the location of prisons and private companies currently involved in joint ventures indicates that nearly all of the partners are located close to each other and thus lends support to the finding that close proximity is an important consideration for both parties in such joint ventures.

Company Size

Preliminary analysis suggests that middle and large size companies should be the initial focus of PSPI marketing efforts. These companies are more stable than small, start-up organizations. With small entrepreneurial companies, the business risk is very high; correctional facilities will then bear this risk if they invest (time, money, or other resources) in such a venture.

Most ongoing PSPI efforts are with mid-sized companies. Those correctional administrators who work with them report a high level of commitment to continuity of relationships and projects. If these companies grow, they may wish to increase the size of the prison-based labor force. Often, the work force inside the prison is important to the ongoing success of the business as a whole. This mutual advantage influences the ongoing nature of agreements.

But large companies can also be advantageous for several reasons. First, large companies tend to be more stable than smaller operations. Thus once it is established, such a company is more likely to continue and possibly expand a PSPI program. Second, having a large company involved in a PSPI project tends to legitimize the PSPI concept in the eyes of other area companies. Large companies serve as excellent references and prove that the PSPI concept is viable in corporate America. Third, due to their size, larger companies have a wider variety of operations and manufacturing processes, increasing the likelihood that some of these operations will be transferable to a prison environment. Finally, a larger corporation is more likely to have the human resources and sophistication necessary to negotiate, establish and maintain a manufacturing process within prison walls.

This study took this preference for larger companies one step further. Some companies that did not meet initial industry selection criteria, but were extremely large (over 1500 employees) were contacted. These companies frequently have some low-skilled operations that could be transferred to a prison. In several instances this proved to be the case. Most notable was a large polymer plant that was highly automated and for the most part used highly skilled labor. This plant did, however, have a service center which provided labor intensive repair and maintenance to the plant. The managers of the plant are currently looking into transferring this service operation into a prison.

PART IV: Initial Contact

Whom to contact

For mid-sized companies (those around 200 employees), the appropriate contact person is the president or owner. For large companies, the situation is more complicated.

The research for this report revealed that plant managers and manufacturing executives were much more receptive to the PSPI concept than corporate managers. This finding makes sense when PSPI are seen as a solution to a variety of labor

problems. The people within a corporation who are most directly affected by these problems and who are actively looking for solutions are plant managers and operations executives.

However, these plant managers usually cannot make a decision to go forward with a prison based labor force without the approval of corporate headquarters. Therefore, it is important to recognize that the "sale process" will be longer and more difficult with large, multi-unit companies. Starting with a plant manager who is enthusiastic about solving a labor force problem with PSPI gives the correctional administrator a voice within the company, an ally who will help take the concept upwards.

Simultaneous contact at corporate headquarters, particularly based on a personal connection or network referral, will facilitate the process.

For larger companies, the Directory of Manufacturers usually lists the top four or five managers at a given location. Every company has a different set of titles and responsibilities, so there is no single rule which can be applied. When in doubt choose the higher level manager.

How to Reach Them

The PSPI concept is a rather revolutionary idea to most people and as such is difficult to explain to those who are not familiar with it. Whenever possible the correctional agency should take full advantage of the informal contacts or personal networks at its disposal to make the initial contact with a decision maker in a company. In the absence of any such network the agency's representative can first send a letter to the chosen contact. The purpose of the letter is to create enough curiosity about PSPI that its recipient will be willing to meet with a correctional administrator. The PSPI concept should be briefly outlined, indicating how the benefits of PSPI could potentially improve the company's operations. Finally some specified date when an appointment could be arranged over the phone should be mentioned. *The emphasis in the letter should be on solving the company's problems.* Appendix E contains a sample letter that was used in this study.

The average business person receives a large stack of mail every day, so this letter is competing with many others for the attention of the recipient. Therefore influential recommendations or references should be used whenever possible to improve the letter's impact. For example, a letter of recommendation might be included from the president of the chamber of commerce or a prominent executive -- better yet, a letter on such a person's letterhead with their signature. Whatever can be done to increase the letter's impact and validity will improve response rate dramatically.

Finally, before sending out the letters, it is a good idea to confirm that the chosen contact is still in the same position at the company. The quality of the Industrial Directory listings may vary widely by state. Some of the initial letters for this report went to people who had left the company or had been promoted to a new position. Confirming positions and addresses by calling the company switchboard will save a great deal of time and effort.

Preparing for the First Phone Call

It is likely that the person who receives the introductory letter will have many questions about PSPI during the initial phone conversation. Therefore, it is necessary that a correctional administrator, not a clerical staff member, conduct this conversation and that the administrator is prepared to answer most of the common questions that will be asked. This preparation requires a knowledge of the labor force of the prison that will host the PSPI project and an understanding of the concerns that many business people have when considering the PSPI concept.

Knowing the Labor Force

The primary resource which any correctional agency has to offer to the private sector is its inmate work force. The challenge for the person making the initial contact with the private sector is to convey the unique characteristics of the prison-based labor force. The manner of presentation should intrigue the private sector representative enough to look more closely at prisoners as an option for addressing company needs.

The PSPI advocate must be prepared to describe both the general characteristics of the prison-based work force which increases its attractiveness to firms with an unmet demand for entry level labor, and to answer specific questions which the company representative may have about the work force. It is likely that the private sector will have initial questions about such factors as:

- the number of inmates available for work, per shift,
- the educational level of the inmate workers,
- the skill level of the work force,
- the length of time which the inmates would be available for employment,
- the prior work experience of the inmates,
- the age and sex of the available inmates,
- the types of offenses for which the available inmate-workers are incarcerated and their security level in the institution,
- vocational training programs within the facility which may help to prepare eligible inmates to work in PSPI.

This information is usually available on both an institutional and department-wide basis.

Knowing the Prison

A private sector manager exploring the feasibility of a PSPI project is likely to want information about the location of the prison and technical information about the prison's infrastructure; although it is more likely than not that the latter kind of information will not be needed until later in the decision making process. With

this in mind, information should be compiled about any zoning restrictions pertaining to the prison and about its location in relation to major highways, railroad sidings, airport terminals, industrial parks, and major metropolitan areas.

Addressing Common Private Sector Concerns

The initial contact with the PSPI advocate will be the first significant contact with prisons for most private business managers. It is unlikely that they will have any prior knowledge of PSPI operations specifically and, unfortunately, any information which they may have about prisons in general is likely to result from press coverage of negative or sensational events such as prison riots. With this in mind, the PSPI advocate should be prepared to address any reservations which the business manager may raise about prisons in general and PSPI specifically.

The best way to overcome initial concerns about whether prisons are viable hosts for private business ventures is by pointing out that prisons are orderly institutions in which normal activities (such as work, education, and recreation) take place on a routine basis. If appropriate, it would be beneficial to arrange a tour of the facility which will house the PSPI project so that the business manager can observe its operation and meet with staff and inmates.

Most private sector representatives will also express initial concerns which are directly related to the feasibility of a PSPI operation for their company. Their concerns are likely to be centered on such issues as:

Cost: Can the work be done at competitive cost rates?

Quality: Can prisoners produce quality goods and services?

Control: How much say will my company have in hiring the work force?
If the company locates equipment inside a prison will it be subject to search by prison staff?

Logistics: Can delivery schedules be met?
How much access will company staff have to the project?
How much "red tape" will be involved in operating the project?

The best way to address these specific concerns is to refer (whenever possible) to the way that these issues have been successfully resolved in PSPI projects involving similar companies. In those cases where no positive PSPI track record can be referenced, it will be helpful to point to instances in which the institution has addressed these same issues for its traditional prison industries. Three cases of successful PSPI projects are briefly described in Appendix F. However, it is important at this point to keep the discussion as general as possible and to clarify that specific questions have to be answered in the light of specific proposals.

Conducting the Initial Phone Conversation

This pilot study revealed that the follow up phone call provided a very clear indication of the level of interest that a company had in prison-based work forces. In some cases (10% of the time) the follow up call was met with immediate acceptance and an appointment was made quite quickly. Often, however, (20%) the

contact wanted to know a great deal more about PSPI before agreeing to a meeting. There were also numerous instances in which the company was not interested (26%) or in which the contact was not reached after repeated attempts (44%).

On average it takes about two to three calls to reach a contact. In smaller firms a contact can generally be reached immediately if he or she is truly interested in more information. In larger companies, where a secretary may be screening all calls, it is advantageous to mention the letter that was sent. Was the letter received? Has the contact seen it or commented on it? If the contact cannot come to the phone, a message should be left, and information about the best time to call back should be obtained from the secretary.

These private sector managers are busy people; a return call should not be expected. The correctional administrator should continue to try to reach the contact until it is clear that the company is not interested. At this point the correctional representative can either give up on this particular company or, if the organization still seems like a strong candidate, can send a letter to someone else within the organization.

When the contact is reached, the correctional administrator should introduce himself and reiterate what the call and PSPI is all about. This preamble should be practiced a bit -- explaining PSPI in just a few minutes is very difficult. The administrator must be clear, concise and convincing. Once he asks to set an appointment, the contact will generally agree or start asking a lot of questions. These questions should be answered with an eye towards setting up a meeting. The emphasis should be on conducting a presentation of the PSPI concept and how it might improve their operations. Many contacts will initially have a negative attitude toward PSPI. However, as their concerns are discussed, their attitude may improve.

Of course, many will remain negative. This type of response should be expected. The correctional administrator is seeking a company that is interested in a new and innovative idea; many companies will not be.

Tracking Results

As the process of writing and calling different companies unfolds, it is important to keep track of results even if they are negative. If correspondence, responses, and telephone communication are recorded, the correctional agency representative will be able to spot trends and patterns that will make future searches more effective. Possibly one industry will be more interested than another, or one level of management will be more receptive than another. The same objections or questions may come up again and again, and the PSPI advocate can then prepare good responses to them.

Since there has been limited experience in marketing the PSPI concept, there are no rules or formulas for success. While this pilot study does provide a starting point, it is important to develop a framework for selecting and approaching companies based on the circumstances in the correctional agency's local area. Different areas of the country will be subject to differing regulations, unemployment levels, industrial concentrations and business practices. As a result, the marketing of PSPI to the business community will need to be adapted to reflect these local and regional differences.

Preparing for the First Meeting

Once a meeting has been arranged, the correctional administrator must prepare for the meeting by learning something about the company he will visit so that he can determine how PSPI might fit into the private sector organization's operations.

What to Know About the Company

The primary goal of researching a company at this stage is to gain an understanding of how it views itself, what its present business environment is and how it handles its labor force. Understanding these issues will allow the correctional agency's representative to make a much better impression at the first meeting. It demonstrates to the private sector executive a serious, professional approach to the PSPI concept. However, extensive information gathering is generally not necessary -- a great deal can be learned from the interview itself.

Some high priority questions include:

- What does the plant make and who are its customers?
- Are the company's products tightly regulated substances, such as food or chemicals?
- Has the company used work release inmates in the past?

Other questions which may help the PSPI recruiter understand the concerns of the business and whether or not that company is a good match for the needs of the correctional facility include:

- Has the company recently laid-off or hired employees?
- Do company employees have a union? If so, how strong is it?
- Is the manufacturing process highly automated?
- Does the company use sheltered workshops or contract labor?

While the agency representative cannot quickly learn all of this information, much can be learned with just a few phone calls. The goal is to understand how the company works. Then the PSPI advocate can assess the appropriateness of a joint venture and determine how best to share his perspective with the company representative.

Sources of Information

There are several sources of information that are just a phone call away. These include:

The company annual report: Almost all companies will send a recent copy of their annual report if it is requested. The annual report will describe the company's products, their most interesting achievement of the last year, and the corporate philosophy.

The company itself: Most companies have someone who handles public affairs or customer support. A ten-minute call to one of these people will provide more information than a month's worth of research.

Trade associations: Most industries have a trade association that publishes newsletters and industry updates on a regular basis. If they are requested, such publications can usually be received for a nominal fee.

The State Department of Employment: The quality and availability of the information from this agency varies by state. However, they should be able to explain something about the hiring practices of the company being researched.

Personal contacts: A correctional administrator should use his contacts. Someone may know something about the company or know someone else who does.

Newspapers: If the administrator is tired of using the phone, a trip to any library will allow him to reference newspaper or magazine articles that have been written about the company. He should concentrate on local newspapers as they will contain the most relevant information for his purposes.

Finally, conducting a "dry run" before going into the first meeting of this type is strongly recommended. Ideally the correctional administrator should practice on someone who is sympathetic to his cause but does not know too much about PSPI.

Conducting the First Meeting

The goal of the first meeting is an exchange of information which will enable both parties to determine whether they can establish a mutually beneficial business relationship. With this in mind, it is important at this stage that the PSPI advocate be just as alert for any information about the company which may eliminate it as a potential partner as he is for information which may lead to further discussions about mutual opportunities.

For example, one PSPI advocate who has successfully marketed prison labor to several private sector firms decided not to pursue further contact with an apparently suitable company when he learned during an interview with the company's staff that the firm was hiring civilian workers and that the surplus of available labor in the area in which the company was located had not yet been fully exhausted. Because he knew that it would not be prudent for the correctional agency to, in effect, replace civilian workers who were eager for jobs with prisoners, he wisely broke-off discussions with the company in question.

The first phase of the meeting should make clear that PSPI's have solved labor problems for other companies and possibly could improve operations at the plant in question. After the initial pleasantries, five to ten minutes should be spent fully

describing the PSPI concept. As mentioned previously, the PSPI concept is difficult for most people to understand when they first hear about it. The PSPI advocate should try to be as clear as possible. Using other PSPI projects as examples will lend credibility to the program and make the concept more concrete.

During the second phase of the meeting information should be gathered about the labor force at the plant and any problems that the manager is confronting. Some of the answers the PSPI recruiter may be looking for are:

- What is the composition of the work force? Mostly men or women? Any special minority groups?
- Has the company moved some of its manufacturing off-shore? Has it considered doing so?
- Does some of the manufacturing process use proprietary or specialized equipment?
- Is the manufacturing operation one long continuous process, or can it be broken into smaller pieces?
- Are there any current labor problems such as availability, reliability, or drug use?
- Would the availability of a lower cost work force allow the company to do something that it cannot do profitably now?

The correctional administrator is looking to find some function performed in the plant that could conceivably be moved into or contracted to a prison. During this stage he should talk as little as possible, ask a lot of questions and listen carefully for areas that show potential for PSPI. Asking for a tour of the plant is an excellent way to discover potential PSPI applications.

If an area of the plant that would be right for a PSPI can be identified, then the correctional representative should investigate this opportunity more fully during the third phase of the meeting. What would be the major barriers to putting such a program in place? What further information would the manager need to consider such a move? If the PSPI advocate gets to this point, the meeting has been quite successful and he has taken the first step toward establishing a PSPI.

This study found that many meetings get hung up during the second phase. Many plant managers claimed that no part of their operation could be put in a PSPI. Alternatively, some managers saw a use for the PSPI concept but thought that for political or cultural reasons the corporation would not entertain such a radical idea. In these cases it is important to determine the real barrier to further consideration. Understanding the roadblock allows the correctional administrator to determine a way around it. A list of common barriers to implementation is included in Appendix G.

Next Steps

It is difficult to generalize on the actions that should be taken after the initial meeting, because so much is dependent on its outcome. However, if the first meeting indicates potential for involvement by the company, the PSPI recruiter should attempt to schedule a second meeting as the first meeting draws to a close. If he does not, he will be forced to phone the contact at a later date. The issue may then seem less important to the company, and the contact may put the recruiter off or refuse to see him.

There are several good reasons why a second meeting should be scheduled. The correctional administrator may need to present PSPI to someone else in the company. Someone from the corrections department might be brought in to further address one of the company's concerns. The company may want to see specific information if they are to consider a PSPI project.

As part of a second meeting, the PSPI advocate may wish to take a few company managers on a tour of the prison facility so that they can gain a better understanding of the inner workings of a prison.

The important point here is that if the company seems interested, the correctional administrator must push the project forward so it quickly gains momentum. Business people are easily distracted by other important issues. Therefore, the second meeting should occur within two weeks of the first or you may lose their attention.

AFTERWORD

This report described a process for identifying, screening and contacting private sector companies which are most likely to be interested in using prisoners as a part of their work force. It was primarily directed to employees of correctional agencies whose job it is to market prison-based labor forces to private sector companies. The issues discussed will also be of particular interest to corrections commissioners, prison industry directors and their staffs, program development and planning staff of correctional agencies, and members of prison industry advisory boards.

As an introduction, private sector prison industries were defined and distinguished from other work opportunities for offenders. Private sector prison industries employ a prison-based labor force to supply goods and services on the open market.

Then, correctional administrators were provided with guidelines to help them assess whether or not private sector prison industries make sense for their facilities. These guidelines included questions to ask about the agency's objectives in developing private sector prison industries and how they connect to other agency objectives. A list of costs and benefits of these private ventures was provided.

Key internal strengths and limitations that affect an agency's ability to develop private sector prison industries include space and staff commitment on the agency side, and top management interest and skilled supervision on the company side. Both groups must be willing to keep channels of communications open.

Once an agency is seriously considering private sector prison industries, it must choose between two models labelled the "employer" and "customer" models. Factors which influence choice of a model include regulatory parameters, management and technical expertise within the prison, production capacity, level of control desired, and level of risk and reward desired.

In the next section, the authors outlined a process for identifying broad industry categories and selecting specific companies which are likely to be potential partners for private sector prison industries. This process describes useful steps for individuals whose job it is to market prison-based labor forces, and provides sources of information.

Key identifiers for industries include the need for low skilled labor, a labor intensive manufacturing process or service, rapid and unpredictable or cyclical changes in workload, and anticipated or current use of alternative labor sources. Key identifiers for firms include proximity to the prison and medium to large size.

The last section of the report provides basic guidelines for contacting and meeting with decision makers in private companies. It reminds the private sector prison industry advocate of the objectives of the contact process, and provides suggestions as to how those objectives might be accomplished.

The authors suggest that top managers should be contacted initially by letter, then by phone, and finally in person to discuss the possibility of a joint venture between the agency and the company. The recruiter should also be prepared to answer questions about the prison labor force, the prison itself, and other private sector concerns including cost, quality, control and logistics. The recruiter should understand the basic business of the company before the meeting, and should use the meeting itself to learn more about the features of the business that would be amenable to a prison-based labor force.

By the conclusion of this report, the reader is left at the end of the first meeting, with the admonition to set up a second meeting to continue the discussion process. Future reports will provide guidance for later steps in the process of developing private sector partnerships for prison-based industries.

The report is supplemented by an appendix, which includes:

- Additional information on the regulatory parameters established by federal and state governments for private sector prison industries
- A numerical index of the industries included in the Standard Classification Index
- Possible information sources on the history and regulations of such industries for the prison industry advocate
- A list of industries which, according to the Standard Classification Index, are potential candidates for establishing a private industry inside a prison
- A sample "initial contact" letter to a private industry executive
- Short descriptions of three successful PSPI cases
- Some barriers to PSPI implementation which were outlined by private business managers during the study's initial interviews
- A description of the research methodology used for this study
- A list of individuals who have experience and expertise in prison industries

The authors anticipate that this material will help answer questions that may arise in the course of reading the report.

Because the report is based on preliminary research, its guidelines have yet to be tested. The authors invite practitioners who use this guide to contact them with feedback and suggestions for improvement. All such comments or questions can be directed to:

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48 East Chestnut Hill Avenue
Philadelphia, PA 19118
(215) 247-1390

APPENDICES

Appendix A: Regulatory Parameters for PSPI

Private sector prison industries are regulated by both federal and state laws which control access to markets, authorize the existence of such joint ventures, determine allowable types of involvement with the private sector, and define certain rights and responsibilities for the parties involved.

The principal role of federal laws in this area is related to the interstate sale of products made with prison labor. There are two layers of federal legislation restricting the interstate transportation of prisoner made goods for sale on the open market.

The Hawes-Cooper Act (49 U.S.C. Sec. 11507, 1929) is the first layer of federal legislation which affects the sale of prisoner-made goods. It provides that such goods which move from one state to another become subject to the laws of the importing state once the goods enter its border. Hawes-Cooper assists states which have withdrawn their own prisoner made products from sale on the open market within the state from being flooded with prisoner-made goods from other states. However, under Hawes-Cooper a state merely has the power to extend its own laws to prisoner-made goods from other states, so that in order to forbid the sale of imported prisoner-made goods it must forbid the sale of its own prisoner-made goods on the open market as well.

The second layer of federal legislation is The Ashurst-Sumners Act (49 Stat. 494, 1935) which provides for federal criminal enforcement of a valid state law promulgated under Hawes-Cooper. Its companion law, The Sumners-Ashurst Act (18 U.S.C. 1761, 1948) prohibits the transportation of products made by prisoners in interstate commerce. When this law is in effect, it is a federal offense to transport prisoner-made goods in interstate commerce and state law permitting the transportation of such goods for private use is preempted. Services and agricultural commodities are not affected.

Correctional agencies which conform to legislative and administrative guidelines may receive a waiver to these restrictive federal laws under the Private Sector Prison Industry Enhancement Certification Program (PS/PIEC) authorized by P.L.96-157, Sec. 827 (as amended by the JSIA of 1984).

State laws authorize the existence of private sector prison industries; determine the nature of the relationship which can exist between a correctional agency and a private company by addressing the private company's right to directly employ incarcerated offenders and the correctional agency's authority to contract with a private company for the provision of goods or services; and determine whether prisoner-made goods can be sold on the open market within the state. Many state laws also address such critical issues as whether the correctional agency can rent or lease space to private firms and the wages which prisoners working in joint business ventures are entitled to receive.

A comprehensive review of all the relevant federal and state laws and regulations which address private sector prison industries should be the initial step undertaken by any correctional administrator who is contemplating the development of such

joint business ventures. Without legal authority, it will not be possible to create a private sector prison industry.

Once the agency's legal status vis-a-vis private sector prison industries has been clarified a number of other issues must be addressed in order to determine whether such joint business ventures are appropriate for a correctional agency.

Appendix B

Numerical Index of SIC Numbers

Index Numérique du Code SIC

Indice Numérico de los Códigos SIC

Numerischer Index der SIC Nummern

For an explanation on the use of SIC Numbers defined below, please refer to the preceding page

Pour une explication sur l'usage des Numéros SIC définis ci-dessous, veuillez vous référer à la page précédente

Para la explicación sobre el uso de los Números SIC definidos más abajo, haga el favor de referirse a la página anterior

Zur Erklärung des Gebrauchs der unten erklärten SIC Nummern, bitte siehe vorhergehende Seite

Agriculture, Forestry and Fishing

Exploitation agricole, exploitation forestière, pêche

Agricultura, Explotaciones Forestales y Pesquería

Land- und Forstwirtschaft, Fischerei

01 11 thru 09 89

- 01 11 Agricultural Production—Crops
- 01 12 Wheat
- 01 13 Rice
- 01 15 Corn
- 01 16 Soybeans
- 01 19 Cash grains, n.e.c.*
- 01 31 Cotton
- 01 32 Tobacco
- 01 33 Tree crops
- 01 34 Fresh potatoes
- 01 39 Field crops, except cash grains, n.e.c.*
- 01 61 Vegetables and melons
- 01 71 Berry crops
- 01 72 Grapes
- 01 73 Tree nuts
- 01 74 Citrus fruits
- 01 75 Deciduous tree fruits
- 01 79 Fruits and tree nuts, n.e.c.*
- 01 81 Ornamental floriculture and nursery products
- 01 82 Food crops grown under cover
- 01 89 Horticulture specialties, n.e.c.*
- 01 91 General farms, primarily crop

- 02 02 Agricultural Production—Livestock
- 02 11 Beef cattle feedlots
- 02 12 Beef cattle, except feedlots
- 02 13 Hogs
- 02 14 Sheep and goats
- 02 19 General livestock, except dairy, poultry, and animal specialties
- 02 41 Dairy farms
- 02 51 Broiler, fryer, and roaster chickens
- 02 52 Chicken eggs
- 02 53 Turkey and turkey eggs
- 02 54 Poultry hatcheries
- 02 59 Poultry and eggs, n.e.c.*
- 02 71 Fur-bearing animals and rabbits
- 02 72 Horses and other equines
- 02 79 Animal specialties, n.e.c.*
- 02 91 General farms, primarily livestock

- 07 07 Agricultural Services
- 07 11 Soil preparation services
- 07 21 Crop planting, cultivating and protection
- 07 22 Crop harvesting, primarily by machine
- 07 23 Crop preparation services for market, except cotton ginning
- 07 24 Cotton ginning
- 07 29 General crop services
- 07 29 Animal husbandry services, n.e.c.*†
- 07 41 Veterinary services for livestock, except animal specialties
- 07 42 Veterinary services for animal specialties
- 07 51 Livestock services, except services for animal specialties
- 07 52 Animal specialty services
- 07 61 Farm labor contractors and crew leaders
- 07 62 Farm management services
- 07 81 Landscape counseling and planning
- 07 82 Lawn and garden services
- 07 83 Ornamental shrub and tree services

- 08 08 Forestry
- 08 11 Timber tracts, Christmas tree growing
- 08 21 Forest nurseries and tree seed gathering and extracting

- 08 43 Extraction of pine gum
- 08 49 Gathering of forest products, n.e.c.*
- 08 51 Forestry services

- 09 09 Fishing, Hunting and Trapping
- 09 12 Finfish
- 09 13 Shellfish
- 09 19 Miscellaneous marine products
- 09 21 Fish hatcheries and preserves
- 09 71 Hunting and trapping, and game propagation

Mining

Exploitation minière

Minería

Bergbau

10 11 thru 14 99

- 10 10 Metal Mining
- 10 11 Iron ores
- 10 21 Copper ores
- 10 31 Lead and zinc ores

- 10 41 Gold ores
- 10 44 Silver ores
- 10 51 Bauxite and other aluminum ores
- 10 61 Ferroalloy ores, except vanadium
- 10 81 Metal mining services
- 10 92 Mercury ores
- 10 94 Uranium-radium-vanadium ores
- 10 99 Metal ores—n.e.c.*

- 11 11 Anthracite Mining
- 11 11 Anthracite
- 11 12 Anthracite mining services

- 12 12 Bituminous Coal and Lignite Mining
- 12 11 Bituminous coal and lignite
- 12 13 Bituminous coal and lignite mining services

- 13 13 Oil and Gas Extraction
- 13 11 Crude petroleum and natural gas
- 13 21 Natural gas liquids
- 13 81 Drilling oil and gas wells
- 13 82 Oil and gas field exploration services
- 13 89 Oil and gas field services, n.e.c.*

- 14 14 Mining and Quarrying of Nonmetallic Minerals, except Fuels
- 14 11 Dimension stone
- 14 22 Crushed and broken limestone
- 14 23 Crushed and broken granite
- 14 29 Crushed and broken stone, n.e.c.*
- 14 42 Construction sand and gravel
- 14 46 Industrial sand
- 14 52 Bentonite
- 14 53 Fire Clay
- 14 54 Fuller's earth
- 14 55 Kaolin and ball clay
- 14 59 Clay, ceramic and refractory minerals, n.e.c.*
- 14 72 Barite
- 14 73 Fluorspar
- 14 74 Potash, soda, and borate minerals
- 14 75 Phosphate rock
- 14 78 Rock salt
- 14 77 Sulfur

- 14 79 Chemical and fertilizer mineral mining, n.e.c.*
- 14 81 Nonmetallic minerals (except fuel) services
- 14 92 Gypsum
- 14 96 Talc, soapstone and pyrophyllite
- 14 99 Miscellaneous non-metallic minerals, n.e.c.*

Construction

Entreprise de construction

Construcción

Baugewerbe

15 11 thru 17 99

- 15 15 Building Construction—General Contractors and Operative Builders
- 15 21 General contractors—single family houses
- 15 22 General contractors—residential buildings, other than single family
- 15 31 Operative builders

*Not elsewhere classified indicated by n.e.c.

†The SIC number or definition was published in the 1987 Standard Industrial Classification manual and has been revised in the 1972 edition published by the Office of Management and Budget.

- 15 41 General contractors—
industrial buildings and
warehouses
15 42 General contractors—
non-residential buildings
other than industrial
buildings and
warehouses

**16 Construction other
than Building Con-
struction—General
Contractors**

- 16 11 Highway and street
construction, except
elevated highways
16 22 Bridge, tunnel, and
elevated highway
construction
16 23 Water, sewer, pipe line,
communication and
power line construction
16 29 Heavy construction,
n.e.c.*

**17 Construction—Special
Trade Contractors**

- 17 11 Plumbing, heating
(except electric), and
air conditioning
17 21 Painting, paper hanging,
and decorating
17 31 Electrical work
17 41 Masonry, stone setting,
and other stonework
17 42 Plastering, drywall,
acoustical and insulation
work*
17 43 Terrazzo, tile, marble,
and mosaic work
17 51 Carpentry
17 52 Floor laying and other
flooring, n.e.c.*
17 61 Roofing and sheet metal
work
17 71 Concrete work
17 81 Water well drilling
17 91 Structural steel erection
17 93 Glass and glazing work
17 94 Excavating and
foundation work
17 95 Wrecking and
demolition work
17 96 Installation or erection
of building equipment,
n.e.c.*
17 99 Special trade
contractors, n.e.c.*

Manufacturing

Fabrication

Fabricación

Herstellung

20 11 thru 39 99

**20 Food and Kindred
Products**

- 20 11 Meat packing plants

- 20 13 Sausages and other
prepared meat products
20 16 Poultry dressing plants
20 17 Poultry and egg
processing
20 21 Creamery butter
20 22 Cheese, natural and
processed
20 23 Condensed and
evaporated milk
20 24 Ice cream and frozen
desserts
20 26 Fluid milk
20 32 Canned specialties
20 33 Canned fruits, vege-
tables, preserves, jams
and jellies
20 34 Dried and dehydrated
fruits, vegetables, and
soup mixes
20 35 Pickled fruits and vege-
tables, vegetable sauces
and seasonings, and
salad dressings
20 37 Frozen fruits, fruit juices
and vegetables
20 38 Frozen specialties
20 41 Flour and other grain
mill products
20 43 Cereal breakfast foods
20 44 Rice milling
20 45 Blended and prepared
flour
20 46 Wet corn milling
20 47 Dog, cat and other pet
food
20 48 Prepared feeds and feed
ingredients for animals
and fowls, n.e.c.*
20 51 Bread and other bakery
products, except cookies
and crackers
20 52 Cookies and crackers
20 61 Cane sugar except
refining only
20 62 Cane sugar refining
20 63 Beet sugar
20 65 Candy and other
confectionery products
20 66 Chocolate and cocoa
products
20 67 Chewing gum
20 74 Cottonseed oil mills
20 75 Soybean oil mills
20 76 Vegetable oil mills,
except corn, cottonseed
and soybean
20 77 Animal and marine fats
and oils
20 79 Shortening, table oils,
margarine and other edi-
ble fats and oils, n.e.c.*
20 82 Malt beverages
20 83 Malt
20 84 Wines, brandy, and
brandy spirits
20 85 Distilled, rectified, and
blended liquors
20 86 Bottled and canned soft
drinks and carbonated
waters
20 87 Flavoring extracts and
flavoring syrups, n.e.c.*
20 91 Canned and cured fish
and seafoods
20 92 Fresh or frozen pack-
aged fish and sea foods
20 95 Roasted coffee
20 97 Manufactured ice
20 98 Macaroni, spaghetti,
vermicelli, and noodles
20 99 Food preparations,
n.e.c.*

**21 Tobacco
Manufacturers**

- 21 11 Cigarettes
21 21 Cigars
21 31 Tobacco (chewing and
smoking) and snuff
21 41 Tobacco stemming and
redrying

22 Textile Mill Products

- 22 11 Broad woven fabric
mills, cotton
22 21 Broad woven fabric
mills, man-made fiber
and silk

- 22 31 Broad woven fabric
mills, wool (including
dyeing and finishing)
22 41 Narrow fabrics and other
small wares mills: cotton,
wool, silk, and man-made
fiber
22 51 Women's full length and
knee length hosiery
22 52 Hosiery, except women's
full length and knee
length hosiery
22 53 Knit outerwear mills
22 54 Knit underwear mills
22 57 Circular knit fabric mills
22 58 Warp knit fabric mills
22 59 Knitting mills, n.e.c.*
22 61 Finishers of broad woven
fabrics of cotton
22 62 Finishers of broad woven
fabrics of man-made
fiber and silk
22 69 Finishers of textiles,
n.e.c.*
22 71 Woven carpets and rugs
22 72 Tufted carpets and rugs
22 79 Carpets and rugs, n.e.c.*
22 81 Yarn spinning mills,
cotton, man-made fibers
and silk
22 82 Yarn texturizing, throw-
ing, twisting, and winding
mills, cotton, man-made
fibers
22 83 Yarn mills, wool, includ-
ing carpet and rug yarn
22 84 Thread mills
22 91 Felt goods, except woven
felts and hats
22 92 Lace goods
22 93 Paddings and upholstery
filling
22 94 Processed waste and
recovered fibers and
flock
22 95 Coated fabrics, not
rubberized
22 96 Tire cord and fabric
22 97 Nonwoven fabrics
22 98 Cordage and twine
22 99 Textile goods, n.e.c.*

**23 Apparel and Other
Finished Products made
from Fabrics and Other
Similar Materials**

- 23 11 Men's, youths, and boys'
suits, coats and
overcoats
23 21 Men's, youths, and boys'
shirts (except work
shirts), and nightwear
23 22 Men's, youths and boys'
underwear
23 23 Men's, youths, and boys'
neckwear
23 27 Men's, youths and boys'
separate trousers
23 28 Men's, youths, and boys'
work clothing
23 29 Men's, youths, and boys'
clothing, n.e.c.*
23 31 Women's, misses', and
juniors' blouses, waists,
and skirts
23 35 Women's, misses', and
juniors' dresses
23 37 Women's, misses', and
juniors' suits, skirts,
and coats
23 39 Women's, misses', and
juniors' outerwear, n.e.c.*
23 41 Women's, misses',
children's, and infants'
underwear and nightwear
23 42 Corsets and allied
garments
23 51 Millinery
23 52 Hats and Caps, except
millinery
23 61 Girls', children's and
infants' dresses, blouses,
waists and skirts
23 63 Girls', children's and
infants' coats and suits
23 69 Girls', children's and
infants' outerwear, n.e.c.*
23 71 Fur goods
23 81 Dress and work gloves,
except knit and all
leather
23 84 Robes and dressing
gowns

- 23 85 Raincoats and other
waterproof outer
garments
23 86 Leather and sheep
lined clothing
23 87 Apparel belts
23 89 Apparel and accessories,
n.e.c.*
23 91 Curtains and draperies
23 92 Housefurnishing, except
curtains and draperies
23 93 Textile bags
23 94 Canvas and related
products
23 95 Pleating, decorative and
novelty stitching, and
tucking for the trade
23 96 Automotive trimmings,
apparel findings, and
related products
23 97 Schiffli machine
embroideries
23 99 Fabricated textile
products, n.e.c.*

**24 Lumber and Wood
Products, Except
Furniture**

- 24 11 Logging camps and
logging contractors
24 21 Sawmills and planing
mills, general
24 26 Hardwood dimension
and flooring mills
24 29 Special products
sawmill, n.e.c.*
24 31 Millwork
24 34 Wood kitchen cabinets
24 35 Hardwood veneer and
plywood
24 36 Soft wood veneer and
plywood
24 39 Structural wood
members, n.e.c.*
24 41 Nailed and lock corner
wood boxes and shooks
24 48 Wood pallets and skids
24 49 Wood containers, n.e.c.*
24 51 Mobile homes
24 52 Prefabricated wood
buildings and
components
24 91 Wood preserving
24 92 Particleboard
24 99 Wood products, n.e.c.*

25 Furniture and Fixtures

- 25 11 Wood household furni-
ture, except upholstered*
25 12 Wood household furni-
ture, upholstered*
25 14 Metal household
furniture
25 15 Mattresses and
bedsprings
25 17 Wood television, radio,
phonograph, and sewing
machine cabinets
25 19 Household furniture,
n.e.c.*
25 21 Wood office furniture
25 22 Metal office furniture
25 31 Public building and
related furniture
25 41 Wood partitions, shelv-
ing, lockers, and office
and store fixtures
25 42 Metal partitions, shelv-
ing, lockers, and office
and store fixtures
25 91 Drapery hardware and
window blinds and
shades
25 99 Furniture and fixtures,
n.e.c.*

**26 Paper and Allied
Products**

- 26 11 Pulp mills
26 21 Paper mills, except
building paper mills
26 31 Paperboard mills
26 41 Paper coating and
glazing
26 42 Envelopes
26 43 Bags, except textile
bags
26 45 Die cut paper and
paperboard and
cardboard
26 46 Pressed and molded
pulp goods

- 26 47 Sanitary paper products
26 48 Stationery, tablets and
related products
26 49 Converted paper and
paperboard products,
n.e.c.*
26 51 Folding paperboard
boxes
26 52 Set-up paperboard boxes
26 53 Corrugated and solid
fiber boxes
26 54 Sanitary food containers
26 55 Fiber cans, tubes, drums,
and similar products
26 61 Building paper and
building board mills

**27 Printing, Publishing,
and Allied Industries**

- 27 11 Newspapers: publishing,
publishing and printing
27 21 Periodicals: publishing,
publishing and printing
27 31 Books: publishing,
publishing and printing
27 32 Book printing
27 41 Miscellaneous publishing
27 51 Commercial printing,
letterpress, and screen*
27 52 Commercial printing,
lithographic*
27 53 Engraving and plate
printing
27 54 Commercial printing,
grave
27 61 Manifold business forms
27 71 Greeting card publishing
27 82 Blankbooks, loose leaf
binders and devices
27 89 Bookbinding and related
work
27 91 Typesetting
27 93 Photoengraving
27 94 Electrotyping and
stereotyping
27 95 Lithographic plate-
making and related
services

**28 Chemicals and
Allied Products**

- 28 12 Alkalies and chlorine
28 13 Industrial gases
28 16 Inorganic pigments
28 18 Industrial organic
chemicals, n.e.c.*
28 19 Industrial inorganic
chemicals, n.e.c.*
28 21 Plastics materials,
synthetic resins, and non-
vulcanizable elastomers*
28 22 Synthetic rubber
(vulcanizable elastomers)
28 23 Cellulosic man-made
fibers
28 24 Synthetic organic fibers,
except cellulosic
28 31 Biological products
28 33 Medicinal chemicals and
botanical products
28 34 Pharmaceutical
preparations
28 41 Soap and other
detergents except
specialty cleaners
28 42 Specialty cleaning,
polishing, and sanitation
preparations*
28 43 Surface active agents,
finishing agents, sulfon-
ated oils and assistants
28 44 Perfumes, cosmetics, and
other toilet preparations
28 51 Paints, varnishes, lac-
quers, enamels, and
allied products*
28 61 Gum and wood
chemicals
28 65 Cyclic (coal tar) crudes
and cyclic intermediates,
dyes, and organic pig-
ments (lakes and toners)
28 69 Industrial organic
chemicals, n.e.c.*
28 73 Nitrogenous fertilizers
28 74 Phosphatic fertilizers
28 75 Fertilizers, mixing only
28 79 Agricultural pesticides,
and other agricultural
chemicals, n.e.c.*
28 91 Adhesives and sealants*
28 92 Explosives
28 93 Printing ink
28 95 Carbon black

*Not elsewhere classified indicated by n.e.c.

*The SIC number or definition was published in the 1967 Standard Industrial Classification manual and
has been revised in the 1972 edition published by the Office of Management and Budget.

- 39 44 Games, toys and children's vehicles; except dolls and bicycles
- 39 49 Sporting and athletic goods, n.e.c.*
- 39 51 Pens, mechanical pencils and parts†
- 39 52 Lead pencils, crayons and artists' materials
- 39 53 Marking devices†
- 39 55 Carbon paper and inked ribbons
- 39 61 Costume jewelry and costume novelties, except precious metal
- 39 62 Feathers, plumes and artificial trees and flowers
- 39 63 Buttons
- 39 64 Needles, pins, hooks and eyes and similar notions
- 39 91 Brooms and brushes
- 39 93 Signs and advertising displays
- 39 95 Burial caskets
- 39 96 Linoleum, asphalted-felt-base and other hard surface floor coverings, n.e.c.*
- 39 99 Manufacturing industries, n.e.c.*

Transportation, Communication, Power Generation and Distribution and Other Services

Entreprise de transports, communications, production et distribution de l'énergie et autres services

Transportes, Comunicaciones, Empresas Eléctricas y Otros Servicios

Transport, Verkehr, Energie-Erzeugung und -Verteilung und andere Dienstleistungen

40 11 thru 49 71

40 Railroad Transportation

- 40 11 Railroads, line-haul operating
- 40 13 Switching and terminal companies

41 Local and suburban Transit and Interurban Highway Passenger Transportation

- 41 11 Local and suburban transit
- 41 19 Local passenger transportation, n.e.c.*†
- 41 21 Taxicabs
- 41 31 Intercity and rural highway passenger transportation
- 41 41 Local passenger transportation charter service
- 41 42 Passenger transportation charter service, except local
- 41 51 School buses

- 41 71 Terminal and joint terminal maintenance facilities for motor vehicle passenger transportation
- 41 72 Maintenance and service facilities for motor vehicle passenger transportation

42 Motor Freight Transportation and Warehousing

- 42 12 Local trucking without storage
- 42 13 Trucking, except local
- 42 14 Local trucking with storage
- 42 21 Farm product warehousing and storage
- 42 22 Refrigerated warehousing†
- 42 24 Household goods warehousing and storage
- 42 25 General warehousing and storage
- 42 26 Special warehousing and storage, n.e.c.*
- 42 31 Terminal and joint maintenance facilities for motor freight transportation

43 Postal Service

- 43 11 Postal service

44 Water Transportation

- 44 11 Deep sea foreign transportation
- 44 21 Transportation to and between noncontiguous territories
- 44 22 Coastwise transportation
- 44 23 Intercoastal transportation
- 44 31 Great Lakes-St. Lawrence Seaway transportation
- 44 41 Transportation on rivers and canals
- 44 52 Ferries
- 44 53 Lighterage
- 44 54 Towing and tugboat service
- 44 59 Local water transportation, n.e.c.*
- 44 63 Marine cargo handling
- 44 64 Canal operation
- 44 69 Water transportation services, n.e.c.*

45 Transportation by Air

- 45 11 Air transportation, certificated carriers
- 45 21 Air transportation, non-certificated carriers
- 45 82 Airports and flying fields
- 45 83 Airport terminal services

46 Pipe Lines, except Natural Gas

- 46 12 Crude petroleum pipe lines
- 46 13 Refined petroleum pipe lines
- 46 19 Pipe lines, n.e.c.*

47 Transportation Services

- 47 12 Freight forwarding
- 47 22 Arrangements of passenger transportation
- 47 23 Arrangement of transportation of freight and cargo
- 47 42 Rental of railroad cars with care of lading
- 47 43 Rental of railroad cars without care of lading
- 47 82 Inspection and weighing services connected with transportation
- 47 83 Packing and crating
- 47 84 Fixed facilities for handling motor vehicle transportation, n.e.c.*
- 47 89 Services incidental to transportation, n.e.c.*

- 48 11 Telephone communication (wire or radio)
- 48 21 Telegraph communication (wire or radio)
- 48 32 Radio broadcasting
- 48 33 Television broadcasting
- 48 99 Communication services, n.e.c.*

49 Electric, Gas and Sanitary Services

- 49 11 Electric services
- 49 22 Natural gas transmission
- 49 23 Natural gas transmission and distribution
- 49 24 Natural gas distribution
- 49 25 Mixed, manufactured or liquefied gas production and/or distribution
- 49 31 Electric and other services combined
- 49 32 Gas and other services combined
- 49 39 Combination utilities, n.e.c.*
- 49 41 Water supply
- 49 52 Sewerage systems
- 49 53 Refuse systems
- 49 59 Sanitary services, n.e.c.*
- 49 61 Steam supply
- 49 71 Irrigation systems

Wholesale Trade

Vente en gros

Comercio Mayorista

Grosshandel

50 12 thru 51 99

50 Wholesale Trade—Durable Goods

- 50 12 Automobiles and other motor vehicles
- 50 13 Automotive parts and supplies
- 50 14 Tires and tubes
- 50 21 Furniture
- 50 22 Drugs, drug proprietaries and druggists' sundries†
- 50 23 Home furnishings
- 50 31 Lumber, plywood and millwork
- 50 39 Construction materials, n.e.c.*
- 50 41 Sporting and recreational goods and supplies
- 50 42 Toys and hobby goods and supplies
- 50 43 Photographic equipment and supplies†
- 50 51 Metal service centers and offices

- 50 52 Coal and other minerals and ores
- 50 63 Electrical apparatus and equipment, wiring supplies and construction material†
- 50 64 Electrical appliances, television and radio sets
- 50 65 Electronic parts and equipment
- 50 72 Hardware
- 50 74 Plumbing and heating equipment and supplies (hydronics)†
- 50 75 Warm air heating and air conditioning equipment and supplies
- 50 78 Refrigeration equipment and supplies
- 50 81 Commercial machines and equipment
- 50 82 Construction and mining machinery and equipment
- 50 83 Farm and garden machinery and equipment†
- 50 84 Industrial machinery and equipment
- 50 85 Industrial supplies
- 50 86 Professional equipment and supplies
- 50 87 Service establishment equipment and supplies†
- 50 88 Transportation equipment and supplies, except motor vehicles†
- 50 93 Scrap and waste materials
- 50 94 Jewelry, watches, diamonds and other precious stones
- 50 99 Durable goods, n.e.c.*

51 Wholesale Trade—Nondurable Goods

- 51 11 Printing and writing paper
- 51 12 Stationery supplies
- 51 13 Industrial and personal service paper
- 51 22 Drugs, drug proprietaries and druggists' sundries
- 51 33 Piece goods (woven fabrics)
- 51 34 Notions and other dry goods
- 51 36 Men's and boys' clothing and furnishings
- 51 37 Women's, children's and infants' clothing and accessories
- 51 39 Footwear
- 51 41 Groceries, general line
- 51 42 Frozen foods
- 51 43 Dairy products
- 51 44 Poultry and poultry products
- 51 45 Confectionery
- 51 46 Fish and seafoods
- 51 47 Meats and meat products
- 51 48 Fresh fruits and vegetables
- 51 49 Groceries and related products, n.e.c.*
- 51 52 Cotton
- 51 53 Grain
- 51 54 Livestock
- 51 59 Farm-product raw materials, n.e.c.*
- 51 61 Chemicals and allied products
- 51 71 Petroleum bulk stations and terminals
- 51 72 Petroleum and petroleum products wholesalers, except bulk stations and terminals
- 51 81 Beer and ale
- 51 82 Wines and distilled alcoholic beverages
- 51 91 Farm supplies
- 51 94 Tobacco and tobacco products
- 51 98 Paints, varnishes and supplies
- 51 99 Nondurable goods, n.e.c.*

Retail Trade

Vente au détail

Comercio Minorista

Einzelhandel

52 11 thru 59 99

52 Building Materials, Hardware, Garden Supply, and Mobile Home Dealers

- 52 11 Lumber and other building materials dealers†
- 52 31 Paint, glass and wallpaper stores†
- 52 51 Hardware stores
- 52 61 Retail nurseries, lawn and garden supply stores
- 52 71 Mobile home dealers

53 General Merchandise Stores

- 53 11 Department stores
- 53 31 Variety stores
- 53 99 Miscellaneous general merchandise stores†

54 Food Stores

- 54 11 Grocery stores
- 54 22 Freezer and locker meat provisioners
- 54 23 Meat and fish (sea food) markets
- 54 31 Fruit stores and vegetable markets
- 54 41 Candy, nut and confectionery stores
- 54 51 Dairy products stores
- 54 62 Retail bakeries, baking and selling
- 54 63 Retail bakeries, selling only
- 54 99 Miscellaneous food stores

55 Automotive Dealers and Gasoline Service Stations

- 55 11 Motor vehicle dealers (new and used)
- 55 21 Motor vehicle dealers (used only)
- 55 31 Auto and home supply stores
- 55 41 Gasoline service stations
- 55 51 Boat dealers
- 55 61 Recreational and utility trailer dealers
- 55 71 Motorcycle dealers
- 55 99 Automotive dealers, n.e.c.*†

*Not elsewhere classified indicated by n.e.c.

†This SIC number or definition was published in the 1967 Standard Industrial Classification manual and has been revised in the 1972 edition published by the Office of Management and Budget.

56 Apparel and Accessory Stores

- 56 11 Men's and boys' clothing and furnishings stores†
- 56 21 Women's ready-to-wear stores†
- 56 31 Women's accessory and specialty stores
- 56 41 Children's and infants' wear stores
- 56 51 Family clothing stores
- 56 61 Shoe stores
- 56 81 Furners and fur shops
- 56 99 Miscellaneous apparel and accessory stores†

57 Furniture, Home Furnishings and Equipment Stores

- 57 12 Furniture stores
- 57 13 Floor covering stores
- 57 14 Drapery, curtain and upholstery stores
- 57 19 Miscellaneous home furnishings stores†
- 57 22 Household appliance stores
- 57 32 Radio and television stores
- 57 33 Music stores

58 Eating and Drinking Places

- 58 12 Eating places
- 58 13 Drinking places (alcoholic beverages)

59 Miscellaneous Retail

- 59 12 Drug stores and proprietary stores
- 59 21 Liquor stores
- 59 31 Used merchandise stores
- 59 41 Sporting goods stores and bicycle shops
- 59 42 Book stores
- 59 43 Stationery stores
- 59 44 Jewelry stores
- 59 45 Hobby, toy and game shops
- 59 46 Camera and photographic supply stores
- 59 47 Gift, novelty and souvenir shops
- 59 48 Luggage and leather goods stores
- 59 49 Sewing, needlework and piece goods stores
- 59 61 Mail order houses
- 59 62 Automatic merchandising machine operators
- 59 63 Direct selling establishments
- 59 82 Fuel and ice dealers, except fuel oil dealers and bottled gas dealers
- 59 83 Fuel oil dealers
- 59 84 Liquefied petroleum gas (bottled gas) dealers
- 59 92 Florists
- 59 93 Cigar stores and stands
- 59 94 News dealers and newsstands
- 59 99 Miscellaneous retail stores, n.e.c.*†

Finance, Insurance and Real Estate

Financement, assurance et biens immobiliers

Financiamientos, Seguros y Bienes Raices

Finanzierung, Versicherung und Immobilien

60 11 thru 67 99

60 Banking

- 60 00 Banks, n.e.c.*†
- 60 11 Federal Reserve Banks
- 60 22 State Banks, members of the Federal Reserve System
- 60 23 State banks, not members of the Federal Reserve System, insured by the Federal Deposit Insurance Corporation
- 60 24 State banks, not members of the Federal Reserve System, not insured by the Federal Deposit Insurance Corporation
- 60 25 National banks, members of the Federal Reserve System
- 60 26 National banks, not members of the Federal Reserve System, insured by the Federal Deposit Insurance Corporation
- 60 27 National banks, not insured by the Federal Deposit Insurance Corporation
- 60 28 Unincorporated private banks, not insured by the Federal Deposit Insurance Corporation
- 60 32 Mutual savings banks, members of the Federal Reserve System
- 60 33 Mutual savings banks, not members of the Federal Reserve System, insured by the Federal Deposit Insurance Corporation
- 60 34 Mutual savings banks, not insured by the Federal Deposit Insurance Corporation
- 60 42 State Nondeposit Trust companies, members of the Federal Reserve System, insured and non-insured
- 60 44 State nondeposit trust companies, not insured by the Federal Deposit Insurance Corporation
- 60 52 Foreign exchange establishments†
- 60 54 Safe deposit companies

- 60 55 Clearing house associations
- 60 56 Corporations for banking abroad
- 60 59 Establishments performing functions closely related to deposit banking, n.e.c.*†

61 Credit Agencies other than Banks

- 61 12 Rediscount and financing institutions for credit agencies (other than banks) not primarily associated with agricultural credit
- 61 13 Rediscount and financing institutions for credit agencies (other than banks) primarily associated with agricultural credit
- 61 22 Federal savings and loan associations
- 61 23 State savings and loan associations, insured by the Federal Savings and Loan Insurance Corporation
- 61 24 State savings and loan associations, not insured, members of the Federal Home Loan Bank System
- 61 25 State savings and loan associations, not insured, not members of the Federal Home Loan Bank System
- 61 31 Agricultural credit institutions
- 61 42 Federal credit unions
- 61 43 State credit unions
- 61 44 Industrial loan companies not engaged in deposit banking
- 61 45 Licensed small loan lenders
- 61 46 Installment sales finance companies
- 61 49 Miscellaneous personal credit institutions
- 61 53 Short-term business credit institutions†
- 61 59 Miscellaneous business credit institutions†
- 61 62 Mortgage bankers and loan correspondents
- 61 63 Loan brokers

62 Security and Commodity Brokers, Dealers, Exchanges, and Services

- 62 11 Security brokers, dealers, and notation companies
- 62 21 Commodity contracts brokers and dealers
- 62 31 Security and commodity exchanges
- 62 81 Services allied with the exchange of securities or commodities

63 Insurance Carriers

- 63 11 Life insurance
- 63 21 Accident and health insurance
- 63 24 Hospital and medical service plans
- 63 31 Fire, marine and casualty insurance
- 63 51 Surety companies
- 63 61 Title insurance
- 63 71 Pension, health and welfare funds
- 63 99 Insurance carriers, n.e.c.*†

64 Insurance Agents, Brokers, and Service

- 64 11 Insurance agents, brokers, and service

65 Real Estate

- 65 12 Operators of non-residential buildings
- 65 13 Operators of apartment buildings

- 65 14 Operators of dwellings other than apartment buildings
- 65 15 Operators of residential mobile home sites
- 65 17 Lessors of railroad property
- 65 19 Lessors of real property, n.e.c.*†
- 65 31 Agents, brokers, and managers
- 65 41 Title abstract companies
- 65 52 Subdividers and developers, except cemeteries
- 65 53 Cemetery subdividers and developers

66 Combinations of Real Estate, Insurance, Loans, Law Offices

- 66 11 Combinations of real estate, insurance, loans, law offices

67 Holding and Other Investment Companies

- 67 11 Holding companies
- 67 22 Management investment companies, open-end
- 67 23 Management investment companies, closed-end
- 67 24 Unit investment trusts
- 67 25 Face-amount certificate companies
- 67 32 Educational, religious, and charitable trusts
- 67 33 Trusts, except educational, religious, and charitable
- 67 92 Oil royalty companies
- 67 93 Commodity trading companies
- 67 94 Patent owners and lessors†
- 67 98 Real estate investment trusts
- 67 99 Investors, n.e.c.*†

Services

Services

Servicios

Dienstleistungen

70 11 thru 99 99

- 70 33 Trailering parks and camp sites for transients
- 70 41 Organization hotels and lodging houses, on membership basis†

72 Personal Services

- 72 11 Power laundries, family and commercial
- 72 12 Garment pressing and agents for laundries and dry cleaners
- 72 13 Linen supply
- 72 14 Diaper service
- 72 15 Coin-operated laundries and dry cleaning†
- 72 16 Dry cleaning plants, except rug cleaning
- 72 17 Carpet and upholstery cleaning†
- 72 18 Industrial launderers
- 72 19 Laundry and garment services, n.e.c.*†
- 72 21 Photographic studios, portrait†
- 72 31 Beauty shops
- 72 41 Barber shops
- 72 51 Shoe repair shops, shoe shine parlors and hat cleaning shops
- 72 61 Funeral service and crematories†
- 72 99 Miscellaneous personal services†

73 Business Services

- 73 11 Advertising agencies
- 73 12 Outdoor advertising services
- 73 13 Radio, television and publisher's advertising representatives
- 73 19 Advertising, n.e.c.*†
- 73 21 Consumer credit reporting agencies, mercantile reporting agencies, and adjustment and collections agencies†
- 73 31 Direct mail advertising services
- 73 32 Blueprinting and photocopying services
- 73 33 Commercial photography, art and graphics
- 73 39 Stenographic services; and reproduction services, n.e.c.*†
- 73 41 Window cleaning
- 73 42 Disinfecting and exterminating services
- 73 49 Cleaning and maintenance services to dwellings and other buildings, n.e.c.*†
- 73 51 News syndicates
- 73 61 Employment agencies
- 73 62 Temporary help supply services
- 73 69 Personnel supply services, n.e.c.*†
- 73 72 Computer programming and other software services
- 73 74 Data processing services
- 73 79 Computer related services, n.e.c.*†
- 73 91 Research and development laboratories†
- 73 92 Management, consulting, and public relations services
- 73 93 Detective agencies and protective services†
- 73 94 Equipment rental and leasing services†
- 73 95 Photofinishing laboratories
- 73 96 Trading stamp services
- 73 97 Commercial testing laboratories
- 73 99 Business services, n.e.c.*†

75 Automotive Repair, Services and Garages

- 75 12 Passenger car rental and leasing, without drivers†
- 75 13 Truck rental and leasing, without drivers†
- 75 19 Utility trailer and recreational vehicle rental

*For the purposes of identifying all world-wide banks, a special number 6000 was assigned by Dun & Bradstreet.

†This SIC number or definition was published in the 1967 Standard Industrial Classification manual and has been revised in the 1972 edition published by the Office of Management and Budget.

75 23 Parking lots
 75 25 Parking structures
 75 31 Top and body repair shops
 75 34 Tire retreading and repair shops
 75 35 Paint shops
 75 38 General automotive repair shops
 75 39 Automotive repair shops, n.e.c.*
 75 42 Car washes
 75 49 Automotive services, except repair and car washes†

76 Miscellaneous Repair Services

76 22 Radio and television repair shops
 76 23 Refrigeration and air conditioning service and repair shops
 76 29 Electrical and electronic repair shops, n.e.c.*†
 76 31 Watch, clock, and jewelry repair
 76 41 Reupholstery and furniture repair
 76 92 Welding repair
 76 94 Armature rewinding shops
 76 99 Repair shops and related services, n.e.c.*

78 Motion Pictures
 78 13 Motion picture production, except for television
 78 14 Motion picture and tape production for television
 78 19 Services allied to motion picture production
 78 23 Motion picture film exchanges
 78 24 Film or tape distribution for television
 78 29 Services allied to motion picture distribution
 78 32 Motion picture theaters, except drive-in
 78 33 Drive-in motion picture theaters

79 Amusement and Recreation Services, except Motion Pictures
 79 11 Dance halls, studios and schools
 79 22 Theatrical producers (except motion pictures) and miscellaneous theatrical services
 79 29 Bands, orchestras, actors and other entertainers and entertainment groups
 79 32 Billiard and pool establishments
 79 33 Bowling alleys
 79 41 Professional sports clubs and promoters†
 79 48 Racing, including track operation
 79 92 Public golf courses
 79 93 Coin-operated amusement devices

79 96 Amusement parks
 79 97 Membership sports and recreation clubs
 79 99 Amusement and recreation services, n.e.c.*

80 Health Services
 80 11 Offices of physicians
 80 21 Offices of dentists
 80 31 Offices of osteopathic physicians
 80 41 Offices of chiropractors
 80 42 Offices of optometrists
 80 49 Offices of health practitioners, n.e.c.*
 80 51 Skilled nursing care facilities
 80 59 Nursing and personal care facilities, n.e.c.*
 80 62 General medical and surgical hospitals
 80 63 Psychiatric hospitals
 80 69 Specialty hospitals, except psychiatric
 80 71 Medical laboratories
 80 72 Dental laboratories
 80 81 Outpatient care facilities
 80 91 Health and allied services, n.e.c.*

81 Legal Services

81 11 Legal Services

82 Educational Services
 82 11 Elementary and secondary schools†
 82 21 Colleges, universities and professional schools
 82 22 Junior colleges and technical institutes
 82 31 Libraries and information centers
 82 41 Correspondence schools
 82 43 Data processing schools
 82 44 Business and secretarial schools
 82 49 Vocational schools, except vocational high schools, n.e.c.*
 82 99 Schools and educational services, n.e.c.*†

83 Social Services
 83 21 Individual and family social services
 83 31 Job training and vocational rehabilitation services
 83 51 Child day care services
 83 61 Residential care
 83 99 Social services, n.e.c.*

84 Museums, Art Galleries, Botanical and Zoological Gardens
 84 11 Museums and art galleries†
 84 21 Arboreta, botanical, and zoological gardens†

86 Nonprofit Membership Organizations
 86 11 Business associations†
 86 21 Professional membership organizations
 86 31 Labor unions and similar labor organizations
 86 41 Civic, social, and fraternal associations
 86 51 Political organizations
 86 61 Religious organizations
 86 99 Nonprofit membership organizations, n.e.c.*†

88 Private Households

88 11 Private households

89 Miscellaneous Services
 89 11 Engineering, architectural and surveying services
 89 22 Noncommercial educational, scientific and research organizations
 89 31 Accounting, auditing and bookkeeping services
 89 99 Services, n.e.c.*†

98 thru 99 Special
 98 00 Service business
 99 99 P.O. box location

*Not elsewhere classified indicated by n.e.c.

†This SIC number or definition was published in the 1967 Standard Industrial Classification manual and has been revised in the 1972 edition published by the Office of Management and Budget.

Appendix C: Information Sources

The Standard Industrial Classification System

According to the United States Office of Management and Budget, "The Standard Industrial Classification (SIC) system was developed for use in the classification of establishments by type of activity in which they are engaged; for purposes of facilitating the collection, tabulation, presentation and comparability in the presentation of statistical data. The SIC is intended to cover the entire field of economic activities. Each establishment is assigned an industry code on the basis of its primary activity, which is determined by its principal product or group of products produced or distributed, or services rendered."

The SIC system is used by most public and private agencies that report economic data and statistics. A full listing of the SIC is included at the end of this appendix. A complete explanation of the SIC system is available in the SIC Manual, which should be available at the reference section of most business libraries.

Standard Industrial Classification Manual, 1972
Executive Office of the President
Office of Management and Budget
Stock # 4101-0060

Department of Labor Information

The Department of Labor publishes a wide variety of economic statistics. Of particular importance for evaluating potential PSPI industries is the wage and productivity data that is released regularly. Average weekly wage rates for all SIC industries are available in:

Employment and Wages, Annual Averages, 1985
United States Department of Labor
Bureau of Labor Statistics
November 1986, Bulletin # 2272
Pages 3 through 25

Data that indicates the ratio of production workers to all workers for each SIC industry is available in:

**Productivity Measures for Selected Industries, 1984
United States Department of Labor
Bureau of Labor Statistics
March 1986, Bulletin # 2256
Pages 5 through 6**

Both of these publications should be available in the reference section of a good business library. They are also for sale by:

**The Superintendent of Documents
U.S. Government Printing Office
Washington, D.C. 20402
(202) 275-3054**

Data Particular To Your State and County

The U.S. Department of Commerce publishes economic data for each county of the United States. For each state they publish:

**County Business Patterns
United States Department of Commerce
Bureau of the Census**

This volume may be available at your library, but more likely you will have to order it from the Government Printing Office.

Appendix D: List of SIC Industries Identified as Potential PSPI Candidates

SIC CODE(S)	INDUSTRY
0250	Poultry and Eggs
2011	Meat Packing
2016-17	Poultry and Egg Processing Plants
2030-33	Preserved/Canned Fruits and Vegetables
2092	Fresh or Frozen Packaged Fish
2121	Cigars
2250-54	Knitting Mills
2280-83	Yarn and Thread Mills
2300-29	Men's Apparel
2330-42	Women's Apparel
2350-52	Hats
2360-69	Children's Apparel
2380-99	Miscellaneous Apparel
2426	Hardwood Flooring
2435-36	Hardwood Veneer and Plywood
2440-49	Wood Containers
2510-19	Household Furniture
2521	Wood Office Furniture
3020-21	Rubber and Plastic Footwear
3079	Miscellaneous Plastic Products
3100-99	Leather and Leather Products
3253	Ceramic Wall and Floor Tile
3465-69	Metal Stamping
3621	Motors and Generators
3631-41	Household Appliances
3677	Electric Coils and Transformers
3940	Toys
3960-62	Costume Jewelry
4220-25	Warehousing
4722	Passenger Transportation Arrangement
4783	Packing and Crating
5960-63	Non-store Retailers
7210	Laundry Cleaning and Garment Service
7330-39	Copying/Reproduction
3795	Photo-finishing
7537	Paint Shops
7630	Watch, Clock, Jewelry Repair

Appendix E: Sample Letter to Contact

Dear Contact:

We are conducting a research project for the National Institute of Justice on an innovative and exciting concept in the field of criminal justice. We want to see if private industry and correctional facilities can form mutually beneficial alliances to employ a prison-based labor force.

We would like your help in determining what business leaders like yourself would need to know in order to evaluate the costs and benefits of a prison-based labor force for their companies. We would appreciate the opportunity to meet with you for an interview lasting about forty-five minutes to discuss your reactions to this idea.

As you probably know, many prisons have industries in which prisoners can be employed. However, most prisoners have limited work experience while incarcerated and almost no opportunity to learn the skills that would allow them to function effectively in a work setting outside of prison.

At the same time, many businesses have a need for labor that may be hard to fill within their communities because of low unemployment, erratic demand for labor, unusual demands in terms of time, or because of a number of other conditions.

We want to assess whether and how these two problems can be put together to form an opportunity. We have asked you to help us because you are a key decision maker in a company which we think might be most like those who would benefit from this concept.

I will be in your area the week of _____. I will be calling you during the week of _____ to arrange an appointment. I hope that we will be able to meet -- your opinions are very valuable to us.

Sincerely,

Your Name

Appendix F: Successful PSPI Cases

ARIZONA

In 1981, under Governor Bruce Babbitt, the Arizona Department of Corrections established Arizona Correctional Enterprises (ARCOR). In doing so, the state not only authorized the operation of private sector prison industries, it created a policy board composed of private sector representatives to deal with the issues of these enterprises.

ARCOR, in turn, licensed ROBE - Resident Operated Business Enterprises. This association was made up of small businesses owned by prisoners. Association members were required to pay rent and utilities and a membership fee (two percent of their sales revenue). By January 1983, 52 ROBE's were in business inside Arizona prisons, employing 103 inmates in 13 categories of handicraft and service-oriented businesses.

Probably the greatest success story of Arizona's private sector prison industry's history is the involvement of Best Western International, Inc. in the program. In 1981, the company needed a readily available work force of trained telephone reservations agents to handle the overflow of phone calls for room reservations during peak call volume periods and on holidays and weekends. They approached the Arizona Center for Women (ACW) and about six months later, ACW inmates were booking Best Western rooms for guests calling from throughout the country.

The ACW center operates from 5 a.m. to midnight or as needed. Reservations agents work twenty to forty hours per week and are supervised by Best Western operations manager and three Best Western supervisors. Employees at ACW are subject to the same policies and job requirements as the rest of Best Western's staff. Starting salaries are the same as those for reservations agents at the main center: \$4.50 per hour with an increase of up to 12 percent after nine months. ACW agents are also eligible for Best Western employee incentive programs.

Since start-up in 1981, Best Western has hired more than 175 women at ACW. The company also has hired fifty of its ACW employees upon their release from prison. Policies have been adjusted to treat post-release as a lateral transfer rather than as a new hire, thus preserving benefits earned prior to release. Twenty-four former ACW reservations agents currently are working at Best Western headquarters. Nine have been promoted to clerical positions in marketing, membership administration, and reservations.

Largely because of the manner in which Best Western has managed this operation, it represents one of the most positive illustrations of the potential of PSPI. The reservations center serves a demonstrable purpose for the company. Best Western staff have made a conscious commitment to treating inmate workers as employees in every sense. Institution management has recognized the value of the program and has taken the necessary steps to ensure its success. Many inmates hope for a Best Western job before release. In short, the institutional climate is positively affected by the presence of the center and the opportunities it offers.

MINNESOTA

The involvement of the private sector with the Minnesota Department of Corrections has taken the form of various subcontracting relationships, through which the department's own diversified line of goods and services has been sold on the open market. The most extensive of these private sector-prison relationships was the disk drive assembly plant sponsored by Control Data Corporation (CDC).

Magnetic Peripherals, Inc., a subsidiary of CDC, was manufacturing disk drives using a rapidly changing process technology. Given the uncertainties inherent in such a market, the company wanted to buffer its work force through the use of supplemental contractors whose workers would not be severely inconvenienced if production were interrupted from time to time. CDC decided to use inmate workers for this process because of the flexibility inherent in such a labor force.

CDC provided technical assistance to MCI in setting up the plant, which was located in vacant industrial space inside the prison, and trained the MCI civilian supervisory crew and inmate work force in the assembly process. Initially, the plant employed fifty workers producing disk drives. In later years of the contract the production of wire harnesses was added, employment levels rose to a high of 150, and the purchase order between MCI and the company called for sales of up to \$2.5 million per year. The project was certified under P.L. 96-157 by Bureau of Justice Assistance, and workers earned wages ranging from \$3.35 to \$5.96 per hour.

Minnesota is generally regarded as the foremost exponent of the involvement of the private sector in correctional industries. It has the longest unbroken tradition of serving private sector markets. In fact, four institutions in the state rely heavily on private sector involvement.

The Control Data shop represents a major success story. In contrast to most other correctional agencies, Minnesota's industrial program is highly decentralized, with each institution largely responsible for the success of its own industrial activities, including those involving the private sector. There has been limited departmental planning, and each institution has developed its own objectives and methods of implementation.

KANSAS

In 1979, a Missouri-based sheet metal company, Zephyr Products Inc., was purchased by Fred Braun, a Kansas entrepreneur who moved the company to Leavenworth, Kansas. Zephyr Products now produces a diverse line of sheet metal goods with an all-inmate, co-ed work force employed by the company.

Zephyr's inmate employees are expected to become proficient in the company's entire production process. Workers acquire skills in six basic metal fabrication operations. Zephyr management insists that workers become familiar with the entire process rather than specialize in one area because of the belief that these general skills will improve prisoners' chances of obtaining metal fabrication jobs upon release from prison.

In certain key respects Zephyr represents the antithesis of the type of industry that should consider a prison-based cooperative venture. To be profitable, sheet metal job shops like Zephyr require a stable, long-term core of highly skilled employees able to adjust productively and efficiently to changing design and production demands. The typical American prison would be hard pressed to supply a steady pool of highly skilled welders who could quickly and efficiently adapt to frequent changes in product line and production processes.

In January 1985 Fred Braun decided to apply the lessons learned from his first prison-based enterprise and he opened a second plant adjacent to Zephyr Products. Heatron, Inc. which manufactures a standardized line of industrial heating devices, employs a mixed labor force of civilians from Leavenworth and prisoners from the Kansas Correctional Institution at Lansing who are paid \$3.60 per hour. In 1986 the company had sales of \$1.6 million.

In 1987, inmate-employees of both Zephyr and Heatron began participating in the company's employee stock option plans. As such, they became the first inmates to become eligible for this kind of benefit program.

- from *Work in American Prisons:
The Private Sector Gets Involved*, CJA

Appendix G: Barriers to Implementation

During the interviews, the business people with whom we spoke raised numerous objections to the PSPI concept. These objections can be grouped into three types: substantive, managerial and internal. The substantive objections are a result of the very nature of the manufacturing process employed and thus will be very difficult to overcome. The managerial objections question the ability of a prison based work force and management team to deliver quality goods in a reliable fashion. These objections could be overcome by demonstrating that other PSPI programs have performed well.

The final class of objections anticipated internal company reaction to the implementation of a PSPI program. Due to their internal nature, such objections must be handled by the company managers with assistance from corrections officials.

Substantive Objections

We use a fully integrated manufacturing process therefore no one piece of the process could be moved into a prison.

The manufacturing equipment we use is proprietary or very expensive therefore we cannot afford to move it into a prison.

Our manufacturing process is tightly regulated by OSHA or the EPA; manufacturing within a prison is not practical.

Managerial Objections

We are very concerned about the dependability of supply that a PSPI program could offer. What recourse would we have if the prison failed to meet its commitments?

How could we discipline inmates in a prison environment?

The logistics and expense of shipping material to and from the prison would create added problems and raise costs.

We do not believe that a PSPI project could meet the standards of quality that we require of our other suppliers.

We are very concerned about the potential difficulties of doing business with a highly structured bureaucracy.

Internal Objections

We are concerned that our customers will react negatively if they discover that prison inmates are part of our manufacturing process.

We doubt that we could find a supervisor who would agree to work in a prison environment. If we could find one, we are uncertain that he could handle such a difficult situation.

Our existing work force would oppose a PSPI program because they would view it as directly or indirectly taking work away from them.

Appendix H: Methodology

In our research we established a set of guidelines which sought to approximate the attributes of successful PSPI projects. As a way of grouping industries we used the Standard Industrial Classification (SIC) system. This system was developed by the United States government and has been in use for many years. It groups service and manufacturing industries into a 1,450 different classifications each of which has its own number or code. See Appendix B for a listing of SIC industries. Use of this classification system is helpful because it is very complete and various government agencies compile statistics based on the groupings.

Beginning with the SIC listings, we eliminated those industries which we believed could not feasibly be operated in a prison environment. This criteria eliminated three broad groups of industries:

- retail stores/financial institutions/personal services
- very large manufacturing operations (steel, petroleum)
- agriculture and livestock operations.

To determine which of the remaining industries had a need for low skilled labor we used wage rates as a basis for comparison. In most cases, low skilled labor forces receive lower wages than highly skilled labor forces. We used this tendency to determine which industries relied primarily on low skilled labor. The Department of Labor tabulates average weekly wage rates for all SIC industries. Our review of this information determined that industries with average wage rates of less than \$300 a week comprised the lower 8% of the industries listed. We used this \$300 a week rate as an upper bound for industries which rely on low skilled labor forces. All industries with wage rates below this weekly rate were included in our list of potential PSPI clients.

The degree of labor intensity in a particular industry was determined in a similar fashion. The Department of Labor regularly tabulates the number of production and non-production workers employed in each SIC group. Across all industrial classifications, production workers as a percentage of total workers averaged 75%. This measure had a very narrow range, and only 22% of the industries listed had a production worker to total worker ratio of greater than 80%. We used this 80% figure as a lower bound for industries with high labor intensity. All those industries with production worker to total worker ratios of greater than 80% were added to the list of potential PSPI industries.

Using SIC statistics and data, we could not approximate an industry's tendency to use alternative sources of labor. We did, however, obtain information from job shops, temporary employment agencies and individuals who advise companies on off-shore operations. The industries that were moving offshore could be clearly grouped into three categories: apparel, electronic assembly and toys. For all three groups the reason for moving offshore was the abundance of low skilled labor and

the low wage rates found in other countries. The information we obtained from temporary agencies did not clearly indicate that certain industries used these services more than others.

By eliminating those industries which were inappropriate for a prison environment, and then applying the above guidelines to the remaining industries, we were able to reduce the number of industries from the original 1,450 to a much more manageable 133 (see Appendix D for the final list of industries). Given these industries, we then went to the next step of choosing which companies within these industries we wished to contact.

Company Selection

For both states, North Carolina and Connecticut, we selected companies from those listed in the state Directory of Manufacturers. As mentioned in the body of this report, we had two criteria in choosing companies: size and location. We only chose companies that had over 200 employees and that were located in proximity to a prison. In order to facilitate the interview process, we attempted to choose companies that were in a common geographic area. In South Carolina we concentrated on the Greenville - Spartanburg area and in Connecticut most of our interviews were in the Stamford - Waterbury - Hartford corridor. Letters requesting an interview (Appendix E) were sent to 41 companies in Connecticut and 27 companies in South Carolina.

A week after the letters were sent we began the process of phoning to arrange for an interview appointment. The response to the 68 letters we sent were as follows:

- 30% agreed to an interview
- 26% refused to be interviewed
- 34% would not return our calls / could not be reached
- 10% were not at the company in question

The interviews were conducted by two members of the consulting firm, Criminal Justice Associates. An interview protocol was established to insure that both interviewers would conduct the interviews in a similar fashion. The interviews were designed to:

1. Explain the PSPI concept.
2. Investigate the labor force that the company was currently using and determine any problems.
3. Explore the manager's reaction to PSPI.
4. Determine the barriers to implementation of a PSPI project.

Appendix I: List of Individuals with Experience and Expertise in PSPI

This report is intended to augment any personal contacts or informal networks which may be available to a correctional agency in its effort to promote substantial private sector involvement in its prison industries. The value of such networks can not be underestimated. With this in mind, the following list of individuals with experience and expertise in private sector prison industries is offered as a resource to the reader.

Fred Mills
Administrator
Free Venture Industries
Dept./Youth Authority
4241 Williamsborough Dr.
Sacramento, CA 95823
(916) 427-6682

Mel Johnson
Deputy Director
Dept./Corrections
2373 Old Penitentiary
Boise, ID 83712
(208) 334-5310

Jack Porter
Vice President
Creative Enterprises
P.O. Box 5
3100 Wilson Ave.
Leavenworth, KS 66048
(913) 651-3890

Richard L. Christ
Industry Director
MCF-STW
Box 55
Stillwater, MN 55082
(612) 779-2724

Marilyn Wilken
Asst. Director
Dept./Corrections
1699 W. Adams
Phoenix, AZ 85007
(602) 255-5786

Don Lincoln
Superintendent
Cornhusker State Ind.
P.O. Box 94661
Lincoln, NE 68509
(402) 471-4597

Harry Lichy
Program Director
Hennepin Cty. ACF
1145 Shenandoah Dr.
Plymouth, MN 55447
(612) 475-4237

Marilyn Allen
Industry Developer
Strafford Cty. Cor.
P.O. Box 799
Dover, NH 03820
(603) 742-3310

Richard Clasby
Asst. Director
Utah Corr. Ind.
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Lynn Lodmell
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Class 1 Industries
P.O. 9699 MS-FN 61
Olympia, WA 98504
(206) 753-4001

Howard Skolnik
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#414
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(702) 486-6491

Tom Townsend
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Correc. Industries
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Ottawa, Ontario
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(613) 996-3753

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48 E. Chestnut Hill
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(215) 247-1390

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Louise Lucas
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